



BUILDING AMERICA®

March 19, 2021

VIA INTERNATIONAL MAIL

The Children's Investment Master Fund
c/o Richard Kelly and James Hawks
TCI Fund Management Limited
7 Clifford Street
London
W1S 2FT
United Kingdom

Re: Company Statements Relating to Shareholder Proposal

Dear Messrs. Kelly and Hawks:

We write to notify you that Union Pacific Corporation (the "Company") currently intends to include in its 2021 proxy materials a statement of the Company's views regarding the shareholder proposal submitted by the Children's Investment Master Fund for consideration at the Company's 2021 Annual Meeting of Shareholders. Accordingly, pursuant to Rule 14a-8(m) of the Securities Exchange Act of 1934, as amended, please find enclosed a copy of the Company's statement.

We are providing this Statement in Opposition solely as a precautionary measure. By providing this statement, the Company does not waive its request that the Securities and Exchange Commission ("SEC") staff concur that the proposal may be excluded and does not waive its right to revise the attached statement if the SEC staff requires the proponents to revise the proposal or supporting statement or remove it entirely. Please note that, due to internal discussions and the lack of resolution from the SEC on its no-action request, the Company is delivering this Statement in Opposition to you less than thirty days before finalizing our proxy, but we believe it avoids any problematic statements.

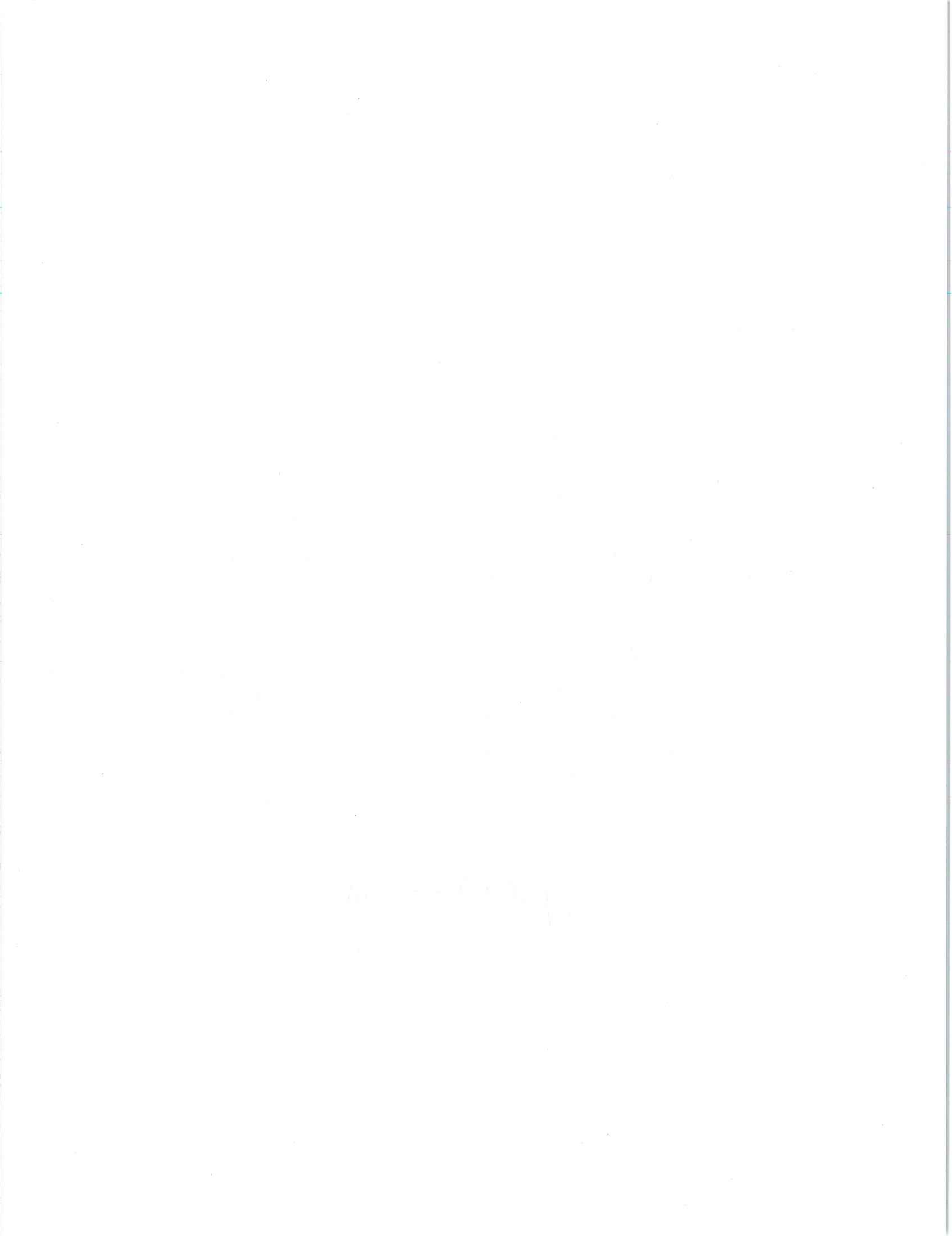
If you have any questions or concerns with the Company's statement, please contact us as soon as possible.

Sincerely,

John A. Menicucci, Jr.
Sr. Counsel – Corporate & Compliance
Assistant Corporate Secretary

Enclosure

cc: Eleazer Klein, Schulte Roth & Zabel LLP



PROPOSAL NUMBER [] – Shareholder Proposal Regarding Annual Emissions Reduction Report & Annual Advisory Vote on Emissions Reduction Plan

The Children's Investment Master Fund, c/o of TCI Fund Management Limited, 7 Clifford Street, London W1S 2FT, the owner of 6,016,539 shares of the Company's common stock, has submitted the following proposal. The proposal and supporting statement are presented as received in accordance with SEC rules, and the Company disclaims any responsibility for their content.

RESOLVED, that shareholders of Union Pacific Corporation ("UP" or the "Company") request that the Board of Directors of UP disclose at each annual meeting of shareholders, as soon as reasonably practicable but no later than 60 days after this annual meeting, and thereafter no later than the date the Company disseminates its proxy statement in connection with each subsequent annual meeting, a report disclosing the Company's greenhouse gas emission levels (the "Emissions") in a manner consistent with the Task Force on Climate-related Financial Disclosure recommendations as well as any strategy that the Company may have adopted or will adopt to reduce the Emissions in the future, including any Emissions' progress made year over year (the "Reduction Plan"), and provide shareholders with the opportunity, at each such annual meeting (starting at the next annual meeting), to express non-binding advisory approval or disapproval of the Reduction Plan.

Supporting Statement

As governments take steps to limit greenhouse gas emissions and mandate reporting in line with the Task Force on Climate-related Financial Disclosure; disclosing reduction targets, detailing strategies for embedding climate change throughout their business models and services and providing progress therein to shareholders, is an important means of assuring shareholders that management is taking seriously the physical and transition risks associated with climate change. Although this resolution cannot and does not compel the Company to do so, we believe it is in the best interests of the Company and its shareholders for the Board of Directors to disclose its current Emissions and its Reduction Plan, if any, prior to the Meeting and provide shareholders with an advisory vote on the Reduction Plan at the Meeting.

Recommendation of the Board of Directors

The Board of Directors acknowledges the importance of addressing and minimizing the environmental impact of the Company's operations, but does not believe that the annual report and advisory vote requested in this proposal is an appropriate means to drive progress on this issue. As addressed below, Union Pacific is already setting goals towards reducing our emissions and improving our environmental performance, and has demonstrated our commitment to providing disclosure on our progress. However, we believe that implementation of this proposal requesting an annual advisory vote on a "Reduction Plan" is not appropriate as a policy matter because it:

- will result in undue focus on year-to-year change in an area that requires long-term planning,
- could unduly restrict or impact our ability to adapt to improved technologies and changing scientific understanding of climate change, and
- inappropriately blurs the lines between shareholders' oversight of company policy and governance and management's responsibility for the day-to-day operation of the Company.

In light of all of the actions the Company is already taking to address climate change and sustainability, as addressed below, the Board therefore does not believe that it is in the best interests of the Company and its shareholders.

Union Pacific Is Already Addressing Climate Change

Union Pacific is a strong supporter of corporate sustainability, including environmental and social considerations, is committed to incorporating these values in our business, and has promoted them in its practices. In addressing its environmental progress, the Company looks to the goals of the Paris Agreement, which encourages all nations to combat climate change by keeping the global temperature rise this century well below 2°C above pre-industrial levels. In fact, the Company has set science-based targets to determine how much and how quickly we need to act to support global climate change goals outlined in the Paris Agreement. In early 2021, the Science Based Targets initiative (SBTi) approved our targets to reduce by the year 2030 the absolute scope 1 and 2 GHG emissions from our operations by 26%, measured against a 2018 baseline.

Additionally, we support our customers in their efforts to address their environmental commitments by transporting their goods in a fuel efficient manner. Railroads are one of the most fuel efficient means of transportation. On average, trains are four times more fuel efficient than trucks. According to the American Association of Railroads, that means that moving freight by rail instead of truck can result in a relative 75 percent reduction in greenhouse gas emissions compared to commercial trucks. If 25% of the truck traffic moving at least 750 miles went by rail instead, annual greenhouse gas emissions would fall by approximately 13.1 million tons. Consistent with being part of the solution, Union Pacific offers customers a carbon emission estimator so they can calculate their potential carbon emissions savings if they use rail instead of trucks.

In addition, we already pursue ways to improve our environmental performance by, among other things, investing in technology, improving and maintaining equipment, training employees, and collaborating with a range of customers, suppliers, and other stakeholders to try to identify opportunities to reduce our environmental impact and manage our business and land responsibly. Some examples of the Company's efforts include:

- In March 2020, Union Pacific submitted a commitment letter to the Science Based Targets Initiative (SBTi) and intends to utilize SBTi's Sectoral Decarbonization Approach Transport tool, which models targets for direct and indirect transportation emissions, to help establish Union Pacific's GHG emissions reduction goals. SBTi assesses corporate emissions reduction targets in line with what climate scientists believe is needed to meet the Paris Agreement goals of limiting global warming to well below 2°C above pre-industrial levels. In early 2021, the Science Based Targets initiative (SBTi) approved our targets to reduce by the year 2030 the absolute scope 1 and 2 GHG emissions from our operations by 26%, measured against a 2018 baseline.
- Union Pacific has adopted a Company environmental policy that applies to all of our employees, which can be found on the Company's website at <https://www.up.com/aboutup/environment/policy/index.htm>.
- We reduced our fuel consumption rate, measured in gallons of fuel per thousand gross ton miles, by 2% in 2020 compared to 2019. We met our commitment to reduce overall locomotive consumption by 1.5% from 2018 to 2020.
- Union Pacific's investment in technology has played a key role in the Company meeting its commitment to reduce overall locomotive consumption by 1.5% from 2018 to 2020. For example, in 2018, Union Pacific invested in new software that runs while the train is traveling on our network to help us predict potential locomotive failures, rather than requiring the locomotives to burn fuel while being tested in a static position inside our yard. Additionally, we have worked to optimize fuel consumption by expanding the use of our energy management system (EMS), which will allow high-horsepower locomotives that are equipped with EMS to use the system, similar to cruise control, in all locations that utilize Positive Train Control (PTC). PTC provides the two-way communication and data needed to optimize this EMS technology.
- Union Pacific participates in and collaborates with a customers, suppliers, and other stakeholders to identify opportunities to reduce our environmental impact and manage our land responsibly, including:

GreenBiz Network, a peer-to-peer learning forum for sustainability executives from a diverse group of some of the world's largest companies; The California Council for Environmental and Economic Balance, a nonprofit, nonpartisan coalition of industry, labor and public leaders working to solve the most pressing environmental policy problems facing California; and The Association of American Railroads Environmental Affairs Committee, a rail industry forum that shares best practices.

- Tier 4 switching locomotives are currently the highest tier, cleanest diesel fueled technology currently available. Union Pacific operates 10 Tier 4 single-engine switching locomotives for exclusive use in California and continues assessing their performance, as it does with all pioneering technology. Switching locomotives operate within rail yards, assembling and disassembling trains. Because they work within a concentrated area, improving switching locomotive emission levels can improve the local air quality by more than 90%. Union Pacific is the first, and currently the only, Class I railroad operating both Tier 4 Genset and Tier 4 single-engine switching locomotives.
- Since 2010, the Company has invested roughly \$3.4 billion in purchasing more than 1,300 locomotives that all meet the EPA's tier standards for emissions. Union Pacific retired about 2,500 older, less fuel efficient locomotives over the same period. As a result of new locomotive and refurbishment programs, 98% of Union Pacific locomotives meet EPA emissions standards.

Union Pacific Already Reports on Our Climate Change and Environmental Actions

Union Pacific already provide extensive and periodically updated reports on our actions to address climate change and minimize the environmental impact of our operations. Among other reports:

- We provide an annual overview of our sustainability efforts in our Building America Reports, copies of which can be found at https://www.up.com/aboutup/corporate_info/building-america-report/index.htm.
- For the past 12 years, Union Pacific has submitted, and intends to continue to submit, climate change data to the CDP. Union Pacific earned an A- rating on the CDP's Climate Change Survey in 2020.

In addition, we revise and update the scope of these reports based on industry adoption of new standards, peer practice, and the input of our shareholders and other stakeholders received through our numerous outreach and engagement programs. While we have not to date issued a report detailing actions we expect to take to mitigate our carbon footprint in the future, and believe that it is unreasonable and impractical to require an emissions and strategy report within 60 days of the Annual Meeting date as this proposal would require, we are, as noted above, moving forward with efforts, in consultation with the SBTi, to reduce by the year 2030 the absolute scope 1 and 2 GHG emissions from our operations by 26%, measured against a 2018 baseline. Accordingly, regardless of the outcome of the vote on this proposal, we expect to continue to provide on-going transparency and annual reports on our corporate response to climate change.

Union Pacific Believes the Annual Advisory Vote Requested by This Proposal Is Not Appropriate

As discussed above, Union Pacific is already working hard on assessing, reducing, and reporting on its GHG emissions. However, the Company's management and Board recognize that these are urgent but multi-year issues that require a long-term focus on the future. At the same time, we expect that the increased focus on developing new technologies to address climate change and advancing scientific understanding on how to effectively mitigate, offset, and reduce GHG emissions, will affect how we pursue our objectives. In addition, we believe that actions to address climate change must be addressed holistically, and therefore implicate a wide range of business issues, such as budgeting, marketing, and competitive considerations, that are beyond the scope of the report called for under this proposal, but which are important to understanding emissions goals. Thus, the Company believes that the vote called for by this proposal implicates very different considerations from the governance oversight principles addressed through an advisory vote on our past year's executive compensation program or ratification of the Board's selection of auditors, and instead implicates shareholders in judging detailed and complex operational aspects of our business.

In addition, this proposal advocates for a year-over-year process, possibly leading to a short-term focus on what is an issue of long-term significance. For example, an annual vote as requested by this proposal could discourage the Company from pursuing new technologies or investments that create a potential for significant reductions in future emission but that do not reduce our near-term emissions as much as other technologies. Finally, the Board believes that the focus on producing a single report that addresses all the considerations that would be appropriate for shareholders to consider when voting on the emissions reduction plan for the Company would disincentivize the Company from providing interim updates and adapting our goals and techniques between annual meetings.

Union Pacific is steadfast in its support of sustainable practices and its goal of acting as a responsible steward of the environment. While the Company shares this proponent's concern that climate change requires urgent action, we believe that the proposal would result in an unnecessary and unproductive dynamic that would not advance the Company's goal of continuously working and adapting to pursue the most appropriate means of reducing emissions and enhancing our environmental stewardship.

The Board of Directors respectfully requests that shareholders vote AGAINST Proposal [].