

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 9)

Chicago and North Western Transportation Company
(Name of Issuer)

Common Stock, Par Value \$.01 Per Share
(Title of Class of Securities)

167155 10 0
(CUSIP Number)

Richard J. Ressler, Esq.
Union Pacific Corporation
Martin Tower, Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018
(610) 861-3200
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

Copy to:

Paul T. Schnell
Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022
(212) 735-3000

March 10, 1995
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing the statement because of Rule 13d-1(b)(3) or (4), check the following box: []

Check the following box if a fee is being paid with the statement: []

This Amendment No. 9 filed by Union Pacific Corporation, a Utah corporation ("UP"), Union Pacific Holdings, Inc., a Utah corporation ("UP Holdings"), and UP Rail, Inc., a Utah corporation ("UP Rail"), amends the Statement on Schedule 13D, dated April 9, 1992, as previously amended (the "Schedule 13D"), with respect to the common stock, par value \$.01 per share (the "Shares"), of Chicago and North Western Transportation Company, a Delaware corporation (the "Issuer"). UP, UP Holdings and UP Rail are hereinafter collectively referred to as the "Reporting Persons." Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Schedule 13D.

Item 4. Purpose of Transaction.

Reference is made to the disclosure set forth in Item 6.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Item 6 is hereby supplemented as follows:

Three class action complaints, copies of which are attached hereto as Exhibits 13, 14 and 15 and incorporated herein by reference, were filed in the Court of Chancery in Delaware on March 10, 1995 naming as defendants the Issuer's directors, UP Rail, Inc. and certain other parties. Such complaints allege, among other things, that various of the defendants breached their fiduciary duties to the shareholders of the Issuer by failing to act to maximize shareholder value prior to

approving the transfer of control of the Issuer. The complaints seek, among other things, damages and to enjoin the defendants from proceeding with a change of control of the Issuer.

Item 7. Material to be filed as Exhibits.

Item 7 is hereby supplemented as follows:

Exhibit 13. Class Action Complaint entitled Herbert Feiwel, IRA Rollover Account v. James E. Martin, et al. (C.A. No. 14109), filed in the Court of Chancery in Delaware on March 10, 1994.

Exhibit 14. Class Action Complaint entitled Kenneth Steiner v. Richard K. Davidson, et al. (C.A. No. 14111), filed in the Court of Chancery in Delaware on March 10, 1994.

Exhibit 15. Class Action Complaint entitled Moise Katz v. James E. Martin, et al. (C.A. No. 14112), filed in the Court of Chancery in Delaware on March 10, 1994.

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: March 13, 1995

UP RAIL, INC.

By: /s/ Carl W. von Bernuth
Name: Carl W. von Bernuth
Title: Vice President and
Assistant Secretary

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: March 13, 1995

UNION PACIFIC HOLDINGS, INC.

By: /s/ Carl W. von Bernuth
Name: Carl W. von Bernuth
Title: Vice President and
Chief Legal Officer

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: March 13, 1995

UNION PACIFIC CORPORATION

By: /s/ Carl W. von Bernuth
Name: Carl W. von Bernuth
Title: Senior Vice President
and General Counsel

IN AND FOR NEW CASTLE COUNTY

```

-----X
HERBERT FEIWEL, IRA ROLLOVER ACCOUNT,      :
      :
      Plaintiff,                             :
      :
      -against-                             :
      :
JAMES E. MARTIN, JAMES J. MOSSMAN,          : C.A. No. 14109
JAMES R. THOMPSON, ROBERT SCHMIEGE,         :
RICHARD K. DAVIDSON, HAROLD A. POLING,      :
SAMUEL K. SKINNER, UNION PACIFIC           :
COMPANY, CHICAGO AND NORTH WESTERN         :
TRANSPORTATION COMPANY, and UP RAIL INC.,  :
      :
      Defendants.                           :
-----X

```

CLASS ACTION COMPLAINT

Plaintiff, by his attorneys, alleges upon personal knowledge with respect to paragraph 1, and upon information and belief based, inter alia, upon the investigation of his counsel as to all other allegations herein, as is follows:

1. Plaintiff Herbert Feiwel, through his IRA rollover account, is a holder of common stock of Chicago North Western Transportation Company ("CNW" or the "Company") and has been a shareholder of CNW at all times relevant hereto.

2. CNW is a Delaware corporation that maintains its principal executive offices in Chicago, Illinois. CNW is the holding company for the nation's eighth largest railroad based on total operating revenues and miles of railroad operated. CNW's wholly-owned subsidiary, Western Railroad Properties, Inc. ("WPRI"), is one of only two carriers in that Wyoming Powder River Basin. WPRI transports low-sulfur coal principally under long term contracts, and is a highly efficient, low-cost operation. CNW also provides commuter service in the Chicago area under a service contract with the regional transportation authority.

3. Defendant Robert Schmiede ("Schmiede") is, and at all relevant times was, Chairman of the Board of Directors, President and Chief executive Officer of the Company. For the fiscal year ended December 31, 1993, defendant Schmiede received cash and bonus compensation in excess of \$750,000.

4. Defendant Richard K. Davidson ("Davidson") is, and at all relevant times was, Chairman and Chief Executive Officer of defendant Union Pacific Company ("Union Pacific"). Defendant Davidson is also a director of CNW.

5. Defendants James E. Martin, James A. Mossman, James R. Thompson, Harold A. Poling, and Samuel K. Skinner are each, and at all relevant times were, members of the Company's Board of Directors. These defendants, together with defendants Schmiede and Davidson, are referred to herein as the "Individual Defendants."

6. Because of their directorial and/or executive positions in the Company, the Individual Defendants owe fiduciary duties of good faith, fair dealing, due care and candor to plaintiff and the other members of the Class. Through their directorial and management positions, the Individual Defendants dominate and control the Company.

7. Each Individual Defendant owed and owes the public stockholders of CNW fiduciary obligations and were and are required to: use their ability to control and manage CNW in a fair, just and equitable manner; act in furtherance of the best interests of CNW and its shareholders; act to maximize shareholder value; govern CNW in such a manner as to heed the expressed views of its public shareholders; refrain from abusing their positions of control; and not

favor their own interests at the expense of CNW and its shareholders.

8. (a) Union Pacific, a Utah corporation, is the sole shareholder of UP Holdings, Inc., also a Utah corporation. UP Holdings, Inc. is, in turn, the sole shareholder of UP Rail, Inc., a Delaware corporation.

(b) As of the close of business on March 6, 1995, UP Rail, Inc. beneficially owned 12,835,304 shares of Non-Voting Common Stock of CNW. Upon the conversion of those shares into common stock (as discussed below), those shares will represent, in the aggregate, 29.13% of the 44,059,760 shares of CNW common stock outstanding as of October 15, 1994.

(c) Union Pacific is a party to certain stockholders agreements, described more fully below, with, inter alia, the Company's executive officers and CNW. Through its representation on CNW's Board of Directors, and collaborative business relationships with the Company, Union Pacific has access to confidential and proprietary information concerning CNW, which information has been and continues to be unavailable to the market or other potential third party bidders for CNW.

(d) Unless otherwise indicated, Union Pacific Corporation, Union Pacific Holdings, Inc., and UP Rail, Inc. are collectively referred to herein as "Union Pacific."

9. Each defendant herein is sued individually as a conspirator and aider and abettor, and the liability of each arises from the fact that he or it has engaged in all or part of the unlawful acts, plans, schemes, or transactions complained of herein.

CLASS ACTION ALLEGATIONS

10. Plaintiff brings this action pursuant to Rule 23 of the Rules of Court of Chancery on his own behalf and as a class action on behalf of all shareholders of the Company (except the defendants herein and any persons, firm, trust, corporation, or other entity related to or affiliated with any of them or their successors in interest), and their successors in interest who are or will be threatened with injury arising from defendants' actions as more fully described herein.

11. This action is properly maintainable as a class action for the following reasons:

(a) The Class is so numerous that joinder of all members is impracticable. As of October 15, 1994, the Company had 44,059,760 shares of common stock outstanding, held by thousands of record and beneficial shareholders.

(b) The members of the Class are scattered throughout the United States and are so numerous as to make it impracticable to bring them all before the Court.

(c) There are questions of law and fact which are common to the Class including, inter alia, the following:

(i) whether the Individual Defendants breached or aided and abetted the breach of the fiduciary and common law duties which they owe to plaintiff and the other members of the Class;

(ii) whether defendants are engaging in a plan or scheme to unlawfully shift control of CNW to Union Pacific;

(iii) whether defendants have engaged and are continuing to engage in a plan and a scheme to benefit themselves at the expense of CNW's public shareholders; and

(iv) whether plaintiff and other members of the Class will be irreparably damaged if defendants are not enjoined from the conduct described herein below.

(d) The claims of plaintiff are typical of the claims of the Class in that all members of the Class will be damaged by defendants' actions.

(e) Plaintiff is committed to vigorously prosecuting this action and has retained competent legal counsel experienced in litigation of this nature. Plaintiff is an adequate representative of the Class.

12. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for defendants, or adjudications with respect to individual members of the Class which would as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

13. Defendants have acted, or refused to act, on grounds generally applicable to, and causing injury to, the Class, and therefore, preliminary and final injunctive relief on behalf of the Class as a whole is appropriate.

SUBSTANTIVE ALLEGATIONS

A. Background

14. CNW, through its subsidiaries, is the successor to the business of CNW Corporation, which was acquired in 1989 in a going-private transaction led by Blackstone Capital Partners L.P. ("Blackstone"). The Company thereafter went public in 1992. Blackstone and its affiliates sold substantially all their shares in connection with a secondary offering of CNW stock in 1993.

15. CNW has enjoyed increasing financial success over the last several years. Operating revenues have improved every year since 1989. Similarly, operating income, net income and net income per share have all steadily risen. Moreover, CNW's per share earnings jumped to \$1.20 per share in fiscal 1993, as compared to a loss of \$3.15 per share in fiscal 1992. Earnings per share continued to increase in fiscal 1994 to \$1.86/share.

16. The Company's future financial prospects also look promising. Among other things, in February 1995 the Company forecasted that its net income for 1995 would be 30-35% above what was achieved in 1994.

17. The investment community also forecasts continued robust financial health for CNW. For example, a January 3, 1995 report issued by M.H. Lloyd, an analyst with Natwest Securities Corp., stated "we are initiating coverage of [CNW] with a BUY rating. CNW is well situated to benefit from soaring demand for low sulfur coal from Wyoming and from the bumper U.S. corn crop recently harvested. Coal and agricultural commodities account for 32% and 18%, respectively, of the company's revenues. In addition, CNW's intermodal revenues (12% of total) are growing rapidly, aided by new intermodal facilities . . . CNW's earnings could expand 10-15% annually in the late 1990s."

B. Union Pacific's Ties to CNW

18. Union Pacific has substantial business, equity ownership, and financial ties to CNW. For example, UP Rail, Inc., the Company's executive officers, the Company, and Blackstone, among others, are parties to a Second Amended and Restated Stockholders Agreement (the "Shareholders Agreement"). Under the Shareholders Agreement, CNW's executive officers must vote their CNW shares for the election of a UP Rail designee to the Board of Directors.

19. These same parties entered into another agreement in 1993 (the "1993 Agreement"), pursuant to which

the Company agreed to use its best efforts to cause two additional members of UP's senior management (the "Additional Nominees"), to be nominated to the Board of Directors as members of the class of directors serving for a term ending on the date of CNW's 1995 annual meeting. The Additional Nominees were elected to the CNW Board, such election to be effective on April 6, 1995. On that date, Union Pacific will have three directors on the CNW Board.

20. Moreover, as noted previously, Union Pacific beneficially owns 12,835,304 shares of Non-Voting Common Stock of CNW. Under a Standstill Agreement with CNW, Union Pacific agreed not to acquire more than 30% of the aggregate outstanding common stock and non-voting common stock of the Company prior to April 6, 1994. The Standstill Agreement terminated in July 1993.

C. Union Pacific's Efforts to Increase Its Control Over the Company

21. Over the last several years, Union Pacific has sought to increase its influence and control over CNW's business and operations. Among other things, Union Pacific applied to the Interstate Commerce Commission (the "ICC") for an order authorizing "common control" of CNW and UP Rail as well as conversion of Union Pacific's Non-voting Preferred Stock into CNW common stock. Union Pacific also requested from the ICC an order, inter alia, permitting Union Pacific to acquire additional shares of CNW common stock and allowing the further coordination of services between the companies' respective railroad subsidiaries.

22. On March 7, 1995, the ICC consented to the foregoing requests, and on April 6, 1995, the approval will be final and effective. At such time, Union Pacific will exercise control over 29% of CNW's common shares, and the Additional Nominees will be added to CNW's nine-member Board of Directors.

23. Immediately upon receiving ICC approval, Union Pacific publicly disclosed in a 13-D filing with the Securities and Exchange Commission that it is considering acquiring the remaining shares of CNW. That day, the price of CNW's common shares increased \$1.50 per share, or 6%, to close at \$26.375. As a result of this announcement, Union Pacific has effectively "capped" the unaffected market price of CNW shares at \$24.875 per share (the closing price of CNW shares the day prior to the 13-D filing), for purposes of assessing the adequacy of any price offered in a subsequent acquisition of CNW common shares.

24. In addition, Union Pacific's prospective acquisition of CNW comes on the heels of and is motivated by its aborted efforts to acquire control of Santa Fe Pacific Corporation ("Santa Fe"), which has agreed to be acquired by Burlington Northern Inc. Having failed in its efforts to acquire Santa Fe, Union Pacific is now turning to CNW as a means of expanding its railroad operations and increasing its presence and influence in the railroad markets in which it operates.

25. CNW and the individual Defendants are obligated in connection with any contemplated transfer of control of CNW to seek to maximize shareholder value by such means as an auction, active market check or other exploration of strategic alternatives under the circumstances. CNW and the Individual Defendants have failed to implement such procedures for the maximization of shareholder value and are permitting the transfer of control of CNW and its assets at a value which fails to reflect the enhanced long-term value of its stock given the positive trends CNW has consistently shown in revenues and net income. Nor have the individual Defendants sought to create any "Special Committee" of fully independent and disinterested directors who will act objectively and in the ultimate best interests of all shareholders of CNW.

26. Plaintiff and other members of the Class will be damaged in that they will not receive their fair proportion of the value of CNW's assets and business, and will be prevented from obtaining a fair price for their

shares of CNW's common stock.

27. Plaintiff and the Class are immediately threatened by the acts and transactions complained of herein which have caused and will cause irreparable injury to them.

REQUEST FOR RELIEF

WHEREFORE, plaintiff demands judgment as follows:

- A. Declaring this to be a proper Class Action;
- B. Declaring that CNW and the Individual Defendants have breached and are breaching their fiduciary duties to plaintiff and the members of the Class;
- C. Preliminarily and permanently enjoining the defendants and their counsel, agents, employees and all persons acting under, in concert with or for them, from proceeding with, consummating, or closing a change in control of CNW;
- D. Awarding compensatory damages against defendants individually and severally in an amount to be determined at trial, together with prejudgment interest at the maximum rate allowable by law, arising from defendants' wrongful conduct;
- E. Awarding plaintiff his costs and disbursements and reasonable allowances of fees for plaintiff's counsel and experts and reimbursement of expenses; and
- F. Granting plaintiff and the Class such other and further relief as the Court may deem just and proper.

ROSENTHAL, MONHAIT, GROSS & GODDESS, P.A.

By:

First Federal Plaza
Suite 214
Wilmington, DE 19899
(302) 656-4433

Of Counsel:

MILBERG WEISS BERSHAD HYNES & LERACH
One Pennsylvania Plaza
New York, New York 10119
(212) 594-5300

LAW OFFICES OF LAWRENCE G. SOICHER
300 Park Avenue - 20th Floor
New York, New York 10022
(212) 980-7000

IN AND FOR NEW CASTLE COUNTY

```

- - - - - X
KENNETH STEINER, individually and :
on behalf of all others similarly :
situated,                          :
                                     :
                Plaintiff,          :
                                     :
- v. -                               :
                                     :
RICHARD K. DAVIDSON, JAMES E.      :
MARTIN, JAMES J. MOSSMAN, HAROLD  :
A. POLING, ROBERT SCHMIEGE,       :
SAMUEL K. SKINNER, JAMES R.       :
THOMPSON, CHICAGO & NORTH WESTERN :
TRANSPORTATION COMPANY, UNION     :
PACIFIC COMPANY, and UP RAIL,     :
INC.,                              :
                Defendants.       :
                                     :
- - - - - X

```

Civil Action No 14111
CLASS ACTION COMPLAINT

Plaintiff, by and through his attorneys alleges upon information and belief, except as to paragraph 1 which is alleged upon knowledge, as follows:

PARTIES

1. Plaintiff Kenneth Steiner is and has been at all relevant times the owner of securities of Chicago & North Western Transportation Company ("CNW" or the "Company").

2. Defendant CNW, a corporation organized and existing under the laws of the State of Delaware with offices in Chicago, Illinois, is engaged in railroad operations through its subsidiary, Chicago & North Western Railway Company ("Railway"). As of December, 1994, CNW had approximately 45 million shares of common stock outstanding.

3. (a) Defendant Robert Schmiede ("Schmiede") is and has been at all relevant times CNW's Chairman, President and Chief Executive Officer.

(b) Defendant James E. Martin ("Martin") is and has been at all relevant times Executive Vice President and a director of CNW.

(c) Defendants Richard K. Davidson ("Davidson"), James J. Mossman ("Mossman"), Harold A. Poling ("Poling"), Samuel K. Skinner ("Skinner") and James R. Thompson ("Thompson") are and have been at all relevant times directors of CNW. Defendant Davidson is also Chairman and Chief Executive Officer of defendant Union Pacific Company ("Union Pacific").

4. Defendant UP Rail, Inc., a Delaware corporation, owns approximately 29% of CNW's 45 million outstanding shares. UP Rail, Inc. is wholly owned by UP Holdings, Inc., a Utah corporation which in turn is wholly owned by defendant Union Pacific Company. Union Pacific Company, Union Pacific Holdings, Inc. and UP Rail, Inc. are collectively referred to as "Union Pacific." By virtue of its control of CNW, and the agreements between Union Pacific and CNW described herein, Union Pacific is a controlling shareholder of CNW.

5. By virtue of the Individual Defendants' positions as directors and/or officers of CNW, and Union Pacific's position as controlling shareholder of CNW, said defendants were and are in a fiduciary relationship with plaintiff and the other public stockholders of the Company, and owe to plaintiff and the other members of the Class the highest obligations of good faith, full disclosure and fair dealing.

6. Plaintiff brings this action for declaratory, injunctive and other relief on his own behalf and as a class action, pursuant to Rule 23 of the Rules of the Court of Chancery and on behalf of all stockholders of CNW (except defendants herein and any person, firm, trust, corporation or other entity related to or affiliated with any of the defendants) or their successors in interest who have been or will be harmed as a result of defendants' action.

7. This action is properly maintainable as a class action for the following reasons:

(a) The Class of stockholders for whose benefit this action is brought is so numerous that joinder of all Class members is impracticable. There are approximately 45 million common shares of CNW outstanding owned by approximately 963 stockholders of record. Members of the Class are scattered throughout the United States.

(b) There are questions of law and fact which are common to members of the Class and which predominate over all questions affecting only individual members, including whether the defendants have breached or will breach the fiduciary duties owed by them to plaintiff and members of the Class by reason of the acts described herein.

(c) The claims of plaintiff are typical of the claims of the other members of the Class and plaintiff has no interests that are adverse or antagonistic to the interests of the Class.

(d) Plaintiff is committed to the vigorous prosecution of this action and has retained competent counsel experienced in litigation of this nature. Accordingly, plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

(e) The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class and establish incompatible standards of conduct for the party opposing the Class.

(f) Defendants have acted and are about to act on grounds generally applicable to the Class, thereby making appropriate final injunctive or corresponding declaratory relief with respect to the Class as a whole.

SUBSTANTIVE ALLEGATIONS

8. On or about March 10, 1995, CNW and Union Pacific announced that they had reached an agreement whereby Union Pacific would purchase all of CNW's common stock for \$35 cash per share, for a total of 1.2 billion.

9. Union Pacific owns approximately 29% of CNW. By virtue of Union Pacific's representation on CNW's board through defendant Davidson, Union Pacific has access to information not publicly available to the Company's stockholders.

10. The timing of Union Pacific's offer to acquire CNW was designed to take advantage of the fact that CNW has been experiencing several difficult quarters. However, the Company advised analysts that it expects 1995 revenues to exceed 1994 revenues by 30-35%, which would enable CNW to retire \$40-50 million of long-term debt.

11. As members of the Board of Directors of CNW, the Individual Defendants owe to its stockholders the highest fiduciary obligations of due care, good faith, loyalty and candor.

12. Defendants' fiduciary obligations require them to:

(a) undertake an appropriate evaluation of all bona fide offers and take appropriate steps to solicit

all potential bids for the Company or its assets;

(b) take steps, if appropriate, to negotiate with any other interested third party so as to maximize shareholder value;

(c) act independently, including appointing a disinterested committee so that the interests of CNW's public stockholders will be protected.

13. However, the Individual Defendants are incapable of making an objective determination in the best interests of the Company and its stockholders. CNW and Union Pacific have entered into various agreements which inextricably intertwine the fortunes of the two companies. In fact, pursuant to a June 21, 1993 Stockholders' Agreement ("Stockholder Agreement") CNW granted Union Pacific a right of first refusal on the sale of all or substantially all of CNW's assets. Additionally, the Stockholder Agreement provides that CNW will use "best efforts" to cause two members of UP's management to be appointed to the CNW board. Accordingly, the Individual Defendants are not in a position to independently consider the offer.

14. Moreover, in violation of Union Pacific's obligation as controlling shareholder to offer class members a fair price for their shares, the amount offered by Union Pacific is grossly inadequate in view of the inherent value of CNW, its assets and securities.

15. By reason of the foregoing acts, practices and courses of conduct, defendants have breached their fiduciary obligations toward plaintiff and other CNW stockholders.

16. Unless enjoined by this Court, defendants will continue to breach their fiduciary duties owed to plaintiff and the other members of the Class and may benefit themselves in their corporate offices, all to the irreparable harm of the Class, as aforesaid.

17. Plaintiff and the other members of the Class will suffer injury unless the unlawful actions complained of herein are enjoined.

18. Plaintiff and the Class have no adequate remedy at law.

WHEREFORE, plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in his favor and in favor of the Class and against defendants as follows:

A. Declaring that this action is properly maintainable as a class action, and certifying plaintiff as class representative.

B. Declaring that the defendants and each of them have breached their fiduciary duties to plaintiff and the other members of the Class;

C. Ordering the Individual Defendants to carry out their fiduciary duties to plaintiff and the other members of the Class by announcing their intention to maximize the value of the Company's securities and to:

(a) undertake and appropriate evaluation of alternatives designed to maximize value for CNW's public stockholders;

(b) adequately ensure that no conflicts of interest exist between defendants' own interests and their fiduciary obligation to the public security holders or, if such conflicts exist, to ensure that all the conflicts would be resolved in the best interests of CNW's public stockholders; and

D. Awarding plaintiff and the Class compensatory damages;

E. Awarding plaintiff and the Class the costs and

disbursements of this action, including reasonable attorneys' and experts' fees; and

F. Granting such other and further relief as this Court may deem just and proper.

Dated: March 10, 1995

ROSENTHAL, MONHAIT, GROSS & GODDESS, P.A.

By:

First Federal Plaza
P.O. Box 1070
Wilmington, Delaware 19899
(302) 656-4433
Attorneys for Plaintiff

OF COUNSEL:

GOODKIND LABATON RUDOFF
& SUCHAROW LLP
100 Park Avenue
New York, New York 10017
(212) 907-0700

```

-----X
MOISE KATZ,                               :
                                           :
      Plaintiff,                           :
                                           :
      -against-                             :
                                           :
JAMES E. MARTIN, JAMES J. MOSSMAN,         :   C.A. No. 14112
JAMES R. THOMPSON, ROBERT SCHMIEGE,       :
RICHARD K. DAVIDSON, HAROLD A. POLING,    :
SAMUEL K. SKINNER,, UNION PACIFIC        :
COMPANY, CHICAGO AND NORTH WESTERN       :
TRANSPORTATION COMPANY, and UP RAIL INC., :
                                           :
      Defendants.                          :
-----X

```

CLASS ACTION COMPLAINT

Plaintiff, by his attorneys, alleges upon personal knowledge with respect to paragraph 1, and upon information and belief based, inter alia, upon the investigation of his counsel as to all other allegations herein, as follows:

1. Plaintiff is a holder of common stock of Chicago North Western Transportation Company ("CNW" or the "Company") and has been a shareholder, of CNW at all times relevant hereto.
2. CNW is a Delaware corporation that maintains its principal executive offices in Chicago, Illinois. CNW is the holding company for the nation's eighth largest railroad based on total operating revenues and miles of railroad operated. CNW's wholly-owned subsidiary, Western Railroad Properties, Inc. ("WPRI"), is one of only two carriers in the Wyoming Powder River Basin. WPRI transports low-sulfur coal principally under long term contracts, and in a highly of efficient, low-cost operation. CNW also provides commuter service in the Chicago area under a service contract with the regional transportation authority.
3. Defendant Robert Schmiede ("Schmiede") is, and at all relevant times was, Chairman of the Board of Directors, President and Chief Executive Officer of the Company. For the fiscal year ended December 31, 1993, defendant Schmiede received cash and bonus compensation in excess of \$750,000.
4. Defendant Richard K. Davidson ("Davidson") is, and at all relevant times was, Chairman and Chief Executive Officer of defendant Union Pacific Company ("Union

Pacific"). Defendant Davidson is also a director of CNW.

5. Defendants James E. Martin, James J. Mossman, James R. Thompson, Harold A. Poling, and Samuel K. Skinner are each, and at all relevant times were, members of the Company's Board of Directors. These defendants, together with defendants Schmiedege and Davidson, are referred to herein as the "Individual Defendants."

6. Because of their directorial and/or executive positions in the Company, the individual Defendants owe fiduciary duties of good faith, fair dealing, due care and candor to plaintiff and the other members of the Class. Through their directorial and management positions, the Individual Defendants dominate and control the Company.

7. Each Individual Defendant owed and owes the public stockholders of CNW fiduciary obligations and were and are required to: use their ability to control and manage CNW in a fair, just and equitable manner; act in furtherance of the best interests of CNW and its shareholders; act to maximize shareholder value; govern CNW in such a manner as to heed the expressed views of its public shareholders; refrain from abusing their positions of control; and not favor their own interests at the expense of CNW and its shareholders.

8. (a) Union Pacific, a Utah corporation, is the sole shareholder of UP Holdings, Inc., also a Utah corporation. UP Holdings, Inc. is, in turn, the sole shareholder of UP Rail, Inc., a Delaware corporation.

(b) As of the close of business on March 6, 1995, UP Rail, Inc. beneficially owned 12,835,304 shares of Non-Voting Common Stock of CNW. Upon the conversion of those shares into common stock (as discussed below), those shares will represent, in the aggregate, 29.13% Of the 44,059,760 shares of CNW common stock outstanding as of October 15, 1994.

(c) Union Pacific is a party to certain stockholders agreements, described more fully below, with, inter alia, the Company's executive officers and CNW. Through its representation on CNW's Board of Directors, and collaborative business relationships with the Company, Union Pacific has access to confidential and proprietary

information concerning CNW, which information has been and continues to be unavailable to the market or other potential third party bidders for CNW.

(d) Unless otherwise indicated, Union Pacific Corporation, Union Pacific Holdings, Inc., and UP Rail, Inc. are collectively referred to herein as "Union Pacific".

9. Each defendant herein is sued individually as a conspirator and aider and abettor, and the liability of each arises from the fact that he or it has engaged in all or part of the unlawful acts, plans, schemes, or transactions complained of herein.

CLUB ACTION ALLEGATIONS

10. Plaintiff brings this action pursuant to Rule 23 of the Rules of Court of Chancery on his own behalf and as a class action on behalf of all shareholders of the Company (except the defendants herein and any persons, firm, trust, corporation, or other entity related to or affiliated with any of them or their successors in interest), and their successors in interest who are or will be threatened with injury arising from defendants' actions as more fully described herein.

11. This action is properly maintainable as a class action for the following reasons:

(a) The Class is so numerous that joinder of all members is impracticable. As of October 15, 1994, the Company had 44,059,760 shares of common stock outstanding, held by thousands of record and beneficial shareholders.

(b) The members of the Class are scattered throughout the United States and are so numerous as to make it impracticable to bring them all before the Court.

(c) There are questions of law and fact which are common to the Class including, inter alia, the following:

(i) whether the Individual Defendants breached or aided and abetted the breach of the fiduciary and common law duties which they owe to plaintiff and the other members of the Class;

(ii) whether defendants are engaging in a plan or scheme to unlawfully shift control of CNW to

Union Pacific;

(iii) whether defendants have engaged and are continuing to engage in a plan and a scheme to benefit themselves at the expense of CNW's public shareholders; and

(iv) whether plaintiff and other members of the Class will be irreparably damaged if defendants are not enjoined from the conduct described herein below.

(d) The claims of plaintiff are typical of the claims of the Class in that all members of the Class will be damaged by defendants' actions.

(e) Plaintiff is committed to vigorously prosecuting this action and has retained competent legal counsel experienced in litigation of this nature. Plaintiff is an adequate representative of the Class.

12. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for defendants, or adjudications with respect to individual members of the Class which would as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

13. Defendants have acted, or refused to act, on grounds generally applicable to, and causing injury to, the Class, and therefore, preliminary and final injunctive relief on behalf of the Class as a whole is appropriate.

SUBSTANTIVE ALLEGATIONS

A. Background

14. CNW, through its subsidiaries, is the successor to the business of CNW Corporation, which was acquired in 1989 in a going-private transaction led by Blackstone Capital Partners L.P. ("Blackstone"). The Company thereafter went public in 1992. Blackstone and its affiliates sold substantially all their shares in connection with a secondary offering of CNW stock in 1993.

15. CNW has enjoyed increasing financial success over the last several years. Operating revenues have improved every year since 1989. Similarly, operating income, net income and net income per share have all steadily risen. Moreover, CNW's per share earnings jumped to \$1.20 per share in fiscal 1993, as compared to a loss of \$3.15 per share in fiscal 1992. Earnings per share continued to increase in fiscal 1994 to \$1.86/share.

16. The Company's future financial prospects also look promising. Among other things, in February 1995 the Company forecasted that its net income for 1995 would be 30-35% above what was achieved in 1994.

17. The investment community also forecasts continued robust financial health for CNW. For example, a January 3, 1995 report issued by M.H. Lloyd, an analyst with Natwest Securities Corp., stated "we are initiating coverage of (CNW) with a BUY rating. CNW is well situated to benefit from soaring demand for low sulfur coal from Wyoming and from the bumper U.S. corn crop recently harvested. Coal and agricultural commodities account for 32% and 18%, respectively, of the company's revenues. In addition, CNW's intermodal revenues (12% of total) are growing rapidly, aided by new intermodal facilities . . . CNW's earnings could expand 10-15% annually in the late 1990s."

B. Union Pacific's Ties to CNW

18. Union Pacific has substantial business, equity ownership, and financial ties to CNW. For example, UP Rail, Inc., the Company's executive officers, the Company, and Blackstone, among others, are parties to a Second Amended and Restated Stockholders Agreement (the "Shareholders Agreement"). Under the Shareholders Agreement, CNW's executive officers must vote their CNW shares for the election of a UP Rail designee to the Board of Directors.

19. These same parties entered into another agreement in 1993 (the "1993 Agreement"), pursuant to which the Company agreed to use its best efforts to cause two additional members of UP's senior management (the "Additional Nominee"), to be nominated to the Board of Directors as members of the class of directors serving for a

term ending on the date of CNW's 1995 annual meeting. The Additional Nominees were elected to the CNN Board, such election to be effective on April 6, 1995. On that date, Union Pacific will have three directors on the CNW Board.

20. Moreover, as noted previously, Union Pacific beneficially owns 12,835,304 shares of Non-Voting Common Stock of CNW. Under a Standstill Agreement with CNW, Union Pacific agreed not to acquire more than 30% of the aggregate outstanding common stock and non-voting common stock of the Company prior to April 6, 1994. The Standstill Agreement terminated in July 1993.

C. Union Pacific's Efforts to Increase its Control Over the Company

21. Over the last several years, Union Pacific has sought to increase its influence and control over CNW's business and operations. Among other things, Union Pacific applied to the Interstate Commerce Commission (the "ICC") for an order authorizing "common control" of CNW and UP Rail as well as conversion of Union Pacific's Non-voting Preferred Stock into CNW common stock. Union Pacific also requested from the ICC an order, inter alia, permitting Union Pacific to acquire additional shares of CNW common stock and allowing the further coordination of services between the companies' respective railroad subsidiaries.

22. On March 7, 1995, the ICC consented to the foregoing requests, and on April 6, 1995, the approval will be final and effective. At such time, Union Pacific will exercise control over 29% of CNW's common shares, and the Additional Nominees will be added to CNW's nine-member Board of Directors.

23. Immediately upon receiving ICC approval, Union Pacific publicly disclosed in a 13-D filing with the Securities and Exchange Commission that it was considering acquiring the remaining shares of CNW. On or about March 10, 1995, CNW and Union Pacific announced that they had reached an agreement whereby Union Pacific would purchase all of CNW's common stock for \$35 cash per share, for a total of \$1.2 billion.

24. Union Pacific's prospective acquisition of CNW comes on the heels of and is activated by its aborted efforts to acquire control of Santa Fe Pacific Corporation

("Santa Fe"), which has agreed to be acquired by Burlington Northern Inc. Having failed in its efforts to acquire Santa Fe, Union Pacific is now turning to CNW as a means of expanding its railroad operations and increasing its presence and influence in the railroad markets in which it operates.

25. CNW and the Individual Defendants are obligated in connection with any contemplated transfer of control of CNW to seek to maximize shareholder value by such means as an auction, active market check or other exploration of strategic alternatives under the circumstances. CNW and the Individual Defendants have failed to implement such procedures for the maximization of shareholder value and are permitting the transfer of control of CNW and its assets at a value which fails to reflect the enhanced long-term value of its stock given the positive trends CNW has consistently shown in revenues and net income. Nor have the Individual Defendants sought to create any "Special Committee" of fully independent and disinterested directors who will act objectively and in the ultimate best interests of all shareholders of CNW.

26. Plaintiff and other members of the Class will be damaged in that they will not receive their fair proportion of the value of CNW's assets and business, and will be prevented from obtaining a fair price for their shares of CNW's common stock.

27. Plaintiff and the Class are immediately threatened by the acts and transactions complained of herein which have caused and will cause irreparable injury to them.

REQUEST FOR RELIEF

WHEREFORE, plaintiff demands judgment as follows:

- A. Declaring this to be a proper Class Action;
- B. Declaring that defendants have breached and are breaching their fiduciary duties to plaintiff and the members of the Class;
- C. Preliminarily and permanently enjoining the defendants and their counsel, agents, employees and all persons acting under, in concert with or for them, from proceeding with, consummating, or closing a change in control of CNW;

D. Awarding compensatory damages against defendants individually and severally in an amount to be determined at trial, together with prejudgment interest at the maximum rate allowable by law, arising from defendants' wrongful conduct;

E. Awarding plaintiff his costs and disbursements and reasonable allowances of fees for plaintiff's counsel and experts and reimbursement of expenses; and

F. Granting plaintiff and the Class such other and further relief as the Court may deem just and proper.

ROSENTHAL, MONHAIT, GROSS & GODDESS, P.A.

By:
First Federal Plaza
Suite 214
Wilmington, DE 19899
(302) 656-4433

Of Counsel:

WECHSLER SKIRNICK HARWOOD HALEBIAN
& FEFFER LLP
805 Third Avenue, 7th Floor
New York, NY 10022