

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13E-3
RULE 13E-3 TRANSACTION STATEMENT (PURSUANT TO SECTION 13(E) OF THE SECURITIES
EXCHANGE ACT OF 1934)
AMENDMENT NO. 6

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY

(NAME OF ISSUER)

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY
UNION PACIFIC CORPORATION
UNION PACIFIC HOLDINGS, INC.
UP RAIL, INC.

(NAME OF PERSON(S) FILING STATEMENT)

COMMON STOCK, PAR VALUE \$.01 PER SHARE

(TITLE OF CLASS OF SECURITIES)

167155 10 0

(CUSIP NUMBERS OF CLASS OF SECURITIES)

ROBERT SCHMIEGE
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CHIEF EXECUTIVE OFFICER
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(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSONS AUTHORIZED
TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF PERSON(S) FILING STATEMENT)

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Chicago and North Western Transportation Company, a Delaware corporation (the 'Company'), Union Pacific Corporation, a Utah corporation ('Parent'), Union Pacific Holdings, Inc., a Utah corporation and a wholly owned subsidiary of Parent ('Holdings') and UP Rail, Inc. (the 'Purchaser'), a Utah corporation and a wholly owned subsidiary of Holdings, and an indirect wholly owned subsidiary of Parent, hereby amend and supplement their Rule 13e-3 Transaction Statement on Schedule 13E-3 ('Schedule 13E-3'), filed with the Securities and Exchange

Commission (the 'Commission') on March 23, 1995, as amended, with respect to the Purchaser's offer to purchase all outstanding shares of Common Stock, par value \$.01 per share (the 'Common Stock' or the 'Shares'), of the Company, at a price of \$35.00 per Share, net to the seller in cash (the 'Offer Price'), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated March 23, 1995 (the 'Offer to Purchase'), as amended and supplemented by the Supplement thereto, dated April 14, 1995 (the 'Supplement'), and in the revised Letter of Transmittal (which, as amended from time to time, together constitute the 'Offer'), which have been annexed to and filed with the Schedule 13E-3 as Exhibits (d)(1), (d)(11) and (d)(12), respectively.

Unless otherwise indicated herein, each capitalized term used and not defined herein shall have the meaning assigned to such term in Schedule 13E-3, the Offer to Purchase or in the Supplement referred to therein.

ITEM 1. ISSUER AND CLASS OF SECURITY SUBJECT TO THE TRANSACTION.

The information set forth in Items 1(b) and (c) of Schedule 13E-3 is hereby amended and supplemented by the following:

(b) The information set forth in 'INTRODUCTION' in the Supplement is incorporated herein by reference. A copy of the Amendment to the Option Agreement is attached hereto as Exhibit (c)(11) and incorporated herein by reference.

(c) The information set forth in 'THE OFFER--Price Range of Shares; Dividends' in the Supplement is incorporated herein by reference.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS.

The information set forth in Items 3(a) and (b) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) - (b) The information set forth in 'INTRODUCTION,' 'SPECIAL FACTORS--Background of the Transaction' and '--Interests of Certain Persons in the Transaction' in the Supplement is incorporated herein by reference. Copies of the Amendment to the Option Agreement and the clarification document are attached hereto as Exhibits (c)(11) and (g)(16), respectively, and incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

The information set forth in Item 4(a) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) The information set forth in 'INTRODUCTION,' 'THE OFFER--Terms of the Offer,' '--Acceptance for Payment and Payment' and 'DISSENTERS' RIGHTS' in the Supplement is incorporated herein by reference. Copies of the Amendment to the Option Agreement and the press release, dated April 14, 1995, are attached hereto as Exhibits (c)(11) and (g)(18), respectively, and incorporated herein by reference.

ITEM 5. PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE.

The information set forth in Items 5(a)-(e) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) - (e) The information set forth in 'INTRODUCTION,' 'SPECIAL FACTORS--Background of the Transaction,' '--Interests of Certain Persons in the Transaction' and 'FINANCING OF THE TRANSACTION' in the Supplement is incorporated herein by reference. Copies of the \$1.1 Billion Credit Agreement, the \$1.2 Billion Credit Agreement, the Amendment to the Option Agreement and the clarification document are attached hereto as Exhibits (a)(2), (a)(3), (c)(11) and (g)(16), respectively, and incorporated herein by reference.

ITEM 6. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The information set forth in Items 6(a)-(c) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) The information set forth in 'INTRODUCTION' and 'FINANCING OF THE TRANSACTION' in the Supplement is incorporated herein by reference. Copies of the \$1.1 Billion Credit Agreement, the \$1.2 Billion Credit Agreement and the Amendment to the Option Agreement are attached hereto as Exhibits (a)(2), (a)(3) and (c)(11), respectively, and incorporated herein by reference.

(b) The information set forth in 'SPECIAL FACTORS--Opinion of The Blackstone Group L.P.' and 'FINANCING OF THE TRANSACTION' in the Supplement is incorporated herein by reference. Copies of the \$1.1 Billion Credit Agreement and the \$1.2 Billion Credit Agreement are attached hereto as Exhibits (a)(2) and (a)(3), respectively, and incorporated herein by reference.

(c) The information set forth in 'INTRODUCTION' and 'FINANCING OF THE TRANSACTION' in the Supplement is incorporated herein by reference. Copies of the \$1.1 Billion Credit Agreement, the \$1.2 Billion Credit Agreement and the Amendment to the Option Agreement are attached hereto as Exhibits (a)(2), (a)(3) and (c)(11), respectively, and incorporated herein by reference.

ITEM 7. PURPOSE(S), ALTERNATIVES, REASONS AND EFFECTS.

The information set forth in Items 7(a)-(c) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) The information set forth in 'INTRODUCTION,' 'SPECIAL FACTORS--Background of the Transaction,' '--Interests of Certain Persons in the Transaction' and 'FINANCING OF THE TRANSACTION' in the Supplement is incorporated herein by reference. Copies of the \$1.1 Billion Credit Agreement, the \$1.2 Billion Credit Agreement, the Amendment to the Option Agreement and the clarification document are attached hereto as Exhibits (a)(2), (a)(3), (c)(11) and (g)(16), respectively, and incorporated herein by reference.

(b) - (c) The information set forth in 'SPECIAL FACTORS--Background of the Transaction,' '--Opinion of The Blackstone Group L.P.' and '--Opinion of CS First Boston Corporation' in the Supplement is incorporated herein by reference.

ITEM 8. FAIRNESS OF THE TRANSACTION.

The information set forth in Items 8(a)-(e) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) - (e) The information set forth in 'INTRODUCTION,' 'SPECIAL FACTORS--Background of the Transaction,' '--Opinion of The Blackstone Group L.P.,' '--Summary of Presentation Materials to the Board--Potential Value to Parent--Pro Forma Merger Analysis' and '--Opinion of CS First Boston Corporation' in the Supplement is incorporated herein by reference. A copy of the Amendment to the Option Agreement is attached hereto as Exhibit (c)(11) and incorporated herein by reference.

ITEM 9. REPORTS, OPINIONS, APPRAISALS AND CERTAIN NEGOTIATIONS.

The information set forth in Items 9(a)-(c) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) - (c) The information set forth in 'INTRODUCTION,' 'SPECIAL FACTORS--Background of the Transaction,' '--Opinion of The Blackstone Group L.P.,' '--Summary of Presentation Materials to the Board--Potential Value to Parent--Pro Forma Analysis,' '--Opinion of CS First Boston Corporation' and '--Interests of Certain Persons in the Transaction' in the Supplement is incorporated herein by reference. Copies of the Amendment to the Option Agreement and the clarification document are attached hereto as Exhibits (c)(11) and (g)(16), respectively, and incorporated herein by reference.

ITEM 10. INTEREST IN SECURITIES OF THE ISSUER.

The information set forth in Items 10(a) and (b) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) - (b) The information set forth in 'SPECIAL FACTORS--Interests of Certain Persons in the Transaction' in the Supplement is incorporated herein by reference. A copy of the clarification document is attached hereto as Exhibit (g)(16) and incorporated herein by reference.

ITEM 11. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO THE ISSUER'S SECURITIES.

The information set forth in Item 11 of Schedule 13E-3 is hereby amended and supplemented by the following:

The information set forth in 'INTRODUCTION,' 'SPECIAL FACTORS--Background of the Transaction' and '--Interests of Certain Persons in the Transaction' in the Supplement is incorporated herein by reference. Copies of the Amendment to the Option Agreement and the clarification document are attached hereto as Exhibit (c)(11) and (g)(16), respectively, and incorporated herein by reference.

ITEM 12. PRESENT INTENTION AND RECOMMENDATION OF CERTAIN PERSONS WITH REGARD TO THE TRANSACTION.

The information set forth in Items 12(a) and (b) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) The information set forth in 'INTRODUCTION' and 'SPECIAL FACTORS--Interests of Certain Persons in the Transaction' in the Supplement is incorporated herein by reference. Copies of the Amendment to the Option Agreement and the clarification document are attached hereto as Exhibits (c)(11) and (g)(16), respectively, and incorporated herein by reference.

(b) The information set forth in 'INTRODUCTION,' 'SPECIAL FACTORS--Background of the Transaction,' '--Opinion of The Blackstone Group L.P.,' '--Summary of Presentation Materials to the Board--Potential Value to Parent--Pro Forma Analysis' and '--Opinion of CS First Boston Corporation' in the Supplement is incorporated herein by reference. A copy of the Amendment to the Option Agreement is attached hereto as Exhibit (c)(11) and incorporated herein by reference.

ITEM 13. OTHER PROVISIONS OF THE TRANSACTION.

The information set forth in Item 13(a) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) The information set forth in 'DISSENTERS' RIGHTS' in the Supplement is incorporated herein by reference.

ITEM 15. PERSONS AND ASSETS EMPLOYED, RETAINED OR UTILIZED.

The information set forth in Item 15(a) of Schedule 13E-3 is hereby amended and supplemented by the following:

(a) The information set forth in 'INTRODUCTION,' 'SPECIAL FACTORS--Interests of Certain Persons in the Transaction' and 'FINANCING OF THE TRANSACTION' in the Supplement is incorporated herein by reference. Copies of the \$1.1 Billion Credit Agreement, the \$1.2 Billion Credit Agreement, the Amendment to the Option Agreement and the clarification document are attached hereto as Exhibits (a)(2), (a)(3), (c)(11) and (g)(16), respectively, and incorporated herein by reference.

ITEM 16. ADDITIONAL INFORMATION.

The information set forth in Item 16 of Schedule 13E-3 is hereby amended and supplemented by the following:

The information set forth in the Supplement and the revised Letter of Transmittal, copies of which are attached hereto as Exhibits (d)(11) and (d)(12), respectively, is incorporated herein by reference. Copies of the

Amendment to the Option Agreement, revised Notice of Guaranteed Delivery, clarification document, Memorandum of Understanding and press release, dated April 14, 1995, are attached hereto as Exhibits (c)(11), (d)(13), (g)(16), (g)(17) and (g)(18), respectively, and incorporated herein by reference.

ITEM 17. MATERIAL TO BE FILED AS EXHIBITS.

- (a)(2) \$1.1 Billion Credit Agreement, dated April 11, 1995, among Parent, Chemical Bank, Citicorp Securities, Inc., Chemical Securities, Inc. and the other banks named therein.
- (a)(3) \$1.2 Billion Credit Agreement, dated April 11, 1995, among Parent, Chemical Bank, Citicorp Securities, Inc., Chemical Securities, Inc. and the other banks named therein.
- (c)(11) Amendment to the Option Agreement, dated April 13, 1995, between the Purchaser and the Company.
- (d)(11) Supplement to the Offer to Purchase, dated April 14, 1995.
- (d)(12) Revised Letter of Transmittal.
- (d)(13) Revised Notice of Guaranteed Delivery.
- (g)(16) Clarification document, dated April 12, 1995, among the Company, Parent and the Purchaser.
- (g)(17) Memorandum of Understanding, dated April 13, 1995, among the Company and plaintiffs in the five purported class action suits previously filed in the Delaware Court of Chancery.
- (g)(18) Text of press release issued by Parent on April 14, 1995.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 14, 1995

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By: /s/ RONALD J. CUCHNA

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 14, 1995

UNION PACIFIC CORPORATION

By: /s/ CARL W. VON BERNUTH

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 14, 1995

UNION PACIFIC HOLDINGS, INC.

By: /s/ CARL W. VON BERNUTH

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 14, 1995

UP RAIL, INC.

By: /s/ CARL W. VON BERNUTH

EXHIBIT INDEX

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- (c)(11) Amendment to the Option Agreement, dated April 13, 1995, between the Purchaser and the Company.
- (d)(11) Supplement to the Offer to Purchase, dated April 14, 1995.
- (d)(12) Revised Letter of Transmittal.
- (d)(13) Revised Notice of Guaranteed Delivery.
- (g)(16) Clarification document, dated April 12, 1995, among the Company, Parent and the Purchaser.
- (g)(17) Memorandum of Understanding, dated April 13, 1995, among the Company and plaintiffs in the five purported class action suits previously filed in the Delaware Court of Chancery.
- (g)(18) Text of press release issued by Parent on April 14, 1995.

[EXECUTION COUNTERPART]

U.S. \$1,100,000,000

REVOLVING CREDIT AGREEMENT

Dated as of April 11, 1995

Among

UNION PACIFIC CORPORATION,

as Borrower,

THE BANKS NAMED HEREIN,

as Banks,

CHEMICAL BANK

and

CITICORP SECURITIES, INC.,

as Co-Arrangers,

CHEMICAL SECURITIES, INC.,

as Syndication Agent,

CITIBANK, N.A.,

as Documentation Agent,

and

CHEMICAL BANK,

as Administrative Agent

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Agent

REVOLVING CREDIT AGREEMENT, dated as of April 11, 1995, among UNION PACIFIC CORPORATION, a Utah corporation (the "Borrower"); the banks listed on the signature pages hereof and any other banks which from time to time become parties hereto pursuant to Section 8.07 of this Agreement (all such banks being referred to herein collectively as the "Banks"); CHEMICAL BANK and CITICORP SECURITIES, INC., as Co-Arrangers (collectively, the "Co-Arrangers"); CHEMICAL SECURITIES, INC., as Syndication Agent (the "Syndication Agent"); CITIBANK, N.A., as Documentation Agent (the "Documentation Agent"); and CHEMICAL BANK, as agent for the purposes hereinafter provided (in such capacity, the "Administrative Agent") for the Banks hereunder.

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Adjusted CD Rate" means, for each Adjusted CD Rate Advance comprising part of the same Contract Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the sum of (a) a rate per annum equal to the product of (i) the Fixed CD Rate in effect for the Interest Period then applicable to such Advance and (ii) 1.00 plus the Domestic Reserve Percentage, plus (b) the Assessment Rate. For purposes hereof, the term "Fixed CD Rate" shall mean the arithmetic average (rounded upwards, if necessary, to the next 1/100 of 1%) of the prevailing rates per annum bid at or about 10:00 a.m. (New York City time) to each Reference Bank on the first Business Day of the Interest Period then applicable to such Contract Borrowing by three New York City negotiable certificate of deposit dealers of recognized standing for the purchase at face value of negotiable certificates of deposit of such Reference Bank in a principal amount approximately equal to such Reference Bank's portion of such Contract Borrowing and with a maturity comparable to such Interest Period.

"Adjusted CD Rate Advance" means a Contract Advance that bears interest based on the Adjusted CD Rate.

"Advance" means any Contract Advance or Auction Advance.

"Agreement" means this Agreement, as amended, modified and supplemented from time to time, including, without limitation, any such supplement in respect of Auction Advances under Section 2.03(a)(v).

"Alternate Base Rate" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by Chemical Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. "Base CD Rate" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) 1.00 plus the Domestic Reserve Percentage and (b) the Assessment Rate. "Three-Month Secondary CD Rate" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board of Governors of the Federal Reserve System through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of such Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m. (New York City time) on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Administrative Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate or both for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in accordance with the terms hereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of

the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds

Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"Alternate Base Rate Advance" means a Contract Advance which bears interest computed at the Alternate Base Rate.

"Applicable Fee Percentage" means on any date (a) if the Applicable Margin for such date is or would be determined with reference to Category 1, 0.100%; (b) if the Applicable Margin for such date is or would be determined with reference to Category 2, 0.125%; (c) if the Applicable Margin for such date is or would be determined with reference to Category 3, 0.150%; and (d) if the Applicable Margin for such date is or would be determined with reference to Category 4, 0.250%.

"Applicable Lending Office" means, with respect to each Bank, such Bank's Domestic Lending Office in the case of an Alternate Base Rate Advance, such Bank's CD Lending Office in the case of an Adjusted CD Rate Advance, such Bank's Eurodollar Lending Office in the case of a Eurodollar Rate Contract Advance and, in the case of an Auction Advance, the office or affiliate of such Bank notified by such Bank to the Borrower and the Administrative Agent as such Bank's Applicable Lending Office with respect to such Auction Advance.

"Applicable Margin" means, with respect to Adjusted CD Rate Advances and Eurodollar Rate Contract Advances on any date, the applicable percentage set forth below for such Type of Advance under the caption "Applicable Margin" based upon the ratings applicable on such date to the Borrower's senior, unsecured, non-credit-enhanced long term indebtedness for borrowed money ("Index Debt"):

Ratings	Applicable Margin	
	Adjusted CD Rate Advances	Eurodollar Rate Contract Advances
Category 1		
A- or higher by S&P; and	0.275%	0.150%
A3 or higher by Moody's		
Category 2		
Lower than A- and equal to or higher than BBB+ by S&P; and	0.375%	0.250%
Lower than A3 and equal to or higher than Baa1 by Moody's		

Ratings -----	Applicable Margin	
	Adjusted CD Rate Advances	Eurodollar Rate Contract Advances

Category 3 -----		
Lower than BBB+ and equal to or higher than BBB- by S&P; and	0.425%	0.300%
Lower than Baa1 and equal to or higher than Baa3 by Moody's		
Category 4 -----		
Lower than BBB- by S&P; or	0.625%	0.500%
Lower than Baa3 by Moody's		

For purposes of the foregoing, (i) if neither Moody's nor S&P shall have in effect a rating for Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then both such rating agencies will be deemed to have established ratings for Index Debt in Category 4; (ii) if only one of Moody's or S&P shall have in effect a rating for Index Debt, the Borrower and the Banks will negotiate in good faith to agree upon another rating agency to be substituted by an amendment to this Agreement for the rating agency which shall not have a rating in effect, and in the absence of such amendment the Applicable Margin will be determined by reference to the available rating; (iii) if the ratings established by Moody's and S&P shall fall within different Categories, the Applicable Margin shall be determined by reference to the numerically lower

Category (where Category 1 is the numerically lowest such Category and Category 4 is the numerically highest such Category); and (iv) if any rating established by Moody's or S&P shall be changed (other than as a result of a change in the rating system of either Moody's or S&P) such change shall be effective as of the date on which such change is first announced by the rating agency making such change. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of either Moody's or S&P shall change prior to the Maturity Date, the Borrower and the Banks shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system. If both Moody's and S&P shall cease to be in the business of rating corporate debt obligations, the Borrower and the Banks shall negotiate in good faith to agree upon a substitute rating agency and to amend the references to specific ratings in this defini-

tion to reflect the ratings used by such substitute rating agency.

"Applicable Rate" means:

- (i) with respect to Adjusted CD Rate Advances, the Adjusted CD Rate plus the Applicable Margin;
- (ii) with respect to Alternate Base Rate Advances, the Alternate Base Rate; and
- (iii) with respect to Eurodollar Rate Contract Advances, the Eurodollar Rate plus the Applicable Margin.

"Assessment Rate" means for any date the annual rate (rounded upwards, if necessary, to the next 1/100 of 1%) most recently estimated by the Administrative Agent as the then current net annual assessment rate that will be employed in determining amounts payable by the Administrative Agent to the Federal Deposit Insurance Corporation (or any successor) for insurance by such Corporation (or such successor) of time deposits made in dollars at the Administrative Agent's domestic offices.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Bank and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit B hereto.

"Auction Advance" means an advance by a Bank to the Borrower as part of an Auction Borrowing resulting from the auction bidding procedure described in Section 2.03, and refers to a Fixed Rate Auction Advance or a Eurodollar Rate Auction Advance.

"Auction Borrowing" means a Borrowing consisting of simultaneous Auction Advances of the same Type from each of the Banks whose offer to make an Auction Advance as part of such Borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

"Auction Reduction" means, as to any Bank as at any date, an amount equal to such Bank's pro rata (in accordance with the Commitments) share of the aggregate amount of all Auction Advances outstanding on such date (giving effect to the payment of any Auction Advances to be made on such date).

"Borrowing" means a Contract Borrowing or an Auction Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings in dollar deposits are carried on in the London interbank market.

"Category 1", "Category 2", "Category 3" and "Category 4" have the meanings specified in the definition of "Applicable Margin" in this Section 1.01.

"CD Lending Office" means, with respect to any Bank, the office or affiliate of such Bank specified as its "CD Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Bank (or, if no such office or affiliate is specified, its Domestic Lending Office), or such other office or affiliate of such Bank as such Bank may from time to time specify to the Borrower and the Administrative Agent.

"Chemical Bank" means Chemical Bank, a New York banking corporation, and its successors.

"Closing Date" means the date of this Agreement.

"CNW" means Chicago and North Western Transportation Company, a Delaware corporation.

"Co-Agents" means, collectively, the Syndication Agent, the Documentation Agent and the Administrative Agent.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Commitment" has the meaning specified in Section 2.01(a).

"Contract Advance" means an advance by a Bank to the Borrower as part of a Contract Borrowing and refers to an Adjusted CD Rate Advance, an Alternate Base Rate Advance or a Eurodollar Rate Contract Advance.

"Contract Borrowing" means a Borrowing consisting of simultaneous Contract Advances of the same Type made ratably by all of the Banks pursuant to Section 2.01(a).

"Debt" means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) obligations to pay the deferred purchase price of property (excluding obligations under agreements for the purchase of goods in the normal course of business, but including obligations under agreements relating to the issuance of performance letters of credit or acceptance financing), (iv) obligations as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (v) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above and (vi) liabilities in respect of unfunded vested benefits under Plans covered by Title IV of ERISA; provided, however, that (x) for the purposes of Section 5.02(a), "Debt" means only indebtedness for borrowed money (however evidenced) and (y) for the purposes of Section 6.01(e), "Debt" means only (1) the obligations described in clauses (i), (ii) and (iii) above and (2) the obligations described in clause (v) above (to the extent such obligations relate to Debt described in clause (i) or (ii) above).

"Default" means any condition or event which, after notice or lapse of time, or both, would constitute an Event of Default.

"Domestic Lending Office" means, with respect to any Bank, the office or affiliate of such Bank specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Bank, or such other office or affiliate of such Bank as such Bank may from time to time specify to the Borrower and the Administrative Agent.

"Domestic Reserve Percentage" means, for any Interest Period, the reserve percentage applicable on the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with deposits exceeding one billion dollars with respect to liabilities consisting of or including (among other liabilities) U.S. dollar nonpersonal time deposits in the United States with a maturity equal to such Interest Period.

"Eligible Assignee" means:

(a) any of the following entities approved in writing by the Borrower in its sole discretion and notified to the Administrative Agent, and then only to the extent of a proposed assignment approved in writing by the Borrower in its sole discretion and notified to the Administrative Agent: (i) a commercial bank organized under the laws of the United States, or any state thereof, and having total assets in excess of \$3,000,000,000 and a combined capital and surplus of at least \$150,000,000; (ii) a commercial bank organized under the laws of any other country which is a member of the OECD, or a political subdivision of any such country, and having total assets in excess of \$3,000,000,000 and a combined capital and surplus of at least \$150,000,000, provided that such bank is acting through a branch or agency located in the United States, in the country in which it is organized or in another country which is also a member of the OECD; and (iii) the central bank of any country which is a member of the OECD; and

(b) an affiliate of the assigning Bank (for which purposes "affiliate" means a Person controlling, controlled by or under common control with such assigning Bank).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) which is a member of a group of which the Borrower is a member and which is under common control within the meaning of the regulations under Section 414 of the Code.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System (or any successor regulation), as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Bank, the office or affiliate of such Bank specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Bank (or, if no such office or affiliate is specified, its Domestic Lending Office), or such other office or affiliate of such Bank as such Bank may from time to time specify to the Borrower and the Administrative Agent.

"Eurodollar Rate" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate

per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the average of the rates at which deposits in U.S. dollars in immediately available funds approximately equal in principal amount to (i) in the case of a Contract Borrowing, the portion of such Eurodollar Rate Contract Advance of the Bank serving as Administrative Agent and (ii) in the case of an Auction Borrowing, a principal amount that would have been the portion of such Auction Borrowing of the Bank serving as Administrative Agent had such Auction Borrowing been a Contract Borrowing, and for a maturity comparable to (a) in the case of a Contract Borrowing, the Interest Period then applicable to such Contract Advance and (b) in the case of an Auction Borrowing, the maturity of such Auction Advance, are offered to the principal London offices of the Reference Banks (or if any Reference Bank does not at the time maintain a London office, the principal London office of any affiliate of such Reference Bank) in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to (x) the commencement of the Interest Period then applicable to such Contract Advance or (y) the making of such Auction Advance, as the case may be.

"Eurodollar Rate Advance" means any Eurodollar Rate Contract Advance or Eurodollar Rate Auction Advance.

"Eurodollar Rate Auction Advance" means an Auction Advance which bears interest based on the Eurodollar Rate.

"Eurodollar Rate Contract Advance" means a Contract Advance which bears interest based on the Eurodollar Rate.

"Eurodollar Rate Reserve Percentage" of any Bank for any Eurodollar Rate Advance means the reserve percentage applicable to such Bank on (i) in the case of a Contract Advance, the first day of the Interest Period then applicable to such Contract Advance and (ii) in the case of an Auction Advance, the date of such Auction Advance, under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) under Regulation D promulgated by the Board of Governors of the Federal Reserve System, or any successor or supplemental regulations, then applicable to such Bank with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period or the term of such Auction Advance, as the case may be.

"Events of Default" has the meaning specified in Section 6.01.

"Financial Officer" of any corporation shall mean the chief financial officer, principal accounting officer, Treasurer or Controller of such corporation.

"Fixed Rate" means an interest rate per annum (expressed in the form of a decimal to no more than four decimal places) specified by a Bank making an Auction Advance under the auction bidding procedure described in Section 2.03.

"Fixed Rate Auction Advance" means an Auction Advance which bears interest based on the Fixed Rate.

"Interest Period" means, for each Contract Advance comprising part of the same Contract Borrowing, the period commencing on the date of such Contract Advance or on the last day of the immediately preceding Interest Period applicable to such Contract Advance, as the case may be, and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be (a) in the case of an Alternate Base Rate Advance, until the next succeeding March 31, June 30, September 30 or December 31, (b) in the case of an Adjusted CD Rate Advance, 30, 60, 90 or 180 days and (c) in the case of a Eurodollar Rate Contract Advance, 1 month or 2, 3 or 6 months, as the Borrower may select (in the case of clause (b) or (c)) by notice to the Administrative Agent pursuant to Section 2.02(a); provided, however, that:

(i) Interest Periods commencing on the same date for Contract Advances comprising part of the same Contract Borrowing shall be of the same duration;

(ii) subject to clause (iii) below, whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day in both New York City and London, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day in both such cities, provided, in the case of any Interest Period for a Eurodollar Rate Contract Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day in both such cities; and

(iii) no Interest Period shall end on a date later than the Maturity Date.

"Majority Banks" means at any time Banks that in the aggregate (a) represent at least 66-2/3% of the Commitments and

(b) after the expiry or termination of the Commitments, represent at least 66-2/3% of the aggregate unpaid principal amount of the Advances and Special Rate Loans.

"Margin Stock" means "margin stock" within the meaning of Regulation U.

"Material Plan" means either (i) a Plan under which the present value of the vested benefits exceeds the fair market value of the assets of such Plan allocable to such benefits by more than \$20,000,000 or (ii) a Plan whose assets have a market value in excess of \$100,000,000.

"Maturity Date" means the fifth anniversary of the Closing Date; provided that if such date is not a Business Day, the Maturity Date shall be the immediately preceding Business Day.

"Merger Agreement" means the Agreement and Plan of Merger, dated as of March 16, 1995, by and among the Borrower, UP Rail, Inc. and CNW, as from time to time amended (without prejudice to Section 5.02(f)).

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"Notice of Contract Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Auction Borrowing" has the meaning specified in Section 2.03(a).

"\$1,200,000,000 Agreement" means the \$1,200,000,000 Revolving Credit Agreement, dated as of April 11, 1995, among the Borrower, the banks named therein (which include certain of the Banks), the co-arrangers, syndication agent and documentation agent named therein and Chemical Bank, as administrative agent for said banks, as from time to time amended.

"\$1,400,000,000 Credit Agreement" means the \$1,400,000,000 Revolving Credit Agreement, dated as of March 2, 1993, among the Borrower, the banks named therein (which include

certain of the Banks), the co-agents named therein and Chemical Bank, as administrative agent for said banks, as from time to time amended.

"OECD" means the Organization for Economic Cooperation and Development.

"Participating Bank" has the meaning specified in Section 2.03(a)(v).

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means an employee benefit plan (other than a Multiemployer Plan) maintained for employees of the Borrower or any ERISA Affiliate and covered by Title IV of ERISA.

"Railroads" means Union Pacific Railroad Company, Missouri Pacific Railroad Company, and, after substantially all shares of the capital stock of CNW (or the surviving corporation pursuant to the Merger Agreement) shall have been acquired (directly or indirectly) by the Borrower pursuant to the approval or exemption (if required) of the Interstate Commerce Commission (or any successor agency having jurisdiction), Chicago and North Western Railway Company and Western Railroad Properties, Incorporated, in each case together with their respective successors.

"Reference Banks" means Chemical Bank, Citibank, N.A. and Morgan Guaranty Trust Company of New York, and such other additional or substitute financial institutions as may be agreed to by the Borrower, the Administrative Agent and the Majority Banks from time to time.

"Register" has the meaning specified in Section 8.07(c).

"Regulation U" means Regulation U issued by the Board of Governors of the Federal Reserve System, as from time to time amended.

"Reportable Event" means an event described in Section 4043(b) of ERISA with respect to which the 30-day notice requirement has not been waived by the PBGC.

"S&P" means Standard and Poor's Ratings Group, a division of McGraw-Hill, Inc., or any successor thereto.

"Special Rate Loan" means any loan made by a Bank to the Borrower pursuant to Section 2.01(b).

"Special Rate Loan Reduction" means, as to any Bank as at any date, an amount equal to such Bank's pro rata (in accordance with the Commitments) share of the aggregate amount of all Special Rate Loans outstanding on such date (giving effect to the payment of any Special Rate Loans to be made on such date).

"Subsidiary" of a Person means any corporation or other similar entity of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation or entity (irrespective of whether or not at the time capital stock of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

"Tender Offer" means the offer by UP Rail, Inc., a Utah corporation and wholly owned Subsidiary of the Borrower, to purchase for cash all of the shares of common stock of CNW not otherwise owned by the Borrower or any of its affiliates, dated March 23, 1995, as from time to time amended (without prejudice to Section 5.02(f)).

"Tender Offer Materials" means, collectively, (i) the Offer to Purchase for Cash All Outstanding Shares of Common Stock of Chicago and North Western Transportation Company at \$35.00 Net Per Share by UP Rail, Inc. dated March 23, 1995, (ii) the related Letter of Transmittal and (iii) the Tender Offer Statement on Schedule 14D-1 with respect to the Tender Offer filed with the Securities and Exchange Commission, as any of the same may be from time to time amended or extended.

"Termination Date" means the Maturity Date or the earlier date of termination in whole of the Commitments pursuant to Section 2.06 or 6.01.

"Termination Event" means (i) a "Reportable Event" described in Section 4043 of ERISA and the regulations issued thereunder (other than a "Reportable Event" not subject to the provision for 30-day notice to the PBGC under such regulations), or (ii) the withdrawal of the Borrower or any of its ERISA Affiliates from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to

administer, any Plan.

"Type", when used in respect of any Advance or Borrowing, refers to the Rate by reference to which interest on such Advance or on the Advances comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the Eurodollar Rate, the Adjusted CD Rate, the Alternate Base Rate and the Fixed Rate.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND SPECIAL RATE LOANS

SECTION 2.01. The Contract Advances; Special Rate Loans. (a) Each Bank severally agrees, on the terms and conditions hereinafter set forth, to make Contract Advances to the Borrower from time to time on any Business Day during the period from the Closing Date until the Termination Date in an aggregate amount not to exceed at any time outstanding the excess, if any, of (i) the amount set opposite such Bank's name on the signature pages to this Agreement, as such amount may be

reduced pursuant to Section 2.06 or increased pursuant to Section 2.17 or reduced or increased pursuant to Section 8.07 (such Bank's obligation to make such Advances being hereinafter referred to as such Bank's "Commitment") over (ii) the aggregate amount of (x) such Bank's Special Rate Loan Reduction, if any, and (y) such Bank's Auction Reduction, if any; provided, however, that at no time shall the aggregate outstanding principal amount of Contract Advances, Auction Advances and Special Rate Loans exceed the aggregate amount of the Commitments. Each Contract Borrowing shall be in an aggregate amount not less than \$10,000,000 (subject to the terms of this Section 2.01(a)) or an integral multiple of \$1,000,000 in excess thereof and shall consist of Contract Advances of the same Type made on the same day by the Banks ratably according to their respective Commitments.

(b) Upon the request of the Borrower, each Bank may, in its sole discretion, from time to time on any Business Day during the period from the Closing Date until the Termination Date, extend loans to the Borrower in an aggregate amount not less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof, at an interest rate and upon repayment terms to be mutually agreed upon between such Bank and the Borrower ("Special Rate Loans"). The amount of any Special Rate Loan made by a Bank may exceed such Bank's Commitment; provided that at no time shall the aggregate amount of Contract Advances, Auction Advances and Special Rate Loans outstanding exceed the aggregate amount of the Commitments. Notwithstanding any other provision of this Agreement, (i) any Special Rate Loan shall be made by a Bank directly to the Borrower; (ii) all payments in respect of any Special Rate Loan shall be made by the Borrower directly to the Bank which made such loan; (iii) Special Rate Loans need not be made on a pro rata basis among the Banks; and (iv) each Special Rate Loan shall be entitled to the benefits of the provisions contained in Articles V and VI and Sections 8.05 and 8.07 hereof unless otherwise agreed by the Borrower and the Bank which made such loan with written notice to the Administrative Agent. On each date when any Bank makes a Special Rate Loan, the Borrower and such Bank shall notify the Administrative Agent thereof (and the Administrative Agent shall promptly notify the other Banks), specifying the principal amount of such Special Rate Loan, the interest rate thereon, the repayment terms and the maturity thereof.

(c) Within the limits and on the conditions set forth in this Section 2.01, the Borrower may from time to time borrow under this Section 2.01, repay pursuant to Sections 2.07(a) and

2.07(b), as appropriate, prepay under Section 2.07(d) and reborrow under this Section 2.01 and borrow under Section 2.03.

SECTION 2.02. Making the Contract Advances. (a) Each Contract Borrowing shall be made on notice, given (i) in the case of a Borrowing consisting of Alternate Base Rate Advances, not later than 10:30 a.m. (New York City time) on the day of the proposed Borrowing; (ii) in the case of a Borrowing consisting of Adjusted CD Rate Advances, not later than 10:30 a.m. (New York City time) on the second Business Day prior to the day of the proposed Borrowing; and (iii) in the case of a Borrowing consisting of Eurodollar Rate Contract Advances, not later than 10:30 a.m. (New York City time) on the third Business Day prior to the date of the proposed Borrowing, by the Borrower to the Administrative Agent, which shall give to each Bank prompt notice thereof by cable or teletype. Each such notice of a Contract Borrowing (a "Notice of Contract Borrowing") shall be in substantially the form of Exhibit A-1 hereto, specifying therein the requested (i) date of such Contract Borrowing, (ii) Type of Contract Advances comprising such Contract Borrowing,

(iii) aggregate amount of such Contract Borrowing and (iv) Interest Period. Each Bank shall, before 12:00 noon (New York City time) on the date of any such Contract Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02, in same-day funds, such Bank's ratable portion of such Contract Borrowing. Upon the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address.

(b) Each Notice of Contract Borrowing shall be irrevocable and binding on the Borrower. In the case of any Contract Borrowing which the related Notice of Contract Borrowing specifies is to be comprised of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances, the Borrower shall indemnify each Bank against any loss, cost or expense incurred by such Bank as a result of any failure by the Borrower to complete such Borrowing (whether or not due to a failure to fulfill on or before the date specified in such Notice of Contract Borrowing the applicable conditions set forth in Article III), such losses, costs and expenses to include, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund the Contract Advance to be made by such Bank as part of such Contract Borrowing when such Contract Advance, as a result of such failure, is not made on such date.

(c) Unless the Administrative Agent shall have received notice from a Bank prior to the date of any Contract Borrowing that such Bank will not make available to the Administrative Agent such Bank's ratable portion of such Contract made such portion available to the Administrative Agent on the date of such Contract Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such ratable portion available to the Administrative Agent, such Bank and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount, together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Contract Advances comprising such Contract Borrowing and (ii) in the case of such Bank, an interest rate equal at all times to the Federal Funds Effective Rate (as defined in the definition of Alternate Base Rate in Section 1.01). If such Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Contract Advance as part of such Contract Borrowing for purposes of this Agreement.

(d) The failure of any Bank to make the Contract Advance to be made by it as part of any Contract Borrowing shall not relieve any other Bank of its obligation, if any, hereunder to make its Contract Advance on the date of such Contract Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Contract Advance to be made by such other Bank on the date of any Contract Borrowing.

SECTION 2.03. The Auction Advances. (a) Each Bank severally agrees that the Borrower may make Auction Borrowings under this Section 2.03 from time to time on any Business Day during the period from the Closing Date until the Termination Date, in each case on the terms and conditions hereinafter set forth; provided, however, that at no time shall the aggregate amount of Contract Advances, Auction Advances and Special Rate Loans outstanding exceed the aggregate amount of the Commitments. Each Auction Borrowing shall consist of Auction Advances of the same Type made on the same day.

(i) The Borrower may request an Auction Borrowing under this Section 2.03 by delivering to the Administrative Agent (A) in the case of a Borrowing consisting of Fixed

Rate Auction Advances, by not later than 10:00 a.m. (New York City time) one day prior to the day of the proposed Auction Borrowing, and (B) in the case of a Borrowing consisting of Eurodollar Rate Auction Advances, by not later than 10:00 a.m. (New York City time) on the fourth Business Day prior to the date of the proposed Auction Borrowing, a notice of an Auction Borrowing (a "Notice of Auction Borrowing"), in substantially the form of Exhibit A-2 hereto specifying the proposed (1) date of such Auction Borrowing, (2) Type of Auction Advances comprising such Auction Borrowing, (3) aggregate amount (which shall not be less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof) of such Auction Borrowing, (4) maturity date for repayment of each Auction Advance to be made as part of such Auction Borrowing (which maturity date shall be, in the case of a Fixed Rate Auction Borrowing, not earlier than seven days after the date of such Borrowing, and, in the case of a Eurodollar Rate Auction Borrowing, not later than 1 month or 2, 3 or 6 months after the date of such Borrowing, as the Borrower shall elect) and (5) any other terms to be applicable to such Auction Borrowing. The Administrative Agent shall in turn promptly notify (by cable or telecopy) each Bank of each request for an Auction Borrowing received by it from the Borrower and of the terms contained in such Notice of Auction Borrowing.

(ii) Each Bank shall, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Auction Advances to the Borrower as part of such proposed Auction Borrowing at a rate or rates of interest specified by such Bank in its sole discretion, by notifying (by telecopy, cable or telephone (in the case of telephone, immediately confirmed by telecopy)) the Administrative Agent (which shall give prompt notice thereof to the Borrower), (A) in the case of a Fixed Rate Auction Borrowing, before 10:00 a.m. (New York City time) on the date of such proposed Auction Borrowing specified in the Notice of Auction Borrowing delivered with respect thereto, and (B) in the case of a Eurodollar Rate Auction Borrowing, before 10:00 a.m. (New York City time) on the third Business Day prior to the date of such proposed Auction Borrowing specified in the Notice of Auction Borrowing delivered with respect thereto, of the maximum amount of each Auction Advance which such Bank would be willing to make as part of such proposed Auction Borrowing (which amount may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Bank's Commitment), the rate or rates of interest therefor (and whether reserves are included therein) and such Bank's

Applicable Lending Office with respect to each such Auction Advance and any other terms and conditions required by such Bank; provided that, if the Bank then acting as Administrative Agent shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:45 a.m. (New York City time) on the date specified herein for notice of offers by the other Banks. If any Bank shall fail to notify the Administrative Agent, before the time specified herein for notice of offers, that it elects to make such an offer, such Bank shall be deemed to have elected not to make such an offer, and such Bank shall not be obligated or entitled to, and shall not, make any Auction Advance as part of such Auction Borrowing. If any Bank shall provide telephonic notice to the Administrative Agent of its election to make an offer, but such telephonic notice has not been confirmed by telecopy to the Administrative Agent at or before the time specified herein for notice of offers, the Administrative Agent may, in its sole discretion and without liability to such Bank or the Borrower, elect whether or not to provide notice thereof to the Borrower.

(iii) The Borrower shall, in turn, (A) in the case of a Fixed Rate Auction Borrowing, before 11:00 a.m. (New York City time) on the date of such proposed Auction Borrowing specified in the Notice of Auction Borrowing delivered with respect thereto, and (B) in the case of a Eurodollar Rate Auction Borrowing, before 11:00 a.m. (New York City time) on the third Business Day prior to the date of such proposed Auction Borrowing specified in the Notice of Auction

Borrowing delivered with respect thereto, either:

(x) cancel such proposed Auction Borrowing by giving the Administrative Agent notice to that effect, or

(y) accept one or more of the offers made by any Bank or Banks pursuant to paragraph (ii) above, in its sole discretion, by giving notice to the Administrative Agent of the amount of each Auction Advance (which amount shall be equal to or greater than \$1,000,000, and equal to or less than the maximum amount offered by such Bank, notified to the Borrower by the Administrative Agent on behalf of such Bank for such Auction Advance pursuant to paragraph (ii) above) to be made by each Bank as part of such Auction Borrowing, and reject any remaining offers made by Banks pursuant to paragraph (ii) above, by giving the Administrative Agent

notice to that effect; provided, however, that the aggregate amount of such offers accepted by the Borrower shall be equal at least to \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(iv) If the Borrower notifies the Administrative Agent that such Auction Borrowing is canceled pursuant to paragraph (iii)(x) above, the Administrative Agent shall give prompt notice (by cable or telecopy) thereof to the Banks, and such Auction Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Bank or Banks pursuant to paragraph (iii)(y) above, such offer or offers and the Notice of Auction Borrowing in respect thereof shall constitute a supplement to this Agreement in respect of such Auction Borrowing and the Auction Advances made pursuant thereto, and the Administrative Agent shall in turn promptly notify (A) each Bank that has made an offer as described in paragraph (ii) above of the date and aggregate amount of such Auction Borrowing, the interest rate thereon and whether or not any offer or offers made by such Bank pursuant to paragraph (ii) above have been accepted by the Borrower and (B) each Bank that is to make an Auction Advance as part of such Auction Borrowing (a "Participating Bank" as to such Auction Borrowing) of the amount of each Auction Advance to be made by such Bank as part of such Auction Borrowing and the maturity date for the repayment of each such Auction Advance (together with a confirmation of the Administrative Agent's understanding of the interest rate and any other terms applicable to each such Auction Advance; the Administrative Agent shall assume, unless notified by such Bank to the contrary, that its understanding of such information is

correct). Each such Participating Bank shall, before 12:00 noon (New York City time) on the date of such Auction Borrowing specified in the notice received from the Administrative Agent pursuant to clause (A) of the preceding sentence, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02 such Bank's portion of such Auction Borrowing, in same-day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Administrative Agent of such funds, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address. Promptly after each Auction Borrowing, the Administrative Agent will notify each Bank of the amount of the Auction Borrowing, such Bank's Auction Reduction resulting therefrom

and the date upon which such Auction Reduction commenced and is anticipated to terminate.

(b) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay pursuant to Section 2.07(c), prepay under Section 2.07(d) and reborrow under this Section 2.03 and borrow under Section 2.01.

SECTION 2.04. Conversion and Continuation of Contract Borrowings. The Borrower shall have the right at any time upon prior irrevocable notice to the Administrative Agent (i) not later than 12:00 noon (New York City time), one Business Day prior to conversion, to convert any Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances into a Borrowing consisting of Alternate Base Rate Advances, (ii) not later than 10:00 a.m. (New York City time), two Business Days prior to conversion or continuation, to convert any Borrowing consisting of Eurodollar Rate Contract Advances or Alternate Base Rate Advances into a Borrowing consisting of Adjusted CD Rate Advances or to continue any Borrowing consisting of Adjusted CD Rate Advances for an additional Interest Period, (iii) not later than 10:00 a.m. (New York City time), three Business Days prior to conversion or continuation, to convert any Borrowing consisting of Alternate Base Rate Advances or Adjusted CD Rate Advances into a Borrowing consisting of Eurodollar Rate Contract Advances or to continue any Borrowing consisting of Eurodollar Rate Contract Advances for an additional Interest Period, (iv) not later than 10:00 a.m. (New York City time), three Business Days prior to conversion, to convert the Interest Period with respect to any Borrowing consisting of Eurodollar Rate Contract Advances to another permissible Interest Period, and (v) not later than 10:00 a.m. (New York City time), two Business Days prior to conversion, to convert the Interest Period with respect to any Borrowing consisting of Adjusted CD Rate Advances to another permissible Interest Period, subject in each case to

the following:

(a) each conversion or continuation shall be made pro rata among the Banks in accordance with the respective principal amounts of the Advances comprising the converted or continued Contract Borrowing;

(b) if less than all the outstanding principal amount of any Contract Borrowing shall be converted or continued, the aggregate principal amount of such Contract Borrowing converted or continued shall be an amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(c) accrued interest on an Advance (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(d) if any Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Banks pursuant to Section 8.04(b) as a result of such conversion;

(e) any portion of a Contract Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Borrowing consisting of Eurodollar Rate Contract Advances;

(f) any portion of a Borrowing maturing or required to be repaid in less than 30 days may not be converted into or continued as a Borrowing consisting of Adjusted CD Rate Advances;

(g) any portion of a Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances which cannot be converted into or continued as such by reason of clauses (e) and (f) above shall be automatically converted at the end of the Interest Period in effect for such Borrowing into a Borrowing consisting of Alternate Base Rate Advances; and

(h) no Interest Period may be selected for any Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances that would end later than the Maturity Date.

Each notice pursuant to this Section 2.04 shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Contract Borrowing that the Borrower requests be converted or continued, (ii) whether such Contract Borrowing is to be converted to or continued as a Borrowing

consisting of Eurodollar Rate Contract Advances, Adjusted CD Rate Advances or Alternate Base Rate Advances, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Contract Borrowing is to be converted to or continued as a Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Borrowing consisting of Eurodollar Rate

Contract Advances or Adjusted CD Rate Advances, the Borrower shall be deemed to have selected an Interest Period of one month's duration, in the case of a Borrowing consisting of Eurodollar Rate Contract Advances, or 30 days' duration, in the case of a Borrowing consisting of Adjusted CD Rate Advances. The Administrative Agent shall advise the other Banks of any notice given pursuant to this Section 2.04 and of each Bank's portion of any converted or continued Contract Borrowing. If the Borrower shall not have given notice in accordance with this Section 2.04 to continue any Contract Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this Section 2.04 to convert such Contract Borrowing), such Contract Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as a Borrowing consisting of Alternate Base Rate Advances.

SECTION 2.05. Fees. The Borrower agrees to pay to each Bank, through the Administrative Agent, a facility fee equal to the Applicable Fee Percentage multiplied by the daily average amount of the Commitment of such Bank, whether used or unused, during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Termination Date), payable in arrears on the last day of each March, June, September and December during the term of the Commitments and on the Termination Date.

SECTION 2.06. Optional Reduction of the Commitments. The Borrower shall have the right, upon at least two Business Days' irrevocable notice to the Administrative Agent, to terminate in whole or reduce ratably in part the respective Commitments of the Banks; provided, however, that (i) each partial reduction shall be in the aggregate amount of \$10,000,000 or in an integral multiple of \$1,000,000 in excess thereof and (ii) no such termination or reduction shall be made which would reduce the Commitments to an amount less than the aggregate outstanding principal amount of the Advances and Special Rate Loans. The Administrative Agent shall promptly thereafter notify each Bank of such termination or reduction.

SECTION 2.07. Repayment of Advances and Special Rate Loans; Prepayment. (a) The Borrower shall repay to the

Administrative Agent for the account of each Bank the principal amount of each Contract Advance made by each Bank on the Maturity Date.

(b) The Borrower shall repay to each Bank making a Special Rate Loan the principal amount of such Special Rate Loan

on the date when due (as agreed by the Borrower and the Bank making the relevant Special Rate Loan in accordance with Section 2.01(b)).

(c) The Borrower shall repay to the Administrative Agent for the account of each Participating Bank which has made an Auction Advance on the maturity date of each Auction Advance (such maturity date being that specified by the Borrower for repayment of such Auction Advance in the Notice of Auction Borrowing delivered with respect thereto) the then unpaid principal amount of such Auction Advance.

(d) The Borrower may, on notice given to the Administrative Agent (i) in the case of Alternate Base Rate Advances, not later than 10:30 a.m. (New York City time) on the day of the proposed prepayment, and (ii) in the case of Adjusted CD Rate Advances and Eurodollar Rate Contract Advances, not later than 10:30 a.m. (New York City time) on the second Business Day prior to the day of the proposed prepayment, stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of the Contract Advances constituting part of the same Contract Borrowing in whole or ratably in part; provided, however, that any such partial prepayment shall be in an aggregate principal amount not less than \$10,000,000, and provided, further, that any such prepayment of Adjusted CD Rate Advances or Eurodollar Rate Contract Advances shall be subject to the provisions of Section 8.04(b) hereof. The Borrower may not (x) prepay any principal amount of any Auction Advance unless the Participating Bank making such Auction Advance shall have expressly agreed thereto or (y) prepay any principal amount of any Special Rate Loan unless the Bank making such Special Rate Loan shall have expressly agreed thereto. The Administrative Agent shall promptly notify each Bank of any prepayments pursuant to this Section 2.07(d) promptly after any such prepayment. The Borrower shall have no right to prepay any principal amount of any Advance except as expressly set forth in this Section 2.07(d).

SECTION 2.08. Interest. The Borrower shall pay interest on each Advance and Special Rate Loan made by each Bank from the date of such Advance or Special Rate Loan, as the case may be, until paid in full, at the following rates per annum:

(i) Contract Advances. If such Advance is a Contract Advance, the Applicable Rate from time to time for such Contract Advance from the date of such Advance until the last day of the last Interest Period therefor, payable on

the last day of each Interest Period and, in the case of any Interest Period longer than 90 days (in the case of Adjusted CD Rate Advances) or three months (in the case of Eurodollar Rate Contract Advances), on such 90th day or the last day of such three-month period, as the case may be.

(ii) Auction Advances. If such Advance is an Auction Advance, a rate per annum equal at all times from the date of such Advance until the maturity thereof at the rate of interest for such Auction Advance specified by the Participating Bank making such Auction Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) of Section 2.03 above, payable on the proposed maturity date specified by the Borrower for such Auction Advance in the related Notice of Auction Borrowing delivered pursuant to subsection (a)(i) of Section 2.03 above, provided, that in the case of Advances with maturities of greater than three months, interest shall be payable at the end of each three-month period for such Advance.

(iii) Special Rate Loans. If such loan is a Special Rate Loan, a rate per annum equal at all times as agreed to between the Bank making such Special Rate Loan and the Borrower at the time of the making of the Special Rate Loan by such Bank in accordance with Section 2.01(b).

(iv) Default Amounts. In the case of any past-due amounts of the principal of, or (to the fullest extent permitted by law) interest on, any Advance or Special Rate Loan, or any other amount payable under this Agreement, from the date such amount becomes due until paid in full, payable on demand, a rate per annum equal at all times to 2% above the Alternate Base Rate in effect from time to time.

SECTION 2.09. Interest Rate Determination. Each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining each Adjusted CD Rate or Eurodollar Rate, as applicable. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining any such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks, subject, however, to Section 2.10(a) hereof.

SECTION 2.10. Alternate Rate of Interest. (a) If fewer than two Reference Banks furnish timely information to the Administrative Agent for determining the Eurodollar Rate for any

Eurodollar Rate Advances or the Adjusted CD Rate for any Adjusted CD Rate Advances comprising any requested Borrowing, the Administrative Agent will notify the Banks and the Borrower thereof, and the right of the Borrower to select Advances of such Type for such Borrowing or any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist, and (i) any request by the Borrower for a Eurodollar Rate Auction Advance shall be of no force and effect and shall be denied by the Administrative Agent and (ii) any request by the Borrower for a Eurodollar Rate Contract Advance or an Adjusted CD Rate Advance, as the case may be, shall be deemed to be a request for an Alternate Base Rate Advance; and

(b) If Banks having more than 66-2/3% of the Commitments shall, at least one Business Day before the date of any requested Borrowing, notify the Administrative Agent that the Eurodollar Rate for any Eurodollar Rate Advances or the Adjusted CD Rate for any Adjusted CD Rate Advances comprising such Borrowing will not adequately reflect the cost to such Banks of making or funding their respective Advances for such Borrowing, the Administrative Agent will notify the Banks and the Borrower thereof, and the right of the Borrower to select Advances of such Type for such Borrowing or any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist, and (i) any request by the Borrower for a Eurodollar Rate Auction Advance shall be of no force and effect and shall be denied by the Administrative Agent and (ii) any request by the Borrower for a Eurodollar Rate Contract Advance or an Adjusted CD Rate Advance, as the case may be, shall be deemed to be a request for an Alternate Base Rate Advance.

SECTION 2.11. Increased Costs; Increased Capital.

(a) If, due to either (i) the introduction after the date hereof of or any change after the date hereof (other than any change by way of imposition or increase of reserve requirements, in the case of Adjusted CD Rate Advances, included in the determination of the Domestic Reserve Percentage for such Advances or, in the case of Eurodollar Rate Advances, included in the determination of the Eurodollar Rate Reserve Percentage for such Advances) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request received from any central bank or other governmental authority after the date hereof (whether or not having the force of law), there shall be any increase in the cost to any Bank of agreeing to make or making, funding or maintaining Adjusted CD Rate Advances or Eurodollar Rate Advances, then the Borrower shall from time to

time, upon demand by such Bank (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Bank additional amounts sufficient to compensate such Bank for such increased cost. Increased costs shall not include income, stamp or other taxes, imposts, duties, charges, fees, deductions or withholdings imposed, levied, collected, withheld or assessed by the United States of America or any political subdivision or taxing authority thereof or therein (including Puerto Rico) or of the country in which any Bank's principal office or Applicable Lending Office may be located or any political subdivision or taxing authority thereof or therein. Each Bank agrees that, upon the occurrence of any event giving rise to a demand under this subsection 2.11(a) with respect to the Eurodollar Lending Office or the CD Lending Office of such Bank, it will, if requested by the Borrower and to the extent permitted by law or the relevant governmental authority, endeavor in good faith and consistent with its internal policies to avoid or minimize the increase in costs resulting from such event by endeavoring to change its Eurodollar Lending Office or CD Lending Office, as appropriate; provided, however, that such avoidance or minimization can be made in such a manner that such Bank, in its sole determination, suffers no economic, legal or regulatory disadvantage. A certificate as to the amount of and specifying in reasonable detail the basis for such increased cost, submitted to the Borrower and the Administrative Agent by such Bank, shall constitute such demand and shall, in the absence of manifest error, be conclusive and binding for all purposes.

(b) If either (i) the introduction after the date hereof of, or any change after the date hereof in or in the interpretation of, any law or regulation or (ii) the compliance by any Bank with any guideline or request received from any central bank or other governmental authority after the date hereof (whether or not having the force of law), affects or would affect the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank and such Bank determines that the amount of such capital is increased by or based upon the existence of its Advances or Special Rate Loans or Commitment, then the Borrower shall, from time to time, upon demand by such Bank (with a copy of such demand to the Administrative Agent), immediately pay to the Administrative Agent for the account of such Bank additional amounts sufficient to compensate such Bank to the extent that such Bank determined such increase in capital to be allocable to the existence of such Bank's Advances or Special Rate Loans or Commitment. A certificate as to the amount of such increased capital and specifying in reasonable detail the basis therefor, submitted to the Borrower and the Administrative Agent by such Bank, shall constitute such

demand and shall, in the absence of manifest error, be conclusive and binding for all purposes. Each Bank shall use all reasonable efforts to mitigate the effect upon the Borrower of any such

increased capital requirement and shall assess any cost related to such increased capital on a nondiscriminatory basis among the Borrower and other borrowers of such Bank to which it applies and such Bank shall not be entitled to demand or be compensated for any increased capital requirement unless it is, as a result of such law, regulation, guideline or request, such Bank's policy generally to seek to exercise such rights, where available, against other borrowers of such Bank.

(c) Notwithstanding the foregoing provisions of this Section 2.11, (i) the Borrower shall not be required to reimburse any Bank for any increased costs incurred more than three months prior to the date that such Bank notifies the Borrower in writing thereof and (ii) in the event any Bank makes an assignment of, or grants a participation in, an Advance or Special Rate Loan or its Commitment pursuant to Section 8.07, the Borrower shall not be obligated to reimburse for increased costs with respect to such Advance, Special Rate Loan or Commitment to the extent that the aggregate amount thereof exceeds the aggregate amount for which the Borrower would have been obligated (determined, in the case of an assignment, on the basis of laws and regulations in effect at the time of such assignment) if such Bank had not made such assignment or granted such participation.

SECTION 2.12. Additional Interest on Eurodollar Rate Advances. The Borrower shall pay to the Administrative Agent for the account of each Bank any costs which such Bank determines are attributable to such Bank's compliance with regulations of the Board of Governors of the Federal Reserve System requiring the maintenance of reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities. Such costs shall be paid to the Administrative Agent for the account of such Bank in the form of additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Bank, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the applicable period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Bank for such period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Bank and notified to the Borrower and the Administrative Agent. A certificate setting forth the amount of such additional interest, submitted to the Borrower and the Administrative Agent by

such Bank, shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.13. Change in Legality. If any Bank shall, at least three Business Days before the date of any requested Borrowing consisting of Eurodollar Rate Advances or at least two

Business Days before the date of any requested Borrowing consisting of Adjusted CD Rate Advances, notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Bank or its Applicable Lending Office to perform its obligations hereunder to make, fund or maintain Eurodollar Rate Advances or Adjusted CD Rate Advances hereunder, the right of the Borrower to select Advances of such Type from such Bank for such Borrowing or any subsequent Borrowing shall be suspended until such Bank shall notify the Administrative Agent that the circumstances causing such suspension no longer exist; and during the period when such obligation of such Bank is suspended, any Borrowing consisting of Eurodollar Rate Advances or Adjusted CD Rate Advances, as the case may be, shall not exceed the Commitments of the other Banks less the aggregate amount of any Special Rate Loans and Auction Advances then outstanding, and shall be made by the other Banks pro rata according to their respective Commitments.

SECTION 2.14. Payments and Computations. (a) Except as expressly provided in Section 2.01(b)(ii), the Borrower shall make each payment hereunder from a bank account of the Borrower located in the United States not later than 11:00 a.m. (New York City time) on the day when due in U.S. dollars to the Administrative Agent at its address referred to in Section 8.02 in same-day funds, without set-off or counterclaim. The Administrative Agent will promptly thereafter cause to be distributed like funds to the Banks entitled thereto for the account of their respective Applicable Lending Offices, in each case to be applied in accordance with the terms of this Agreement.

(b) All computations of interest based on the Alternate Base Rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate (as defined in the definition of Alternate Base Rate in Section 1.01) and on the basis of a year of 360 days at all other times, and all computations of fees and of interest based on the Adjusted CD Rate, the Eurodollar Rate or the Fixed Rate shall be made by the Administrative Agent, and all computations of interest pursuant

to Section 2.09 shall be made by the Reference Banks, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent (or, in the case of Section 2.09, by the Reference Banks) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of payment of interest or fees, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Effective Rate (as defined in the definition of Alternate Base Rate in Section 1.01).

(e) Each Bank shall maintain on its books a loan account in the name of the Borrower in which shall be recorded all Advances made by such Bank to the Borrower, the interest rate and the maturity date of each such Advance and all payments of principal and interest made by the Borrower with respect to such Advances. The obligation of the Borrower to repay the Advances made by each Bank and to pay interest thereon shall be evidenced by the entries from time to time made in the loan account of such Bank maintained pursuant to this Section 2.14(e); provided that the failure to make an entry with respect to an Advance shall not affect the obligations of the Borrower hereunder with respect to

such Advance. In case of any dispute, action or proceeding relating to any Advance, the entries in such loan account shall be prima facie evidence of the amount of such Advance and of any amounts paid or payable with respect thereto.

(f) The Administrative Agent shall maintain on its books a set of accounts in which shall be recorded all Advances made by the Banks to the Borrower, the interest rates and maturity dates of such Advances and all payments of principal and interest made thereon. In case of any discrepancy between the entries in the Administrative Agent's books and the entries in any Bank's books, such Bank's records shall be considered

correct, in the absence of manifest error.

SECTION 2.15. Taxes on Payments. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any income, stamp or other taxes, imposts, duties, charges, fees, deductions or withholdings, imposed, levied, collected, withheld or assessed by the United States of America (or by any political subdivision or taxing authority thereof or therein) as a result of (i) the introduction after the date hereof of any law, regulation, treaty, directive or guideline (whether or not having the force of law), or (ii) any change after the date hereof in any law, regulation, treaty, directive or guideline (whether or not having the force of law), or (iii) any change after the date hereof in the interpretation or application of any law, regulation, treaty, directive or guideline (whether or not having the force of law) or (iv) any such taxes, imposts, duties, charges, fees, deductions or withholdings being imposed, levied, collected, withheld or assessed at a greater rate than the rate that would have been applicable had such an introduction or change not been made, but only to the extent of the increase in such rate ("Withholding Taxes"). If any Withholding Taxes are required to be withheld from any amounts payable to or for the account of any Bank hereunder, the amounts so payable to or for the account of such Bank shall be increased to the extent necessary to yield to such Bank (after payment of all Withholding Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts payable to or for the account of such Bank under this Agreement prior to such introduction or change. Whenever any Withholding Tax is payable by the Borrower, as promptly as possible thereafter, the Borrower shall send to the Administrative Agent, for the account of such Bank, a certified copy of an original official receipt showing payment thereof. If the Borrower fails to pay any Withholding Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent for the account of any Bank the required

receipts or other required documentary evidence, the Borrower shall indemnify such Bank or the Administrative Agent for any incremental taxes, interest or penalties that may become payable by such Bank or the Administrative Agent as a result of any such failure.

(b) At least four Business Days prior to the first Borrowing or, if the first Borrowing does not occur within thirty days after the date of execution of this Agreement, by the end of such thirty day period, each Bank that is organized outside the United States agrees that it will deliver to the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form 1001 (or such other documentation or information as may, under applicable United States federal income tax statutes or regulations, be required in order to claim

an exemption or reduction from United States income tax withholding by reason of an applicable treaty with the United States, such documentation or other information being hereafter referred to as "Form 1001") or 4224 (or such other documentation or information as may, under applicable United States federal income tax statutes or regulations, be required in order to claim an exemption from United States income tax withholding for income that is effectively connected with the conduct of a trade or business within the United States, such documentation or other information being hereafter referred to as "Form 4224"), as the case may be, indicating in each case that such Bank is either entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes or, as the case may be, is subject to such limited deduction or withholding as it is capable of recovering in full from a source other than the Borrower. Each Bank which delivers to the Borrower and the Administrative Agent a Form 1001 or 4224 pursuant to the next preceding sentence further undertakes to deliver to the Borrower and the Administrative Agent two further copies of the said Form 1001 or 4224, or successor applicable form or certificate, as the case may be, as and when the previous form filed by it hereunder shall expire or shall become incomplete or inaccurate in any respect, unless in any of such cases an event has occurred prior to the date on which any such delivery would otherwise be required which renders such form inapplicable.

(c) If at any time any Bank by reason of payment by the Borrower of any Withholding Taxes obtains a credit against, or return or reduction of, any tax payable by it, or any other currently realized tax benefit, which it would not have enjoyed but for such payment ("Tax Benefit"), such Bank shall thereupon pay to the Borrower the amount which such Bank shall certify to

be the amount that, after payment, will leave such Bank in the same economic position it would have been in had it received no such Tax Benefit ("Equalization Amount"); provided, however, that if such Bank shall subsequently determine that it has lost the benefit of all or a portion of such Tax Benefit, the Borrower shall promptly remit to such Bank the amount certified by such Bank to be the amount necessary to restore such Bank to the position it would have been in if no payment had been made pursuant to this Section 2.15(c); provided, further, however, that if such Bank shall be prevented by applicable law from paying the Borrower all or any portion of the Equalization Amount owing to the Borrower such payment need not be made to the extent such Bank is so prevented and the amount not paid shall be credited to the extent lawful against future payment owing to such Bank; provided, further, however, that the aggregate of all Equalization Amounts paid by any Bank shall in no event exceed the aggregate of all amounts paid by the Borrower to such Bank in respect of Withholding Taxes plus, in the case of a Tax Benefit

that occurs by reason of a refund, interest actually received from the relevant taxing authority with respect to such refund. A certificate submitted in good faith by the Bank pursuant to this Section 2.15(c) shall be deemed conclusive absent manifest error.

(d) In the event a Bank shall become aware that the Borrower is required to pay any additional amount to it pursuant to Section 2.15(a), such Bank shall promptly notify the Administrative Agent and the Borrower of such fact and shall use reasonable efforts, consistent with legal and regulatory restrictions, to change the jurisdiction of its Applicable Lending Office if the making of such change (i) would avoid the need for or reduce the amount of any such additional amounts that may thereafter accrue, (ii) would not, in the good faith determination of such Bank, be disadvantageous for regulatory or competitive reasons to such Bank and (iii) would not require such Bank to incur any cost or forego any economic advantage for which the Borrower shall not have agreed to reimburse and indemnify such Bank.

(e) Notwithstanding the foregoing provisions of this Section 2.15, in the event any Bank makes an assignment of, or grants a participation in, an Advance or Special Rate Loan or its Commitment pursuant to Section 8.07, the Borrower shall not be obligated to pay any taxes, imposts, duties, charges, fees, deductions or withholdings to the extent that the aggregate amount thereof exceeds the aggregate amount for which the Borrower would have been obligated (determined, in the case of an assignment, on the basis of laws and regulations in effect at the

time of such assignment) if such Bank had not made such assignment or granted such participation.

SECTION 2.16. Sharing of Payments, Etc. If any Bank shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff or otherwise) on account of the Contract Advances made by it (other than pursuant to Sections 2.11, 2.12, 2.15, 2.17, 8.04 or 8.07(g) hereof) in excess of its ratable share of payments on account of the Contract Advances obtained by all the Banks, then such Bank shall forthwith purchase from the other Banks through the Administrative Agent such participations in the Contract Advances made by them as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them; provided, however, that, if all or any portion of such excess payment is thereafter recovered from such purchasing Bank, such purchase from each Bank shall be rescinded and such Bank shall repay to the purchasing Bank the purchase price to the extent of such recovery together with an amount equal to such Bank's ratable share (according to the proportion of (i) the amount of such Bank's required repayment to (ii) the total amount so recovered

from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of setoff) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.17. Removal of a Bank. The Borrower shall have the right, by giving at least 15 Business Days' prior notice in writing to the affected Bank and the Administrative Agent, at any time when no Default or Event of Default has occurred and is then continuing, to remove as a party hereto any Bank having a credit rating of C/D (or its equivalent) or lower by Thomson BankWatch, Inc. (or any successor thereto), such removal to be effective as of the date specified in such notice from the Borrower (a "Removal Date"), which date shall be the last day of an Interest Period. On any Removal Date, the Borrower shall repay all the outstanding Contract Advances, Special Rate Loans and Auction Advances of the affected Bank, together with all accrued interest, fees and all other amounts owing hereunder to such Bank. Upon such Removal Date and receipt of the payment referred to above, the Commitment of such affected Bank shall terminate and such Bank shall cease thereafter to constitute a Bank hereunder. The Borrower shall have the right to offer to one or more Banks the right to increase their Commitments up to,

in the aggregate for all such increases, the Commitment of any Bank which is removed pursuant to the foregoing provisions of this Section 2.17 (such Commitment being herein called an "Unallocated Commitment") effective on the relevant Removal Date, it being understood that no Bank shall be obligated to increase its Commitment in response to any such offer. The Borrower shall also have the right to offer all or any portion of an Unallocated Commitment to one or more commercial banks not parties hereto having a credit rating higher than C/D (or its equivalent) by Thomson Bankwatch, Inc. (or any successor thereto), and, upon each such bank's acceptance of such offer and execution and delivery of an instrument agreeing to the terms and conditions hereof, each such bank shall become a Bank hereunder with a Commitment in an amount specified in such instrument. If the Bank which is removed pursuant to this Section 2.17 is a Reference Bank, the Administrative Agent, with the consent of the Borrower (which shall not be unreasonably withheld), shall appoint a new Reference Bank from among the Banks. The obligations of the Borrower described in Sections 2.02(b), 2.11, 2.12, 2.15, 8.04 and 8.12 that arose prior to the date of removal shall survive for the benefit of any Bank removed pursuant to this Section 2.17 notwithstanding such removal.

CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Initial Borrowing. The obligation of each Bank to make an Advance on the occasion of the initial Borrowing is subject to the following conditions precedent (each of the documents referred to below to be in form and substance satisfactory to the Administrative Agent, dated a date on or within 10 days prior to the date of such Borrowing and in sufficient copies for each Bank):

(a) The Administrative Agent shall have received, on behalf of the Banks, certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement.

(b) The Administrative Agent shall have received, on behalf of the Banks, a certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the other documents to be delivered hereunder.

(c) The Administrative Agent shall have received, on behalf of the Banks, a favorable opinion of the Senior Vice President and General Counsel or Assistant General Counsel of the Borrower, substantially in the form of Exhibit C hereto and as to such other matters as any Bank through the Administrative Agent may reasonably request.

(d) The Administrative Agent shall have received, on behalf of the Banks, a favorable opinion of Milbank, Tweed, Hadley & McCloy, special New York counsel for the Administrative Agent, substantially in the form of Exhibit D hereto.

(e) The Borrower shall not have made any change in the structure or terms of the Tender Offer disclosed to the Banks prior to the Closing Date, except for changes that, in the reasonable opinion of the Majority Banks, are not materially adverse from the standpoint of the financing contemplated hereby.

(f) The Borrower shall have certified to the Administrative Agent that all material conditions to the Tender Offer have been satisfied (without any waiver thereof by the Borrower).

(g) The Merger Agreement shall be in substantially the same form as provided to the Banks prior to the Closing Date, except for amendments that, in the reasonable opinion of the Majority Banks, are not materially adverse from the standpoint of the financing contemplated hereby.

(h) The Borrower shall have paid all fees due and payable as of or before the Closing Date to the Banks.

SECTION 3.02. Conditions Precedent to Each Borrowing.

The obligation of each Bank to make an Advance in connection with any Borrowing shall be subject to the further conditions precedent that on the date of such Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Contract Borrowing or Notice of Auction Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 (excluding those contained in subsections (e) and (f) thereof and, in the event of a Borrowing for general

corporate purposes, excluding those contained in subsection (k) thereof) are correct on and as of the date of such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom.

SECTION 3.03. Borrowings for General Corporate Purposes. With respect to any Borrowing the proceeds of which are to be used in whole or in part for the general corporate purposes of the Borrower, the conditions precedent set forth in paragraphs (e), (f) and (g) of Section 3.01 shall be deemed to have been satisfied upon the consummation of the Tender Offer in accordance with the terms and conditions hereof and thereof.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Utah.

(b) The execution, delivery and performance by the Borrower of this Agreement are within the Borrower's corporate powers, have been duly authorized by all necessary

corporate action and do not contravene (i) the Borrower's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting the Borrower.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement except such as have been duly obtained or made and are in full force and effect.

(d) This Agreement is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

(e) The statement of consolidated financial position of the Borrower and its consolidated Subsidiaries as at December 31, 1994, and the related statements of consolidated income and consolidated changes in common stockholders' equity of the Borrower and its consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, fairly present the financial condition of the Borrower and its consolidated Subsidiaries as at such date and the results of the operations of the Borrower and its consolidated Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and since December 31, 1994, there has been no material adverse change in such condition or operations.

(f) There is no pending or threatened action or proceeding affecting the Borrower or any of its consolidated Subsidiaries before any court, governmental agency or arbitrator, (i) which purports to affect the legality, validity or enforceability of this Agreement, or (ii) which may materially adversely affect the consummation of the Tender Offer, or (iii) except as set forth in the Borrower's annual report on Form 10-K for the fiscal year ended December 31, 1994 (a copy of which has been furnished to each Bank), which may materially adversely affect the financial condition or operations of the Borrower or any of its Subsidiaries, taken as a whole.

(g) After applying the proceeds of each Advance and Special Rate Loan, not more than 25% of the value of the assets of the Borrower and its Subsidiaries (as determined in good faith by the Borrower) that are subject to Section 5.02(a)(i) or Section 5.02(d) will consist of or be represented by Margin Stock.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying

Margin Stock, and no proceeds of any Advance or Special Rate Loan will be used for any purpose which violates the provisions of the regulations of the Board of Governors of the Federal Reserve System. If requested by any Bank or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Bank a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U, the statements made in which shall be such, in the opinion of each Bank, as to permit the transactions contemplated hereby in accordance with Regulation U.

(i) No Termination Event has occurred nor is reasonably expected to occur with respect to any Plan which may materially adversely affect the financial condition or operations of the Borrower and its Subsidiaries, taken as a whole. Neither the Borrower nor any of its ERISA Affiliates has incurred nor reasonably expects to incur any withdrawal liability under ERISA to any Multiemployer Plan which may materially adversely affect the financial condition or operations of the Borrower and its Subsidiaries, taken as a whole. Schedule B (Actuarial Information) to the 1993 annual report (Form 5500 Series) with respect to each Plan, copies of which have been filed with the Internal Revenue Service and furnished to each Bank, is complete and accurate in all material respects and in all material respects fairly presents the funding status of each Plan. No Reportable Event has occurred and is continuing with respect to any Plan which may materially adversely affect the financial condition or operations of the Borrower and its Subsidiaries, taken as a whole.

(j) The Borrower and its Subsidiaries are in compliance with all applicable laws and regulations relating to the environment or to the discharge, transport or storage of hazardous materials except to the extent that non-compliance therewith would not have a material adverse effect on the financial condition or operations of the Borrower and its Subsidiaries taken as a whole.

(k) (i) True copies of the Tender Offer Materials as in effect on the date hereof have been delivered to the Banks; (ii) the Tender Offer is in compliance in all material respects with applicable law; (iii) all written information concerning the Borrower and its Subsidiaries (excluding financial projections) that has been or will hereafter be made available to the Administrative Agent, any other Co-Agent, either Co-Arranger or any Bank by the Borrower or any of its representatives under this Agreement or in connection with the transactions contemplated hereby is and will be correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make

the statements contained therein not misleading in light of the circumstances under which such statements were or are made; and (iv) all financial projections concerning the Borrower and its Subsidiaries that have been or will be prepared by the Borrower in writing and made available to the Administrative Agent, any other Co-Agent, either Co-Arranger or any Bank by the Borrower or any of its

representatives under this Agreement or in connection with the transactions contemplated hereby have been or will be prepared in good faith based upon reasonable assumptions (it being understood that such projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrower, and that no assurance can be given that the projections will be realized).

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance or Special Rate Loan shall remain unpaid or any Bank shall have any Commitment hereunder, the Borrower will, and, in the case of Section 5.01(a), will cause its Subsidiaries to, unless the Majority Banks shall otherwise consent in writing:

(a) Keep Books; Corporate Existence; Maintenance of Properties; Compliance with Laws; Insurance.

(i) keep proper books of record and account, all in accordance with generally accepted accounting principles;

(ii) preserve and keep in full force and effect its existence, and preserve and keep in full force and effect its licenses, rights and franchises to the extent it deems necessary to carry on its business;

(iii) maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and from time to time make or cause to be made all needful and proper repairs, renewals, replacements and improvements, in each case to the extent it deems necessary to carry on its business;

(iv) use its reasonable efforts to comply in all material respects with all material applicable statutes, regulations and orders of, and all material applicable restrictions imposed by, any governmental agency in respect of the conduct of its business and

the ownership of its properties, to the extent it deems necessary to carry on its business, except such as are being contested in good faith by appropriate proceedings; and

(v) insure and keep insured its properties in such amounts (and with such self-insurance and deductibles) as it deems necessary to carry on its business and to the extent available on premiums and other terms which the Borrower or any Subsidiary, as the case may be, deems appropriate. Any of such insurance may be carried by, through or with any captive or affiliated insurance company or by way of self-insurance as the Borrower or any Subsidiary, as the case may be, deems appropriate.

Nothing in this subsection shall prohibit the Borrower or any of its Subsidiaries from discontinuing any business, forfeiting any license, right or franchise or discontinuing the operation or maintenance of any of its properties to the extent it deems appropriate in the conduct of its business.

(b) Net Worth. Maintain an excess of consolidated total assets over consolidated total liabilities of the Borrower and its consolidated Subsidiaries of not less than \$2,250,000,000.

(c) Reporting Requirements. Furnish to each Bank:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a statement of the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related statements of income and retained earnings of the Borrower and its consolidated Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by a principal financial or accounting officer of the Borrower; provided, however, that the Borrower may deliver, in lieu of the foregoing, the quarterly report of the Borrower for such fiscal quarter on Form 10-Q filed with the Securities and Exchange Commission or any governmental authority succeeding to the functions of such Commission, but only so long as the financial statements contained in such quarterly report on Form 10-Q relate to the same companies and are substantially the same in content as the financial statements referred to in the preceding provisions of this clause (i);

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the

Borrower, a copy of the annual report for such year for the Borrower and its Subsidiaries, containing the consolidated financial statements of the Borrower and its consolidated Subsidiaries for such year and accompanied by a report thereon of Deloitte & Touche or other independent public accountants of nationally recognized standing;

(iii) promptly after the sending or filing thereof, copies of all reports which the Borrower sends to its stockholders generally, and copies of all reports and registration statements (without exhibits) which the Borrower files with the Securities and Exchange Commission or any national securities exchange (other than registration statements relating to employee benefit plans);

(iv) promptly after the filing or receiving thereof, copies of any notices of any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder which the Borrower or any Subsidiary files with the PBGC, or which the Borrower or any Subsidiary receives from the PBGC to the effect that proceedings or other action by the PBGC is to be instituted; and

(v) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Bank through the Administrative Agent may from time to time reasonably request.

(d) Notices. Promptly give notice to the Administrative Agent and each Bank:

(i) of the occurrence of any Default or Event of Default; and

(ii) of the commencement of any litigation, investigation or proceeding affecting the Borrower or any of its Subsidiaries before any court, governmental authority or arbitrator which, in the reasonable judgment of the Borrower, could have a material adverse effect on the business, operations, property or financial or other condition of the Borrower and its Subsidiaries, taken as a whole.

Each notice pursuant to this subsection shall be accompanied by a statement of the Borrower setting forth details of the occurrence

referred to therein and stating what action the Borrower proposes to take with respect thereto.

(e) Certificates. Furnish to each Bank:

(i) concurrently with the delivery of the financial statements referred to in Section 5.01(c)(ii), a letter signed by the independent public accountants certifying such financial statements to the effect that, in the course of the examination upon which their report for such fiscal year was based (but without any special or additional audit procedures for that purpose other than review of the terms and provisions of this Agreement), they did not become aware of any Default or Event of Default involving financial or accounting matters, or, if such accountants became aware of any such Default or Event of Default, specifying the nature thereof; and

(ii) concurrently with the delivery of the financial statements or Form 10-Q referred to in Section 5.01(c)(i), a certificate of a principal financial or accounting officer of the Borrower stating that, to the best of such officer's knowledge, the Borrower during such period has observed or performed all of its covenants and other agreements, and satisfied every condition, contained in this Agreement to be observed, performed or satisfied by it, and that such officer has obtained no knowledge of any Default or Event of Default, except as specified in such certificate.

(f) Use of Proceeds. Use the proceeds of the Advances and Special Rate Loans solely to finance the Tender Offer and for the general corporate purposes of the Borrower; provided that neither any Bank nor the Administrative Agent nor any other Co-Agent or either Co-Arranger shall have any responsibility for the use of any of the proceeds of the Advances or Special Rate Loans.

SECTION 5.02. Negative Covenants. So long as any Advance or Special Rate Loan shall remain unpaid or any Bank shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Banks:

(a) Liens, Etc. (i) Create, assume, incur or suffer to exist, or permit any Subsidiary to create, assume, incur or suffer to exist, any Mortgage (as hereinafter defined) upon any stock or indebtedness,

whether now owned or hereafter acquired, of any Domestic Subsidiary (as hereinafter defined), to secure

any Debt of the Borrower or any other Person (other than the Advances and Special Rate Loans made hereunder), without in any such case making effective provision whereby all of the Advances and Special Rate Loans made hereunder shall be directly secured equally and ratably with such Debt, excluding, however, from the operation of the foregoing provisions of this paragraph (i) any Mortgage upon stock or indebtedness of any corporation existing at the time such corporation becomes a Domestic Subsidiary, or existing upon stock or indebtedness of a Domestic Subsidiary at the time of acquisition of such stock or indebtedness, and any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any such Mortgage; provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement; and provided, further, that such Mortgage shall be limited to all or such part of the stock or indebtedness which secured the Mortgage so extended, renewed or replaced;

(ii) Create, assume, incur or suffer to exist, or permit any Restricted Subsidiary (as hereinafter defined) to create, assume, incur or suffer to exist, any Mortgage upon any Principal Property (as hereinafter defined), whether owned or leased on the date hereof or hereafter acquired, to secure any Debt of the Borrower or any other Person (other than the Advances and Special Rate Loans made hereunder), without in any such case making effective provision whereby all of the Advances and Special Rate Loans made hereunder shall be directly secured equally and ratably with such Debt, excluding, however, from the operation of the foregoing provisions of this paragraph (ii):

(A) any Mortgage upon property owned or leased by any corporation existing at the time such corporation becomes a Restricted Subsidiary;

(B) any Mortgage upon property existing at the time of acquisition thereof or to secure the payment of all or any part of the purchase price thereof or to secure any Debt incurred prior to, at the time of or within 180 days after the

acquisition of such property for the purpose of financing all or any part of the purchase price thereof;

(C) any Mortgage upon property to secure all

or any part of the cost of exploration, drilling, development, construction, alteration, repair or improvement of all or any part of such property, or Debt incurred prior to, at the time of or within 180 days after the completion of such exploration, drilling, development, construction, alteration, repair or improvement for the purpose of financing all or any part of such cost;

(D) any Mortgage securing Debt of a Restricted Subsidiary owing to the Borrower or to another Restricted Subsidiary;

(E) any Mortgage existing on the date hereof and set forth on Schedule II hereto; and

(F) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Mortgage referred to in the foregoing clauses (A) to (E), inclusive; provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement; and provided, further, that such Mortgage shall be limited to all or such part of the property which secured the Mortgage so extended, renewed or replaced (plus improvements on such property).

Notwithstanding the foregoing provisions of this paragraph (ii), the Borrower may, and may permit any Restricted Subsidiary to, create, assume, incur or suffer to exist any Mortgage upon any Principal Property which is not excepted by clauses (A) through (F), above, without equally and ratably securing the Advances and Special Rate Loans, provided that the aggregate amount of Debt then outstanding secured by such Mortgage and all similar Mortgages does not exceed 10% of the total consolidated stockholders' equity of the Borrower as shown on the most recent audited consolidated balance sheet required to be delivered to the Banks pursuant to Section 5.01(c). For the purpose of this paragraph (ii), the following types of

transactions shall not be deemed to create a Mortgage to secure any Debt:

(A) the sale or other transfer of (y) any oil or gas or minerals in place for a period of time until, or in an amount such that, the purchaser will realize therefrom a specified amount of money (however determined) or a

specified amount of such oil or gas or minerals, or (z) any other interest in property of the character commonly referred to as a "production payment"; and

(B) any Mortgage in favor of the United States of America or any state thereof, or any other country, or any political subdivision of any of the foregoing, to secure partial, progress, advance or other payments pursuant to the provisions of any contract or statute, or any Mortgage upon property of the Borrower or a Restricted Subsidiary intended to be used primarily for the purpose of or in connection with air or water pollution control, provided that no such Mortgage shall extend to any other property of the Borrower or a Restricted Subsidiary.

As used in this Section 5.02(a), the following terms shall have the following meanings notwithstanding any conflicting definition set forth in Section 1.01:

"Domestic Subsidiary" means a Subsidiary which is incorporated or conducting its principal operations within the United States of America or any state thereof or off the coast of the United States of America but within an area over which the United States of America or any state thereof has jurisdiction.

"Mortgage" means any mortgage, pledge, lien, encumbrance, charge or security interest of any kind.

"Principal Property" means (i) any property owned or leased by the Borrower or any Subsidiary, or any interest of the Borrower or any Subsidiary in property, located within the United States of America or any state thereof (including property located off the coast of the United States of America held pursuant to lease from any Federal, State or other governmental body), which is considered by the Borrower to be capable of producing oil or gas or minerals in commercial quantities, and (ii) any refinery, smelter or processing or manufacturing plant

owned or leased by the Borrower or any Subsidiary and located within the United States of America or any state thereof, except (a) facilities related thereto employed in transportation, distribution or marketing or (b) any refinery, smelter or processing or manufacturing plant, or portion thereof, which in the opinion of the Board of Directors of the Borrower is not a principal plant in relation to the activities of the Borrower and its Restricted Subsidiaries taken as a whole.

"Restricted Subsidiary" means any Subsidiary which owns or leases (as lessor or lessee) a Principal Property but does not

include (i) Union Pacific Railroad Company or any other Subsidiary which is principally a common carrier by rail or truck engaged in interstate or intrastate commerce and is subject to regulation of such activities by any Federal, state or other governmental body, or (ii) any Subsidiary the principal business of which is leasing machinery, equipment, vehicles or other properties none of which is a Principal Property, or financing accounts receivable, or engaging in ownership and development of any real property which is not a Principal Property.

(b) Debt to Net Worth Restriction. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Debt if, immediately after giving effect to such Debt and to the receipt and application of any proceeds thereof, the aggregate amount of Debt of the Borrower and its consolidated Subsidiaries, on a consolidated basis, would exceed 200% of the total consolidated stockholders' equity of the Borrower as shown on the most recent consolidated balance sheet required to be delivered to the Banks pursuant to Section 5.01(c).

(c) Restriction on Fundamental Changes. Enter into any transaction of merger or consolidation, or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(i) the corporation formed by such consolidation or into which the Borrower is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Borrower substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia (the "Successor Corporation") and shall expressly assume, by amendment to this Agreement executed by the Borrower and such Successor Corporation and delivered to the Administrative Agent, the due and

punctual payment of the principal of and interest on the Advances and Special Rate Loans made hereunder and all other amounts payable under this Agreement and the performance or observance of every covenant hereof on the part of the Borrower to be performed or observed;

(ii) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(iii) if, as a result of any such consolidation or merger or such conveyance, transfer or lease, properties or assets of the Borrower would become subject to a Mortgage which would not be permitted by Section

5.02(a), the Borrower or the Successor Corporation, as the case may be, shall take such steps as shall be necessary effectively to secure the Advances and Special Rate Loans made hereunder equally and ratably with (or prior to) all indebtedness secured thereby; and

(iv) the Borrower shall have delivered to the Administrative Agent a certificate signed by an executive officer of the Borrower and a written opinion of counsel satisfactory to the Administrative Agent (who may be counsel to the Borrower), each stating that such transaction and such amendment to this Agreement comply with this Section 5.02(c) and that all conditions precedent herein provided for relating to such transaction have been satisfied.

(d) Prohibition of Sale of Certain Stock. Convey, sell, assign or otherwise transfer (or permit any Subsidiary to do so) any of the shares of capital stock of the Railroads now owned (directly or indirectly) or at any time hereafter acquired (directly or indirectly) by the Borrower, provided that nothing in this Section 5.02(d) will prohibit transfers of shares of capital stock of a Railroad to another Railroad or to another Subsidiary of the Borrower or will prohibit the merger or other consolidation of one Railroad with or into another Railroad or another Subsidiary of the Borrower.

(e) Compliance with ERISA. To the extent that any event or action set forth in clauses (i) through (iv) below would subject the Borrower and its Subsidiaries taken as a whole to any material liability to the PBGC or otherwise, (i) terminate, or permit any Subsidiary to terminate, any

Plan; (ii) engage in, or permit any Subsidiary to engage in, any "prohibited transaction" (as defined in Section 4975 of the Code) involving any Plan; (iii) incur or suffer to exist, or permit any Subsidiary to incur or suffer to exist, any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, involving any Plan; or (iv) allow or suffer to exist, or permit any Subsidiary to allow or suffer to exist, any event or condition which presents a risk of incurring a liability to the PBGC by reason of termination of any Plan.

(f) Amendments to Tender Offer, Etc. Make any amendment to the Tender Offer or the Merger Agreement which is materially adverse from the standpoint of the financing contemplated hereby, without the prior written consent of the Majority Banks (which consent shall not be unreasonably withheld or delayed), it being understood that this

Section 5.02(f) shall be of no further force and effect after the consummation of the Tender Offer and the other transactions contemplated by the Merger Agreement in accordance with the terms and conditions hereof and thereof.

(g) Margin Stock. Permit more than 25%, after applying the proceeds of each Advance or Special Rate Loan, of the value of the assets of the Borrower and its Subsidiaries (as determined in good faith by the Borrower) that are subject to Section 5.02(a)(i) or Section 5.02(d) to consist of or be represented by Margin Stock.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of any Advance or Special Rate Loan when the same becomes due and payable; provided, that if any such failure shall result from the malfunctioning or shutdown of any wire transfer or other payment system employed by the Borrower to make such payment or from an inadvertent error of a technical or clerical nature by the Borrower or any bank or other entity employed by the Borrower to make such payment, no Event of Default shall result under this paragraph (a) during the

period (not in excess of two Business Days) required by the Borrower to make alternate payment arrangements; or

(b) the Borrower shall fail to pay any interest on any Advance or Special Rate Loan or any fee payable hereunder or under any agreement executed in connection herewith when the same becomes due and payable and such failure shall remain unremedied for ten days; or

(c) any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement (including, without limitation, any representation or warranty deemed made by the Borrower at the time of any Advance or Special Rate Loan pursuant to Article III) shall prove to have been incorrect in any material respect when made or deemed made; or

(d) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice

thereof shall have been given to the Borrower by the Administrative Agent or any Bank; or

(e) an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Debt of the Borrower (other than any such Debt owed to any Bank or an affiliate of any Bank if such event of default shall relate solely to a restriction on Margin Stock), whether such Debt now exists or shall hereafter be created, shall happen and shall result in Debt of the Borrower in excess of \$20,000,000 principal amount becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and such declaration shall not be rescinded or annulled; or the Borrower shall fail to pay at maturity (or within five calendar days after maturity) Debt of the Borrower in excess of \$20,000,000 principal amount; or

(f) (i) the Borrower or any of the Railroads shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution,

composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Borrower or any of the Railroads shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any of the Railroads any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any of the Railroads any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any of the Railroads shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Borrower or any of the Railroads shall generally not, or shall be unable to, or

shall admit in writing its inability to, pay its debts as they become due;

(g) a Material Plan shall fail to maintain the minimum funding standards required by Section 412 of the Code for any plan year or a waiver of such standard is sought or granted under Section 412(d), or a Material Plan is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or the Borrower or any of its Subsidiaries or any ERISA Affiliate has incurred or will incur a liability to or on account of a Material Plan under Sections 4062, 4063 or 4064 of ERISA, and there shall result from any such event either a liability or a material risk of incurring a liability to the PBGC or a Material Plan (or a related trust) which will have a material adverse effect upon the business, operations or the condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole; or

(h) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection

with withdrawal liabilities (determined as of the date of such notification), will have a material adverse effect upon the business, operations or the condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of Banks having at least 66-2/3% of the Commitments, by notice to the Borrower, declare the obligation of each Bank to make Contract Advances (and to make any Auction Advances and Special Rate Loans that such Bank has theretofore committed to make) to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of Banks owed at least 66-2/3% of the then aggregate unpaid principal amount of the Advances and Special Rate Loans owing to Banks, by notice to the Borrower, declare the Advances and Special Rate Loans, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances and Special Rate Loans, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower or any of its Subsidiaries under the Federal Bankruptcy Code, (A) the obligation of each Bank to make Contract Advances (and to make any Auction Advances and Special

Rate Loans that such Bank has theretofore committed to make) shall automatically be terminated and (B) the Advances and Special Rate Loans, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE ADMINISTRATIVE AGENT, ETC.

SECTION 7.01. Authorization and Action. Each Bank hereby appoints and authorizes the Administrative Agent to take such action as administrative agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the amounts due hereunder), the Administrative Agent shall not be required to exer-

cise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Banks, and such instructions shall be binding upon all Banks and all holders of Advances and Special Rate Loans; provided, however, that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Bank prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement. Chemical Bank and Citicorp Securities, Inc., in their capacities as Co-Arrangers, Chemical Securities, Inc., in its capacity as Syndication Agent, and Citibank, N.A., in its capacity as Documentation Agent, shall have no duties, responsibilities or liabilities whatsoever under this Agreement.

SECTION 7.02. Administrative Agent's Reliance, Etc.

Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or wilful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Bank and shall not be responsible to any Bank for any

statements, warranties or representations made in or in connection with this Agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (iv) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (v) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopy, telegram or cable) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Chemical Bank and Affiliates. With

respect to its Commitment and the Advances and Special Rate Loans made by it, Chemical Bank shall have the same rights and powers

under this Agreement as any other Bank and may exercise the same as though it were not the Administrative Agent; and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include Chemical Bank in its individual capacity. Chemical Bank and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, any of its subsidiaries and any Person who may do business with or own securities of the Borrower or any such subsidiary or affiliate, all as if Chemical Bank were not the Administrative Agent and without any duty to account therefor to the Banks.

SECTION 7.04. Bank Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent, any other Co-Agent, either Co-Arranger or any other Bank and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, any other Co-Agent, either Co-Arranger or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Banks agree to indemnify the Administrative Agent, the other Co-Agents and the Co-Arrangers (to the extent not promptly reimbursed by the Borrower), ratably as computed as set forth below from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be

imposed on, incurred by, or asserted against any of them in any way relating to or arising out of the Tender Offer or this Agreement or any action taken or omitted by the Administrative Agent under this Agreement, provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of the Administrative Agent. Without limitation of the foregoing, each Bank agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any costs and expenses payable by the Borrower under Section 8.04, to the extent that the Administrative Agent is not promptly reimbursed for such costs and expenses by the Borrower. For purposes of this Section 7.05, ratable allocations among the Banks shall be made (i) in respect of any demand by the Administrative Agent

prior to a declaration made pursuant to clause (ii) of Section 6.01, according to the respective amounts of their Commitments and (ii) thereafter according to the respective principal amounts of the Advances and Special Rate Loans then outstanding to them (or, if there are no Advances or Special Rate Loans at the time outstanding, according to the respective amounts of their Commitments as most recently in effect). Each Bank agrees that any reasonable allocation by the Administrative Agent of expenses or other amounts referred to in this paragraph between this Agreement, the \$1,200,000,000 Credit Agreement and the \$1,400,000,000 Credit Agreement shall be conclusive and binding for all purposes.

SECTION 7.06. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Banks and the Borrower and may be removed at any time with or without cause by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right to appoint a successor Administrative Agent with the consent of the Borrower (which consent shall not be required if at the time of such appointment any Default or Event of Default has occurred and is continuing). If no successor Administrative Agent shall have been so appointed by the Majority Banks, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Banks' removal of the retiring Administrative Agent, as applicable, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any state thereof and having a combined capital and surplus of at least \$50,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent, and the retiring Administrative

Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Banks, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that:

(a) no amendment, waiver or consent shall, unless in writing and signed by all the Banks, do any of the following: (1) waive any of the conditions specified in Section 3.01, (2) waive any of the conditions specified in Section 3.02 (if and to the extent that the Borrowing which is the subject of such waiver would involve an increase in the aggregate outstanding amount of Advances over the aggregate amount of Advances outstanding immediately prior to such Borrowing), (3) increase the Commitments of the Banks or subject the Banks to any additional obligations, (4) reduce the principal of, or interest on, the Contract Advances or any fees or other amounts payable hereunder, (5) postpone any date fixed for any payment of principal of, or interest on, the Contract Advances or any fees or other amounts payable hereunder, (6) make any change which would alter the percentage of the Commitments or of the aggregate unpaid principal amount of the Contract Advances, or the number of Banks, which shall otherwise be required for the Banks or any of them to take any action hereunder or (7) amend this Section 8.01;

(b) no amendment, waiver or consent shall, unless in writing and signed by the Bank holding an Auction Advance at such time (1) reduce the principal of, or interest on, such Auction Advance or any fees or other amounts payable hereunder or thereunder with respect thereto, (2) postpone any date fixed for any payment of principal of, or interest on, such Auction Advance or any fees or other amounts payable hereunder or thereunder with respect thereto, or (3) subject such Bank to any additional obligations with respect to such Bank's Auction Advance;

(c) no amendment, waiver or consent shall, unless in writing and signed by the Bank holding a Special Rate Loan at such time (1) reduce the principal of, or interest on, such Special Rate Loan or any fees or other amounts payable

with respect thereto, (2) postpone any date fixed for any payment of principal of, or interest on, such Special Rate Loan or any fees or other amounts payable with respect thereto, or (3) subject such Bank to any additional obligations with respect to such Bank's Special Rate Loan;

(d) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Banks required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement; and

(e) no amendment, waiver or consent shall, unless in writing and signed by the Co-Arrangers and the Co-Agents, alter the last sentence of Section 7.01.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopy, telegraphic or cable communication) and telecopied, mailed, telegraphed, cabled or delivered, if to the Borrower, at its address at Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018, Attention: Vice President and Treasurer, telephone number (610) 861-3200, telecopier number (610) 861-3111; if to any Bank listed on Schedule I hereto, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Bank, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Bank; and if to the Administrative Agent, at its address at Chemical Bank Agency Services Corporation, Grand Central Tower, 140 East 45th Street, 29th Floor, New York, New York 10017, Attention: Sandra J. Miklave, with a copy to Chemical Bank, 270 Park Avenue, 8th Floor, New York, New York 10017, Attention: Julie S. Long; or, as to the Borrower, any Bank or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall, when telecopied, mailed, telegraphed or cabled, be effective when sent by telecopy, deposited in the mails, delivered to the telegraph company or delivered to the cable company, respectively, except that notices and communications to the Administrative Agent pursuant to Article II or VII shall not be effective until received by the Administrative Agent. The Administrative Agent shall be entitled to rely on any oral notice made pursuant to Section 2.03(v) believed by it to be genuine and made by the proper party or parties, and the Borrower and the Banks, as the case may be,

agree to be conclusively bound by the Administrative Agent's records in respect of any such notice.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Bank or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs, Expenses and Taxes. (a) The Borrower agrees to pay on demand all costs and expenses in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement, and all costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses), incurred by the Administrative Agent or any Bank in connection with the "work-out" or other enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and the other documents to be delivered hereunder. In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from the execution and delivery of this Agreement and agrees to save the Administrative Agent and each Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes.

(b) If (i) any payment of principal of any Adjusted CD Rate Advance or Eurodollar Rate Contract Advance or Auction Advance or Special Rate Loan is made (1) by the Borrower to or for the account of a Bank other than on the last day of the Interest Period for such Contract Advance, or on the maturity date of such Auction Advance or Special Rate Loan, as the case may be, or as a result of a payment pursuant to Section 2.07(d), or as a result of acceleration of the maturity of the Advances and Special Rate Loans pursuant to Section 6.01 or for any other reason, or (2) by an Eligible Assignee to a Bank other than on the last day of the Interest Period (or the final maturity date in the case of an Auction Advance or Special Rate Loan) for such Advance or Special Rate Loan upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by the Borrower pursuant to Section 8.07(a),

or an assignment of rights and obligations under this Agreement pursuant to Section 2.17 as a result of a demand by the Borrower, or (ii) the Borrower fails to convert or continue any Contract Advance hereunder after irrevocable notice of such conversion or continuation has been given pursuant to Section 2.04, then the Borrower shall, upon demand by the affected Bank (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Bank any amounts required to compensate such Bank for any additional losses, costs or expenses which it may reasonably incur as a result of such payment or failure, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund or maintain such Advance. A certificate of such Bank setting forth the amount demanded hereunder and the basis therefor shall, in the absence of manifest error, be conclusive and binding for all purposes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances and Special Rate Loans due and payable pursuant to the provisions of Section 6.01, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Advances and Special Rate Loans made by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement and although such obligations may be unmatured. Each Bank agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Bank under this Section 8.05 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which such Bank may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower, the Administrative Agent, the other Co-Agents and the Co-Arrangers and when the Administrative Agent shall have been notified by each Bank that such Bank has executed it and thereafter shall be binding upon and inure to the benefit of the

Borrower, the Administrative Agent, the other Co-Agents, the Co-Arrangers and each Bank and their respective successors and assigns.

SECTION 8.07. Assignments and Participations.

(a) Each Bank may and, if demanded by the Borrower pursuant to subsection (g) hereof, shall assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances and Special Rate Loans owing to it); provided, however, that (i) each such assignment shall (except in the case of outstanding Auction Advances and Special Rate Loans) be of a constant, and not a varying, percentage of all of the rights and obligations of the Banks under this Agreement, (ii) the amount of the Commitment of the assigning Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than the lesser of (x) the amount set forth opposite the name of such Bank on the signature pages to this Agreement or in the Assignment and Acceptance pursuant to which the assigning Bank became a Bank, and (y) \$25,000,000, and shall be an integral multiple of \$1,000,000, (iii) each such assignment shall be to an Eligible Assignee and (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing fee of \$2,500. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least three Business Days after the execution thereof, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Bank hereunder and (y) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto), provided that the obligations of the Borrower to the Bank assignor described in Sections 2.02(b), 2.11, 2.12, 2.15, 8.04 and 8.12 that arose prior to such assignment, and the obligations of the Bank assignor described in Sections 7.05 and 8.10 that arose prior to such assignment, shall survive the making of such assignment, notwithstanding that such Bank assignor may cease to be a "Bank" hereunder. Notwithstanding the

foregoing, any Bank assigning its rights and obligations under this Agreement may retain any Auction Advances and any Special Rate Loans made by it outstanding at such time, and in such case shall retain its rights hereunder in respect of any Advances and Special Rate Loans so retained until such Advances and Special Rate Loans have been repaid in full in accordance with this Agreement.

(b) By executing and delivering an Assignment and Acceptance, the Bank assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, any other Co-Agent, either Co-Arranger, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee, except for any required consent of the Borrower; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(c) The Administrative Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the

recording of the names and addresses of the Banks and the Commitment of, and principal amount of the Advances owing to, each Bank from time to time (the "Register"). Subject to Section 2.14(f), the entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the Banks may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Bank at any

reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Bank and an assignee representing that it is an Eligible Assignee, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register, (iii) give prompt notice thereof to the Borrower and (iv) send a copy thereof to the Borrower.

(e) Each Bank may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances or Special Rate Loans owing to it); provided, however, that (i) such Bank's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement; and provided further, however, that such Bank shall not agree with any such bank or other financial institution to permit such bank or other financial institution to enforce the obligations of the Borrower relating to the Advances or any Special Rate Loan or to approve of any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers with respect to any decrease in any fees payable hereunder or the amount of principal or rate of interest which is payable in respect of such Advances or Special Rate Loan or any extension of the dates fixed for the payment thereof).

(f) Any Bank may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant any information relating to the

Borrower furnished to such Bank by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any information relating to the Borrower, this Agreement or the Tender Offer received by it from such Bank in accordance with Section 8.10.

(g) If any Bank shall make demand for payment under or shall notify the Borrower that it is affected by an event described in Section 2.11 or 2.15 hereunder or shall notify the Administrative Agent pursuant to Section 2.13 hereunder, then within 15 days after such demand or such notice, the Borrower may

(i) demand that such Bank assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrower all (but not less than all) of such Bank's Commitment and the Advances and Special Rate Loans owing to it within the next succeeding 30 days, provided that, if any such Eligible Assignee designated by the Borrower shall fail to consummate such assignment on terms acceptable to such Bank, or if the Borrower shall fail to designate any such Eligible Assignees for all or part of such Bank's Commitment, Advances and Special Rate Loans, then such Bank may assign such Commitment, Advances and Special Rate Loans to any other Eligible Assignee in accordance with this Section 8.07 during such 30-day period or (ii) terminate all (but not less than all) of such Bank's Commitment and repay all (but not less than all) of such Bank's Advances and Special Rate Loans not so assigned on or before such 30th day in accordance with Sections 2.06 and 2.07(d) hereof (but without the requirements stated therein for ratable treatment of the Banks). Nothing in this Section 8.07(g) shall relieve the Borrower of its obligations for payment under Section 2.11 or 2.15 arising prior to an assignment or termination pursuant hereto.

(h) Any Bank may at any time assign all or any portion of its rights under this Agreement to a Federal Reserve Bank; provided that no such assignment shall release a Bank from any of its obligations hereunder. In connection with any such assignment or proposed assignment, the Borrower will, promptly upon the request of any Bank, execute and deliver to such Bank a note evidencing the Borrower's obligations hereunder, in a form mutually satisfactory to the Borrower and such Bank; provided that if the Borrower certifies to such Bank upon such request that it believes any authorization, approval or other action by the Interstate Commerce Commission (or any successor agency having jurisdiction) is required for the issuance of such note, the Borrower shall not be deemed to be in default under this Section 8.07(h) so long as the Borrower is diligently seeking

such authorization, approval or other action, at such Bank's expense.

(i) This Section 8.07 sets forth the exclusive manner by which a Bank may assign its rights and obligations hereunder or sell participations in or to its rights and obligations hereunder.

(j) Each Bank agrees to notify the Borrower of any assignment of or grant of a participating interest in any Advance or Special Rate Loan, and of the identity of the assignee or participant.

(k) The Borrower may not assign or delegate any rights or obligations hereunder without the prior written consent of each Bank.

SECTION 8.08. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 8.09. Submission to Jurisdiction; Service of Process; Jury Trial. The Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Borrower shall at all times continue to be qualified to do business in and maintain an office in New York or, alternatively, shall maintain an agent for service of process in New York and shall provide the Administrative Agent with notice of the identity of such agent, such appointment to be documented in a manner satisfactory to the Administrative Agent. The Borrower hereby agrees that service of process in any such proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to it at its address referred to in Section 8.02. The Borrower irrevocably waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. EACH OF THE BORROWER, THE CO-ARRANGERS, THE ADMINISTRATIVE AGENT, THE OTHER CO-AGENTS AND THE BANKS HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THIS AGREEMENT, THE ADVANCES, THE SPECIAL RATE LOANS OR THE ACTIONS OF

THE BORROWER, THE CO-ARRANGERS, THE ADMINISTRATIVE AGENT, THE OTHER CO-AGENTS OR ANY BANK IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

SECTION 8.10. Treatment of Certain Information; Confidentiality. (a) The Borrower acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or one or more of its Subsidiaries (in connection with this Agreement or otherwise) by any Bank or by one or more subsidiaries or affiliates of such Bank and the Borrower hereby authorizes each Bank to share any information delivered to such Bank by the Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of such Bank to enter into this Agreement, with any such subsidiary or affiliate, it being understood that any such subsidiary or affiliate receiving such information shall be bound by the provisions of paragraph (b) below as if it were a Bank hereunder. Such authorization shall survive the repayment of the Advances and Special Rate Loans and the termination of the Commitments.

(b) Each Bank and the Administrative Agent agrees that it will not disclose without the prior consent of the Borrower (other than to its affiliates and to its and its affiliates' directors, employees, auditors and counsel who are informed of and agree to respect the confidential nature of such information, and then only on a "need to know" basis in connection with this Agreement, the Tender Offer or the financing thereof) any information (the "Information") with respect to the Borrower (or its business), CNW or the Tender Offer which is furnished by or on behalf of the Borrower to such Bank or to the Administrative Agent in connection with this Agreement, the Tender Offer or the financing thereof; provided, that the Banks and the Administrative Agent may disclose any such Information (i) that is or has become generally available to the public (other than as a result of a disclosure in violation of this Section 8.10 or the letter referred to in Section 8.10(e)) or is or becomes available to the Banks and the Administrative Agent on a non-confidential basis from a source other than the Borrower or its agents (unless, to the actual knowledge of the recipient Bank or the Administrative Agent, such information was provided by such source in violation of a confidentiality agreement), (ii) as may be required or appropriate in response to any summons or subpoena or in connection with any litigation, (iii) in order to comply with any applicable law or regulation, or in accordance with any order, ruling or regulatory practice of any bank regulatory agency (including, without limitation, the Board of Governors of the Federal Reserve System or any foreign bank regulatory agency)

having or claiming jurisdiction over the relevant Bank or the Administrative Agent, and (iv) to a proposed assignee or participant in connection with any proposed assignment or participation permitted under Section 8.07 as provided in Section 8.07(f), provided that such proposed assignee or participant agrees in writing to be bound by the confidentiality provisions of this Section 8.10.

(c) In the event that any Bank or any Person receiving Information from such Bank becomes legally compelled to disclose any of the Information or the existence of this Agreement (other than to any bank regulatory agency referred to in Section 8.10(b)(iii) in the course of customary audits of the relevant Bank), such Bank shall provide the Borrower with notice of such event promptly upon obtaining knowledge thereof (provided that such notice is not otherwise prohibited by law) so that the Borrower may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, such Bank shall furnish only that portion of the Information which in its reasonable opinion it is legally required to disclose and shall disclose such Information in a manner reasonably designed to preserve its confidential nature.

(d) Each Bank acknowledges that disclosure of Information in violation of this Section 8.10 could have serious consequences, and agrees that, in the event of any breach of this Section 8.10 by any Bank or its representatives, the Borrower will be entitled to equitable relief (including injunctive relief and specific performance) in addition to all other remedies available to it at law or in equity.

(e) The obligations of each Bank under this Section 8.10 shall supersede and replace the obligations of such Bank under the confidentiality letter executed by it in respect of this financing prior to the date hereof, and the confidentiality obligations of any proposed assignee that has executed a confidentiality letter prior to the date on which it becomes a Bank hereunder pursuant to Section 8.07(a) shall be superseded by this Section 8.10 upon the date upon which such assignee becomes a Bank.

(f) Each Bank's obligations and all of the Borrower's rights and remedies under this Section 8.10 shall survive any reduction in the Commitments, the termination of this Agreement or the return or destruction of the Information, in each case until the date one year after the termination of this Agreement.

SECTION 8.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 8.12. Indemnification. (a) The Borrower agrees to indemnify and hold harmless the Administrative Agent, each other Co-Agent, each Co-Arranger and each Bank and each of their respective officers, directors, employees, agents, advisors and representatives (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto, arising out of or in connection with or relating to this Agreement or the transactions contemplated hereby (including without limitation the Tender Offer) or any use made or proposed to be made with the proceeds of the Advances or Special Rate Loans, whether or not such investigation, litigation or proceeding is brought by the Borrower, any of its Subsidiaries, shareholders or creditors, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto, and whether or not the transactions contemplated hereby are consummated, except to the extent such

claim, damage, loss, liability or expense (i) results from such Indemnified Party's gross negligence or wilful misconduct or (ii) arises out of a final, non-appealable judgment against such Indemnified Party in favor of the Borrower on the basis of a breach of this Agreement. The foregoing indemnification shall not cover any such claims, damages, losses, liabilities or expenses relating to (i) any income, stamp or other taxes, imports, duties, charges, fees, deductions or withholdings imposed, levied, collected, withheld or assessed by the United States or any political subdivision or taxing authority thereof or therein (including Puerto Rico) or of the country in which any Bank's principal office or Applicable Lending Office may be located or any political subdivision or taxing authority thereof or therein; (ii) any costs (whenever imposed) to any Bank of agreeing to make or making, funding or maintaining any Advances or Special Rate Loans; or (iii) any capital required or expected to be maintained by any Bank or any corporation controlling such Bank as a result of such Bank's Commitment or its Advances or Special Rate Loans, but in each case without prejudice to Sections 2.02(b), 2.11, 2.12, 2.15 and 8.04.

(b) The Borrower agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Borrower or any of its Subsidiaries, shareholders or creditors or any other Person for or in connection with the transactions contemplated hereby, except to the extent such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or wilful misconduct; provided that nothing in this clause (b) shall be deemed to constitute a waiver of any claim the Borrower may hereafter have for breach by any party of this Agreement; and provided, further, that in no event shall any Indemnified Party be liable for any indirect or consequential damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

UNION PACIFIC CORPORATION

By /s/ Robert M. Knight, Jr.

Name: Robert M. Knight, Jr.
Title: Assistant Treasurer

Administrative Agent

CHEMICAL BANK, as Administrative Agent

By /s/ Julie S. Long

Name: Julie S. Long
Title: Vice President

Documentation Agent

CITIBANK, N.A., as Documentation Agent

By /s/ Judith Fishlow

Name: Judith Fishlow
Title: Attorney-in-Fact

Syndication Agent

CHEMICAL SECURITIES, INC., as Syndication Agent

By /s/ Evelyn M. Aloise

Name: Evelyn M. Aloise
Title: Vice President

CO-ARRANGERS

CHEMICAL BANK, as Co-Arranger

By /s/ Julie S. Long

Name: Julie S. Long
Title: Vice President

CITICORP SECURITIES, INC., as
Co-Arranger

By /s/ Robert J. Harrity

Name: Robert J. Harrity
Title: Vice President

COMMITMENT

\$62,173,193.00

BANKS

CHEMICAL BANK

By /s/ Julie S. Long

Name: Julie S. Long
Title: Vice President

\$62,173,193.00

CITIBANK, N.A.

By /s/ Judith Fishlow

Name: Judith Fishlow
Title: Attorney-in-Fact

\$47,826,086.96

ABN AMRO BANK N.V., NEW YORK BRANCH

By /s/ John W. Deegan

Name: John W. Deegan
Title: Vice President

By /s/ Olga L. Zoutendijk

Name: Olga L. Zoutendijk
Title: Vice President

\$47,826,086.96

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION

By /s/ Bridget A. Garavalia

Name: Bridget A. Garavalia
Title: Vice President

By

Name:
Title:

\$47,826,086.96

BANK OF MONTREAL

By /s/ David J. Thompson

Name: David J. Thompson
Title: Director

\$47,826,086.96

THE CHASE MANHATTAN BANK (NATIONAL
ASSOCIATION)

By /s/ F.M. Cox, III

Name: F.M. Cox, III
Title: Vice President

\$47,826,086.96

CREDIT SUISSE

By /s/ Eileen O'Connell Fox

Name: Eileen O'Connell Fox
Title: Member of Senior Management

By /s/ Christopher J. Eldin

Name: Christopher J. Eldin
Title: Member of Senior Management

\$47,826,086.96

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Gerald F. Mackin

Name: Gerald F. Mackin
Title: Vice President

\$47,826,086.96

MORGAN GUARANTY TRUST COMPANY OF
NEW YORK

By /s/ Laura E. Reim

Name: Laura E. Reim
Title: Vice President

\$47,826,086.96

NATIONAL WESTMINSTER BANK PLC, NEW
YORK BRANCH

By /s/ Anne Marie Torre

Name: Anne Marie Torre
Title: Vice President

\$47,826,086.96

NATIONSBANK, N.A. (CAROLINAS)

By /s/ Michael D. Monte

Name: Michael D. Monte
Title: Vice President

\$47,826,086.96

UNION BANK OF SWITZERLAND

By /s/ Daniel H. Perron

Name: Daniel H. Perron
Title: Vice President

By /s/ Daniel R. Strickford

Name: Daniel R. Strickford
Title: Assistant Treasurer

\$38,260,869.57

THE BANK OF TOKYO TRUST COMPANY

By /s/ M.R. Marron

Name: M.R. Marron
Title: Vice President

\$38,260,869.57

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Mary E. Collier

Name: Mary E. Collier
Title: Vice President

\$38,260,869.57

THE INDUSTRIAL BANK OF JAPAN
LIMITED NEW YORK BRANCH

By /s/ John Veltri

Name: John Veltri
Title: Senior Vice President

\$38,260,869.57

MELLON BANK, N.A.

By /s/ Donald G. Cassidy

Name: Donald G. Cassidy
Title: First Vice President

\$38,260,869.57

PNC BANK, NATIONAL ASSOCIATION

By /s/ Robert Q. Reilly

Name: Robert Q. Reilly
Title: Vice President

\$38,260,869.57

SOCIETE GENERALE

By /s/ Jan Wertlieb

Name: Jan Wertlieb
Title: Vice President

\$38,260,869.57

THE SUMITOMO BANK, LIMITED, NEW
YORK BRANCH

By /s/ Y. Kawamura

Name: Y. Kawamura
Title: Joint General Manager

\$38,260,869.57

TORONTO DOMINION (NEW YORK), INC.

By /s/ Jorge Garcia

Name: Jorge Garcia
Title: Vice President

\$23,913,043.48

THE BANK OF CALIFORNIA, N.A.

By /s/ Harry S. Matthews

Name: Harry S. Matthews
Title: Vice President

\$23,913,043.48

THE BANK OF NEW YORK

By /s/ Michael V. Flannery, Jr.

Name: Michael V. Flannery, Jr.
Title: Vice President

\$23,913,043.48

BANQUE NATIONALE DE PARIS

By /s/ Walter Kaplan

Name: Walter Kaplan
Title: Vice President

By /s/ Phil Truesdale

Name: Phil Truesdale
Title: Vice President

\$23,913,043.48

THE DAI-ICHI KANGYO BANK, LTD.

By /s/ Robert Gallagher

Name: Robert Gallagher
Title: Assistant Vice President

\$23,913,043.48

THE NORTHERN TRUST COMPANY

By /s/ J. Chip McCall

Name: J. Chip McCall
Title: Second Vice President

\$23,913,043.48

ROYAL BANK OF CANADA

By /s/ Michael J. Madnick

Name: Michael J. Madnick
Title: Manager

\$23,913,043.48

THE YASUDA TRUST AND BANKING
COMPANY LIMITED

By /s/ Robin M. Laudenschlager

Name: Robin M. Laudenschlager
Title: Senior Vice President

\$11,956,521.74

THE BOATMEN'S NATIONAL BANK OF
ST. LOUIS

By /s/ John C. Solomon

Name: John C. Solomon
Title: Vice President

\$11,956,521.74

CRESTAR BANK

By /s/ J.F. Jayle, Jr.

Name: J.F. Jayle, Jr.
Title: Senior Vice President

SCHEDULE I
UNION PACIFIC CORPORATION

Name of Bank -----	Domestic Lending Office -----	CD Lending Office -----	Eurodollar Lending Office -----
Chemical Bank	270 Park Avenue New York, New York 10172	Same as Domestic Lending Office	Same as Domestic Lending Office
Citibank, N.A.	399 Park Avenue New York, New York 10043	Same as Domestic Lending Office	Same as Domestic Lending Office
ABN Amro Bank N.V., New York Branch	500 Park Avenue New York, New York 10022	Same as Domestic Lending Office	Same as Domestic Lending Office
Bank of America National Trust and Savings Association	1850 Gateway Boulevard Concord, California 94520	Same as Domestic Lending Office	Same as Domestic Lending Office
Bank of Montreal	115 South LaSalle Street Chicago, Illinois 60603	Same as Domestic Lending Office	Same as Domestic Lending Office
The Chase Manhattan Bank (National Association)	One Chase Manhattan Plaza New York, New York 10081	Same as Domestic Lending Office	Same as Domestic Lending Office
Credit Suisse	12 East 49th Street, 42nd Floor New York, New York 10017	Same as Domestic Lending Office	Same as Domestic Lending Office
The First National Bank of Chicago	One First National Plaza Chicago, Illinois 60670	Same as Domestic Lending Office	Same as Domestic Lending Office

SCHEDULE I
UNION PACIFIC CORPORATION

Name of Bank -----	Domestic Lending Office -----	CD Lending Office -----	Eurodollar Lending Office -----
Morgan Guaranty Trust Company of New York	60 Wall Street New York, New York 10260	Same as Domestic Lending Office	Morgan Guaranty Trust Company of New York Nassau Bahamas Office c/o J. P. Morgan Services Inc. Euro-Loan Servicing Unit 500 Stanton Christiana Road Newark, Delaware 19713
National Westminster Bank Plc, New York Branch	175 Water Street, 19th Floor New York, NY 10038-4924	Same as Domestic Lending Office	Nassau Branch 175 Water Street New York, NY 10038-4924
NationsBank, N.A. (Carolinas)	100 North Tryon Street, 8th Floor Charlotte, NC 28255	Same as Domestic Lending Office	Same as Domestic Lending Office
Union Bank of Switzerland	299 Park Avenue New York, New York 10171	Same as Domestic Lending Office	Same as Domestic Lending Office
The Bank of Tokyo Trust Company	1251 Avenue of the Americas New York, New York 10116	Same as Domestic Lending Office	Same as Domestic Lending Office
Credit Lyonnais New York Branch	1301 Avenue of the Americas New York, NY 10019	Credit Lyonnais Cayman Island Branch c/o Credit Lyonnais New York Branch 1301 Avenue of the Americas New York, NY 10019	Same as CD Lending Office
The Industrial Bank of Japan Limited New York Branch	245 Park Avenue New York, NY 10167-0037	Same as Domestic Lending Office	Same as Domestic Lending Office

SCHEDULE I
UNION PACIFIC CORPORATION

Name of Bank -----	Domestic Lending Office -----	CD Lending Office -----	Eurodollar Lending Office -----
Mellon Bank, N.A.	7th and Market Streets Loan Administration Room 199-5220 Philadelphia, PA 19106 Attn: Dawn Rudd	Same as Domestic Lending Office	Same as Domestic Lending Office
PNC Bank, National Association	100 South Broad Street Philadelphia, PA 19110	Same as Domestic Lending Office	Same as Domestic Lending Office
Societe Generale	1221 Avenue of the Americas New York, New York 10020	Same as Domestic Lending Office	Same as Domestic Lending Office
The Sumitomo Bank, Limited, New York Branch	277 Park Avenue New York, New York 10172	Same as Domestic Lending Office	Same as Domestic Lending Office
Toronto Dominion (New York), Inc.	909 Fannin, Suite 1700 Houston, TX 77010	Same as Domestic Lending Office	Same as Domestic Lending Office
The Bank of California, N.A.	400 California Street, 17th Floor San Francisco, CA 94104	Same as Domestic Lending Office	Same as Domestic Lending Office
The Bank of New York	One Wall Street New York, New York 10286	Same as Domestic Lending Office	Same as Domestic Lending Office
Banque Nationale de Paris	499 Park Avenue New York, New York 10022	Same as Domestic Lending Office	Banque Nationale de Paris -- Georgetown 499 Park Avenue New York, New York 10022
The Dai-Ichi Kangyo Bank, Ltd.	1 World Trade Center Suite 4911 New York, New York 10048	Same as Domestic Lending Office	Same as Domestic Lending Office

SCHEDULE I
UNION PACIFIC CORPORATION

Name of Bank -----	Domestic Lending Office -----	CD Lending Office -----	Eurodollar Lending Office -----
The Northern Trust Company	50 South LaSalle Street Chicago, Illinois 60675	Same as Domestic Lending Office	Same as Domestic Lending Office
Royal Bank of Canada	1 Financial Square, Corporate Bkg. East, USA New York, New York 10005	Same as Domestic Lending Office	Same as Domestic Lending Office
The Yasuda Trust and Banking Company Limited	666 Fifth Avenue, Suite 801 New York, New York 10103	Same as Domestic Lending Office	Same as Domestic Lending Office
The Boatmen's National Bank of St. Louis	One Boatmen's Plaza 800 Market Street St. Louis, MO 63166-0236	Same as Domestic Lending Office	Same as Domestic Lending Office
Crestar Bank	919 East Main Street Richmond, Virginia 23219	Same as Domestic Lending Office	Same as Domestic Lending Office

SCHEDULE II

Union Pacific Corporation
List of Existing Mortgages

None.

EXHIBIT A-1

Notice of Contract Borrowing

[Date]

Chemical Bank, as Administrative
Agent for the Banks parties
to the Credit Agreement
referred to below
270 Park Avenue
New York, New York 10017

Attention:

Gentlemen:

The undersigned, Union Pacific Corporation, refers to the \$1,100,000,000 Revolving Credit Agreement, dated as of April 11, 1995 (as amended, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Banks, Co-Arrangers and Co-Agents parties thereto and Chemical Bank, as Administrative Agent for said Banks, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Contract Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Contract Borrowing (the "Proposed Contract Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Contract Borrowing is _____, 19__.

(ii) The Type of Contract Advances comprising the Proposed Contract Borrowing is [Adjusted CD Rate Advances] [Alternate Base Rate Advances] [Eurodollar Rate Contract Advances].

(iii) The aggregate amount of the Proposed Contract Borrowing is \$_____.

(iv) The Interest Period for each Contract Advance made as part of the Proposed Contract Borrowing is [___ days] [___ months[s]].

Very truly yours,

UNION PACIFIC CORPORATION

By: _____

Title:

Notice of Auction Borrowing

[Date]

Chemical Bank, as Administrative Agent for the Banks parties to the Credit Agreement referred to below
270 Park Avenue
New York, New York 10017

Attention:

Gentlemen:

The undersigned, Union Pacific Corporation, refers to the \$1,100,000,000 Revolving Credit Agreement, dated as of April 11, 1995 (as amended, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Banks, Co-Arrangers and Co-Agents parties thereto and Chemical Bank, as Administrative Agent for said Banks, and hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests an Auction Borrowing under the Credit Agreement, and in that connection sets forth the terms on which such Auction Borrowing (the "Proposed Auction Borrowing") is requested to be made:

- 1. Date of Auction Borrowing _____
- 2. Type of Auction Advances _____
 comprising the Proposed Auction Borrowing (Eurodollar Rate Auction Advance or Fixed Rate Auction Advance) _____
- 3. Amount of Auction Borrowing _____
- 4. Maturity Date _____
- 5. Interest Payment Date(s) _____
- 6. Prepayment Provisions _____
- 7. _____
- 8. _____

Very truly yours,

UNION PACIFIC CORPORATION

By: _____
Title:

EXHIBIT B

Assignment and Acceptance

Dated _____, 19__

Reference is made to the \$1,100,000,000 Revolving Credit Agreement, dated as of April 11, 1995 (as amended, the "Credit Agreement"), among Union Pacific Corporation, a Utah corporation (the "Borrower"), the Banks, Co-Arrangers and Co-Agents (each as defined in the Credit Agreement) and Chemical Bank, as Administrative Agent for the Banks (the "Administrative Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

_____ (the "Assignor") and
_____ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, without recourse and without any representations and warranties of the Assignor except as specifically set forth below, and the Assignee hereby purchases and assumes from the Assignor, a portion of the Assignor's rights and obligations under the Credit Agreement as of the Effective Date (as defined below) equal to a _____% interest in and to all of the rights and obligations of the Banks under the Credit Agreement (including, without limitation, such percentage interest in the Commitments as in effect on the Effective Date and the [Contract] Advances [and Special Rate Loans], if any, outstanding on the Effective Date).

2. The Assignor (i) represents and warrants that as of the date hereof its Commitment (without giving effect to assignments thereof which have not yet become effective) is \$_____ and the aggregate outstanding principal amount of [Contract] Advances [and Special Rate Loans] owing to it (without giving effect to assignments thereof which have not yet become effective) is \$_____; (ii) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (iii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iv) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any other Person or the performance or observance by

\1\ Specify percentage to no more than four decimal points.

\2\ Include if Special Rate Loans are to be assigned.

the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, any other Co-Agent, either Co-Arranger, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank; and (vi) specifies as its CD Lending Office, Domestic Lending Office (and address for notices) and Eurodollar Lending Office the offices set forth beneath its name on the signature pages hereof.

4. The effective date for this Assignment and Acceptance shall be _____ (the "Effective Date").\3\ Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance and recording by the Administrative Agent.

5. Upon such acceptance and recording, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Bank thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement, except as otherwise expressly provided therein.

6. Upon such acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments under the Credit Agreement in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Effective Date directly between themselves.

- - - - -

\3\ See Section 8.07(a) of the Credit Agreement. Such date shall be at least three Business Days after the execution of this Assignment and Acceptance.

7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[NAME OF ASSIGNOR]

By: _____
Title:

[NAME OF ASSIGNEE]

By: _____
Title:

Domestic Lending Office (and
address for notices):
[Address]

CD Lending Office:
[Address]

Eurodollar Lending Office:
[Address]

Accepted this ____ day
of _____, 19__

CHEMICAL BANK, as Administrative
Agent

By: _____
Title:

EXHIBIT C

[FORM OF OPINION OF COUNSEL FOR THE BORROWER]

_____, 199__

To each of the Banks party to the
\$1,100,000,000 Revolving Credit
Agreement, dated as of
April 11, 1995, among Union
Pacific Corporation, certain
Co-Arrangers and Co-Agents, said Banks,
and Chemical Bank, as Administrative
Agent for said Banks;

To Chemical Bank and Citicorp
Securities, Inc., as Co-Arrangers;

To Chemical Securities, Inc., as
Syndication Agent;

To Citibank, N.A., as Documentation
Agent; and

To Chemical Bank, as Administrative Agent

I am the Assistant General Counsel of Union Pacific Corporation, a Utah corporation (the "Borrower"), and have acted in such capacity in connection with the execution and delivery of the \$1,100,000,000 Revolving Credit Agreement, dated as of April 11, 1995 (the "Agreement"), among the Borrower, certain Co-Arrangers and Co-Agents, the banks parties thereto and Chemical Bank, as Administrative Agent.

This opinion is delivered to you pursuant to subsection 3.01(c) of the Agreement. Terms used herein which are defined in the Agreement shall have the respective meanings set forth in the Agreement, unless otherwise defined herein.

In connection with this opinion, I have examined executed copies of the Agreement and such corporate documents and records of the Borrower and its Subsidiaries, certificates of public officials and officers of the Borrower and its Subsidiaries, and such other documents, as I have deemed necessary or appropriate for the purposes of this opinion. In stating my opinion, I have assumed the genuineness of all signatures of, and the authority of, persons signing the Agreement on behalf of parties thereto other than the Borrower, the authenticity of all documents submitted to me as originals and the conformity to authentic original documents of all documents submitted to me as certified, conformed or photostatic copies.

Based upon the foregoing, I am of the opinion that:

1. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Utah.

2. The execution, delivery and performance by the Borrower of the Agreement are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) any law, statute, regulation or order of any governmental agency or (iii) to the best of my knowledge, any contractual restriction binding on or affecting the Borrower. The Agreement has been duly executed and delivered by the Borrower.

3. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of the Agreement.

4. The Agreement is a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally and except as the enforceability of the Agreement is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing.

5. There is no pending or threatened action or proceeding affecting the Borrower or any of its consolidated Subsidiaries before any court, governmental agency or arbitrator, (i) which purports to affect the legality, validity or enforceability of the Agreement, or (ii) which may materially adversely affect the consummation of the Tender Offer, or (iii) except as set forth in the Borrower's annual report on Form 10-K for the fiscal year ended December 31, 1994, which may materially adversely affect the financial condition or operations of the Borrower or any of its Subsidiaries, taken as a whole.

The foregoing opinions are subject to the following comments and qualifications:

(A) The enforceability of Section 8.12 of the Agreement may be limited by (i) laws rendering unenforceable indemnification contrary to Federal or state securities laws

and the public policy underlying such laws and (ii) laws limiting the enforceability of provisions exculpating or exempting a party, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involved gross negligence, recklessness, wilful misconduct or unlawful conduct.

(B) The enforceability of provisions in the Agreement to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

(C) I express no opinion as to (i) the effect of the laws of any jurisdiction in which any Bank is located (other than the State of New York) that limit the interest, fees, or other charges such Bank may impose, (ii) the last sentence of Section 2.16 of the Agreement, (iii) the first sentence of Section 8.09 of the Agreement, insofar as such sentence relates to the subject matter jurisdiction of the United States District Court for the Southern District of New York to adjudicate any controversy relating to the Agreement, and (iv) the waiver of inconvenient forum set forth in Section 8.09 of the Agreement with respect to proceedings in federal courts.

I am a member of the Bar of the State of New York and do not purport to be an expert on any laws other than the laws of the State of New York and the federal laws of the United States of America, and except as provided in the next sentence, this opinion is limited to the present law of such State and the present federal law of the United States of America. To the extent that this opinion relates to matters under the laws of the State of Utah, I have relied on the opinion of Steven A. Goodsell, Esq., the General Solicitor in Utah for Union Pacific Railroad Company and Utah counsel for the Borrower, a copy of which is attached hereto. Such opinion is satisfactory in form and substance to me and I believe that you and I are justified in relying thereon.

Very truly yours,

EXHIBIT D

[FORM OF OPINION OF SPECIAL
NEW YORK COUNSEL TO THE ADMINISTRATIVE AGENT]

April [___], 1995

To each of the Banks party to the
\$1,100,000,000 Revolving Credit
Agreement, dated as of
April 11, 1995, among Union
Pacific Corporation, certain
Co-Arrangers and Co-Agents, said Banks,
and Chemical Bank, as Administrative
Agent for said Banks;

To Chemical Bank and Citicorp
Securities, Inc., as Co-Arrangers;

To Chemical Securities, Inc., as
Syndication Agent;

To Citibank, N.A., as Documentation
Agent; and

To Chemical Bank, as Administrative Agent

Re: Union Pacific Corporation

Ladies and Gentlemen:

We have acted as special New York counsel to Chemical Bank ("Chemical Bank") as Administrative Agent (as hereinafter defined) in connection with the Revolving Credit Agreement dated as of April 11, 1995 (the "Credit Agreement") among Union Pacific Corporation (the "Borrower"), the banks named therein (the "Banks"), Chemical Bank and Citicorp Securities, Inc., as Co-Arrangers (collectively, the "Co-Arrangers"), Chemical Securities, Inc., as Syndication Agent (the "Syndication Agent") Citibank, N.A., as Documentation Agent (the "Documentation Agent"), and Chemical Bank, as administrative agent for the Banks (in such capacity, the "Administrative Agent"), providing for loans to be made by the Banks to the Borrower in an aggregate principal amount not exceeding \$1,100,000,000. Terms defined in the Credit Agreement are used herein as defined therein. This opinion letter is being delivered pursuant to Section 3.01(d) of the Credit Agreement.

In rendering the opinions expressed below, we have examined the following documents, each of which, unless otherwise indicated, is dated the date hereof:

(1) A counterpart of the Credit Agreement executed by the Borrower and the Administrative Agent (we have been informed by the Administrative Agent that each Co-Arranger, each Co-Agent and each Bank has executed at least one counterpart of the Credit Agreement).

(2) A certificate of the Assistant Secretary of the Borrower with respect to (i) certain resolutions adopted by the Board of Directors of the Borrower, (ii) the Revised Articles of Incorporation and the By-laws of the Borrower and (iii) the incumbency and signatures of certain officers of the Borrower, delivered pursuant to Sections 3.01(a) and 3.01(b) of the Credit Agreement.

(3) An opinion of Richard T. Ressler, Esq., Assistant General Counsel of the Borrower, delivered pursuant to Section 3.01(c) of the Credit Agreement.

(4) Such records of the Borrower and such other documents as we have deemed necessary as a basis for the opinions expressed below.

In our examination, we have assumed (x) the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with authentic original documents of all documents submitted to us as copies, and (y) that no action, consent or approval of, or registration or filing with, or any other action by, any governmental authority is or will be required in connection with the transactions contemplated by the Credit Agreement, except such as have been made or obtained and are in full force and effect. When relevant facts were not independently established, we have relied upon representations made in or pursuant to the Credit Agreement.

In rendering the opinions expressed below, we have assumed, with respect to all of the documents referred to in this opinion letter, that:

- (i) such documents have been duly authorized by, have been duly executed and delivered by, and (except to the extent set forth in the opinions below as to the Borrower) constitute legal, valid, binding and enforceable obligations of, all of the parties to such documents;
- (ii) all signatories to such documents have been duly authorized; and
- (iii) all of the parties to such documents are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, having

considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, and although we have not independently considered the matters covered by the opinion listed in item (3) above to the extent necessary to enable us to express the conclusions stated therein, we are of the opinion that:

(i) the certificates and opinion referred to in items (2) and (3) above, respectively, appear to be substantially responsive to the requirements of Section 3.01 of the Credit Agreement; and

(ii) the Credit Agreement constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally and except as the enforceability of the Credit Agreement is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing.

The foregoing opinions are subject to the following comments and qualifications:

(A) The enforceability of Section 8.12 of the Credit Agreement may be limited by (i) laws rendering unenforceable indemnification contrary to Federal or state securities laws and the public policy underlying such laws and (ii) laws limiting the enforceability of provisions exculpating or exempting a party, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves gross negligence, recklessness, wilful misconduct or unlawful conduct.

(B) The enforceability of provisions in the Credit Agreement to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

(C) We express no opinion as to (i) the effect of the laws of any jurisdiction in which any Bank is located (other than the State of New York) that limit the interest, fees or other charges such Bank may impose, (ii) the last sentence of Section 2.16 of the Credit Agreement, (iii) the first sentence of Section 8.09 of the Credit Agreement, insofar as such sentence relates to the subject matter jurisdiction of the United States District Court for the Southern District of New York to adjudicate any controversy related to the Credit Agreement, and (iv) the waiver of inconvenient forum

set forth in Section 8.09 of the Credit Agreement with respect to proceedings in federal courts.

The foregoing opinions are limited to matters involving the Federal laws of the United States and the law of the State of New York, and we do not express any opinion as to the laws of any other jurisdiction.

At the request of our client, this opinion letter is, pursuant to Section 3.01(d) of the Credit Agreement, provided to you by us in our capacity as special New York counsel to the Administrative Agent and may not be relied upon by any Person for any purpose other than in connection with the transactions contemplated by the Credit Agreement without, in each instance, our prior written consent.

Very truly yours,

WFC/PDR

U.S. \$1,200,000,000
 REVOLVING CREDIT AGREEMENT
 Dated as of April 11, 1995
 Among
 UNION PACIFIC CORPORATION,
 as Borrower,
 THE BANKS NAMED HEREIN,
 as Banks,
 CHEMICAL BANK
 and
 CITICORP SECURITIES, INC.,
 as Co-Arrangers,
 CHEMICAL SECURITIES, INC.,
 as Syndication Agent,
 CITIBANK, N.A.,
 as Documentation Agent,
 and
 CHEMICAL BANK,
 as Administrative Agent

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Agent

REVOLVING CREDIT AGREEMENT, dated as of April 11, 1995, among UNION PACIFIC CORPORATION, a Utah corporation (the "Borrower"); the banks listed on the signature pages hereof and any other banks which from time to time become parties hereto pursuant to Section 8.07 of this Agreement (all such banks being referred to herein collectively as the "Banks"); CHEMICAL BANK and CITICORP SECURITIES, INC., as Co-Arrangers (collectively, the "Co-Arrangers"); CHEMICAL SECURITIES, INC., as Syndication Agent (the "Syndication Agent"); CITIBANK, N.A., as Documentation Agent (the "Documentation Agent"); and CHEMICAL BANK, as agent for the purposes hereinafter provided (in such capacity, the "Administrative Agent") for the Banks hereunder.

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Adjusted CD Rate" means, for each Adjusted CD Rate Advance comprising part of the same Contract Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the sum of (a) a rate per annum equal to the product of (i) the Fixed CD Rate in effect for the Interest Period then applicable to such Advance and (ii) 1.00 plus the Domestic Reserve Percentage, plus (b) the Assessment Rate. For purposes hereof, the term "Fixed CD Rate" shall mean the arithmetic average (rounded upwards, if necessary, to the next 1/100 of 1%) of the prevailing rates per annum bid at or about 10:00 a.m. (New York City time) to each Reference Bank on the first Business Day of the Interest Period then applicable to such Contract Borrowing by three New York City negotiable certificate of deposit dealers of recognized standing for the purchase at face value of negotiable certificates of deposit of such Reference Bank in a principal amount approximately equal to such Reference Bank's portion of such Contract Borrowing and with a maturity comparable to such Interest Period.

"Adjusted CD Rate Advance" means a Contract Advance that bears interest based on the Adjusted CD Rate.

"Advance" means any Contract Advance or Auction Advance.

"Agreement" means this Agreement, as amended, modified and supplemented from time to time, including, without limitation, any such supplement in respect of Auction Advances under Section 2.03(a)(v).

"Alternate Base Rate" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by Chemical Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. "Base CD Rate" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) 1.00 plus the Domestic Reserve Percentage and (b) the Assessment Rate. "Three-Month Secondary CD Rate" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board of Governors of the Federal Reserve System through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of such Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m. (New York City time) on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Administrative Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate or both for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in

accordance with the terms hereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds

Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"Alternate Base Rate Advance" means a Contract Advance which bears interest computed at the Alternate Base Rate.

"Applicable Fee Percentage" means on any date 0.060%.

"Applicable Lending Office" means, with respect to each Bank, such Bank's Domestic Lending Office in the case of an Alternate Base Rate Advance, such Bank's CD Lending Office in the case of an Adjusted CD Rate Advance, such Bank's Eurodollar Lending Office in the case of a Eurodollar Rate Contract Advance and, in the case of an Auction Advance, the office or affiliate of such Bank notified by such Bank to the Borrower and the Administrative Agent as such Bank's Applicable Lending Office with respect to such Auction Advance.

"Applicable Rate" means:

(i) with respect to Adjusted CD Rate Advances, the Adjusted CD Rate plus 0.315%;

(ii) with respect to Alternate Base Rate Advances, the Alternate Base Rate; and

(iii) with respect to Eurodollar Rate Contract Advances, the Eurodollar Rate plus 0.190%

"Assessment Rate" means for any date the annual rate (rounded upwards, if necessary, to the next 1/100 of 1%) most recently estimated by the Administrative Agent as the then current net annual assessment rate that will be employed in determining amounts payable by the Administrative Agent to the Federal Deposit Insurance Corporation (or any successor) for insurance by such Corporation (or such successor) of time deposits made in dollars at the Administrative Agent's domestic offices.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Bank and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit B hereto.

"Auction Advance" means an advance by a Bank to the Borrower as part of an Auction Borrowing resulting from the auction bidding procedure described in Section 2.03, and refers to a Fixed Rate Auction Advance or a Eurodollar Rate Auction Advance.

"Auction Borrowing" means a Borrowing consisting of simultaneous Auction Advances of the same Type from each of the Banks whose offer to make an Auction Advance as part of such

Borrowing has been accepted by the Borrower under the auction bidding procedure described in Section 2.03.

"Auction Reduction" means, as to any Bank as at any date, an amount equal to such Bank's pro rata (in accordance with the Commitments) share of the aggregate amount of all Auction Advances outstanding on such date (giving effect to the payment of any Auction Advances to be made on such date).

"Borrowing" means a Contract Borrowing or an Auction Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings in dollar deposits are carried on in the London interbank market.

"CD Lending Office" means, with respect to any Bank, the office or affiliate of such Bank specified as its "CD Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Bank (or, if no such office or affiliate is specified, its Domestic Lending Office), or such other office or affiliate of such Bank as such Bank may from time to time specify to the Borrower and the Administrative Agent.

"Chemical Bank" means Chemical Bank, a New York banking corporation, and its successors.

"Closing Date" means the date of this Agreement.

"CNW" means Chicago and North Western Transportation Company, a Delaware corporation.

"Co-Agents" means, collectively, the Syndication Agent, the Documentation Agent and the Administrative Agent.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Commitment" has the meaning specified in Section 2.01(a).

"Contract Advance" means an advance by a Bank to the Borrower as part of a Contract Borrowing and refers to an Adjusted CD Rate Advance, an Alternate Base Rate Advance or a Eurodollar Rate Contract Advance.

"Contract Borrowing" means a Borrowing consisting of simultaneous Contract Advances of the same Type made ratably by all of the Banks pursuant to Section 2.01(a).

"Debt" means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, debentures, notes or other

similar instruments, (iii) obligations to pay the deferred purchase price of property (excluding obligations under agreements for the purchase of goods in the normal course of business, but including obligations under agreements relating to the issuance of performance letters of credit or acceptance financing), (iv) obligations as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (v) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above and (vi) liabilities in respect of unfunded vested benefits under Plans covered by Title IV of ERISA; provided, however, that (x) for the purposes of Section 5.02(a), "Debt" means only indebtedness for borrowed money (however evidenced) and (y) for the purposes of Section 6.01(e), "Debt" means only (1) the obligations described in clauses (i), (ii) and (iii) above and (2) the obligations described in clause (v) above (to the extent such obligations relate to Debt described in clause (i) or (ii) above).

"Default" means any condition or event which, after notice or lapse of time, or both, would constitute an Event of Default.

"Domestic Lending Office" means, with respect to any Bank, the office or affiliate of such Bank specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Bank, or such other office or affiliate of such Bank as such Bank may from time to time specify to the Borrower and the Administrative Agent.

"Domestic Reserve Percentage" means, for any Interest Period, the reserve percentage applicable on the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for a member bank of the

Federal Reserve System in New York City with deposits exceeding one billion dollars with respect to liabilities consisting of or including (among other liabilities) U.S. dollar nonpersonal time deposits in the United States with a maturity equal to such Interest Period.

"Eligible Assignee" means:

(a) any of the following entities approved in writing by the Borrower in its sole discretion and notified to the Administrative Agent, and then only to the extent of a proposed assignment approved in writing by the Borrower in its sole discretion and notified to the Administrative Agent: (i) a commercial bank organized under the laws of the United States, or

any state thereof, and having total assets in excess of \$3,000,000,000 and a combined capital and surplus of at least \$150,000,000; (ii) a commercial bank organized under the laws of any other country which is a member of the OECD, or a political subdivision of any such country, and having total assets in excess of \$3,000,000,000 and a combined capital and surplus of at least \$150,000,000, provided that such bank is acting through a branch or agency located in the United States, in the country in which it is organized or in another country which is also a member of the OECD; and (iii) the central bank of any country which is a member of the OECD; and

(b) an affiliate of the assigning Bank (for which purposes "affiliate" means a Person controlling, controlled by or under common control with such assigning Bank).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) which is a member of a group of which the Borrower is a member and which is under common control within the meaning of the regulations under Section 414 of the Code.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System (or any successor regulation), as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Bank, the office or affiliate of such Bank specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Bank (or, if no such office or affiliate is specified, its Domestic Lending Office), or such other office or affiliate of such Bank as such Bank may from time to time specify to the Borrower and the Administrative Agent.

"Eurodollar Rate" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the average of the rates at which deposits in U.S. dollars in immediately available funds approximately equal in principal amount to (i) in the case of a Contract Borrowing, the portion of such Eurodollar Rate Contract Advance of the Bank serving as Administrative Agent and (ii) in the case of an Auction Borrowing, a principal amount that would have been the portion of such Auction Borrowing of the Bank serving as Administrative Agent had such Auction Borrowing been a Contract Borrowing, and for a maturity comparable to (a) in the case of a Contract Borrowing, the Interest Period then applicable to such Contract Advance and (b) in the case of an Auction Borrowing, the maturity of such Auction Advance, are offered to the principal London offices of the Reference Banks (or if any Reference Bank does not at the time maintain a London office, the principal

London office of any affiliate of such Reference Bank) in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to (x) the commencement of the Interest Period then applicable to such Contract Advance or (y) the making of such Auction Advance, as the case may be.

"Eurodollar Rate Advance" means any Eurodollar Rate Contract Advance or Eurodollar Rate Auction Advance.

"Eurodollar Rate Auction Advance" means an Auction Advance which bears interest based on the Eurodollar Rate.

"Eurodollar Rate Contract Advance" means a Contract Advance which bears interest based on the Eurodollar Rate.

"Eurodollar Rate Reserve Percentage" of any Bank for any Eurodollar Rate Advance means the reserve percentage applicable to such Bank on (i) in the case of a Contract Advance, the first day of the Interest Period then applicable to such Contract Advance and (ii) in the case of an Auction Advance, the date of such Auction Advance, under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) under Regulation D promulgated by the Board of Governors of the Federal Reserve System, or any successor or supplemental regulations, then applicable to such Bank with respect to liabilities or assets consisting of or including Euro-currency Liabilities having a term equal to such Interest Period or the term of such Auction Advance, as the case may be.

"Events of Default" has the meaning specified in Section 6.01.

"Financial Officer" of any corporation shall mean the chief financial officer, principal accounting officer, Treasurer or Controller of such corporation.

"Fixed Rate" means an interest rate per annum (expressed in the form of a decimal to no more than four decimal places) specified by a Bank making an Auction Advance under the auction bidding procedure described in Section 2.03.

"Fixed Rate Auction Advance" means an Auction Advance which bears interest based on the Fixed Rate.

"Interest Period" means, for each Contract Advance comprising part of the same Contract Borrowing, the period commencing on the date of such Contract Advance or on the last day of the immediately preceding Interest Period applicable to such Contract Advance, as the case may be, and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be (a) in the case of an Alternate Base Rate Advance, until the next succeeding March 31, June 30, September 30 or December 31, (b) in

the case of an Adjusted CD Rate Advance, 30, 60, 90 or 180 days and (c) in the case of a Eurodollar Rate Contract Advance, 1 month or 2, 3 or 6 months, as the Borrower may select (in the case of clause (b) or (c)) by notice to the Administrative Agent pursuant to Section 2.02(a); provided, however, that:

(i) Interest Periods commencing on the same date for Contract Advances comprising part of the same Contract Borrowing shall be of the same duration;

(ii) subject to clause (iii) below, whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day in both New York City and London, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day in both such cities, provided, in the case of any Interest Period for a Eurodollar Rate Contract Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day in both such cities; and

(iii) no Interest Period shall end on a date later than the Maturity Date.

"Majority Banks" means at any time Banks that in the aggregate (a) represent at least 66-2/3% of the Commitments and (b) after the expiry or termination of the Commitments, represent at least 66-2/3% of the aggregate unpaid principal amount of the Advances and Special Rate Loans.

"Margin Stock" means "margin stock" within the meaning of Regulation U.

"Material Plan" means either (i) a Plan under which the present value of the vested benefits exceeds the fair market value of the assets of such Plan allocable to such benefits by more than \$20,000,000 or (ii) a Plan whose assets have a market value in excess of \$100,000,000.

"Maturity Date" means the date 364 days after the Closing Date; provided that if such date is not a Business Day, the Maturity Date shall be the immediately preceding Business Day.

"Merger Agreement" means the Agreement and Plan of Merger, dated as of March 16, 1995, by and among the Borrower, UP Rail, Inc. and CNW, as from time to time amended (without prejudice to Section 5.02(f)).

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"Notice of Contract Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Auction Borrowing" has the meaning specified in Section 2.03(a).

"\$1,100,000,000 Agreement" means the \$1,100,000,000 Revolving Credit Agreement, dated as of April 11, 1995, among the Borrower, the banks named therein (which include certain of the Banks), the co-arrangers, syndication agent and documentation agent named therein and Chemical Bank, as administrative agent for said banks, as from time to time amended.

"\$1,400,000,000 Credit Agreement" means the \$1,400,000,000 Revolving Credit Agreement, dated as of March 2, 1993, among the Borrower, the banks named therein (which include certain of the Banks), the co-agents named therein and Chemical Bank, as administrative agent for said banks, as from time to time amended.

"OECD" means the Organization for Economic Cooperation and Development.

"Participating Bank" has the meaning specified in Section 2.03(a)(v).

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means an employee benefit plan (other than a Multiemployer Plan) maintained for employees of the Borrower or any ERISA Affiliate and covered by Title IV of ERISA.

"Railroads" means Union Pacific Railroad Company, Missouri Pacific Railroad Company, and, after substantially all shares of the capital stock of CNW (or the surviving corporation pursuant to the Merger Agreement) shall have been acquired (directly or indirectly) by the Borrower pursuant to the approval or exemption (if required) of the Interstate Commerce Commission (or any successor agency having jurisdiction), Chicago and North Western Railway Company and Western Railroad Properties, Incorporated, in each case together with their respective successors.

"Reference Banks" means Chemical Bank, Citibank, N.A. and Morgan Guaranty Trust Company of New York, and such other additional or substitute financial institutions as may be agreed to by the Borrower, the Administrative Agent and the Majority Banks from time to time.

"Register" has the meaning specified in Section 8.07(c).

"Regulation U" means Regulation U issued by the Board of Governors of the Federal Reserve System, as from time to time amended.

"Reportable Event" means an event described in Section 4043(b) of ERISA with respect to which the 30-day notice requirement has not been waived by the PBGC.

"Special Rate Loan" means any loan made by a Bank to the Borrower pursuant to Section 2.01(b).

"Special Rate Loan Reduction" means, as to any Bank as at any date, an amount equal to such Bank's pro rata (in accordance with the Commitments) share of the aggregate amount of all Special Rate Loans outstanding on such date (giving effect to the payment of any Special Rate Loans to be made on such date).

"Subsidiary" of a Person means any corporation or other similar entity of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation or entity (irrespective of whether or not at the time capital stock of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

"Tender Offer" means the offer by UP Rail, Inc., a Utah corporation and wholly owned Subsidiary of the Borrower, to purchase for cash all of the shares of common stock of CNW not otherwise owned by the Borrower or any of its affiliates, dated March 23, 1995, as from time to time amended (without prejudice to Section 5.02(f)).

"Tender Offer Materials" means, collectively, (i) the Offer to Purchase for Cash All Outstanding Shares of Common Stock of Chicago and North Western Transportation Company at \$35.00 Net Per Share by UP Rail, Inc. dated March 23, 1995, (ii) the related Letter of Transmittal and (iii) the Tender Offer Statement on Schedule 14D-1 with respect to the Tender Offer filed with the Securities and Exchange Commission, as any of the same may be from time to time amended or extended.

"Termination Date" means the Maturity Date or the earlier date of termination in whole of the Commitments pursuant to Section 2.06 or 6.01.

"Termination Event" means (i) a "Reportable Event" described in Section 4043 of ERISA and the regulations issued thereunder (other than a "Reportable Event" not subject to the provision for 30-day notice to the PBGC under such regulations),

or (ii) the withdrawal of the Borrower or any of its ERISA Affiliates from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"Type", when used in respect of any Advance or Borrowing, refers to the Rate by reference to which interest on such Advance or on the Advances comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the Eurodollar Rate, the Adjusted CD Rate, the Alternate Base Rate and the Fixed Rate.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND SPECIAL RATE LOANS

SECTION 2.01. The Contract Advances; Special Rate Loans. (a) Each Bank severally agrees, on the terms and conditions hereinafter set forth, to make Contract Advances to the Borrower from time to time on any Business Day during the period from the Closing Date until the Termination Date in an aggregate amount not to exceed at any time outstanding the excess, if any, of (i) the amount set opposite such Bank's name on the signature pages to this Agreement, as such amount may be reduced pursuant to Section 2.06 or increased pursuant to Section 2.17 or reduced or increased pursuant to Section 8.07 (such Bank's obligation to make such Advances being hereinafter referred to as such Bank's "Commitment") over (ii) the aggregate amount of (x) such Bank's Special Rate Loan Reduction, if any, and (y) such Bank's Auction Reduction, if any; provided, however, that at no time shall the aggregate outstanding principal amount of Contract Advances, Auction Advances and Special Rate Loans exceed the aggregate amount of the Commitments. Each Contract Borrowing shall be in an aggregate amount not less than \$10,000,000 (subject to the terms of this Section 2.01(a)) or an

integral multiple of \$1,000,000 in excess thereof and shall consist of Contract Advances of the same Type made on the same day by the Banks ratably according to their respective Commitments.

(b) Upon the request of the Borrower, each Bank may, in its sole discretion, from time to time on any Business Day during the period from the Closing Date until the Termination Date, extend loans to the Borrower in an aggregate amount not less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof, at an interest rate and upon repayment terms to be mutually agreed upon between such Bank and the Borrower ("Special Rate Loans"). The amount of any Special Rate Loan made by a Bank may exceed such Bank's Commitment; provided that at no time shall the aggregate amount of Contract Advances, Auction Advances and Special Rate Loans outstanding exceed the aggregate amount of the Commitments. Notwithstanding any other provision of this Agreement, (i) any Special Rate Loan shall be made by a Bank directly to the Borrower; (ii) all payments in respect of any Special Rate Loan shall be made by the Borrower directly to the Bank which made such loan; (iii) Special Rate Loans need not be made on a pro rata basis among the Banks; and (iv) each Special Rate Loan shall be entitled to the benefits of the provisions contained in Articles V and VI and Sections 8.05 and 8.07 hereof unless otherwise agreed by the Borrower and the Bank which made such loan with written notice to the Administrative Agent. On each date when any Bank makes a Special Rate Loan, the Borrower and such Bank shall notify the Administrative Agent thereof (and the Administrative Agent shall promptly notify the other Banks), specifying the principal amount of such Special Rate Loan, the interest rate thereon, the repayment terms and the maturity thereof.

(c) Within the limits and on the conditions set forth in this Section 2.01, the Borrower may from time to time borrow under this Section 2.01, repay pursuant to Sections 2.07(a) and 2.07(b), as appropriate, prepay under Section 2.07(d) and reborrow under this Section 2.01 and borrow under Section 2.03.

SECTION 2.02. Making the Contract Advances. (a) Each Contract Borrowing shall be made on notice, given (i) in the case of a Borrowing consisting of Alternate Base Rate Advances, not later than 10:30 a.m. (New York City time) on the day of the proposed Borrowing; (ii) in the case of a Borrowing consisting of Adjusted CD Rate Advances, not later than 10:30 a.m. (New York City time) on the second Business Day prior to the day of the proposed Borrowing; and (iii) in the case of a Borrowing consisting of Eurodollar Rate Contract Advances, not later than 10:30 a.m. (New York City time) on the third Business Day prior to the date of the proposed Borrowing, by the Borrower to the Administrative Agent, which shall give to each Bank prompt notice thereof by cable or telecopy. Each such notice of a Contract Borrowing (a "Notice of Contract Borrowing") shall be in substantially the form of Exhibit A-1 hereto, specifying therein the requested (i) date of such Contract Borrowing, (ii) Type of

Contract Advances comprising such Contract Borrowing, (iii) aggregate amount of such Contract Borrowing and (iv) Interest Period. Each Bank shall, before 12:00 noon (New York City time) on the date of any such Contract Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02, in same-day funds, such Bank's ratable portion of such Contract Borrowing. Upon the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address.

(b) Each Notice of Contract Borrowing shall be irrevocable and binding on the Borrower. In the case of any Contract Borrowing which the related Notice of Contract Borrowing specifies is to be comprised of Eurodollar Rate Contract Advances

or Adjusted CD Rate Advances, the Borrower shall indemnify each Bank against any loss, cost or expense incurred by such Bank as a result of any failure by the Borrower to complete such Borrowing (whether or not due to a failure to fulfill on or before the date specified in such Notice of Contract Borrowing the applicable conditions set forth in Article III), such losses, costs and expenses to include, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund the Contract Advance to be made by such Bank as part of such Contract Borrowing when such Contract Advance, as a result of such failure, is not made on such date.

(c) Unless the Administrative Agent shall have received notice from a Bank prior to the date of any Contract Borrowing that such Bank will not make available to the Administrative Agent such Bank's ratable portion of such Contract Borrowing, the Administrative Agent may assume that such Bank has made such portion available to the Administrative Agent on the date of such Contract Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such ratable portion available to the Administrative Agent, such Bank and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount, together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Contract Advances comprising such Contract Borrowing and (ii) in the case of such Bank, an interest rate equal at all times to the Federal Funds Effective Rate (as defined in the definition of Alternate Base Rate in Section 1.01). If such Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Contract Advance as part of such Contract Borrowing for purposes of this Agreement.

(d) The failure of any Bank to make the Contract Advance to be made by it as part of any Contract Borrowing shall not relieve any other Bank of its obligation, if any, hereunder to make its Contract Advance on the date of such Contract Borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Contract Advance to be made by such other Bank on the date of any Contract Borrowing.

SECTION 2.03. The Auction Advances. (a) Each Bank severally agrees that the Borrower may make Auction Borrowings under this Section 2.03 from time to time on any Business Day during the period from the Closing Date until the Termination Date, in each case on the terms and conditions hereinafter set forth; provided, however, that at no time shall the aggregate

amount of Contract Advances, Auction Advances and Special Rate Loans outstanding exceed the aggregate amount of the Commitments. Each Auction Borrowing shall consist of Auction Advances of the same Type made on the same day.

(i) The Borrower may request an Auction Borrowing under this Section 2.03 by delivering to the Administrative Agent (A) in the case of a Borrowing consisting of Fixed Rate Auction Advances, by not later than 10:00 a.m. (New York City time) one day prior to the day of the proposed Auction Borrowing, and (B) in the case of a Borrowing consisting of Eurodollar Rate Auction Advances, by not later than 10:00 a.m. (New York City time) on the fourth Business Day prior to the date of the proposed Auction Borrowing, a notice of an Auction Borrowing (a "Notice of Auction Borrowing"), in substantially the form of Exhibit A-2 hereto specifying the proposed (1) date of such Auction Borrowing, (2) Type of Auction Advances comprising such Auction Borrowing, (3) aggregate amount (which shall not be less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof) of such Auction Borrowing, (4) maturity date for repayment of each Auction Advance to be made as part of such Auction Borrowing (which maturity date shall be, in the case of a Fixed Rate Auction Borrowing, not earlier than seven days after the date of such Borrowing, and, in the case of a Eurodollar Rate Auction Borrowing, not later than 1 month or 2, 3 or 6 months after the date of such Borrowing, as the Borrower shall elect) and (5) any other terms to be applicable to such Auction Borrowing. The Administrative Agent shall in turn promptly notify (by cable or telecopy) each Bank of each request for an Auction Borrowing received by it from the Borrower and of the terms contained in such Notice of Auction Borrowing.

(ii) Each Bank shall, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Auction Advances to the Borrower as part of such proposed Auction Borrowing at a rate or rates of interest specified by such Bank in its sole discretion, by notifying (by telecopy, cable or telephone (in the case of telephone, immediately confirmed by telecopy)) the Administrative Agent

(which shall give prompt notice thereof to the Borrower), (A) in the case of a Fixed Rate Auction Borrowing, before 10:00 a.m. (New York City time) on the date of such proposed Auction Borrowing specified in the Notice of Auction Borrowing delivered with respect thereto, and (B) in the case of a Eurodollar Rate Auction Borrowing, before 10:00 a.m. (New York City time) on the third Business Day prior to the date of such proposed Auction Borrowing specified in the Notice of Auction Borrowing delivered with respect thereto, of the maximum amount of each Auction Advance which such Bank would be willing to make as part of such proposed Auction

Borrowing (which amount may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Bank's Commitment), the rate or rates of interest therefor (and whether reserves are included therein) and such Bank's Applicable Lending Office with respect to each such Auction Advance and any other terms and conditions required by such Bank; provided that, if the Bank then acting as Administrative Agent shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer before 9:45 a.m. (New York City time) on the date specified herein for notice of offers by the other Banks. If any Bank shall fail to notify the Administrative Agent, before the time specified herein for notice of offers, that it elects to make such an offer, such Bank shall be deemed to have elected not to make such an offer, and such Bank shall not be obligated or entitled to, and shall not, make any Auction Advance as part of such Auction Borrowing. If any Bank shall provide telephonic notice to the Administrative Agent of its election to make an offer, but such telephonic notice has not been confirmed by telecopy to the Administrative Agent at or before the time specified herein for notice of offers, the Administrative Agent may, in its sole discretion and without liability to such Bank or the Borrower, elect whether or not to provide notice thereof to the Borrower.

(iii) The Borrower shall, in turn, (A) in the case of a Fixed Rate Auction Borrowing, before 11:00 a.m. (New York City time) on the date of such proposed Auction Borrowing specified in the Notice of Auction Borrowing delivered with respect thereto, and (B) in the case of a Eurodollar Rate Auction Borrowing, before 11:00 a.m. (New York City time) on the third Business Day prior to the date of such proposed Auction Borrowing specified in the Notice of Auction Borrowing delivered with respect thereto, either:

(x) cancel such proposed Auction Borrowing by giving the Administrative Agent notice to that effect, or

(y) accept one or more of the offers made by any Bank or Banks pursuant to paragraph (ii) above, in its sole discretion, by giving notice to the Administrative Agent of the amount of each Auction Advance (which

amount shall be equal to or greater than \$1,000,000, and equal to or less than the maximum amount offered by such Bank, notified to the Borrower by the Administrative Agent on behalf of such Bank for such Auction Advance pursuant to paragraph (ii) above) to be made by each Bank as part of such Auction Borrowing, and reject any remaining offers made by Banks pursuant to paragraph (ii) above, by giving the Administrative Agent

notice to that effect; provided, however, that the aggregate amount of such offers accepted by the Borrower shall be equal at least to \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(iv) If the Borrower notifies the Administrative Agent that such Auction Borrowing is canceled pursuant to paragraph (iii)(x) above, the Administrative Agent shall give prompt notice (by cable or telecopy) thereof to the Banks, and such Auction Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Bank or Banks pursuant to paragraph (iii)(y) above, such offer or offers and the Notice of Auction Borrowing in respect thereof shall constitute a supplement to this Agreement in respect of such Auction Borrowing and the Auction Advances made pursuant thereto, and the Administrative Agent shall in turn promptly notify (A) each Bank that has made an offer as described in paragraph (ii) above of the date and aggregate amount of such Auction Borrowing, the interest rate thereon and whether or not any offer or offers made by such Bank pursuant to paragraph (ii) above have been accepted by the Borrower and (B) each Bank that is to make an Auction Advance as part of such Auction Borrowing (a "Participating Bank" as to such Auction Borrowing) of the amount of each Auction Advance to be made by such Bank as part of such Auction Borrowing and the maturity date for the repayment of each such Auction Advance (together with a confirmation of the Administrative Agent's understanding of the interest rate and any other terms applicable to each such Auction Advance; the Administrative Agent shall assume, unless notified by such Bank to the contrary, that its understanding of such information is correct). Each such Participating Bank shall, before 12:00 noon (New York City time) on the date of such Auction Borrowing specified in the notice received from the Administrative Agent pursuant to clause (A) of the preceding sentence, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02 such Bank's portion of such Auction Borrowing, in same-day funds. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Administrative Agent of such funds, the Administrative Agent will make such funds available to the Borrower at the Administrative Agent's aforesaid address. Promptly after each Auction Borrowing, the Administrative Agent will notify each Bank of the amount of the Auction

Borrowing, such Bank's Auction Reduction resulting therefrom and the date upon which such Auction Reduction commenced and is anticipated to terminate.

(b) Within the limits and on the conditions set forth

in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay pursuant to Section 2.07(c), prepay under Section 2.07(d) and reborrow under this Section 2.03 and borrow under Section 2.01.

SECTION 2.04. Conversion and Continuation of Contract Borrowings. The Borrower shall have the right at any time upon prior irrevocable notice to the Administrative Agent (i) not later than 12:00 noon (New York City time), one Business Day prior to conversion, to convert any Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances into a Borrowing consisting of Alternate Base Rate Advances, (ii) not later than 10:00 a.m. (New York City time), two Business Days prior to conversion or continuation, to convert any Borrowing consisting of Eurodollar Rate Contract Advances or Alternate Base Rate Advances into a Borrowing consisting of Adjusted CD Rate Advances or to continue any Borrowing consisting of Adjusted CD Rate Advances for an additional Interest Period, (iii) not later than 10:00 a.m. (New York City time), three Business Days prior to conversion or continuation, to convert any Borrowing consisting of Alternate Base Rate Advances or Adjusted CD Rate Advances into a Borrowing consisting of Eurodollar Rate Contract Advances or to continue any Borrowing consisting of Eurodollar Rate Contract Advances for an additional Interest Period, (iv) not later than 10:00 a.m. (New York City time), three Business Days prior to conversion, to convert the Interest Period with respect to any Borrowing consisting of Eurodollar Rate Contract Advances to another permissible Interest Period, and (v) not later than 10:00 a.m. (New York City time), two Business Days prior to conversion, to convert the Interest Period with respect to any Borrowing consisting of Adjusted CD Rate Advances to another permissible Interest Period, subject in each case to the following:

(a) each conversion or continuation shall be made pro rata among the Banks in accordance with the respective principal amounts of the Advances comprising the converted or continued Contract Borrowing;

(b) if less than all the outstanding principal amount of any Contract Borrowing shall be converted or continued, the aggregate principal amount of such Contract Borrowing converted or continued shall be an amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(c) accrued interest on an Advance (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(d) if any Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances is converted at a time other than the end of the Interest Period

applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Banks pursuant to Section 8.04(b) as a result of such conversion;

(e) any portion of a Contract Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Borrowing consisting of Eurodollar Rate Contract Advances;

(f) any portion of a Borrowing maturing or required to be repaid in less than 30 days may not be converted into or continued as a Borrowing consisting of Adjusted CD Rate Advances;

(g) any portion of a Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances which cannot be converted into or continued as such by reason of clauses (e) and (f) above shall be automatically converted at the end of the Interest Period in effect for such Borrowing into a Borrowing consisting of Alternate Base Rate Advances; and

(h) no Interest Period may be selected for any Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances that would end later than the Maturity Date.

Each notice pursuant to this Section 2.04 shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Contract Borrowing that the Borrower requests be converted or continued, (ii) whether such Contract Borrowing is to be converted to or continued as a Borrowing consisting of Eurodollar Rate Contract Advances, Adjusted CD Rate Advances or Alternate Base Rate Advances, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Contract Borrowing is to be converted to or continued as a Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Borrowing consisting of Eurodollar Rate Contract Advances or Adjusted CD Rate Advances, the Borrower shall be deemed to have selected an Interest Period of one month's duration, in the case of a Borrowing consisting of Eurodollar Rate Contract Advances, or 30 days' duration, in the case of a Borrowing consisting of Adjusted CD Rate Advances. The Administrative Agent shall advise the other Banks of any notice given pursuant to this Section 2.04 and of each Bank's portion of any converted or continued Contract Borrowing. If the Borrower shall not have given notice in accordance with this Section 2.04 to continue any Contract Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance

with this Section 2.04 to convert such Contract Borrowing), such Contract Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as a Borrowing consisting of Alternate Base Rate Advances.

SECTION 2.05. Fees. The Borrower agrees to pay to each Bank, through the Administrative Agent, a facility fee equal to the Applicable Fee Percentage multiplied by the daily average amount of the Commitment of such Bank, whether used or unused, during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Termination Date), payable in arrears on the last day of each March, June, September and December during the term of the Commitments and on the Termination Date.

SECTION 2.06. Optional Reduction of the Commitments. The Borrower shall have the right, upon at least two Business Days' irrevocable notice to the Administrative Agent, to terminate in whole or reduce ratably in part the respective Commitments of the Banks; provided, however, that (i) each partial reduction shall be in the aggregate amount of \$10,000,000 or in an integral multiple of \$1,000,000 in excess thereof and (ii) no such termination or reduction shall be made which would reduce the Commitments to an amount less than the aggregate outstanding principal amount of the Advances and Special Rate Loans. The Administrative Agent shall promptly thereafter notify each Bank of such termination or reduction.

SECTION 2.07. Repayment of Advances and Special Rate Loans; Prepayment. (a) The Borrower shall repay to the Administrative Agent for the account of each Bank the principal amount of each Contract Advance made by each Bank on the Maturity Date.

(b) The Borrower shall repay to each Bank making a Special Rate Loan the principal amount of such Special Rate Loan on the date when due (as agreed by the Borrower and the Bank making the relevant Special Rate Loan in accordance with Section 2.01(b)).

(c) The Borrower shall repay to the Administrative Agent for the account of each Participating Bank which has made an Auction Advance on the maturity date of each Auction Advance (such maturity date being that specified by the Borrower for repayment of such Auction Advance in the Notice of Auction Borrowing delivered with respect thereto) the then unpaid principal amount of such Auction Advance.

(d) The Borrower may, on notice given to the Administrative Agent (i) in the case of Alternate Base Rate Advances, not later than 10:30 a.m. (New York City time) on the day of the proposed prepayment, and (ii) in the case of Adjusted CD Rate Advances and Eurodollar Rate Contract Advances, not later than 10:30 a.m. (New York City time) on the second Business Day

prior to the day of the proposed prepayment, stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amounts of the Contract Advances constituting part of the same Contract Borrowing in whole or ratably in part; provided, however, that any such partial prepayment shall be in an aggregate principal amount not less than \$10,000,000, and provided, further, that any such prepayment of Adjusted CD Rate Advances or Eurodollar Rate Contract Advances shall be subject to the provisions of Section 8.04(b) hereof. The Borrower may not (x) prepay any principal amount of any Auction Advance unless the Participating Bank making such Auction Advance shall have expressly agreed thereto or (y) prepay any principal amount of any Special Rate Loan unless the Bank making such Special Rate Loan shall have expressly agreed thereto. The Administrative Agent shall promptly notify each Bank of any prepayments pursuant to this Section 2.07(d) promptly after any such prepayment. The Borrower shall have no right to prepay any principal amount of any Advance except as expressly set forth in this Section 2.07(d).

SECTION 2.08. Interest. The Borrower shall pay interest on each Advance and Special Rate Loan made by each Bank from the date of such Advance or Special Rate Loan, as the case may be, until paid in full, at the following rates per annum:

(i) Contract Advances. If such Advance is a Contract Advance, the Applicable Rate from time to time for such Contract Advance from the date of such Advance until the last day of the last Interest Period therefor, payable on the last day of each Interest Period and, in the case of any Interest Period longer than 90 days (in the case of Adjusted CD Rate Advances) or three months (in the case of Eurodollar Rate Contract Advances), on such 90th day or the last day of such three-month period, as the case may be.

(ii) Auction Advances. If such Advance is an Auction Advance, a rate per annum equal at all times from the date of such Advance until the maturity thereof at the rate of interest for such Auction Advance specified by the Participating Bank making such Auction Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) of Section 2.03 above, payable on the proposed maturity date specified by the Borrower for such Auction Advance in the related Notice of Auction Borrowing delivered pursuant to subsection (a)(i) of Section 2.03 above, provided, that in the case of Advances with maturities of greater than three months, interest shall be payable at the end of each three-month period for such Advance.

(iii) Special Rate Loans. If such loan is a Special Rate Loan, a rate per annum equal at all times as agreed to between the Bank making such Special Rate Loan and the Borrower at the time of the making of the Special Rate Loan by such Bank in accordance with Section 2.01(b).

(iv) Default Amounts. In the case of any past-due amounts of the principal of, or (to the fullest extent permitted by law) interest on, any Advance or Special Rate Loan, or any other amount payable under this Agreement, from the date such amount becomes due until paid in full, payable on demand, a rate per annum equal at all times to 2% above the Alternate Base Rate in effect from time to time.

SECTION 2.09. Interest Rate Determination. Each Reference Bank agrees to furnish to the Administrative Agent timely information for the purpose of determining each Adjusted CD Rate or Eurodollar Rate, as applicable. If any one or more of the Reference Banks shall not furnish such timely information to the Administrative Agent for the purpose of determining any such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks, subject, however, to Section 2.10(a) hereof.

SECTION 2.10. Alternate Rate of Interest. (a) If fewer than two Reference Banks furnish timely information to the Administrative Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances or the Adjusted CD Rate for any Adjusted CD Rate Advances comprising any requested Borrowing, the Administrative Agent will notify the Banks and the Borrower thereof, and the right of the Borrower to select Advances of such Type for such Borrowing or any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist, and (i) any request by the Borrower for a Eurodollar Rate Auction Advance shall be of no force and effect and shall be denied by the Administrative Agent and (ii) any request by the Borrower for a Eurodollar Rate Contract Advance or an Adjusted CD Rate Advance, as the case may be, shall be deemed to be a request for an Alternate Base Rate Advance; and

(b) If Banks having more than 66-2/3% of the Commitments shall, at least one Business Day before the date of any requested Borrowing, notify the Administrative Agent that the Eurodollar Rate for any Eurodollar Rate Advances or the Adjusted CD Rate for any Adjusted CD Rate Advances comprising such Borrowing will not adequately reflect the cost to such Banks of making or funding their respective Advances for such Borrowing, the Administrative Agent will notify the Banks and the Borrower thereof, and the right of the Borrower to select Advances of such Type for such Borrowing or any subsequent Borrowing shall be suspended until the Administrative Agent shall notify the Borrower and the Banks that the circumstances causing such suspension no longer exist, and (i) any request by the Borrower for a Eurodollar Rate Auction Advance shall be of no force and effect and shall be denied by the Administrative Agent and (ii) any request by the Borrower for a Eurodollar Rate Contract Advance or an Adjusted CD Rate Advance, as the case may be, shall be deemed to be a request for an Alternate Base Rate Advance.

SECTION 2.11. Increased Costs; Increased Capital.

(a) If, due to either (i) the introduction after the date hereof of or any change after the date hereof (other than any change by way of imposition or increase of reserve requirements, in the case of Adjusted CD Rate Advances, included in the determination of the Domestic Reserve Percentage for such Advances or, in the case of Eurodollar Rate Advances, included in the determination of the Eurodollar Rate Reserve Percentage for such Advances) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request received from any central bank or other governmental authority after the date hereof (whether or not having the force of law), there shall be any increase in the cost to any Bank of agreeing to make or making, funding or maintaining Adjusted CD Rate Advances or Eurodollar Rate Advances, then the Borrower shall from time to time, upon demand by such Bank (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Bank additional amounts sufficient to compensate such Bank for such increased cost. Increased costs shall not include income, stamp or other taxes, imposts, duties, charges, fees, deductions or withholdings imposed, levied, collected, withheld or assessed by the United States of America or any political subdivision or taxing authority thereof or therein (including Puerto Rico) or of the country in which any Bank's principal office or Applicable Lending Office may be located or any political subdivision or taxing authority thereof or therein. Each Bank agrees that, upon the occurrence of any event giving rise to a demand under this subsection 2.11(a) with respect to the Eurodollar Lending Office or the CD Lending Office of such Bank, it will, if requested by the Borrower and to the extent permitted by law or the relevant governmental authority, endeavor in good faith and consistent with its internal policies to avoid or minimize the increase in costs resulting from such event by endeavoring to change its Eurodollar Lending Office or CD Lending Office, as appropriate; provided, however, that such avoidance or minimization can be made in such a manner that such Bank, in its sole determination, suffers no economic, legal or regulatory disadvantage. A certificate as to the amount of and specifying in reasonable detail the basis for such increased cost, submitted to the Borrower and the Administrative Agent by such Bank, shall constitute such demand and shall, in the absence of manifest error, be conclusive and binding for all purposes.

(b) If either (i) the introduction after the date hereof of, or any change after the date hereof in or in the interpretation of, any law or regulation or (ii) the compliance by any Bank with any guideline or request received from any central bank or other governmental authority after the date hereof (whether or not having the force of law), affects or would affect the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank and such Bank determines that the amount of such capital is increased by or based upon the existence of its Advances or Special Rate Loans or Commitment, then the Borrower shall, from time to time, upon demand by such Bank (with a copy of such demand to the

Administrative Agent), immediately pay to the Administrative Agent for the account of such Bank additional amounts sufficient to compensate such Bank to the extent that such Bank determined such increase in capital to be allocable to the existence of such Bank's Advances or Special Rate Loans or Commitment. A certificate as to the amount of such increased capital and specifying in reasonable detail the basis therefor, submitted to the Borrower and the Administrative Agent by such Bank, shall constitute such demand and shall, in the absence of manifest error, be conclusive and binding for all purposes. Each Bank shall use all reasonable efforts to mitigate the effect upon the Borrower of any such increased capital requirement and shall assess any cost related to such increased capital on a nondiscriminatory basis among the Borrower and other borrowers of such Bank to which it applies and such Bank shall not be entitled to demand or be compensated for any increased capital requirement unless it is, as a result of such law, regulation, guideline or request, such Bank's policy generally to seek to exercise such rights, where available, against other borrowers of such Bank.

(c) Notwithstanding the foregoing provisions of this Section 2.11, (i) the Borrower shall not be required to reimburse any Bank for any increased costs incurred more than three months prior to the date that such Bank notifies the Borrower in writing thereof and (ii) in the event any Bank makes an assignment of, or grants a participation in, an Advance or Special Rate Loan or its Commitment pursuant to Section 8.07, the Borrower shall not be obligated to reimburse for increased costs with respect to such Advance, Special Rate Loan or Commitment to the extent that the aggregate amount thereof exceeds the aggregate amount for which the Borrower would have been obligated (determined, in the case of an assignment, on the basis of laws and regulations in effect at the time of such assignment) if such Bank had not made such assignment or granted such participation.

SECTION 2.12. Additional Interest on Eurodollar Rate Advances. The Borrower shall pay to the Administrative Agent for the account of each Bank any costs which such Bank determines are attributable to such Bank's compliance with regulations of the Board of Governors of the Federal Reserve System requiring the maintenance of reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities. Such costs

shall be paid to the Administrative Agent for the account of such Bank in the form of additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Bank, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the applicable period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Bank for such period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Bank and notified to the Borrower and the Administrative Agent. A certificate setting forth the amount of such additional inter-

est, submitted to the Borrower and the Administrative Agent by such Bank, shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.13. Change in Legality. If any Bank shall, at least three Business Days before the date of any requested Borrowing consisting of Eurodollar Rate Advances or at least two Business Days before the date of any requested Borrowing consisting of Adjusted CD Rate Advances, notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other governmental authority asserts that it is unlawful, for such Bank or its Applicable Lending Office to perform its obligations hereunder to make, fund or maintain Eurodollar Rate Advances or Adjusted CD Rate Advances hereunder, the right of the Borrower to select Advances of such Type from such Bank for such Borrowing or any subsequent Borrowing shall be suspended until such Bank shall notify the Administrative Agent that the circumstances causing such suspension no longer exist; and during the period when such obligation of such Bank is suspended, any Borrowing consisting of Eurodollar Rate Advances or Adjusted CD Rate Advances, as the case may be, shall not exceed the Commitments of the other Banks less the aggregate amount of any Special Rate Loans and Auction Advances then outstanding, and shall be made by the other Banks pro rata according to their respective Commitments.

SECTION 2.14. Payments and Computations. (a) Except as expressly provided in Section 2.01(b)(ii), the Borrower shall make each payment hereunder from a bank account of the Borrower located in the United States not later than 11:00 a.m. (New York City time) on the day when due in U.S. dollars to the Administrative Agent at its address referred to in Section 8.02 in same-day funds, without set-off or counterclaim. The Administrative Agent will promptly thereafter cause to be distributed like funds to the Banks entitled thereto for the account of their respective Applicable Lending Offices, in each case to be applied in accordance with the terms of this Agreement.

(b) All computations of interest based on the Alternate Base Rate shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate (as defined in the definition of Alternate Base Rate in Section 1.01) and on the basis of a year of 360 days at all other times, and all computations of fees and of interest based on the Adjusted CD Rate, the Eurodollar Rate or the Fixed Rate shall be made by the Administrative Agent, and all computations of interest pursuant to Section 2.09 shall be made by the Reference Banks, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Administrative Agent (or, in the case of Section 2.09, by the Reference Banks) of an interest

rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of payment of interest or fees, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Effective Rate (as defined in the definition of Alternate Base Rate in Section 1.01).

(e) Each Bank shall maintain on its books a loan account in the name of the Borrower in which shall be recorded all Advances made by such Bank to the Borrower, the interest rate and the maturity date of each such Advance and all payments of principal and interest made by the Borrower with respect to such

Advances. The obligation of the Borrower to repay the Advances made by each Bank and to pay interest thereon shall be evidenced by the entries from time to time made in the loan account of such Bank maintained pursuant to this Section 2.14(e); provided that the failure to make an entry with respect to an Advance shall not affect the obligations of the Borrower hereunder with respect to such Advance. In case of any dispute, action or proceeding relating to any Advance, the entries in such loan account shall be prima facie evidence of the amount of such Advance and of any amounts paid or payable with respect thereto.

(f) The Administrative Agent shall maintain on its books a set of accounts in which shall be recorded all Advances made by the Banks to the Borrower, the interest rates and maturity dates of such Advances and all payments of principal and interest made thereon. In case of any discrepancy between the entries in the Administrative Agent's books and the entries in any Bank's books, such Bank's records shall be considered correct, in the absence of manifest error.

SECTION 2.15. Taxes on Payments. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any income, stamp or other taxes, imposts, duties, charges, fees, deductions or withholdings, imposed, levied, collected, withheld or assessed by the United States of America (or by any political subdivision or taxing authority thereof or therein) as a result of (i) the introduction after the date hereof of any law, regulation, treaty, directive or guideline (whether or not having the force of law), or (ii) any change after the date hereof in any law, regulation, treaty, directive or guideline (whether or not having the force of law), or (iii) any change after the date hereof in the interpretation or application of any law, regulation, treaty, directive or guideline (whether or not having the force of law) or (iv) any such taxes, imposts, duties, charges, fees, deductions or withholdings being imposed, levied, collected, withheld or assessed at a greater rate than the rate that would have been applicable had such an introduction or change not been made, but only to the extent of the increase in such rate ("Withholding Taxes"). If any Withholding Taxes are required to be withheld from any amounts payable to or for the account of any Bank hereunder, the amounts so payable to or for the account of such Bank shall be increased to the extent necessary to yield to such Bank (after payment of all Withholding Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts payable to or for the account of such Bank under this Agreement prior to such introduction or change. Whenever any Withholding Tax is payable by the Borrower, as promptly as possible thereafter, the Borrower shall send to the Administrative Agent, for the account of such Bank, a certified copy of an original official receipt showing payment thereof. If the Borrower fails to pay any Withholding Taxes when due to the appropriate taxing authority or fails to remit to the

Administrative Agent for the account of any Bank the required receipts or other required documentary evidence, the Borrower shall indemnify such Bank or the Administrative Agent for any incremental taxes, interest or penalties that may become payable by such Bank or the Administrative Agent as a result of any such failure.

(b) At least four Business Days prior to the first Borrowing or, if the first Borrowing does not occur within thirty days after the date of execution of this Agreement, by the end of such thirty day period, each Bank that is organized outside the United States agrees that it will deliver to the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form 1001 (or such other documentation or information as may, under applicable United States federal income tax statutes or regulations, be required in order to claim an exemption or reduction from United States income tax withholding by reason of an applicable treaty with the United States, such documentation or other information being hereafter referred to as "Form 1001") or 4224 (or such other documentation or information as may, under applicable United States federal income tax statutes or regulations, be required in order to claim an

exemption from United States income tax withholding for income that is effectively connected with the conduct of a trade or business within the United States, such documentation or other information being hereafter referred to as "Form 4224"), as the case may be, indicating in each case that such Bank is either entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes or, as the case may be, is subject to such limited deduction or withholding as it is capable of recovering in full from a source other than the Borrower. Each Bank which delivers to the Borrower and the Administrative Agent a Form 1001 or 4224 pursuant to the next preceding sentence further undertakes to deliver to the Borrower and the Administrative Agent two further copies of the said Form 1001 or 4224, or successor applicable form or certificate, as the case may be, as and when the previous form filed by it hereunder shall expire or shall become incomplete or inaccurate in any respect, unless in any of such cases an event has occurred prior to the date on which any such delivery would otherwise be required which renders such form inapplicable.

(c) If at any time any Bank by reason of payment by the Borrower of any Withholding Taxes obtains a credit against, or return or reduction of, any tax payable by it, or any other currently realized tax benefit, which it would not have enjoyed but for such payment ("Tax Benefit"), such Bank shall thereupon pay to the Borrower the amount which such Bank shall certify to be the amount that, after payment, will leave such Bank in the same economic position it would have been in had it received no such Tax Benefit ("Equalization Amount"); provided, however, that

if such Bank shall subsequently determine that it has lost the benefit of all or a portion of such Tax Benefit, the Borrower shall promptly remit to such Bank the amount certified by such Bank to be the amount necessary to restore such Bank to the position it would have been in if no payment had been made pursuant to this Section 2.15(c); provided, further, however, that if such Bank shall be prevented by applicable law from paying the Borrower all or any portion of the Equalization Amount owing to the Borrower such payment need not be made to the extent such Bank is so prevented and the amount not paid shall be credited to the extent lawful against future payment owing to such Bank; provided, further, however, that the aggregate of all Equalization Amounts paid by any Bank shall in no event exceed the aggregate of all amounts paid by the Borrower to such Bank in respect of Withholding Taxes plus, in the case of a Tax Benefit that occurs by reason of a refund, interest actually received from the relevant taxing authority with respect to such refund. A certificate submitted in good faith by the Bank pursuant to this Section 2.15(c) shall be deemed conclusive absent manifest error.

(d) In the event a Bank shall become aware that the Borrower is required to pay any additional amount to it pursuant to Section 2.15(a), such Bank shall promptly notify the Administrative Agent and the Borrower of such fact and shall use

reasonable efforts, consistent with legal and regulatory restrictions, to change the jurisdiction of its Applicable Lending Office if the making of such change (i) would avoid the need for or reduce the amount of any such additional amounts that may thereafter accrue, (ii) would not, in the good faith determination of such Bank, be disadvantageous for regulatory or competitive reasons to such Bank and (iii) would not require such Bank to incur any cost or forego any economic advantage for which the Borrower shall not have agreed to reimburse and indemnify such Bank.

(e) Notwithstanding the foregoing provisions of this Section 2.15, in the event any Bank makes an assignment of, or grants a participation in, an Advance or Special Rate Loan or its Commitment pursuant to Section 8.07, the Borrower shall not be obligated to pay any taxes, imposts, duties, charges, fees, deductions or withholdings to the extent that the aggregate amount thereof exceeds the aggregate amount for which the Borrower would have been obligated (determined, in the case of an assignment, on the basis of laws and regulations in effect at the time of such assignment) if such Bank had not made such assignment or granted such participation.

SECTION 2.16. Sharing of Payments, Etc. If any Bank shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff or otherwise) on account of the Contract Advances made by it (other than pursuant to

Sections 2.11, 2.12, 2.15, 2.17, 8.04 or 8.07(g) hereof) in excess of its ratable share of payments on account of the Contract Advances obtained by all the Banks, then such Bank shall forthwith purchase from the other Banks through the Administrative Agent such participations in the Contract Advances made by them as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them; provided, however, that, if all or any portion of such excess payment is thereafter recovered from such purchasing Bank, such purchase from each Bank shall be rescinded and such Bank shall repay to the purchasing Bank the purchase price to the extent of such recovery together with an amount equal to such Bank's ratable share (according to the proportion of (i) the amount of such Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 2.16 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of setoff) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.17. Removal of a Bank. The Borrower shall have the right, by giving at least 15 Business Days' prior notice in writing to the affected Bank and the Administrative Agent, at any time when no Default or Event of Default has occurred and is then continuing, to remove as a party hereto any Bank having a

credit rating of C/D (or its equivalent) or lower by Thomson BankWatch, Inc. (or any successor thereto), such removal to be effective as of the date specified in such notice from the Borrower (a "Removal Date"), which date shall be the last day of an Interest Period. On any Removal Date, the Borrower shall repay all the outstanding Contract Advances, Special Rate Loans and Auction Advances of the affected Bank, together with all accrued interest, fees and all other amounts owing hereunder to such Bank. Upon such Removal Date and receipt of the payment referred to above, the Commitment of such affected Bank shall terminate and such Bank shall cease thereafter to constitute a Bank hereunder. The Borrower shall have the right to offer to one or more Banks the right to increase their Commitments up to, in the aggregate for all such increases, the Commitment of any Bank which is removed pursuant to the foregoing provisions of this Section 2.17 (such Commitment being herein called an "Unallocated Commitment") effective on the relevant Removal Date, it being understood that no Bank shall be obligated to increase its Commitment in response to any such offer. The Borrower shall also have the right to offer all or any portion of an Unallocated Commitment to one or more commercial banks not parties hereto having a credit rating higher than C/D (or its equivalent) by Thomson BankWatch, Inc. (or any successor thereto), and, upon each such bank's acceptance of such offer and execution and

delivery of an instrument agreeing to the terms and conditions hereof, each such bank shall become a Bank hereunder with a Commitment in an amount specified in such instrument. If the Bank which is removed pursuant to this Section 2.17 is a Reference Bank, the Administrative Agent, with the consent of the Borrower (which shall not be unreasonably withheld), shall appoint a new Reference Bank from among the Banks. The obligations of the Borrower described in Sections 2.02(b), 2.11, 2.12, 2.15, 8.04 and 8.12 that arose prior to the date of removal shall survive for the benefit of any Bank removed pursuant to this Section 2.17 notwithstanding such removal.

CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Initial Borrowing. The obligation of each Bank to make an Advance on the occasion of the initial Borrowing is subject to the following conditions precedent (each of the documents referred to below to be in form and substance satisfactory to the Administrative Agent, dated a date on or within 10 days prior to the date of such Borrowing and in sufficient copies for each Bank):

(a) The Administrative Agent shall have received, on behalf of the Banks, certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement.

(b) The Administrative Agent shall have received, on behalf of the Banks, a certificate of the Secretary or an

Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the other documents to be delivered hereunder.

(c) The Administrative Agent shall have received, on behalf of the Banks, a favorable opinion of the Senior Vice President and General Counsel or Assistant General Counsel of the Borrower, substantially in the form of Exhibit C hereto and as to such other matters as any Bank through the Administrative Agent may reasonably request.

(d) The Administrative Agent shall have received, on behalf of the Banks, a favorable opinion of Milbank, Tweed, Hadley & McCloy, special New York counsel for the Administrative Agent, substantially in the form of Exhibit D hereto.

(e) The Borrower shall not have made any change in the structure or terms of the Tender Offer disclosed to the Banks prior to the Closing Date, except for changes that, in the reasonable opinion of the Majority Banks, are not materially adverse from the standpoint of the financing contemplated hereby.

(f) The Borrower shall have certified to the Administrative Agent that all material conditions to the Tender Offer have been satisfied (without any waiver thereof by the Borrower).

(g) The Merger Agreement shall be in substantially the same form as provided to the Banks prior to the Closing Date, except for amendments that, in the reasonable opinion of the Majority Banks, are not materially adverse from the standpoint of the financing contemplated hereby.

(h) The Borrower shall have paid all fees due and payable as of or before the Closing Date to the Banks.

SECTION 3.02. Conditions Precedent to Each Borrowing. The obligation of each Bank to make an Advance in connection with any Borrowing shall be subject to the further conditions precedent that on the date of such Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Contract Borrowing or Notice of Auction Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 (excluding those contained in subsections (e) and (f) thereof and, in the event of a Borrowing for general corporate purposes, excluding those contained in subsection (k) thereof) are correct on and as of the date of

such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom.

SECTION 3.03. Borrowings for General Corporate Purposes. With respect to any Borrowing the proceeds of which are to be used in whole or in part for the general corporate purposes of the Borrower, the conditions precedent set forth in paragraphs (e), (f) and (g) of Section 3.01 shall be deemed to have been satisfied upon the consummation of the Tender Offer in accordance with the terms and conditions hereof and thereof.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Utah.

(b) The execution, delivery and performance by the Borrower of this Agreement are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action and do not contravene (i) the Borrower's charter or by-laws or (ii) any law or any contractual restriction binding on or affecting the Borrower.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement except such as have been duly obtained or made and are in full force and effect.

(d) This Agreement is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

(e) The statement of consolidated financial position of the Borrower and its consolidated Subsidiaries as at December 31, 1994, and the related statements of consolidated income and consolidated changes in common stockholders' equity of the Borrower and its consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to each Bank, fairly present the financial condition of the Borrower and its consolidated Subsidiaries as at such date and the results of the operations of the Borrower and its consolidated Subsidiaries for the

period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and since December 31, 1994, there has been no material adverse change in such condition or operations.

(f) There is no pending or threatened action or proceeding affecting the Borrower or any of its consolidated Subsidiaries before any court, governmental agency or arbitrator, (i) which purports to affect the legality, validity or enforceability of this Agreement, or (ii) which may materially adversely affect the consummation of the Tender Offer, or (iii) except as set forth in the Borrower's annual report on Form 10-K for the fiscal year ended December 31, 1994 (a copy of which has been furnished to each Bank), which may materially adversely affect the

financial condition or operations of the Borrower or any of its Subsidiaries, taken as a whole.

(g) After applying the proceeds of each Advance and Special Rate Loan, not more than 25% of the value of the assets of the Borrower and its Subsidiaries (as determined in good faith by the Borrower) that are subject to Section 5.02(a)(i) or Section 5.02(d) will consist of or be represented by Margin Stock.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Advance or Special Rate Loan will be used for any purpose which violates the provisions of the regulations of the Board of Governors of the Federal Reserve System. If requested by any Bank or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Bank a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U, the statements made in which shall be such, in the opinion of each Bank, as to permit the transactions contemplated hereby in accordance with Regulation U.

(i) No Termination Event has occurred nor is reasonably expected to occur with respect to any Plan which may materially adversely affect the financial condition or operations of the Borrower and its Subsidiaries, taken as a whole. Neither the Borrower nor any of its ERISA Affiliates has incurred nor reasonably expects to incur any withdrawal liability under ERISA to any Multiemployer Plan which may materially adversely affect the financial condition or operations of the Borrower and its Subsidiaries, taken as a whole. Schedule B (Actuarial Information) to the 1993 annual report (Form 5500 Series) with respect to each Plan, copies of which have been filed with the Internal Revenue Service and furnished to each Bank, is complete and accurate in all material respects and in all material respects fairly presents the funding status of each Plan. No Reportable Event has occurred and is continuing with respect to any Plan which may materially adversely affect the financial

condition or operations of the Borrower and its Subsidiaries, taken as a whole.

(j) The Borrower and its Subsidiaries are in compliance with all applicable laws and regulations relating to the environment or to the discharge, transport or storage of hazardous materials except to the extent that non-compliance therewith would not have a material adverse effect on the financial condition or operations of the Borrower and its Subsidiaries taken as a whole.

(k) (i) True copies of the Tender Offer Materials as in effect on the date hereof have been delivered to the Banks; (ii) the Tender Offer is in compliance in all material respects with applicable law; (iii) all written information concerning the Borrower and its Subsidiaries (excluding financial projections) that has been or will hereafter be made available to the Administrative Agent, any other Co-Agent, either Co-Arranger or any Bank by the Borrower or any of its representatives under this Agreement or in connection with the transactions contemplated hereby is and will be correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made; and (iv) all financial projections concerning the Borrower and its Subsidiaries that have been or will be prepared by the Borrower in writing and made available to the Administrative Agent, any other Co-Agent, either Co-Arranger or any Bank by the Borrower or any of its representatives under this Agreement or in connection with the transactions contemplated hereby have been or will be prepared in good faith based upon reasonable assumptions (it being understood that such projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrower, and that no assurance can be given that the projections will be realized).

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance or Special Rate Loan shall remain unpaid or any Bank shall have any Commitment hereunder, the Borrower will, and, in the case of Section 5.01(a), will cause its Subsidiaries to, unless the Majority Banks shall otherwise consent in writing:

(a) Keep Books; Corporate Existence; Maintenance of Properties; Compliance with Laws; Insurance.

(i) keep proper books of record and account, all in accordance with generally accepted accounting principles;

(ii) preserve and keep in full force and effect its existence, and preserve and keep in full force and effect its licenses, rights and franchises to the extent it deems necessary to carry on its business;

(iii) maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and from time to time make or cause to be made all needful and proper repairs, renewals, replacements and improvements, in each case to the extent it deems necessary to carry on its business;

(iv) use its reasonable efforts to comply in all material respects with all material applicable statutes, regulations and orders of, and all material applicable restrictions imposed by, any governmental agency in respect of the conduct of its business and the ownership of its properties, to the extent it deems necessary to carry on its business, except such as are being contested in good faith by appropriate proceedings; and

(v) insure and keep insured its properties in such amounts (and with such self-insurance and deductibles) as it deems necessary to carry on its business and to the extent available on premiums and other terms which the Borrower or any Subsidiary, as the case may be, deems appropriate. Any of such insurance may be carried by, through or with any captive or affiliated insurance company or by way of self-insurance as the Borrower or any Subsidiary, as the case may be, deems appropriate.

Nothing in this subsection shall prohibit the Borrower or any of its Subsidiaries from discontinuing any business, forfeiting any license, right or franchise or discontinuing the operation or maintenance of any of its properties to the extent it deems appropriate in the conduct of its business.

(b) Net Worth. Maintain an excess of consolidated total assets over consolidated total liabilities of the Borrower and its consolidated Subsidiaries of not less than \$2,250,000,000.

(c) Reporting Requirements. Furnish to each Bank:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a statement of the consolidated financial condition of the Borrower and its consolidated Subsidiaries as at the end of such

quarter and the related statements of income and retained earnings of the Borrower and its consolidated Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by a principal financial or accounting officer of the Borrower; provided, however, that the Borrower may deliver, in lieu of the fore-

going, the quarterly report of the Borrower for such fiscal quarter on Form 10-Q filed with the Securities and Exchange Commission or any governmental authority succeeding to the functions of such Commission, but only so long as the financial statements contained in such quarterly report on Form 10-Q relate to the same companies and are substantially the same in content as the financial statements referred to in the preceding provisions of this clause (i);

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the annual report for such year for the Borrower and its Subsidiaries, containing the consolidated financial statements of the Borrower and its consolidated Subsidiaries for such year and accompanied by a report thereon of Deloitte & Touche or other independent public accountants of nationally recognized standing;

(iii) promptly after the sending or filing thereof, copies of all reports which the Borrower sends to its stockholders generally, and copies of all reports and registration statements (without exhibits) which the Borrower files with the Securities and Exchange Commission or any national securities exchange (other than registration statements relating to employee benefit plans);

(iv) promptly after the filing or receiving thereof, copies of any notices of any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder which the Borrower or any Subsidiary files with the PBGC, or which the Borrower or any Subsidiary receives from the PBGC to the effect that proceedings or other action by the PBGC is to be instituted; and

(v) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Bank through the Administrative Agent may from time to time reasonably request.

(d) Notices. Promptly give notice to the Administrative Agent and each Bank:

(i) of the occurrence of any Default or Event of Default; and

(ii) of the commencement of any litigation, investigation or proceeding affecting the Borrower or any of its Subsidiaries before any court, governmental authority or arbitrator which, in the reasonable judgment of the Borrower, could have a material adverse effect on the business, operations, property or financial or other condition of the Borrower and its Subsidiaries, taken as a whole.

Each notice pursuant to this subsection shall be accompanied by a statement of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto.

(e) Certificates. Furnish to each Bank:

(i) concurrently with the delivery of the financial statements referred to in Section 5.01(c)(ii), a letter signed by the independent public accountants certifying such financial statements to the effect that, in the course of the examination upon which their report for such fiscal year was based (but without any special or additional audit procedures for that purpose other than review of the terms and provisions of this Agreement), they did not become aware of any Default or Event of Default involving financial or accounting matters, or, if such accountants became aware of any such Default or Event of Default, specifying the nature thereof; and

(ii) concurrently with the delivery of the financial statements or Form 10-Q referred to in Section 5.01(c)(i), a certificate of a principal financial or accounting officer of the Borrower stating that, to the best of such officer's knowledge, the Borrower during such period has observed or performed all of its covenants and other agreements, and satisfied every condition, contained in this Agreement to be observed, performed or satisfied by it, and that such officer has obtained no knowledge of any Default or Event of Default, except as specified in such certificate.

(f) Use of Proceeds. Use the proceeds of the Advances and Special Rate Loans solely to finance the Tender Offer and for the general corporate purposes of the Borrower; provided that neither any Bank nor the Administrative Agent nor any other Co-Agent or either Co-Arranger shall have any responsibility for the use of any of the proceeds of the Advances or Special Rate Loans.

SECTION 5.02. Negative Covenants. So long as any Advance or Special Rate Loan shall remain unpaid or any Bank shall have any Commitment hereunder, the Borrower will not, without the written consent of the Majority Banks:

(a) Liens, Etc. (i) Create, assume, incur or

suffer to exist, or permit any Subsidiary to create, assume, incur or suffer to exist, any Mortgage (as hereinafter defined) upon any stock or indebtedness, whether now owned or hereafter acquired, of any Domestic Subsidiary (as hereinafter defined), to secure any Debt of the Borrower or any other Person (other than the Advances and Special Rate Loans made hereunder), without in any such case making effective provision whereby all of the Advances and Special Rate Loans made hereunder shall be directly secured equally and ratably with such Debt, excluding, however, from the operation of the foregoing provisions of this paragraph (i) any Mortgage upon stock or indebtedness of any corporation existing at the time such corporation becomes a Domestic Subsidiary, or existing upon stock or indebtedness of a Domestic Subsidiary at the time of acquisition of such stock or indebtedness, and any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any such Mortgage; provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement; and provided, further, that such Mortgage shall be limited to all or such part of the stock or indebtedness which secured the Mortgage so extended, renewed or replaced;

(ii) Create, assume, incur or suffer to exist, or permit any Restricted Subsidiary (as hereinafter defined) to create, assume, incur or suffer to exist, any Mortgage upon any Principal Property (as hereinafter defined), whether owned or leased on the date hereof or hereafter acquired, to secure any Debt of the Borrower or any other Person (other than the Advances and Special Rate Loans made hereunder), without in any such case making effective provision whereby all of the Advances and Special Rate Loans made hereunder shall be directly secured equally and ratably with such Debt, excluding, however, from the operation of the foregoing provisions of this paragraph (ii):

(A) any Mortgage upon property owned or leased by any corporation existing at the time such corporation becomes a Restricted Subsidiary;

(B) any Mortgage upon property existing at the time of acquisition thereof or to secure the payment of all or any part of the purchase price thereof or to secure any Debt incurred prior to, at the time of or within 180 days after the acquisition of such property for the purpose of financing all or any part of the purchase price thereof;

(C) any Mortgage upon property to secure all or any part of the cost of exploration, drilling, development, construction, alteration, repair or improvement of all or any part of such property, or Debt incurred prior to, at the time of or within 180 days after the completion of such exploration, drilling, development, construction, alteration, repair or improvement for the purpose of financing all or any part of such cost;

(D) any Mortgage securing Debt of a Restricted Subsidiary owing to the Borrower or to another Restricted Subsidiary;

(E) any Mortgage existing on the date hereof and set forth on Schedule II hereto; and

(F) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Mortgage referred to in the foregoing clauses (A) to (E), inclusive; provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement; and provided, further, that such Mortgage shall be limited to all or such part of the property which secured the Mortgage so extended, renewed or replaced (plus improvements on such property).

Notwithstanding the foregoing provisions of this paragraph (ii), the Borrower may, and may permit any Restricted Subsidiary to, create, assume, incur or suffer to exist any Mortgage upon any Principal Property which is not excepted by clauses (A) through (F), above, without equally and ratably securing the Advances and Special Rate Loans, provided that the aggregate amount of Debt then outstanding secured by such Mortgage and all similar Mortgages does not exceed 10% of the total consolidated stockholders' equity of the Borrower as shown on the most recent audited consolidated balance sheet required to be delivered to the Banks pursuant to Section 5.01(c). For the purpose of this paragraph (ii), the following types of transactions shall not be deemed to create a Mortgage to secure any Debt:

(A) the sale or other transfer of (y) any oil or gas or minerals in place for a period of time until, or in an amount such that, the purchaser will realize therefrom a specified amount of money (however determined) or a

specified amount of such oil or gas or minerals, or (z) any other interest in property of the

character commonly referred to as a "production payment"; and

(B) any Mortgage in favor of the United States of America or any state thereof, or any other country, or any political subdivision of any of the foregoing, to secure partial, progress, advance or other payments pursuant to the provisions of any contract or statute, or any Mortgage upon property of the Borrower or a Restricted Subsidiary intended to be used primarily for the purpose of or in connection with air or water pollution control, provided that no such Mortgage shall extend to any other property of the Borrower or a Restricted Subsidiary.

As used in this Section 5.02(a), the following terms shall have the following meanings notwithstanding any conflicting definition set forth in Section 1.01:

"Domestic Subsidiary" means a Subsidiary which is incorporated or conducting its principal operations within the United States of America or any state thereof or off the coast of the United States of America but within an area over which the United States of America or any state thereof has jurisdiction.

"Mortgage" means any mortgage, pledge, lien, encumbrance, charge or security interest of any kind.

"Principal Property" means (i) any property owned or leased by the Borrower or any Subsidiary, or any interest of the Borrower or any Subsidiary in property, located within the United States of America or any state thereof (including property located off the coast of the United States of America held pursuant to lease from any Federal, State or other governmental body), which is considered by the Borrower to be capable of producing oil or gas or minerals in commercial quantities, and (ii) any refinery, smelter or processing or manufacturing plant owned or leased by the Borrower or any Subsidiary and located within the United States of America or any state thereof, except (a) facilities related thereto employed in transportation, distribution or marketing or (b) any refinery, smelter or processing or manufacturing plant, or portion thereof, which in the opinion of the Board of Directors of the Borrower is not a principal plant in relation to the activities of the Borrower and its Restricted Subsidiaries taken as a whole.

"Restricted Subsidiary" means any Subsidiary which owns or leases (as lessor or lessee) a Principal Property but does not include (i) Union Pacific Railroad Company or any other

Subsidiary which is principally a common carrier by rail or truck engaged in interstate or intrastate commerce and is subject to regulation of such activities by any Federal, state or other governmental body, or (ii) any Subsidiary the principal business of which is leasing machinery, equipment, vehicles or other

properties none of which is a Principal Property, or financing accounts receivable, or engaging in ownership and development of any real property which is not a Principal Property.

(b) Debt to Net Worth Restriction. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Debt if, immediately after giving effect to such Debt and to the receipt and application of any proceeds thereof, the aggregate amount of Debt of the Borrower and its consolidated Subsidiaries, on a consolidated basis, would exceed 200% of the total consolidated stockholders' equity of the Borrower as shown on the most recent consolidated balance sheet required to be delivered to the Banks pursuant to Section 5.01(c).

(c) Restriction on Fundamental Changes. Enter into any transaction of merger or consolidation, or convey, transfer or lease its properties and assets substantially as an entirety to any Person, unless:

(i) the corporation formed by such consolidation or into which the Borrower is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Borrower substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia (the "Successor Corporation") and shall expressly assume, by amendment to this Agreement executed by the Borrower and such Successor Corporation and delivered to the Administrative Agent, the due and punctual payment of the principal of and interest on the Advances and Special Rate Loans made hereunder and all other amounts payable under this Agreement and the performance or observance of every covenant hereof on the part of the Borrower to be performed or observed;

(ii) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(iii) if, as a result of any such consolidation or merger or such conveyance, transfer or lease, properties or assets of the Borrower would become subject to a Mortgage which would not be permitted by Section 5.02(a), the Borrower or the Successor Corporation, as the case may be, shall take such steps as shall be

necessary effectively to secure the Advances and Special Rate Loans made hereunder equally and ratably with (or prior to) all indebtedness secured thereby; and

(iv) the Borrower shall have delivered to the Administrative Agent a certificate signed by an executive officer of the Borrower and a written opinion

of counsel satisfactory to the Administrative Agent (who may be counsel to the Borrower), each stating that such transaction and such amendment to this Agreement comply with this Section 5.02(c) and that all conditions precedent herein provided for relating to such transaction have been satisfied.

(d) Prohibition of Sale of Certain Stock. Convey, sell, assign or otherwise transfer (or permit any Subsidiary to do so) any of the shares of capital stock of the Railroads now owned (directly or indirectly) or at any time hereafter acquired (directly or indirectly) by the Borrower, provided that nothing in this Section 5.02(d) will prohibit transfers of shares of capital stock of a Railroad to another Railroad or to another Subsidiary of the Borrower or will prohibit the merger or other consolidation of one Railroad with or into another Railroad or another Subsidiary of the Borrower.

(e) Compliance with ERISA. To the extent that any event or action set forth in clauses (i) through (iv) below would subject the Borrower and its Subsidiaries taken as a whole to any material liability to the PBGC or otherwise, (i) terminate, or permit any Subsidiary to terminate, any Plan; (ii) engage in, or permit any Subsidiary to engage in, any "prohibited transaction" (as defined in Section 4975 of the Code) involving any Plan; (iii) incur or suffer to exist, or permit any Subsidiary to incur or suffer to exist, any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, involving any Plan; or (iv) allow or suffer to exist, or permit any Subsidiary to allow or suffer to exist, any event or condition which presents a risk of incurring a liability to the PBGC by reason of termination of any Plan.

(f) Amendments to Tender Offer, Etc. Make any amendment to the Tender Offer or the Merger Agreement which is materially adverse from the standpoint of the financing contemplated hereby, without the prior written consent of the Majority Banks (which consent shall not be unreasonably withheld or delayed), it being understood that this Section 5.02(f) shall be of no further force and effect after the consummation of the Tender Offer and the other transactions contemplated by the Merger Agreement in

accordance with the terms and conditions hereof and thereof.

(g) Margin Stock. Permit more than 25%, after applying the proceeds of each Advance or Special Rate Loan, of the value of the assets of the Borrower and its Subsidiaries (as determined in good faith by the Borrower) that are subject to Section 5.02(a)(i) or Section 5.02(d) to consist of or be represented by Margin Stock.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of any Advance or Special Rate Loan when the same becomes due and payable; provided, that if any such failure shall result from the malfunctioning or shutdown of any wire transfer or other payment system employed by the Borrower to make such payment or from an inadvertent error of a technical or clerical nature by the Borrower or any bank or other entity employed by the Borrower to make such payment, no Event of Default shall result under this paragraph (a) during the period (not in excess of two Business Days) required by the Borrower to make alternate payment arrangements; or

(b) the Borrower shall fail to pay any interest on any Advance or Special Rate Loan or any fee payable hereunder or under any agreement executed in connection herewith when the same becomes due and payable and such failure shall remain unremedied for ten days; or

(c) any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement (including, without limitation, any representation or warranty deemed made by the Borrower at the time of any Advance or Special Rate Loan pursuant to Article III) shall prove to have been incorrect in any material respect when made or deemed made; or

(d) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Bank; or

(e) an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Debt of the Borrower (other than any such Debt owed to any Bank or an affiliate of any Bank if such event of default shall relate solely to a restriction on Margin Stock), whether such Debt now exists or shall hereafter be created, shall happen and shall result in Debt of the Borrower in excess of \$20,000,000 principal amount becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and such declaration shall not be rescinded or annulled; or the Borrower shall fail to pay at maturity (or within five calendar days after maturity) Debt

of the Borrower in excess of \$20,000,000 principal amount;
or

(f) (i) the Borrower or any of the Railroads shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Borrower or any of the Railroads shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any of the Railroads any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any of the Railroads any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any of the Railroads shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Borrower or any of the Railroads shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(g) a Material Plan shall fail to maintain the minimum funding standards required by Section 412 of the Code for

any plan year or a waiver of such standard is sought or granted under Section 412(d), or a Material Plan is, shall have been or will be terminated or the subject of termination proceedings under ERISA, or the Borrower or any of its Subsidiaries or any ERISA Affiliate has incurred or will incur a liability to or on account of a Material Plan under Sections 4062, 4063 or 4064 of ERISA, and there shall result from any such event either a liability or a material risk of incurring a liability to the PBGC or a Material Plan (or a related trust) which will have a material adverse effect upon the business, operations or the condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole; or

(h) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with withdrawal liabilities (determined as of the date of such notification), will have a material adverse effect upon the business, operations or the condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of Banks having at least 66-2/3% of the Commitments, by notice to the Borrower, declare the obligation of each Bank to make Contract Advances (and to make any Auction Advances and Special Rate Loans that such Bank has theretofore committed to make) to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of Banks owed at least 66-2/3% of the then aggregate unpaid principal amount of the Advances and Special Rate Loans owing to Banks, by notice to the Borrower, declare the Advances and Special Rate Loans, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances and Special Rate Loans, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower or any of its Subsidiaries under the Federal Bankruptcy Code, (A) the obligation of each Bank to make Contract Advances (and to make any Auction Advances and Special Rate Loans that such Bank has theretofore committed to make) shall automatically be terminated and (B) the Advances and Special Rate Loans, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE ADMINISTRATIVE AGENT, ETC.

SECTION 7.01. Authorization and Action. Each Bank hereby appoints and authorizes the Administrative Agent to take such action as administrative agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the amounts due hereunder), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so

acting or refraining from acting) upon the instructions of the Majority Banks, and such instructions shall be binding upon all Banks and all holders of Advances and Special Rate Loans; provided, however, that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Bank prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement. Chemical Bank and Citicorp Securities, Inc., in their capacities as Co-Arrangers, Chemical Securities, Inc., in its capacity as Syndication Agent, and Citibank, N.A., in its capacity as Documentation Agent, shall have no duties, responsibilities or liabilities whatsoever under this Agreement.

SECTION 7.02. Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or wilful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (i) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Bank and shall not be responsible to any Bank for any statements, warranties or representations made in or in connection with this Agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (iv) shall not be responsible to any Bank for the due execution, legality, validity, enforce-

ability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (v) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopy, telegram or cable) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Chemical Bank and Affiliates. With respect to its Commitment and the Advances and Special Rate Loans made by it, Chemical Bank shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Administrative Agent; and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include Chemical Bank in its individual capacity. Chemical Bank and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower, any of its subsidiaries and any Person who may do business with or own securities of the Borrower or any such subsidiary or affiliate, all as if Chemical Bank were

not the Administrative Agent and without any duty to account therefor to the Banks.

SECTION 7.04. Bank Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent, any other Co-Agent, either Co-Arranger or any other Bank and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, any other Co-Agent, either Co-Arranger or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Banks agree to indemnify the Administrative Agent, the other Co-Agents and the Co-Arrangers (to the extent not promptly reimbursed by the Borrower), ratably as computed as set forth below from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against any of them in any way relating to or arising out of the Tender Offer or this Agreement or any action taken or omitted by the Administrative Agent under this Agreement, provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of the Administrative Agent. Without limitation of

the foregoing, each Bank agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any costs and expenses payable by the Borrower under Section 8.04, to the extent that the Administrative Agent is not promptly reimbursed for such costs and expenses by the Borrower. For purposes of this Section 7.05, ratable allocations among the Banks shall be made (i) in respect of any demand by the Administrative Agent prior to a declaration made pursuant to clause (ii) of Section 6.01, according to the respective amounts of their Commitments and (ii) thereafter according to the respective principal amounts of the Advances and Special Rate Loans then outstanding to them (or, if there are no Advances or Special Rate Loans at the time outstanding, according to the respective amounts of their Commitments as most recently in effect). Each Bank agrees that any reasonable allocation by the Administrative Agent of expenses or other amounts referred to in this paragraph between this Agreement, the \$1,100,000,000 Credit Agreement and the \$1,400,000,000 Credit Agreement shall be conclusive and binding for all purposes.

SECTION 7.06. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Banks and the Borrower and may be removed

at any time with or without cause by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right to appoint a successor Administrative Agent with the consent of the Borrower (which consent shall not be required if at the time of such appointment any Default or Event of Default has occurred and is continuing). If no successor Administrative Agent shall have been so appointed by the Majority Banks, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Banks' removal of the retiring Administrative Agent, as applicable, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any state thereof and having a combined capital and surplus of at least \$50,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Banks, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that:

(a) no amendment, waiver or consent shall, unless in writing and signed by all the Banks, do any of the following: (1) waive any of the conditions specified in Section 3.01, (2) waive any of the conditions specified in Section 3.02 (if and to the extent that the Borrowing which is the subject of such waiver would involve an increase in the aggregate outstanding amount of Advances over the aggregate amount of Advances outstanding immediately prior to such Borrowing), (3) increase the Commitments of the Banks or subject the Banks to any additional obligations, (4) reduce the principal of, or interest on, the Contract Advances or any fees or other amounts payable hereunder, (5) postpone any date fixed for any payment of principal of, or interest on, the Contract Advances or any fees or other amounts payable hereunder, (6) make any change which would

alter the percentage of the Commitments or of the aggregate unpaid principal amount of the Contract Advances, or the number of Banks, which shall otherwise be required for the Banks or any of them to take any action hereunder or (7) amend this Section 8.01;

(b) no amendment, waiver or consent shall, unless in writing and signed by the Bank holding an Auction Advance at such time (1) reduce the principal of, or interest on, such Auction Advance or any fees or other amounts payable hereunder or thereunder with respect thereto, (2) postpone any date fixed for any payment of principal of, or interest on, such Auction Advance or any fees or other amounts payable hereunder or thereunder with respect thereto, or (3) subject such Bank to any additional obligations with respect to such Bank's Auction Advance;

(c) no amendment, waiver or consent shall, unless in writing and signed by the Bank holding a Special Rate Loan at such time (1) reduce the principal of, or interest on, such Special Rate Loan or any fees or other amounts payable with respect thereto, (2) postpone any date fixed for any payment of principal of, or interest on, such Special Rate Loan or any fees or other amounts payable with respect thereto, or (3) subject such Bank to any additional obligations with respect to such Bank's Special Rate Loan;

(d) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Banks required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement; and

(e) no amendment, waiver or consent shall, unless in writing and signed by the Co-Arrangers and the Co-Agents, alter the last sentence of Section 7.01.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopy, telegraphic or cable communication) and telecopied, mailed, telegraphed, cabled or delivered, if to the Borrower, at its address at Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018, Attention: Vice President and Treasurer, telephone number (610) 861-3200, telecopier number (610) 861-3111; if to any Bank listed on Schedule I hereto, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Bank, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Bank; and if to the Administrative Agent, at its address at Chemical Bank Agency Services Corporation, Grand Central Tower, 140 East 45th Street, 29th Floor, New York, New York 10017, Attention: Sandra J. Miklave, with a copy to Chemical Bank, 270 Park Avenue, 8th Floor, New York, New York 10017, Attention: Julie S. Long; or, as to the Borrower, any Bank or the Administrative Agent, at such

other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall, when telecopied, mailed, telegraphed or cabled, be effective when sent by telecopy, deposited in the mails, delivered to the telegraph company or delivered to the cable company, respectively, except that notices and communications to the Administrative Agent pursuant to Article II or VII shall not be effective until received by the Administrative Agent. The Administrative Agent shall be entitled to rely on any oral notice made pursuant to Section 2.03(v) believed by it to be genuine and made by the proper party or parties, and the Borrower and the Banks, as the case may be, agree to be conclusively bound by the Administrative Agent's records in respect of any such notice.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Bank or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs, Expenses and Taxes. (a) The Borrower agrees to pay on demand all costs and expenses in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement, and all costs and expenses, if any (including, without limitation, reasonable counsel fees and expenses), incurred by the Administrative Agent or any Bank in connection with the "work-out" or other enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and the other documents to be delivered hereunder. In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from the execution and delivery of this Agreement and agrees to save the Administrative Agent and each Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes.

(b) If (i) any payment of principal of any Adjusted CD Rate Advance or Eurodollar Rate Contract Advance or Auction Advance or Special Rate Loan is made (1) by the Borrower to or for the account of a Bank other than on the last day of the Interest Period for such Contract Advance, or on the maturity date of such Auction Advance or Special Rate Loan, as the case may be, or as a result of a payment pursuant to Section 2.07(d), or as a result of acceleration of the maturity of the Advances

and Special Rate Loans pursuant to Section 6.01 or for any other reason, or (2) by an Eligible Assignee to a Bank other than on the last day of the Interest Period (or the final maturity date in the case of an Auction Advance or Special Rate Loan) for such Advance or Special Rate Loan upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by the Borrower pursuant to Section 8.07(a), or an assignment of rights and obligations under this Agreement pursuant to Section 2.17 as a result of a demand by the Borrower, or (ii) the Borrower fails to convert or continue any Contract Advance hereunder after irrevocable notice of such conversion or continuation has been given pursuant to Section 2.04, then the Borrower shall, upon demand by the affected Bank (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Bank any amounts required to compensate such Bank for any additional losses, costs or expenses which it may reasonably incur as a result of such payment or failure, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund or maintain such Advance. A certificate of such Bank setting forth the amount demanded hereunder and the basis therefor shall, in the absence of manifest error, be conclusive and binding for all purposes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances and Special Rate Loans due and payable pursuant to the provisions of Section 6.01, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Advances and Special Rate Loans made by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement and although such obligations may be unmatured. Each Bank agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Bank under this Section 8.05 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which such Bank may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower, the Administrative Agent, the other Co-Agents and the Co-Arrangers and when the Administrative Agent shall have been notified by each Bank that such Bank has executed it and thereafter shall be binding upon and inure to the benefit of the

Borrower, the Administrative Agent, the other Co-Agents, the Co-Arrangers and each Bank and their respective successors and assigns.

SECTION 8.07. Assignments and Participations.

(a) Each Bank may and, if demanded by the Borrower pursuant to subsection (g) hereof, shall assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances and Special Rate Loans owing to it); provided, however, that (i) each such assignment shall (except in the case of outstanding Auction Advances and Special Rate Loans) be of a constant, and not a varying, percentage of all of the rights and obligations of the Banks under this Agreement, (ii) the amount of the Commitment of the assigning Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to

such assignment) shall in no event be less than the lesser of (x) the amount set forth opposite the name of such Bank on the signature pages to this Agreement or in the Assignment and Acceptance pursuant to which the assigning Bank became a Bank, and (y) \$25,000,000, and shall be an integral multiple of \$1,000,000, (iii) each such assignment shall be to an Eligible Assignee and (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing fee of \$2,500. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least three Business Days after the execution thereof, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Bank hereunder and (y) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto), provided that the obligations of the Borrower to the Bank assignor described in Sections 2.02(b), 2.11, 2.12, 2.15, 8.04 and 8.12 that arose prior to such assignment, and the obligations of the Bank assignor described in Sections 7.05 and 8.10 that arose prior to such assignment, shall survive the making of such assignment, notwithstanding that such Bank assignor may cease to be a "Bank" hereunder. Notwithstanding the foregoing, any Bank assigning its rights and obligations under this Agreement may retain any Auction Advances and any Special Rate Loans made by it outstanding at such time, and in such case shall retain its rights hereunder in respect of any Advances and Special Rate Loans so retained until such Advances and Special Rate Loans have been repaid in full in accordance with this Agreement.

(b) By executing and delivering an Assignment and Acceptance, the Bank assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this

Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, any other Co-Agent, either Co-Arranger, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee, except for any required consent of the Borrower; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(c) The Administrative Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Banks and the Commitment of, and principal amount of the Advances owing to, each Bank from time to time (the "Register"). Subject to Section 2.14(f), the entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the Banks may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Bank and an assignee representing that it is an Eligible Assignee, the Administrative Agent shall, if

such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register, (iii) give prompt notice thereof to the Borrower and (iv) send a copy thereof to the Borrower.

(e) Each Bank may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances or Special Rate Loans owing to it); provided, however, that (i) such

Bank's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement; and provided further, however, that such Bank shall not agree with any such bank or other financial institution to permit such bank or other financial institution to enforce the obligations of the Borrower relating to the Advances or any Special Rate Loan or to approve of any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers with respect to any decrease in any fees payable hereunder or the amount of principal or rate of interest which is payable in respect of such Advances or Special Rate Loan or any extension of the dates fixed for the payment thereof).

(f) Any Bank may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Bank by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any information relating to the Borrower, this Agreement or the Tender Offer received by it from such Bank in accordance with Section 8.10.

(g) If any Bank shall make demand for payment under or shall notify the Borrower that it is affected by an event described in Section 2.11 or 2.15 hereunder or shall notify the Administrative Agent pursuant to Section 2.13 hereunder, then within 15 days after such demand or such notice, the Borrower may (i) demand that such Bank assign in accordance with this Section 8.07 to one or more Eligible Assignees designated by the Borrower all (but not less than all) of such Bank's Commitment and the Advances and Special Rate Loans owing to it within the next succeeding 30 days, provided that, if any such Eligible Assignee designated by the Borrower shall fail to consummate such assignment on terms acceptable to such Bank, or if the Borrower shall fail to designate any such Eligible Assignees for all or part of such Bank's Commitment, Advances and Special Rate Loans, then such Bank may assign such Commitment, Advances and Special

Rate Loans to any other Eligible Assignee in accordance with this Section 8.07 during such 30-day period or (ii) terminate all (but not less than all) of such Bank's Commitment and repay all (but not less than all) of such Bank's Advances and Special Rate Loans not so assigned on or before such 30th day in accordance with Sections 2.06 and 2.07(d) hereof (but without the requirements stated therein for ratable treatment of the Banks). Nothing in this Section 8.07(g) shall relieve the Borrower of its

obligations for payment under Section 2.11 or 2.15 arising prior to an assignment or termination pursuant hereto.

(h) Any Bank may at any time assign all or any portion of its rights under this Agreement to a Federal Reserve Bank; provided that no such assignment shall release a Bank from any of its obligations hereunder. In connection with any such assignment or proposed assignment, the Borrower will, promptly upon the request of any Bank, execute and deliver to such Bank a note evidencing the Borrower's obligations hereunder, in a form mutually satisfactory to the Borrower and such Bank; provided that if the Borrower certifies to such Bank upon such request that it believes any authorization, approval or other action by the Interstate Commerce Commission (or any successor agency having jurisdiction) is required for the issuance of such note, the Borrower shall not be deemed to be in default under this Section 8.07(h) so long as the Borrower is diligently seeking such authorization, approval or other action, at such Bank's expense.

(i) This Section 8.07 sets forth the exclusive manner by which a Bank may assign its rights and obligations hereunder or sell participations in or to its rights and obligations hereunder.

(j) Each Bank agrees to notify the Borrower of any assignment of or grant of a participating interest in any Advance or Special Rate Loan, and of the identity of the assignee or participant.

(k) The Borrower may not assign or delegate any rights or obligations hereunder without the prior written consent of each Bank.

SECTION 8.08. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.09. Submission to Jurisdiction; Service of Process; Jury Trial. The Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Borrower shall at all times continue to be qualified to do business in and maintain an office in New York or, alternatively, shall maintain an agent for

service of process in New York and shall provide the Administrative Agent with notice of the identity of such agent, such appointment to be documented in a manner satisfactory to the Administrative Agent. The Borrower hereby agrees that service of process in any such proceeding may be effected by mailing a copy

thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to it at its address referred to in Section 8.02. The Borrower irrevocably waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. EACH OF THE BORROWER, THE CO-ARRANGERS, THE ADMINISTRATIVE AGENT, THE OTHER CO-AGENTS AND THE BANKS HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THIS AGREEMENT, THE ADVANCES, THE SPECIAL RATE LOANS OR THE ACTIONS OF THE BORROWER, THE CO-ARRANGERS, THE ADMINISTRATIVE AGENT, THE OTHER CO-AGENTS OR ANY BANK IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

SECTION 8.10. Treatment of Certain Information; Confidentiality. (a) The Borrower acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or one or more of its Subsidiaries (in connection with this Agreement or otherwise) by any Bank or by one or more subsidiaries or affiliates of such Bank and the Borrower hereby authorizes each Bank to share any information delivered to such Bank by the Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of such Bank to enter into this Agreement, with any such subsidiary or affiliate, it being understood that any such subsidiary or affiliate receiving such information shall be bound by the provisions of paragraph (b) below as if it were a Bank hereunder. Such authorization shall survive the repayment of the Advances and Special Rate Loans and the termination of the Commitments.

(b) Each Bank and the Administrative Agent agrees that it will not disclose without the prior consent of the Borrower (other than to its affiliates and to its and its affiliates' directors, employees, auditors and counsel who are informed of and agree to respect the confidential nature of such information, and then only on a "need to know" basis in connection with this Agreement, the Tender Offer or the financing thereof) any information (the "Information") with respect to the Borrower (or its business), CNW or the Tender Offer which is furnished by or on behalf of the Borrower to such Bank or to the Administrative Agent in connection with this Agreement, the Tender Offer or the financing thereof; provided, that the Banks and the Administrative Agent may disclose any such Information (i) that is or has become generally available to the public (other than as a result of a disclosure in violation of this Section 8.10 or the letter referred to in Section 8.10(e)) or is or becomes available

to the Banks and the Administrative Agent on a non-confidential basis from a source other than the Borrower or its agents

(unless, to the actual knowledge of the recipient Bank or the Administrative Agent, such information was provided by such source in violation of a confidentiality agreement), (ii) as may be required or appropriate in response to any summons or subpoena or in connection with any litigation, (iii) in order to comply with any applicable law or regulation, or in accordance with any order, ruling or regulatory practice of any bank regulatory agency (including, without limitation, the Board of Governors of the Federal Reserve System or any foreign bank regulatory agency) having or claiming jurisdiction over the relevant Bank or the Administrative Agent, and (iv) to a proposed assignee or participant in connection with any proposed assignment or participation permitted under Section 8.07 as provided in Section 8.07(f), provided that such proposed assignee or participant agrees in writing to be bound by the confidentiality provisions of this Section 8.10.

(c) In the event that any Bank or any Person receiving Information from such Bank becomes legally compelled to disclose any of the Information or the existence of this Agreement (other than to any bank regulatory agency referred to in Section 8.10(b)(iii) in the course of customary audits of the relevant Bank), such Bank shall provide the Borrower with notice of such event promptly upon obtaining knowledge thereof (provided that such notice is not otherwise prohibited by law) so that the Borrower may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, such Bank shall furnish only that portion of the Information which in its reasonable opinion it is legally required to disclose and shall disclose such Information in a manner reasonably designed to preserve its confidential nature.

(d) Each Bank acknowledges that disclosure of Information in violation of this Section 8.10 could have serious consequences, and agrees that, in the event of any breach of this Section 8.10 by any Bank or its representatives, the Borrower will be entitled to equitable relief (including injunctive relief and specific performance) in addition to all other remedies available to it at law or in equity.

(e) The obligations of each Bank under this Section 8.10 shall supersede and replace the obligations of such Bank under the confidentiality letter executed by it in respect of this financing prior to the date hereof, and the confidentiality obligations of any proposed assignee that has executed a confidentiality letter prior to the date on which it becomes a Bank hereunder pursuant to Section 8.07(a) shall be superseded by this Section 8.10 upon the date upon which such assignee becomes a Bank.

(f) Each Bank's obligations and all of the Borrower's rights and remedies under this Section 8.10 shall survive any reduction in the Commitments, the termination of this Agreement

or the return or destruction of the Information, in each case until the date one year after the termination of this Agreement.

SECTION 8.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 8.12. Indemnification. (a) The Borrower agrees to indemnify and hold harmless the Administrative Agent, each other Co-Agent, each Co-Arranger and each Bank and each of their respective officers, directors, employees, agents, advisors and representatives (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto, arising out of or in connection with or relating to this Agreement or the transactions contemplated hereby (including without limitation the Tender Offer) or any use made or proposed to be made with the proceeds of the Advances or Special Rate Loans, whether or not such investigation, litigation or proceeding is brought by the Borrower, any of its Subsidiaries, shareholders or creditors, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto, and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense (i) results from such Indemnified Party's gross negligence or wilful misconduct or (ii) arises out of a final, non-appealable judgment against such Indemnified Party in favor of the Borrower on the basis of a breach of this Agreement. The foregoing indemnification shall not cover any such claims, damages, losses, liabilities or expenses relating to (i) any income, stamp or other taxes, imports, duties, charges, fees, deductions or withholdings imposed, levied, collected, withheld or assessed by the United States or any political subdivision or taxing authority thereof or therein (including Puerto Rico) or of the country in which any Bank's principal office or Applicable Lending Office may be located or any political subdivision or taxing authority thereof or therein; (ii) any costs (whenever imposed) to any Bank of agreeing to make or making, funding or maintaining any Advances or Special Rate Loans; or (iii) any capital required or expected to be maintained by any Bank or any corporation controlling such Bank as a result of such Bank's Commitment or its Advances or Special Rate Loans, but in each case without prejudice to Sections 2.02(b), 2.11, 2.12, 2.15 and 8.04.

(b) The Borrower agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Borrower or any of its Subsidiaries, shareholders or creditors or any other Person for

or in connection with the transactions contemplated hereby, except to the extent such liability is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or wilful misconduct; provided that nothing in this clause (b) shall be deemed to constitute a waiver of any claim the Borrower may hereafter have for breach by any party of this Agreement; and provided, further, that in no event shall any Indemnified Party be liable for any indirect or consequential damages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

UNION PACIFIC CORPORATION

By /s/ Robert M. Knight, Jr.

Name: Robert M. Knight, Jr.
Title: Assistant Treasurer

Administrative Agent

CHEMICAL BANK, as Administrative Agent

By /s/ Julie S. Long

Name: Julie S. Long
Title: Vice President

Documentation Agent

CITIBANK, N.A., as Documentation Agent

By /s/ Judith Fishlow

Name: Judith Fishlow
Title: Attorney-in-Fact

Syndication Agent

CHEMICAL SECURITIES, INC., as Syndication Agent

By /s/ Evelyn M. Aloise

Name: Evelyn M. Aloise
Title: Vice President

CO-ARRANGERS

CHEMICAL BANK, as Co-Arranger

By /s/ Julie S. Long

Name: Julie S. Long
Title: Vice President

CITICORP SECURITIES, INC., as

Co-Arranger

By /s/ Robert J. Harrity

Name: Robert J. Harrity
Title: Vice President

COMMITMENT

BANKS

\$67,826,087.00

CHEMICAL BANK

By /s/ Julie S. Long

Name: Julie S. Long
Title: Vice President

\$67,826,087.00

CITIBANK, N.A.

By /s/ Judith Fishlow

Name: Judith Fishlow
Title: Attorney-in-Fact

\$52,173,913.04

ABN AMRO BANK N.V., NEW YORK BRANCH

By /s/ John W. Deegan

Name: John W. Deegan
Title: V.P.

By /s/ Olga L. Zoutendijk

Name: Olga L. Zoutendijk
Title: V.P.

\$52,173,913.04

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION

By /s/ Bridget A. Garavalia

Name: Bridget A. Garavalia
Title: Vice President

By _____
Name:
Title:

\$52,173,913.04

BANK OF MONTREAL

By /s/ David J. Thompson

Name: David J. Thompson
Title: Director

\$52,173,913.04

THE CHASE MANHATTAN BANK (NATIONAL
ASSOCIATION)

By /s/ F.M. Cox, III

Name: F.M. Cox, III
Title: Vice President

\$52,173,913.04

CREDIT SUISSE

By /s/ Eileen O'Connell Fox

Name: Eileen O'Connell Fox
Title: Member of Senior
Management

By /s/ Christopher J. Eldin

Name: Christopher J. Eldin
Title: Member of Senior
Management

\$52,173,913.04

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Gerald F. Mackin

Name: Gerald F. Mackin
Title: Vice President

\$52,173,913.04

MORGAN GUARANTY TRUST COMPANY OF
NEW YORK

By /s/ Laura E. Reim

Name: Laura E. Reim
Title: Vice President

\$52,173,913.04

NATIONAL WESTMINSTER BANK PLC, NEW
YORK BRANCH

By /s/ Anne Marie Torre

Name: Anne Marie Torre
Title: Vice President

\$52,173,913.04

NATIONSBANK, N.A. (CAROLINAS)

By /s/ Michael D. Monte

Name: Michael D. Monte
Title: Vice President

\$52,173,913.04

UNION BANK OF SWITZERLAND

By /s/ Daniel H. Perron

Name: Daniel H. Perron
Title: Vice President

By /s/ Daniel R. Strickford

Name: Daniel R. Strickford
Title: Assistant Treasurer

\$41,739,130.43

THE BANK OF TOKYO TRUST COMPANY

By /s/ M.R. Marron

Name: M.R. Marron
Title: Vice President

\$41,739,130.43

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Mary E. Collier

Name: Mary E. Collier
Title: Vice President

\$41,739,130.43

THE INDUSTRIAL BANK OF JAPAN
LIMITED NEW YORK BRANCH

By /s/ John Veltri

Name: Mr. John Veltri
Title: Senior Vice President

\$41,739,130.43

MELLON BANK, N.A.

By /s/ Donald G. Cassidy

Name: Donald G. Cassidy
Title: First Vice President

\$41,739,130.43

PNC BANK, NATIONAL ASSOCIATION

By /s/ Robert Q. Reilly

Name: Robert Q. Reilly
Title: Vice President

\$41,739,130.43

SOCIETE GENERALE

By /s/ Jan Wertlieb

Name: Jan Wertlieb
Title: Vice President

\$41,739,130.43

THE SUMITOMO BANK, LIMITED, NEW
YORK BRANCH

By /s/ Y. Kawamura

Name: Y. Kawamura
Title: Joint General Manager

\$41,739,130.43

TORONTO DOMINION (NEW YORK), INC.

By /s/ Jorge Garcia

Name: Jorge Garcia
Title: Vice President

\$26,086,956.52

THE BANK OF CALIFORNIA, N.A.

By /s/ Harry S. Matthews

Name: Harry S. Matthews
Title: Vice President

\$26,086,956.52

THE BANK OF NEW YORK

By /s/ Michael V. Flannery, Jr.

Name: Michael V. Flannery, Jr.
Title: Vice President

\$26,086,956.52

BANQUE NATIONALE DE PARIS

By /s/ Walter Kaplan

Name: Walter Kaplan
Title: Vice President

By /s/ Phil Truesdale

Name: Phil Truesdale
Title: Vice President

\$26,086,956.52

THE DAI-ICHI KANGYO BANK, LTD.

By /s/ Robert Gallagher

Name: Robert Gallagher
Title: Assistant V.P.

\$26,086,956.52

THE NORTHERN TRUST COMPANY

By /s/ J. Chip McCall

Name: J. Chip McCall
Title: Second Vice President

\$26,086,956.52

ROYAL BANK OF CANADA

By /s/ Michael J. Madnick

Name: Michael J. Madnick
Title: Manager

\$26,086,956.52

THE YASUDA TRUST AND BANKING
COMPANY LIMITED

By /s/ Rohn M. Laudenschlager

Name: Rohn M. Laudenschlager
Title: Senior Vice President

\$13,043,478.26

THE BOATMEN'S NATIONAL BANK OF
ST. LOUIS

By /s/ John C. Solomon

Name: John C. Solomon
Title: Vice President

\$13,043,478.26

CRESTAR BANK

By /s/ J. F. Jayle, Jr.

Name: J.F. Jayle, Jr.
Title: Senior Vice President

[EXECUTION COPY]

April 13, 1995

Chicago and North Western Transportation Company
165 North Canal Street
Chicago, Illinois 60606
Attn: Mr. Robert Schmiede
Chairman, President and CEO

Re: Amendment to Company Stock Option
Agreement

Dear Ladies and Gentlemen:

Reference is made to the Company Stock Option Agreement (the "Agreement"), dated as of March 16, 1995, by and between UP Rail, Inc., a Utah corporation (the "Purchaser"), and Chicago and North Western Transportation Company, a Delaware corporation (the "Company"). The Purchaser and the Company hereby agree to amend subsection (b) of Paragraph 1 of the Agreement, entitled "Grant of Option," by changing the reference to the minimum number of shares of Common Stock, \$.01 par value per share, of the Company which must be owned by the Purchaser in order to exercise the Option from "85%" to "87.5%." Except as specifically provided herein, the Agreement shall remain in full force and effect and shall not be modified in any respect.

Please indicate your acceptance of the provisions hereof by signing the enclosed copy of this Amendment and returning it to Carl W. Von Bernuth, Senior Vice President and General Counsel, Union Pacific Corporation, Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018 (telecopier: 610-861-3137). If you elect to deliver this Amendment by telecopier, please arrange

for the executed original to follow by next-day courier
delivery.

Very truly yours,

UP RAIL, INC.

By

Name:

Title:

ACCEPTED AND AGREED
on this 13th day of April, 1995:

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By

Name:
Title:

SUPPLEMENT TO
OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
OF
CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY
AT
\$35.00 NET PER SHARE
BY
UP RAIL, INC.
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
UNION PACIFIC CORPORATION

THE OFFER AND WITHDRAWAL RIGHTS HAVE BEEN EXTENDED UNTIL 12:00 MIDNIGHT,
NEW YORK CITY TIME, ON MONDAY, APRIL 24, 1995,
UNLESS THE OFFER IS FURTHER EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES WHICH, WHEN ADDED TO THE SHARES OF NON-VOTING COMMON STOCK OF CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY (THE 'COMPANY') BENEFICIALLY OWNED BY UNION PACIFIC CORPORATION ('PARENT') AND UP RAIL, INC. (THE 'PURCHASER') (ASSUMING CONVERSION THEREOF INTO SHARES), CONSTITUTES AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS (ASSUMING CONVERSION OF THE NON-VOTING COMMON STOCK INTO SHARES) AND (2) THE INTERSTATE COMMERCE COMMISSION'S APPROVAL OF PARENT'S AND THE COMPANY'S APPLICATION FOR AN ORDER AUTHORIZING THE COMMON CONTROL OF THE RAIL SUBSIDIARIES OF THE COMPANY AND PARENT HAVING BECOME FINAL AND EFFECTIVE PRIOR TO THE EXPIRATION OF THE OFFER. ON APRIL 6, 1995, THE INTERSTATE COMMERCE COMMISSION (THE 'ICC') SERVED AN ORDER, EFFECTIVE ON THE SAME DAY, SETTING THE FINAL TERMS OF THE PREVIOUSLY IMPOSED CONDITION IN FAVOR OF THE SOO LINE RAILROAD COMPANY ('SOO') TO PARENT'S EXERCISE OF CONTROL OVER THE COMPANY'S RAILROAD SUBSIDIARIES. THE COMPANY IS CONTRACTUALLY OBLIGATED, SUBJECT TO THE CONSUMMATION OF THE OFFER, TO EXECUTE CERTAIN AMENDMENTS TO AGREEMENTS, PREVIOUSLY ENTERED INTO BETWEEN THE PREDECESSORS OF CHICAGO AND NORTH WESTERN RAILWAY COMPANY ('CNW RAILWAY') AND SOO. UPON SUCH EXECUTION, THE ICC ORDER WILL BE FINAL AND EFFECTIVE, AND PARENT WILL HAVE ICC AUTHORITY TO EXERCISE CONTROL OVER THE COMPANY, INCLUDING THE PURCHASE OF SHARES IN THE OFFER AND THE MERGER.

THE BOARD OF DIRECTORS OF THE COMPANY HAS UNANIMOUSLY (WITH ONE DIRECTOR AFFILIATED WITH PARENT ABSENT AND NOT VOTING) APPROVED THE OFFER AND THE MERGER, HAS DETERMINED THAT THE OFFER AND THE MERGER ARE FAIR TO AND IN

THE BEST INTERESTS OF THE COMPANY'S STOCKHOLDERS (OTHER THAN PARENT AND THE PURCHASER) AND RECOMMENDS THAT STOCKHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

IMPORTANT

Any stockholder desiring to tender all or any portion of such stockholder's Shares should either (i) complete and sign the revised Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the revised Letter of Transmittal, have such stockholder's signature thereon guaranteed if required by Instruction 1 to the revised Letter of Transmittal, mail or deliver the revised Letter of Transmittal or such facsimile and any other required documents to the Depository and either deliver the certificates for such Shares to the Depository along with the revised Letter of Transmittal or facsimile or deliver such Shares pursuant to the procedure for book-entry transfer set forth in 'THE OFFER--Procedures for Tendering Shares' in the Offer to Purchase prior to the expiration of the Offer or (ii) request such stockholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such stockholder. Tendering stockholders may continue to use the BLUE Letter of Transmittal delivered with the Offer to Purchase. A stockholder having Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such stockholder desires to tender such Shares.

A stockholder who desires to tender Shares and whose certificates for such Shares are not immediately available or who cannot comply with the procedures for book-entry transfer on a timely basis, may tender such Shares by following the procedures for guaranteed delivery set forth in 'THE OFFER--Procedures for Tendering Shares' in the Offer to Purchase.

Questions and requests for assistance or for additional copies of the Offer to Purchase, this Supplement, the revised Letter of Transmittal or other tender offer materials, may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of this Supplement.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The Dealer Manager for the Offer is:

CS First Boston

April 14, 1995

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To the Holders of Common Stock of Chicago and North Western Transportation Company:

INTRODUCTION

The following information amends and supplements the Offer to Purchase, dated March 23, 1995 (the 'Offer to Purchase'), of UP Rail, Inc. (the 'Purchaser'), a Utah corporation and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation ('Parent'), pursuant to which the Purchaser is offering to purchase all outstanding shares of common stock, par value \$.01 per share (the 'Common Stock' or the 'Shares'), of Chicago and North Western Transportation Company, a Delaware corporation (the 'Company'), at a price of \$35.00 per Share, net to the seller in cash (the 'Offer Price'), upon the terms and subject to the conditions set forth in the Offer to Purchase, this Supplement and in the revised Letter of Transmittal (which, as amended from time to time, together constitute the 'Offer').

This Supplement should be read in conjunction with the Offer to Purchase. This Supplement, among other things, sets forth certain additional information. Except as set forth in this Supplement or the revised Letter of Transmittal, the terms and conditions previously set forth in the Offer to Purchase and the Letter of Transmittal remain applicable in all respects to the Offer. Capitalized terms used but not defined in this Supplement have the meanings assigned to them in the Offer to Purchase.

The purpose of the Offer is for Parent, through the Purchaser, to acquire the entire equity interest in the Company. The Purchaser currently beneficially owns all 12,835,304 of the issued and outstanding shares of Non-Voting Common Stock of the Company, par value \$.01 per share (the 'Non-Voting Common Stock') which, assuming conversion thereof into Shares, represents 27.48% of the outstanding Shares calculated on a fully diluted basis (assuming conversion of the shares of Non-Voting Common Stock into Shares and exercise of outstanding stock options). The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of March 16, 1995 (the 'Merger Agreement'), by and among the Company, Parent and the Purchaser, a copy of which is attached to the Offer to Purchase as Annex I. The Merger Agreement provides that, following the completion of the Offer and the satisfaction or the waiver of certain conditions, the Purchaser will be merged with and into the Company (the 'Merger'), with the Company as the surviving corporation (the 'Surviving Corporation'). In the Merger, each outstanding Share (other than Shares held in the treasury of the Company or owned by Parent, the Purchaser or any other wholly owned subsidiary of Parent), will be converted into the right to receive the Offer Price or any higher price per Share paid in the Offer, without interest thereon. As a result of the Merger, the Surviving Corporation will become an indirect wholly owned subsidiary of Parent. See 'SPECIAL FACTORS--Purpose and Structure of the Transaction' and 'THE MERGER AGREEMENT' in the Offer to Purchase. The time at which the Merger is consummated in accordance with the Merger Agreement is hereinafter referred to as the 'Effective Time.' The Offer and the Merger are sometimes collectively referred to herein as the 'Transaction.'

On April 13, 1995, the Purchaser and the Company entered into an amendment to the Option Agreement to provide that the Purchaser may only exercise its

option to acquire additional Shares from the Company (thereby permitting a short-form merger) if the Purchaser acquires more than 87.5% (previously 85%) but less than 90% of the Shares in the Offer.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) THERE HAVING BEEN VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES WHICH, WHEN ADDED TO THE SHARES OF NON-VOTING COMMON STOCK BENEFICIALLY OWNED BY PARENT AND THE PURCHASER (ASSUMING CONVERSION THEREOF INTO SHARES), CONSTITUTES AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS (ASSUMING CONVERSION OF THE NON-VOTING COMMON STOCK INTO SHARES) (THE 'MINIMUM CONDITION') AND (2) THE ICC'S APPROVAL OF PARENT'S AND THE COMPANY'S APPLICATION FOR AN ORDER AUTHORIZING THE COMMON CONTROL OF THE RAIL SUBSIDIARIES OF THE COMPANY AND PARENT HAVING BECOME FINAL AND EFFECTIVE PRIOR TO THE EXPIRATION OF THE OFFER (THE 'ICC FINAL APPROVAL CONDITION'). ON APRIL 6, 1995, THE ICC SERVED AN ORDER, EFFECTIVE ON THE SAME DAY, SETTING THE FINAL TERMS OF THE PREVIOUSLY IMPOSED CONDITION IN FAVOR OF SOO TO PARENT'S EXERCISE OF CONTROL OVER THE COMPANY'S RAILROAD SUBSIDIARIES. THE COMPANY IS CONTRACTUALLY OBLIGATED, SUBJECT TO THE CONSUMMATION OF THE OFFER, TO EXECUTE CERTAIN AMENDMENTS TO AGREEMENTS, PREVIOUSLY ENTERED INTO BETWEEN THE PREDECESSORS OF CNW

RAILWAY AND SOO. UPON SUCH EXECUTION, THE ICC ORDER WILL BE FINAL AND EFFECTIVE, AND PARENT WILL HAVE ICC AUTHORITY TO EXERCISE CONTROL OVER THE COMPANY, INCLUDING THE PURCHASE OF SHARES IN THE OFFER AND THE MERGER.

THE BOARD OF DIRECTORS OF THE COMPANY (THE 'BOARD' OR 'BOARD OF DIRECTORS') HAS UNANIMOUSLY (WITH MR. RICHARD K. DAVIDSON, PRESIDENT OF PARENT, ABSENT AND NOT VOTING) APPROVED THE OFFER AND THE MERGER, DETERMINED THAT THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF HOLDERS OF SHARES (OTHER THAN PARENT AND THE PURCHASER) AND RECOMMENDS THAT STOCKHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER. See 'SPECIAL FACTORS--Recommendation of the Board of Directors of the Company; Fairness of the Transaction' in the Offer to Purchase.

THE BLACKSTONE GROUP L.P. ('BLACKSTONE') HAS DELIVERED TO THE BOARD ITS WRITTEN OPINION TO THE EFFECT THAT, AS OF THE DATE OF THE MERGER AGREEMENT, THE CASH CONSIDERATION TO BE RECEIVED BY THE HOLDERS OF SHARES PURSUANT TO THE OFFER AND THE MERGER IS FAIR TO SUCH HOLDERS FROM A FINANCIAL POINT OF VIEW. See 'SPECIAL FACTORS--Opinion of The Blackstone Group L.P.' in the Offer to Purchase and this Supplement.

THE OFFER TO PURCHASE, THIS SUPPLEMENT AND THE REVISED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

The procedure for tendering Shares is set forth in 'THE OFFER--Procedures for Tendering Shares' in the Offer to Purchase. Tendering stockholders may continue to use the BLUE Letter of Transmittal and GRAY Notice of Guaranteed Delivery delivered with the Offer to Purchase or may use the GREEN revised Letter of Transmittal and PINK revised Notice of Guaranteed Delivery which are being provided with this Supplement.

Stockholders who have validly tendered Shares and not withdrawn such tenders and who wish to have such Shares purchased pursuant to the Offer need not take any further action except for complying with the procedure for guaranteed delivery if such procedure is being used.

1. The discussion set forth in 'SPECIAL FACTORS--Background of the Transaction' in the Offer to Purchase is hereby amended and supplemented as follows:

During late 1994 and January 1995, representatives of Blackstone discussed with the Company's management the advantages in terms of potentially increased negotiating leverage and disadvantages of adopting a stockholders' rights plan; they also discussed this topic with members of the Company's Board (with Mr. Davidson absent) following the Board's December 15, 1994 meeting.

At the February 28 Board meeting, again with Mr. Davidson absent, the benefits and detriments of adoption of a stockholders' rights plan were reviewed, counsel made a presentation of legal considerations, and the Board concluded to defer adoption of a plan. The Board's conclusion was based on their view that (i) a rights plan would dissuade Parent from making a friendly offer, and that, given Parent's existing 29% stock ownership in the Company and the absence of any realistic potential competitive bidders, a friendly offer was likely to result in a higher ultimate price than a hostile offer; and (ii) a rights plan could be adopted quickly if the need arose. A rights plan was not thereafter adopted because Parent proceeded to negotiate directly with the Company's Board and did not make a hostile offer for the Company.

2. The discussion set forth in 'SPECIAL FACTORS--Opinion of The Blackstone Group L.P.' in the Offer to Purchase is hereby amended and supplemented by adding to the end thereof:

Pursuant to the terms of the March 3, 1995 letter agreement, the Company agreed to pay Blackstone a fee equal to \$6,000,000, less one-half of the \$500,000 fee paid Blackstone pursuant to the December 14, 1994 letter agreement, plus reasonable expenses. Blackstone's fee was contingent upon the signing of a definitive agreement for a sale of, investment in, recapitalization by, strategic alliance with or joint venture involving, the Company (the 'CNW Transaction') and was payable as follows: (i) \$4,750,000 upon the signing of such an agreement; and (ii) the remaining \$1,000,000 upon the earlier of the consummation of the CNW Transaction and December 31, 1995. Two directors, Messrs. Poling and Skinner, voted against the approval of Blackstone's fee arrangement, on the basis of their view that the fee should be consistent with the amount of time involved to

complete the transaction. At no time did either Mr. Poling or Mr. Skinner express any reservation about Blackstone's independence, ability or work.

Transtar, Inc. ('Transtar') is a holding company which, among other businesses, is involved in the rail transportation business which operates in certain of the same and neighboring geographic regions as the Company. Blackstone and its affiliates hold a 51% interest in Transtar. The remaining 49% is held by USX Corporation ('USX') and Transtar management. The Company's business with Transtar accounts for less than 1% of the Company's revenues.

During 1993 and 1994, the Company informally engaged in discussions with Blackstone and USX regarding a possible acquisition of Transtar. These discussions ended in March 1994, at which point Mr. Schmiede had indicated to a representative of USX a possible interest in pursuing a transaction in the future. Company director Mr. Mossman, a Blackstone General Partner, and Blackstone General Partners Messrs. Peterson and Schwarzman serve as Transtar directors. Transtar was in no way involved in any aspect of the Merger Agreement.

3. The discussion set forth in 'SPECIAL FACTORS--Summary of Presentation Materials to the Board--Potential Value to Parent--Pro Forma Merger Analysis' in the Offer to Purchase is hereby supplemented by revising the next to last sentence of such section to read as follows:

In the Control Application, Parent and the Company projected that a merger between the two companies would result in normalized annual synergies totaling approximately \$184 million in 1991 dollars. The Company's management determined that in assessing the value of the Company to Parent, this \$184 million should be discounted, ascribing a relatively high level of probability to its approximately \$79 million cost reduction component and a substantially lower level of probability to its approximately \$105 million revenue enhancement component.

4. The discussion set forth in 'SPECIAL FACTORS--Opinion of CS First Boston Corporation' in the Offer to Purchase is hereby amended and supplemented as follows:

The Comparable Company Analysis and the Discounted Cash Flow Analysis performed by CS First Boston did not consider the value of the Synergies which would be created by a merger between Parent and the Company in assessing the Company's value. In order to determine the value of the Company to Parent as an acquisition, it is therefore necessary to add the values derived by CS First Boston's Synergies Analysis to the values derived by its Comparable Company Analysis and Discounted Cash Flow Analysis. The values derived by performing this addition do not necessarily reflect the price Parent would be willing to pay to acquire the Company.

The ranges of values calculated by means of CS First Boston's Synergies Analysis were based on the Synergies projected by Parent as described in the Offer to Purchase under the section 'SPECIAL FACTORS--Plans for the Company after the Offer and Merger.' Parent advised CS First Boston that it believed that such Synergies were a reliable estimate of the actual Synergies that would be created as a result of the Merger.

CS First Boston's analyses indicated, based on Parent's view of the estimates of realistically attainable Synergies, that the full value of the Synergies would be approximately \$21.00-\$25.00, on a per Share basis. The percentages of retained Synergies set forth in CS First Boston's Synergies Analysis represent an assumed range of Synergies to be added to the Comparable Company Analysis and Discounted Cash Flow Analysis, and not the absolute level of Synergies that would be realized as a result of the Merger.

5. The discussion set forth in 'SPECIAL FACTORS--Interests of Certain Persons in the Transaction' in the Offer to Purchase is hereby amended and supplemented as follows:

Negotiations concerning the Separate Payments began after the CNW Board negotiated and approved the \$35 per Share price. The Company expressed the view to Parent that amounts to be paid under the Change of Control Employment Agreements would not be adequate severance compensation, especially in light of the covenants not to compete which would prevent recipients from pursuing employment in the railroad industry for a period of one year following the cessation of their employment with the Company.

The Offer to Purchase under the caption 'SPECIAL FACTORS--Interests of Certain Persons in the Transaction' sets forth the estimated amounts payable to executive officers under the Change of Control Employment Agreements upon qualifying terminations of employment, after reduction, pursuant to the terms of such agreements, for (i) the amount of the prorated guaranteed bonus (assuming an April 24, 1995 termination) and (ii) portions of the payments made under the Merger Agreement with respect to the value of the executive's

unvested options, all as determined by the Company under the proposed regulations issued by the Internal Revenue Service under Code Section 280G, at the amounts indicated in the left column below. Those amounts are currently estimated as shown in the right column below.

	INITIAL ESTIMATES	CURRENT ESTIMATES
	-----	-----
Mr. Bitter.....	\$ 437,112	\$ 355,743
Mr. Lundberg.....	456,302	391,243
Mr. Martin.....	1,181,172	1,106,460
Mr. Peters.....	1,212,549	1,127,466
Mr. Waller.....	431,648	366,589
All officers with Change of Control Employment Agreements.....	11,865,054	10,906,363

As previously disclosed in the Offer to Purchase under the caption 'SPECIAL FACTORS--Interests of Certain Persons in the Transaction,' the Company and UPRR have offered three-year employment agreements to certain executives which, if accepted by the executives, will replace the Change of Control Employment Agreements which the executives now have with the Company. Each proposed employment agreement provides that, during the employment period, an executive's salary will not be less than the executive's current salary and the executive's annual bonus will not be less than the executive's bonus with respect to 1994. After January 1, 1996, the executive will receive the benefits provided to comparable employees performing similar services and will be given service credit under the benefit plans for all years of service for which the executive received credit under the comparable plans of CNW Railway (subject to reduction for similar benefits therefrom). If the executive's employment is terminated during the employment period by the employer without cause (or by the executive

after a reduction in the executive's salary or bonus), the executive will be paid a lump sum amount equal to the present value of the aggregate salary and bonus otherwise payable under the proposed employment agreement. Under the proposed employment agreement the executive will make certain commitments as to confidentiality, noncompetition and the amendment of certain other agreements to which the executive may be a party. It is anticipated that one executive, at his request, will be offered a revised employment agreement which will permit him to defer the receipt of any bonus from UPRR for 1995 or subsequent years.

Of the twenty-seven executives with Change of Control Employment Agreements, it is currently estimated that approximately nine of such executives will enter into such employment agreements, including Mr. Peters. In addition, in order to implement the terms of the severance arrangements provided for in the Merger Agreement and described in the Offer to Purchase, the Company, UPRR and CNW Railway have offered severance agreements to such twenty-seven executives. It is anticipated that those of such executives who do not enter into the employment agreements will enter into the severance agreements. Under most of the proposed severance agreements, the executive's employment would terminate shortly after the consummation of the Offer, but a few individuals may agree to continue employment for various transition periods, which will not exceed nine months.

On April 12, 1995, the Company, Parent and the Purchaser entered into a document clarifying their understanding of how certain provisions of the Merger Agreement should be applied with respect to employees of the Company whose employment is terminated prior to the Effective Time. Such clarification document provides that if the employment of a Company employee is terminated (voluntarily or otherwise) prior to the Effective Time, each Option which is held by such employee immediately prior to the later of the date of the consummation of the Offer or the date of such termination of employment will be cancelled on the later of such dates (provided that any required consent to cancellation has been given by the employee). Promptly upon such cancellation, the Company will pay to such employee an amount equal to the excess, if any, of the Offer Price over the exercise price per Share subject to such Option, multiplied by the number of Shares subject thereto. The clarification document also provides that the Company will pay to a 'Terminated Employee' (as defined below), as soon as reasonably practical after the date of his or her termination of employment, a prorated bonus calculated in accordance with the Merger Agreement, provided that such prorated bonus shall be based on the Company's performance through the end of the calendar quarter coinciding with or immediately preceding such termination and prorated to the date of such termination. For such purposes, a 'Terminated Employee' shall mean a Company employee, (i) whose employment is terminated (whether voluntarily or otherwise) prior to the Effective Time, (ii) who does not (either before or after such termination) enter into a severance agreement with

respect to such employment similar to the employment agreements described in the second preceding paragraph, and (iii) who was, immediately prior to the execution of the Merger Agreement, a participant in the Company's Bonus Plan. A copy of the clarification document has been filed as an exhibit to the Schedule 14D-1 and the Schedule 13E-3.

6. The discussion set forth in 'SPECIAL FACTORS--Certain Litigation' in the Offer to Purchase is hereby amended and supplemented as follows:

On March 28, 1995, an amended class action complaint, amending two of the previously filed five purported class action suits (the 'Amended Class Action'), was filed in the Court of Chancery in Delaware. The Amended Class Action reiterated the claims which had been made in the earlier suits which it amended, and also alleged, among other things, (i) that Blackstone, the investment bank retained by the defendants to render a fairness opinion in connection with the Offer, is not disinterested or independent and has a conflict of interest with regard to the Offer, (ii) that the defendants breached or aided and abetted breaches of their duties of good faith and loyalty by approving for themselves and members of the Company's senior management lucrative compensation packages and other financial benefits, (iii) that the defendants structured the transaction in such a way as to prevent the Company's public stockholders from voting on the Merger or exercising dissenters' rights, and (iv) that the defendants breached their duties of candor and full disclosure by failing adequately to disclose, among other things, the information described in this paragraph, the reasons why the Company's Board failed to implement a stockholders' rights plan and the reasons for alleged discrepancies and variations between valuation ranges for the Shares as prepared by the financial advisors of Parent and the Company, respectively.

On March 30, 1995, the Delaware Court of Chancery, in the Amended Class Action, granted expedited discovery and scheduled a hearing on April 13, 1995, for (i) plaintiffs' motion for a preliminary injunction and (ii) defendants' motion to dismiss the case for lack of subject matter jurisdiction on grounds that the ICC is the exclusive forum to consider plaintiffs' purported claims.

On April 13, 1995, counsel for the Company, Parent and the plaintiffs in the pending class action lawsuits entered into a memorandum of understanding (the 'Memorandum of Understanding') proposing to settle all of the pending class action lawsuits relating to the Offer. Pursuant to the Memorandum of Understanding, Parent and the Company agreed, among other things, (i) to disseminate certain supplemental disclosures to the Company's stockholders (which disclosures, among others, are included in this Supplement), (ii) to modify the Option Agreement to provide that the Purchaser may only exercise its option to acquire additional Shares from the Company (thereby permitting a short-form merger) if the Purchaser acquires more than 87.5% (previously 85%) but less than 90% of the Shares in the Offer, and (iii) to extend the Expiration Date until ten (10) calendar days after the date of this Supplement. The Memorandum of Understanding also provides that Parent and/or the Company will pay plaintiffs' counsel fees in an amount not to exceed \$525,000, inclusive of expenses, subject to approval of the Delaware Court of Chancery.

The parties to the Memorandum of Understanding also agreed to work in good faith to prepare and submit to the Delaware Court of Chancery for its approval at the earliest practicable time a Stipulation of Settlement of the pending class action lawsuits. If such Stipulation of Settlement is not executed or is not approved by the Court, or if the Offer is not consummated, the proposed settlement will be null and void and will not prejudice the rights of any party with respect to such litigation. A copy of the Memorandum of Understanding has been filed as an exhibit to the Schedule 14D-1 and Schedule 13E-3.

7. The discussion set forth in 'FINANCING OF THE TRANSACTION' in the Offer to Purchase is hereby amended and supplemented as follows:

As was contemplated by the Commitment, on April 11, 1995, Parent entered into a credit agreement (the '\$1.1 Billion Credit Agreement') among Parent, Chemical Bank and Citicorp Securities, Inc., as Co-Arrangers, Chemical Securities, Inc., as Syndication Agent, and the other banks named therein, which provides Parent with a revolving credit facility in the amount of \$1.1 billion which will mature on April 11, 2000. In addition, as was contemplated by the Commitment, on April 11, 1995, Parent entered into a separately documented credit agreement (the '\$1.2 Billion Credit Agreement') among Parent, Chemical Bank and Citicorp Securities, Inc., as Co-Arrangers, Chemical Securities, Inc., as Syndication Agent, and the other banks named therein, which provides Parent with a revolving credit facility in the amount of \$1.2 billion which will mature on April 10, 1996. The terms of the \$1.1 Billion Credit Agreement and \$1.2 Billion Credit Agreement were set forth in

'FINANCING OF THE TRANSACTION' in the Offer to Purchase. The Facility fee relating to the \$1.2 Billion Credit Agreement is .060% per annum in contrast to the .190% per annum disclosed in the Offer to Purchase.

The Purchaser estimates that the total amount of funds required to purchase all Shares validly tendered pursuant to the Offer, consummate the Merger and to pay all related costs and expenses (inclusive of estimated expenses of the Company other than the cost of refinancing certain indebtedness of the Company, if any) will be approximately \$1.2 billion. See 'THE OFFER--Fees and Expenses' in the Offer to Purchase.

The Purchaser plans to obtain the necessary funds through capital contributions or advances made by Parent. Parent plans to obtain the funds for such capital contributions or advances from its available cash and working capital and/or the proceeds of the Facility or Parent's commercial paper program.

Parent's commercial paper program involves the private placement of unsecured, commercial paper notes with maturities of up to 270 days. The commercial paper generally has an effective interest rate approximating the then market rate of interest for commercial paper of similar rating, currently approximately 6.2%. Parent may refinance any commercial paper borrowings used to finance the purchase of Shares pursuant to the Offer through private placements of additional commercial paper, borrowings under the Facility contemplated by the Commitment or, depending on market or business conditions, through such other financing as Parent may deem appropriate.

On April 6, 1995, the ICC served an order which, among other things, (i) exempts Parent from the requirement of filing applications under 49 U.S.C. 11301 with respect to the issuance of certain securities and/or assumption of certain obligations or liabilities, which are expected to be required for the repayment of obligations incurred in financing the Transaction and prepaying certain indebtedness of the Company, in a principal amount not to exceed \$2.3 billion and (ii) set April 10, 1995, as the date upon which such decision would become effective.

8. The discussion set forth in 'DISSENTERS' RIGHTS' of the Offer to Purchase is hereby amended and supplemented as follows:

As previously disclosed in the Offer to Purchase under the caption 'DISSENTERS' RIGHTS,' Parent and the Company stated their intention to seek a determination of the ICC that the terms of the Merger are just and reasonable. On April 4, 1995, Parent, UPRR, MPRR and the Company submitted to the ICC a petition for a determination that the terms of the Merger are just and reasonable. To date, the ICC has not issued any determination in response to such petition.

9. The discussion set forth in 'THE OFFER--Terms of the Offer' in the Offer to Purchase is hereby amended and supplemented as follows:

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), the Purchaser will accept for payment and pay for all Shares validly tendered prior to the Expiration Date (as hereinafter defined) and not withdrawn in accordance with Section 4 in the Offer to Purchase. The term 'Expiration Date' means 12:00 Midnight, New York City time, on Monday, April 24, 1995, unless and until the Purchaser, in its sole discretion (but subject to the terms of the Merger Agreement), shall have extended the period of time during which the Offer is open, in which event the term 'Expiration Date' shall refer to the latest time and date at which the Offer, as so extended by the Purchaser, shall expire.

The Offer is conditioned upon, among other things, satisfaction of the Minimum Condition and the ICC Final Approval Condition. On April 6, 1995, the ICC served an order, effective on the same day, setting the final terms of the previously imposed condition in favor of Soo to Parent's exercise of control over the Company's railroad subsidiaries. The Company is contractually obligated, subject to the consummation of the Offer, to execute certain amendments to agreements, previously entered into between the predecessors of CNW Railway and Soo. Upon such execution, the ICC order will be final and effective, and Parent will have ICC authority to exercise control over the Company, including the purchase of Shares in the Offer and the Merger.

10. The discussion set forth in 'THE OFFER--Acceptance for Payment and Payment' in the Offer to Purchase is hereby amended and supplemented as follows:

Notwithstanding the fact that the Purchaser stated in the Offer to Purchase that it reserved the right to assert the occurrence of a condition following acceptance for payment of Shares but prior to payment for Shares in

order to delay payment or cancel its obligation to pay for properly tendered Shares, the Purchaser understands that all conditions of the Offer, other than receipt of necessary governmental approvals, must be satisfied or waived prior to the acceptance of Shares for payment. In addition, if, following acceptance of payment for Shares, the Purchaser asserts such a governmental approval as a condition and does not promptly pay for Shares tendered, the Purchaser will promptly return such Shares.

11. The discussion set forth in 'THE OFFER--Price Range of Shares; Dividends' in the Offer to Purchase is hereby amended and supplemented as follows:

The following table sets forth, for the quarters indicated, the high and low closing sales prices per Share on the NYSE as reported by the Dow Jones News Service.

	MARKET PRICE	
	HIGH	LOW
FISCAL YEAR ENDED DECEMBER 31, 1993:		
First Quarter.....	\$23 1/8	\$19 1/8
Second Quarter.....	24 1/4	19 7/8
Third Quarter.....	23	19
Fourth Quarter.....	25 1/8	19 1/2
FISCAL YEAR ENDED DECEMBER 31, 1994:		
First Quarter.....	28 1/8	24 1/8
Second Quarter.....	25	21 5/8
Third Quarter.....	24 1/4	19 3/8
Fourth Quarter.....	20 7/8	18 1/4
FISCAL YEAR ENDED DECEMBER 31, 1995:		
First Quarter.....	34 7/8	19
Second Quarter (through April 13, 1995).....	34 7/8	34 3/4

Stockholders are urged to obtain a current market quotation for the Shares.

12. The discussion set forth in 'THE OFFER--Certain Legal Matters; Regulatory Approvals' in the Offer to Purchase is hereby amended and supplemented as follows:

ICC Matters. On April 6, 1995, the ICC served an order, effective on the same day, setting the final terms of the previously imposed condition in favor of Soo to Parent's exercise of control over the Company's railroad subsidiaries. The Company is contractually obligated, subject to the consummation of the Offer, to execute certain amendments to agreements, previously entered into between the predecessors of CNW Railway and Soo. Upon such execution, the ICC order will be final and effective, and Parent will have ICC authority to exercise control over the Company, including the purchase of Shares in the Offer and the Merger.

On April 4, 1995, Parent, UPRR, MPRR and the Company submitted to the ICC a petition for a determination that the terms of the Merger are just and reasonable. To date, the ICC has not issued any determination in response to such petition.

UP RAIL, INC.

April 14, 1995

Manually signed facsimile copies of the Letter of Transmittal or revised Letter of Transmittal will be accepted. The Letter of Transmittal or revised Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each stockholder of the Company or such stockholder's broker, dealer, commercial bank, trust company or other nominee to the Depository at one of its addresses set forth below:

The Depository for the Offer is:

CITIBANK, N.A.

By Mail:
Citibank, N.A.
c/o Citicorp Data
Distribution, Inc.
P.O. Box 1429
Paramus, New Jersey 07653

By Overnight Delivery:
Citibank, N.A.
c/o Citicorp Data
Distribution, Inc.
404 Sette Drive
Paramus, New Jersey 07652

By Hand:
Citibank, N.A.
Corporate Trust Window
111 Wall Street, 5th Floor
New York, New York

By Facsimile Transmission:
(For Eligible Institutions Only)
(201) 262-3240

By Telex:
(710) 990-4964
Answer Back: CDDI PARA

Confirm By Telephone:
(800) 422-2066

Questions and requests for assistance or for additional copies of the Offer to Purchase, this Supplement, the revised Letter of Transmittal and the revised Notice of Guaranteed Delivery may be directed to the Information Agent or the Dealer Manager at their respective telephone numbers and locations listed below. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

MORROW & CO., INC.

909 Third Avenue, 20th Floor
New York, New York 10022
(212) 754-8000
(Call Collect)

14755 Preston Road, Suite 725
Dallas, TX 75240
(214) 788-0977
(Call Collect)

39 South LaSalle Street
Chicago, Illinois 60603
(312) 444-1150
(Call Collect)

or

Banks & Brokers Call Toll Free 1-800-662-5200
All Others Call Toll Free 1-800-566-9058

The Dealer Manager for the Offer is:

CS FIRST BOSTON
Park Avenue Plaza
55 East 52nd Street
New York, New York 10055
(212) 909-2000 (Call Collect)

LETTER OF TRANSMITTAL
TO TENDER SHARES OF COMMON STOCK
OF
CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY
PURSUANT TO THE OFFER TO PURCHASE DATED MARCH 23, 1995
AS SUPPLEMENTED BY THE SUPPLEMENT TO THE OFFER
TO PURCHASE DATED APRIL 14, 1995
BY
UP RAIL, INC.
AN INDIRECT WHOLLY OWNED SUBSIDIARY
OF
UNION PACIFIC CORPORATION

THE OFFER AND WITHDRAWAL RIGHTS HAVE BEEN EXTENDED UNTIL
12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, APRIL 24, 1995,
UNLESS THE OFFER IS FURTHER EXTENDED.

The Depository for the Offer is:
CITIBANK, N.A.

By Mail: Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 1429 Paramus, New Jersey 07653	By Overnight Delivery: Citibank, N.A. c/o Citicorp Data Distribution, Inc. 404 Sette Drive Paramus, New Jersey 07652	By Hand: Citibank, N.A. Corporate Trust Window 111 Wall Street, 5th Floor New York, New York
	By Facsimile Transmission: (For Eligible Institutions Only) (201) 262-3240 Confirm By Telephone: (800) 422-2066	By Telex: (710) 990-4964 Answer Back: CDDI PARA

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET
FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OR TELEX TRANSMISSION
OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ
CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be completed by stockholders either if
certificates evidencing Shares ('Share Certificates') are to be forwarded
herewith or if delivery of Shares is to be made by book-entry transfer to the
Depository's account at The Depository Trust Company, the Midwest Securities
Trust Company or the Philadelphia Depository Trust Company (each a 'Book-Entry
Transfer Facility' and collectively, the 'Book-Entry Transfer Facilities')
pursuant to the book-entry transfer procedure described in 'THE
OFFER--Procedures for Tendering Shares' of the Offer to Purchase (as defined
below). Delivery of documents to a Book-Entry Transfer Facility in accordance
with the Book-Entry Transfer Facility's procedures does not constitute delivery
to the Depository.

Stockholders whose Share Certificates are not immediately available or who
cannot deliver their Share Certificates and all other documents required hereby
to the Depository prior to the Expiration Date (as defined in 'THE OFFER--Terms
of the Offer' of the Supplement (as defined below) or who cannot complete the
procedure for delivery by book-entry transfer on a timely basis and who wish to
tender their Shares must do so pursuant to the guaranteed delivery procedure
described in 'THE OFFER--Procedures for Tendering Shares' of the Offer to
Purchase. See Instruction 2.

// CHECK HERE IF SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE
DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND
COMPLETE THE FOLLOWING:

Name of Tendering Institution:

Check Box of Applicable Book-Entry Transfer Facility:

// The Depository Trust Company // Midwest Securities Trust Company
// Philadelphia Depository Trust Company

Account Number _____

Transaction Code Number _____

NOTE: SIGNATURES MUST BE PROVIDED BELOW. PLEASE READ
THE INSTRUCTIONS SET FORTH IN THIS LETTER OF TRANSMITTAL CAREFULLY.

Ladies and Gentlemen:

The undersigned hereby tenders to UP Rail, Inc. (the 'Purchaser'), a Utah corporation and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation, the above-described shares of common stock, par value \$.01 per share (the 'Common Stock' or the 'Shares'), of Chicago and North Western Transportation Company, a Delaware corporation (the 'Company'), pursuant to the Purchaser's offer to purchase all outstanding Shares, at a price of \$35.00 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated March 23, 1995 (the 'Offer to Purchase'), as supplemented by the Supplement to the Offer to Purchase, dated April 14, 1995 (the 'Supplement'), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, as amended from time to time, together constitute the 'Offer'). The undersigned understands that the Purchaser reserves the right to transfer or assign, in whole at any time, or in part from time to time, to one or more of its affiliates, the right to purchase all or any portion of the Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve the Purchaser of its obligations under the Offer and will in no way prejudice the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

Subject to, and effective upon, acceptance for payment of the Shares tendered herewith, in accordance with the terms of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to, or upon the order of, the Purchaser all right, title and interest in and to all the Shares that are being tendered hereby (and any and all non-cash dividends,

distributions, rights, other Shares or other securities issued or issuable in respect of such Shares) and rights declared, paid or distributed in respect of such Shares on or after March 16, 1995, (collectively, 'Distributions'), and irrevocably appoints the Depository the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares and all Distributions, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (i) deliver Share Certificates evidencing such Shares and all Distributions, or transfer ownership of such Shares and all Distributions on the account books maintained by a Book-Entry Transfer Facility, together, in either case, with all accompanying evidence of transfer and authenticity, to or upon the order of the Purchaser, (ii) present such Shares and all Distributions for transfer on the books of the Company and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares and all Distributions, all in accordance with the terms of the Offer.

By executing this Letter of Transmittal, the undersigned irrevocably appoints L. White Matthews, III, Richard K. Davidson and Judy L. Swantak as proxies of the undersigned, each with full power of substitution, to the full extent of the undersigned's rights with respect to the Shares tendered by the undersigned and accepted for payment by the Purchaser (and all Distributions). All such proxies shall be considered coupled with an interest in the tendered Shares. This appointment will be effective if, when, and only to the extent that, the Purchaser accepts such Shares for payment pursuant to the Offer. Upon such acceptance for payment, all prior proxies given by the undersigned with respect to such Shares and all Distributions will, without further action, be revoked, and no subsequent proxies may be given. All such proxies will, with respect to the Shares and all Distributions for which the appointment is effective, be empowered to exercise all voting and other rights of the undersigned as they in their sole discretion may deem proper at any annual, special, adjourned or postponed meeting of the Company's stockholders, by written consent or otherwise, and the Purchaser reserves the right to require that, in order for Shares or all Distributions to be deemed validly tendered, immediately upon the Purchaser's acceptance for payment of such Shares the Purchaser must be able to exercise full voting rights with respect to such Shares.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and all Distributions, and that when such Shares are accepted for payment by the Purchaser, the Purchaser will acquire good, marketable and unencumbered title thereto and to all Distributions, free and clear of all liens, restrictions, charges and encumbrances, and that none of such Shares and Distributions will be subject to any adverse claim. The undersigned, upon request, shall execute and deliver all additional documents deemed by the Depository or the Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby and all Distributions. In addition, the undersigned shall remit and transfer promptly to the Depository for the account of the Purchaser all Distributions in respect of the Shares tendered hereby, accompanied by appropriate documentation of transfer, and, pending such remittance and transfer or appropriate assurance thereof, the Purchaser shall be entitled to all rights and privileges as owner of each such Distribution and may withhold the entire purchase price of the Shares tendered hereby or deduct from such purchase price, the amount or value of such

Distribution as determined by the Purchaser in its sole discretion.

No authority herein conferred or agreed to be conferred shall be affected by, and all such authority shall survive, the death or incapacity of the undersigned. All obligations of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described in 'THE OFFER--Procedures for Tendering Shares' of the Offer to Purchase and in the instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer. The Purchaser's acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer. The undersigned recognizes that under certain circumstances set forth in the Offer to Purchase, the Purchaser may not be required to accept for payment any of the Shares tendered hereby.

Unless otherwise indicated herein in the box entitled 'Special Payment Instructions,' please issue the check for the purchase price of all Shares purchased, and return all Share Certificates evidencing Shares not purchased or not tendered, in the name(s) of the registered holder(s) appearing above under 'Description of Shares Tendered.' Similarly, unless otherwise indicated in the box entitled 'Special Delivery Instructions,' please mail the check for the purchase price of all Shares purchased and all Share Certificates evidencing Shares not tendered or not purchased (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing above under 'Description of Shares Tendered.' In the event that the boxes entitled 'Special Payment Instructions' and 'Special Delivery Instructions' are both completed, please issue the check for the purchase price of all Shares purchased and return all Share Certificates evidencing Shares not purchased or not tendered in the name(s) of, and mail such check and Share Certificates to, the person(s) so indicated. Unless otherwise indicated herein in the box entitled 'Special Payment Instructions,' please credit any Shares tendered hereby and delivered by book-entry transfer, but which are not purchased, by crediting the account at the Book-Entry Transfer Facility designated above. The undersigned recognizes that the Purchaser has no obligation, pursuant to the Special Payment Instructions, to transfer any Shares from the name of the registered holder(s) thereof if the Purchaser does not accept for payment any of the Shares tendered hereby.

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Share Certificates evidencing Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned, or if Shares tendered hereby and delivered by book-entry transfer which are not purchased are to be returned by credit to an account at one of the Book-Entry Transfer Facilities other than that designated above.

Issue // check // Share Certificate(s) to:

Name: _____
(PLEASE PRINT)

Address: _____

(ZIP CODE)

TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER
(SEE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

// Credit Shares delivered by book-entry transfer and not purchased to the account set forth below:

Check appropriate box:
// The Depository Trust Company
// Midwest Securities Trust Company
// Philadelphia Depository Trust Company

Account Number _____

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Share Certificates evidencing Shares not tendered or not purchased are to be mailed to someone other than the undersigned, or to the undersigned at an address other than that shown under 'Description of Shares Tendered.'

Mail // check // Share Certificate(s) to:

Name: _____
(PLEASE PRINT)

Address: _____

(ZIP CODE)

IMPORTANT
STOCKHOLDERS: SIGN HERE
(PLEASE COMPLETE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

SIGNATURE(S) OF HOLDER(S)

Dated: _____, 1995

(Must be signed by registered holder(s) exactly as name(s) appear(s) on Share Certificates or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information. See Instruction 5.)

Name(s) _____

(PLEASE PRINT)

Capacity (full title) _____

(SEE INSTRUCTION 5)

Address _____

(INCLUDE ZIP CODE)

Area Code and Telephone No. _____

Taxpayer Identification or Social Security No. _____

(SEE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

GUARANTEE OF SIGNATURE(S)
(IF REQUIRED--SEE INSTRUCTIONS 1 AND 5)

Authorized Signature _____

Name _____

(PLEASE PRINT)

Title _____

Name of Firm _____

Address _____

(INCLUDE ZIP CODE)

Area Code and Telephone No. _____

Dated: _____, 1995

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. Guarantee of Signatures. Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States (each an 'Eligible Institution'). No signature guarantee is required on this Letter of Transmittal (a) if this Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this document, shall include any participant in a Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Shares) of Shares herewith, unless such holder(s) has completed either the box entitled 'Special Delivery Instructions' or the box entitled 'Special Payment Instructions' on the reverse hereof, or (b) if such Shares are tendered for the account of an Eligible Institution. See Instruction 5. If a Share Certificate is registered in the name of a person other than the signer of this Letter of Transmittal, or if payment is to be made, or a Share Certificate not accepted for payment or not tendered is to be returned, to a person other than the registered holder(s), then the Share Certificate must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on the Share Certificate, with the signature(s) on such Share Certificate or stock powers guaranteed as described above. See Instruction 5.

2. Delivery of Letter of Transmittal and Share Certificates. This Letter of Transmittal is to be used either if Share Certificates are to be forwarded herewith or if Shares are to be delivered by book-entry transfer pursuant to the procedure set forth in 'THE OFFER--Procedures for Tendering Shares' of the Offer to Purchase. Share Certificates evidencing all tendered Shares, or confirmation of a book-entry transfer of such Shares, if such procedure is available, into the Depository's account at one of the Book-Entry Transfer Facilities pursuant to the procedures set forth in 'THE OFFER--Procedures for Tendering Shares' of the Offer to Purchase, together with a properly completed and duly executed

Letter of Transmittal (or facsimile thereof) with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message, as defined below) and any other documents required by the Letter of Transmittal, must be received by the Depository at one of its addresses set forth on the reverse hereof prior to the Expiration Date (as defined in 'THE OFFER--Terms of the Offer' of the Supplement). If Share Certificates are forwarded to the Depository in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery. Stockholders whose Share Certificates are not immediately available, who cannot deliver their Share Certificates and all other required documents to the Depository prior to the Expiration Date or who cannot complete the procedure for delivery by book-entry transfer on a timely basis may tender their Shares pursuant to the guaranteed delivery procedure described in 'THE OFFER--Procedures for Tendering Shares' of the Offer to Purchase. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution; (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Purchaser herewith, must be received by the Depository prior to the Expiration Date; and (iii) in the case of a guarantee of Shares, the Share Certificates, in proper form for transfer, or a confirmation of a book-entry transfer of such Shares, if such procedure is available, into the Depository's account at one of the Book-Entry Transfer Facilities, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message) and any other documents required by this Letter of Transmittal, must be received by the Depository within five New York Stock Exchange, Inc. trading days after the date of execution of the Notice of Guaranteed Delivery, all as described in 'THE OFFER--Procedures for Tendering Shares' of the Offer to Purchase. The term 'Agent's Message' means a message, transmitted by a Book-Entry Transfer Facility to, and received by, the Depository and forming a part of a Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares, that such participant has received and agrees to be bound by the terms of this Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. By execution of this Letter of Transmittal (or a facsimile hereof), all tendering stockholders waive any right to receive any notice of the acceptance of their Shares for payment.

3. Inadequate Space. If the space provided herein under 'Description of Shares Tendered' is inadequate, the Share Certificate numbers, the number of Shares evidenced by such Share Certificates and the number of Shares tendered should be listed on a separate schedule and attached hereto.

4. Partial Tenders. (Not applicable to stockholders who tender by

book-entry transfer.) If fewer than all the Shares evidenced by any Share Certificate delivered to the Depository herewith are to be tendered hereby, fill in the number of Shares which are to be tendered in the box entitled 'Number of Shares Tendered.' In such cases, new Share Certificate(s) evidencing the remainder of the Shares that were evidenced by the Share Certificates delivered

to the Depositary herewith will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the box entitled 'Special Delivery Instructions,' as soon as practicable after the expiration or termination of the Offer. All Shares evidenced by Share Certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. Signatures on Letter of Transmittal; Stock Powers and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share Certificates evidencing such Shares without alteration, enlargement or any other change whatsoever.

If any Share tendered hereby is owned of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in the names of different holders, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such Shares.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, no endorsements of Share Certificates or separate stock powers are required, unless payment is to be made to, or Share Certificates evidencing Shares not tendered or not purchased are to be issued in the name of, a person other than the registered holder(s), in which case, the Share Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, the Share Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signatures on such Share Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Share Certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Purchaser of such person's authority so to act must be submitted.

6. Stock Transfer Taxes. Except as otherwise provided in this Instruction 6, the Purchaser will pay all stock transfer taxes with respect to the sale and

transfer of any Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price of any Shares purchased is to be made to, or Share Certificate(s) evidencing Shares not tendered or not purchased are to be issued in the name of, a person other than the registered holder(s), the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) payable on account of the transfer to such other person will be deducted from the purchase price of such Shares purchased, unless evidence satisfactory to the Purchaser of the payment of such taxes, or exemption therefrom, is submitted.

EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT WILL NOT BE NECESSARY FOR TRANSFER TAX STAMPS TO BE AFFIXED TO THE SHARE CERTIFICATES EVIDENCING THE SHARES TENDERED HEREBY.

7. Special Payment and Delivery Instructions. If a check for the purchase price of any Shares tendered hereby is to be issued, or Share Certificate(s) evidencing Shares not tendered or not purchased are to be issued, in the name of a person other than the person(s) signing this Letter of Transmittal or if such check or any such Share Certificate is to be sent to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal but at an address other than that shown in the box entitled 'Description of Shares Tendered,' the appropriate boxes on this Letter of Transmittal must be completed. Stockholders delivering Shares tendered hereby by book-entry transfer may request that Shares not purchased be credited to such account maintained at a Book-Entry Transfer Facility as such stockholder may designate in the box entitled 'Special Payment Instructions.' If no such instructions are given, all such Shares not purchased will be returned by crediting the account at the Book-Entry Transfer Facility designated on the reverse hereof as the account from which such Shares were delivered.

8. Requests for Assistance or Additional Copies. Requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses or telephone numbers set forth below. Additional copies of the Offer to Purchase, the Supplement, this Letter of Transmittal, the Notice of Guaranteed Delivery and the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 may be obtained from the Information Agent or the Dealer Manager or from brokers, dealers, commercial banks or trust companies.

9. Substitute Form W-9. Each tendering stockholder is required to provide the Depository with a correct Taxpayer Identification Number ('TIN') on the Substitute Form W-9 which is provided under 'Important Tax Information' below, and to certify, under penalties of perjury, that such number is correct and that such stockholder is not subject to backup withholding of federal income tax. If a tendering stockholder has been notified by the Internal Revenue Service that such stockholder is subject to backup withholding, such stockholder must cross out item (2) of the Certification box of the Substitute Form W-9, unless such stockholder has since been notified by the Internal Revenue Service that such stockholder is no longer subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering stockholder to 31% federal income tax withholding on the payment of the purchase price of all Shares purchased from such stockholder. If the tendering stockholder has not

been issued a TIN and has applied for one or intends to apply for one in the near future, such stockholder should write 'Applied For' in the space provided

for the TIN in Part I of the Substitute Form W-9, and sign and date the Substitute Form W-9. If 'Applied For' is written in Part I and the Depository is not provided with a TIN within 60 days, the Depository will withhold 31% on all payments of the purchase price to such stockholder until a TIN is provided to the Depository.

10. Lost, Destroyed or Stolen Certificates. If any certificate(s) representing Shares has been lost, destroyed or stolen, the stockholder should promptly notify the Depository. The stockholder will then be instructed as to the steps that must be taken in order to replace the certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed.

11. Waiver of Conditions. The conditions of the Offer are for the sole benefit of the Purchaser and Parent and may be waived by Parent or the Purchaser, in whole or in part at any time and from time to time in the sole discretion of Parent or the Purchaser.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR FACSIMILE HEREOF), PROPERLY COMPLETED AND DULY EXECUTED, WITH ANY REQUIRED SIGNATURE GUARANTEES, OR AN AGENT'S MESSAGE (TOGETHER WITH SHARE CERTIFICATES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR A PROPERLY COMPLETED AND DULY EXECUTED NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE SUPPLEMENT).

IMPORTANT TAX INFORMATION

Under the federal income tax law, a stockholder whose tendered Shares are accepted for payment is required by law to provide the Depository (as payer) with such stockholder's correct TIN on Substitute Form W-9 below. If such stockholder is an individual, the TIN is such stockholder's social security number. If the Depository is not provided with the correct TIN, the stockholder may be subject to a \$50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such stockholder with respect to Shares purchased pursuant to the Offer may be subject to backup withholding of 31%.

Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, such individual must submit a statement, signed under penalties of perjury, attesting to such individual's exempt status. Forms of such statements can be obtained from the Depository. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies with respect to a stockholder, the Depository is required to withhold 31% of any payments made to such stockholder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments that are made to a stockholder with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depository of such stockholder's correct TIN by completing the form below certifying (a) that the TIN provided on Substitute Form W-9 is correct (or that such stockholder is awaiting a TIN), and (b) that (i) such stockholder has not been notified by the Internal Revenue Service that such stockholder is subject to backup withholding as a result of a failure to report all interest or dividends or (ii) the Internal Revenue Service has notified such stockholder that such stockholder is no longer subject to backup withholding.

WHAT NUMBER TO GIVE THE DEPOSITARY

The stockholder is required to give the Depository the social security number or employer identification number of the record holder of the Shares tendered hereby. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report. If the tendering stockholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, the stockholder should write 'Applied For' in the space provided for the TIN in Part I, and sign and date the Substitute Form W-9. If 'Applied For' is written in Part I and the Depository is not provided with a TIN within 60 days, the Depository will withhold 31% of all payments of the purchase price to such stockholder until a TIN is provided to the Depository.

PAYER'S NAME: CITIBANK, N.A.

SUBSTITUTE
FORM W-9
DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE

PART I -- PLEASE PROVIDE
YOUR TIN IN
THE BOX AT RIGHT AND
CERTIFY BY SIGNING AND
DATING BELOW.

Social Security Number
OR

Employer Identification
Number

(If awaiting TIN write
'Applied For')

PAYER'S REQUEST FOR
TAXPAYER
IDENTIFICATION
NUMBER (TIN)

PART II -- For Payees Exempt From Backup Withholding, see the enclosed
Guidelines for Certification of Taxpayer Identification Number on Substitute
Form W-9 and complete as instructed therein.

CERTIFICATION -- Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct Taxpayer Identification Number
(or a Taxpayer Identification Number has not been issued to me and either
(a) I have mailed or delivered an application to receive a Taxpayer
Identification Number to the appropriate Internal Revenue Service ('IRS')

or Social Security Administration office or (b) I intend to mail or
deliver an application in the near future. I understand that if I do not
provide a Taxpayer Identification Number within sixty (60) days, 31% of
all reportable payments made to me thereafter will be withheld until I
provide a number), and

(2) I am not subject to backup withholding either because I have not been
notified by the IRS that I am subject to backup withholding as a result of
failure to report all interest or dividends, or the IRS has notified me
that I am no longer subject to backup withholding.

CERTIFICATE INSTRUCTIONS -- You must cross out item (2) above if you have been
notified by the IRS that you are subject to backup withholding because of
underreporting interest or dividends on your tax return. However, if after
being notified by the IRS that you were subject to backup withholding you
received another notification from the IRS that you are no longer subject to
backup withholding, do not cross out item (2). (Also see instructions in the
enclosed Guidelines.)

SIGNATURE: _____

DATE: _____, 1995

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING
OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW
THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

Questions and requests for assistance or additional copies of the Offer to
Purchase, Supplement, Letter of Transmittal and other tender offer materials may
be directed to the Information Agent or the Dealer Manager as set forth below:

The Information Agent for the Offer is:

MORROW & CO., INC.

909 Third Avenue, 20th Floor
New York, New York 10022
(212) 754-8000
(Call Collect)

14755 Preston Road, Suite 725
Dallas, TX 75240
(214) 788-0977
(Call Collect)

39 South LaSalle Street
Chicago, Illinois 60603
(312) 444-1150
(Call Collect)

or

Banks & Brokers Call Toll Free 1-800-662-5200
All Others Call Toll Free 1-800-566-9058

The Dealer Manager for the Offer is:

CS FIRST BOSTON CORPORATION

Park Avenue Plaza
55 East 52nd Street
New York, New York 10055
(212) 909-2000 (Call Collect)

NOTICE OF GUARANTEED DELIVERY
FOR
TENDER OF SHARES OF COMMON STOCK
OF
CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY
TO
UP RAIL, INC.
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
UNION PACIFIC CORPORATION

(NOT TO BE USED FOR SIGNATURE GUARANTEES)

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Offer (as defined below) if (i) certificates ('Share Certificates') evidencing shares of common stock, par value \$.01 per share (the 'Common Stock' or the 'Shares'), of Chicago and North Western Transportation Company, a Delaware corporation (the 'Company'), are not immediately available, (ii) time will not permit all required documents to reach Citibank, N.A., as Depository (the 'Depository'), prior to the Expiration Date (as defined in 'THE OFFER--Terms of the Offer' of the Supplement (as defined below)) or (iii) the procedure for book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depository. See 'THE OFFER--Procedures for Tendering Shares' of the Offer to Purchase dated March 23, 1995 (the 'Offer to Purchase').

The Depository for the Offer is:

CITIBANK, N.A.

By Mail:
Citibank, N.A.
c/o Citicorp Data
Distribution, Inc.
P.O. Box 1429
Paramus, New Jersey 07653

By Overnight Delivery:
Citibank, N.A.
c/o Citicorp Data
Distribution, Inc.
404 Sette Drive
Paramus, New Jersey 07652

By Hand:
Citibank, N.A.
Corporate Trust Window
111 Wall Street, 5th
Floor
New York, New York

By Facsimile Transmission:
(For Eligible Institutions
Only)
(201) 262-3240
Confirm By Telephone:
(800) 422-2066

By Telex:
(710) 990-4964
Answer Back: CDDI PARA

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

THIS FORM IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN 'ELIGIBLE INSTITUTION' UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE BOX ON THE LETTER OF TRANSMITTAL.

LADIES AND GENTLEMEN:

The undersigned hereby tenders to UP Rail, Inc., a Utah corporation and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase, as supplemented by the Supplement to the Offer to Purchase, dated April 14, 1995 (the 'Supplement'), and the related Letter of Transmittal (which, as amended from time to time, together constitute the 'Offer'), receipt of each of which is hereby acknowledged, the number of Shares specified below pursuant to the guaranteed delivery procedures described in 'THE OFFER--Procedures for Tendering Shares' of the Offer to Purchase.

Number of Shares: _____ Name(s) of Record Holder(s): _____

Certificate Nos. (if available): _____
 _____ PLEASE PRINT

Check ONE box if Shares will be _____
 tendered by book-entry transfer: _____
 / / The Depository Trust Company _____ ZIP CODE
 / / Midwest Securities Trust _____
 Company _____
 / / Philadelphia Depository Trust _____
 Company _____

Address(es): _____

 Area Code and Tel. No: _____

Signature(s): _____

Account Number: _____

Dated: _____, 1995

GUARANTEE
 (NOT TO BE USED FOR SIGNATURE GUARANTEES)

The undersigned, a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States, hereby guarantees delivery to the Depository, at one of its addresses set forth above, of certificates evidencing the Shares tendered hereby in proper form for transfer, or confirmation of book-entry transfer of such Shares into the Depository's accounts at The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust Company, in each case with delivery of a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees, or an Agent's Message (as defined in 'THE OFFER--Acceptance for Payment and Payment' of the Offer to Purchase), and any other documents required by the Letter of Transmittal, within five New York Stock Exchange, Inc. trading days after the date of execution of this Notice of Guaranteed Delivery.

The Eligible Institution that completes this form must communicate the guarantee to the Depository and must deliver the Letter of Transmittal and certificates for Shares to the Depository within the time period shown herein. Failure to do so could result in financial loss to such Eligible Institution.

_____	_____
NAME OF FIRM	AUTHORIZED SIGNATURE
_____	_____
ADDRESS	TITLE
_____	Name: _____
ZIP CODE	PLEASE PRINT

Area Code and Tel. No.: _____ Date: _____, 1995

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE. SHARE CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

CLARIFICATION OF
SECTIONS 2.3(b) and 5.4(f)
of
MERGER AGREEMENT

WHEREAS, the parties hereto, Union Pacific Corporation ("Parent"), UP Rail, Inc. ("Purchaser") and Chicago and North Western Transportation Company (the "Company"), have entered into an Agreement and Plan of Merger dated as of March 16, 1995 (the "Merger Agreement"); and

WHEREAS, the parties hereto desire to clarify their mutual understanding of how Sections 2.3 and 5.4(f) should be applied with respect to Company employees whose employment may be terminated prior to the "Effective Time" or the date of "Closing" (both terms as defined in the Merger Agreement); and

WHEREAS, the Company has confirmed that all "Options" (as defined in Section 2.3 of the Merger Agreement) are either currently exercisable or have associated with them limited stock appreciation rights which will become exercisable upon the consummation of the "Offer" (as defined in the Merger Agreement); and

WHEREAS, consequently, the economic value of all Options could be realized at, or immediately after, the consummation of the Offer, while Section 2.3(b) specifically authorizes a cash payment with respect to Options only upon their cancellation at the Effective Time;

NOW, THEREFORE, the parties hereto agree as follows:

1. If the employment of a Company employee is terminated (whether voluntarily or otherwise) prior to the Effective Time, each Option which is held by such employee immediately prior to the later of the date of the consummation of the Offer or the date of such termination of employment shall be cancelled on the later of such dates (provided that any required consent to cancellation has been given by the employee). Promptly upon such cancellation, the Company shall pay to such employee an amount equal to the excess, if any, of the Offer Price (as defined in the Merger Agreement) over the exercise price per Share (as defined in the Merger Agreement) subject thereto, multiplied by the number of Shares subject thereto.

2. The Company will pay to a "Terminated Employee" (as defined in the next sentence), as soon as reasonably practical after the date of his or her termi-

nation of employment, a prorated bonus calculated in accordance with Section 5.4(f) of the Merger Agreement, but based on the Company's performance through the end of the calendar quarter coinciding with or immediately preceding such termination and a proration of the resulting bonus amount to the date of such termination. "Terminated Employee" shall mean a Company employee

(i) whose employment is terminated (whether voluntarily or otherwise) prior to the Effective Time,

(ii) who does not (either before or after such termination) enter into a severance agreement with respect to such employment similar to the agreements offered to certain Company employees on or about April 3, 1995 by the Company, Chicago and North Western Railway Company and Union Pacific Railroad Company, and

(iii) who was, immediately prior to the execution of the Merger Agreement, a participant in the Company's Bonus Plan.

3. This document may be executed in counterparts, each of which shall be deemed to be an original but both of which together shall constitute one and the same document.

IN WITNESS WHEREOF, Parent, Purchaser and the Company have caused this document to be signed by their respective officers thereunto duly authorized as of April 12, 1995.

UNION PACIFIC CORPORATION

By _____
Name:
Title:

UP RAIL, INC.

By _____
Name:
Title:

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By _____
Name:
Title:

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE
IN AND FOR NEW CASTLE COUNTY

HERBERT FEIWEL, IRA ROLLOVER)
ACCOUNT,)
Plaintiff,)
-against-) C.A. No. 14109

JAMES E. MARTIN, JAMES J. MOSSMAN,)
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.)

KENNETH STEINER,)
Plaintiff,)
-against-) C.A. No. 14111

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.)

MOISE KATZ,)
Plaintiff,)
-against-) C.A. No. 14112

JAMES E. MARTIN, JAMES J. MOSSMAN,)
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.)

CHARLES KOWAL and HARRY W. KENT,)
in his Individual Retirement)
Account, on their own behalf and)
on behalf of all others similarly)

Plaintiff,)

-against-)

C.A. No. 14115

CHICAGO AND NORTHWESTERN TRANS-)
PORTATION COMPANY, UNION PACIFIC)
CORPORATION, RICHARD K. DAVIDSON,)
JAMES E. MARTIN, JAMES J. MOSSMAN,)
JAMES R. THOMPSON, ROBERT SCHMIEGE,)
HAROLD A. POLING, and SAMUEL K.)
SKINNER,)
Defendants.)

MICHAEL GERBER, individually and on)
behalf of all others similarly)
situated,)

Plaintiff,)

-against-)

C.A. No. 14117

JAMES E. MARTIN, JAMES J. MOSSMAN,)
JAMES R. THOMPSON, ROBERT SCHMIEGE,)
RICHARD K. DAVIDSON, HAROLD A.)
POLING, SAMUEL K. SKINNER, CHICAGO)
& NORTHWESTERN TRANSPORTATION)
COMPANY, UNION PACIFIC COMPANY)
and UP RAIL INC.,)
Defendants.)

MEMORANDUM OF UNDERSTANDING

WHEREAS, plaintiffs in the above-referenced stockholder class actions (collectively, the "Litigation") have challenged a proposed merger transaction and certain ancillary agreements thereto ("the Merger" and

the "Merger Agreement") pursuant to which Chicago and North Western Transportation Company ("CNW" or the "Company") would be merged with and into a subsidiary of Union Pacific Corporation ("UP"); and

WHEREAS, plaintiffs have moved to preliminarily enjoin the Merger, and the parties have engaged in expedited discovery with respect thereto;

WHEREAS, counsel for the parties have engaged in extensive, good faith discussions with regard to the possible settlement of the Litigation; and

WHEREAS, as a result of those discussions, defendants have agreed to make certain modifications to the Stock Option Agreement and issue certain supplemental disclosures with regard to the Merger; NOW, THEREFORE,

IT IS HEREBY AGREED, between and among the parties hereto, that the following sets forth the terms of their agreement to settle the matter:

1. Defendants shall issue or cause to be issued supplemental disclosures (the "Supplemental Dis-

closures") concerning certain of the matters alleged in plaintiffs' Amended Class Action Complaint (the "Amended Complaint"), which Supplemental Disclosures shall be mutually agreed upon by the counsel for the parties to the Litigation;

2. Defendants shall cause UP's tender offer for the publicly held shares of CNW, which offer is presently scheduled to expire on April 19, 1995, to remain open for a period of ten calendar days after the mailing of the Supplemental Disclosures;

3. Defendants shall modify paragraph 1 of the Company Stock Option Agreement, dated March 16, 1995, to provide that UP's rights thereunder (or the rights of its affiliates) shall accrue only upon its ownership of at least 87.5% of the Company's common shares (assuming conversion of UP's non-voting CNW common shares into CNW common shares);

4. Defendants agree not to oppose any application by plaintiffs' counsel for an award of attorneys' fees and expenses in an aggregate amount not to exceed \$525,000. UP and/or CNW shall pay to plaintiffs' counsel such fees and expenses as may be actually awarded by the Court to an aggregate limit of \$525,000. Defendants expressly reserve the right to oppose any other application

for an award of attorneys' fees and expenses to be made to the Court of Chancery or to any other court by, or on behalf of, plaintiffs' counsel or any other persons. No Defendant other than UP and CNW shall be liable or responsible for the payment of any attorneys' fees and expenses which may be awarded in this Litigation.

5. The parties shall work in good faith to prepare and submit to the Court of Chancery for approval at the earliest practicable time, a Stipulation of Settlement of the Litigation (the "Stipulation"). The Stipulation will expressly provide, inter alia, that: (a) the defendants have denied, and continue to deny, that they have committed any violation of law or engaged in any of the wrongful acts alleged in the Amended Complaint or plaintiffs' motion for a preliminary injunction; (b) the defendants are entering into the Stipulation solely because the proposed settlement would eliminate the burden and expense of further litigation; and (c) plaintiffs' counsel, having made a thorough investigation of the facts, believe that the proposed settlement is fair, reasonable and adequate and in the best interests of plaintiffs and the proposed class. The Stipulation will further provide for, inter alia: (a) appropriate certification of the class described in the Amended

Complaint; (b) the entry of a judgment in appropriate form, dismissing the Litigation with prejudice and barring any claims (including any claims for violation of federal, state or common law) that have been or might have been brought in any court, the Interstate Commerce Commission or any other forum by any member of the proposed class, relating to any matter that was or could have been asserted in the Amended Complaint; and (c) the delivery of releases in an appropriate form releasing any claims for violation of, or arising under, federal, state or common law, including but not limited to, the Interstate Commerce Act.

6. The settlement described herein shall be subject to the approval of the Court of Chancery. Should a Stipulation not be executed or not be approved by the Court, or should the tender offer not be consummated in accordance with the modified terms described herein, the proposed settlement shall be null and void and of no force and effect, and shall not be deemed to prejudice in any way the position of any party with respect to this litigation. In such event, neither the existence of this Memorandum of Understanding nor its contents shall be

admissible in evidence or shall be referred to for any

purpose in this litigation or in any other litigation or proceeding.

7. This Memorandum of Understanding and the proposed settlement described herein shall be governed by, and construed in accordance with, the laws of the State of Delaware.

8. This Memorandum of Understanding may be modified or amended only by a writing signed by all of the signatories hereto.

9. Plaintiffs and plaintiffs' counsel represent and warrant that none of the plaintiffs' claims or causes of action referred to in the Amended Complaint or this Memorandum of Understanding have been assigned, encumbered or in any manner transferred in whole or in part.

10. This Memorandum of Understanding shall be binding upon and shall inure to the benefit of the parties and their respective agents, successors, executors, heirs and assigns.

11. By signing this Memorandum of Understanding, plaintiffs' counsel represent and warrant that they have authority to act on behalf of the plaintiffs in the Litigation.

12. The parties to this Memorandum of Understanding agree (a) to use their best efforts to achieve the dismissal of the Litigation in accordance with the terms of this Memorandum of Understanding, and (b) to cause the timely occurrence of all events, transactions, or other circumstances described herein.

13. This Memorandum of Understanding may be signed in counterparts.

Dated: April 13, 1995

ROSENTHAL, MONHAIT, GROSS
& GODDESS, P.A.
Attorneys for Plaintiff

By: /s/ Joseph A. Rosenthal

Joseph A. Rosenthal
First Federal Plaza
Suite 214
P.O. Box 1070
Wilmington, DE 19899
(302) 656-4433

MORRIS, NICHOLS, ARSHT & TUNNELL
Attorneys for Chicago & North
Western Transportation Company
and the Individual Defendants

By: /s/ William M. Lafferty

William M. Lafferty, Esq.
1201 North Market Street
P.O. Box 1347
Wilmington, DE 19899-1347
(302) 658-9200

SKADDEN, ARPS, SLATE, MEAGHER

& FLOM
Attorneys for Union Pacific
Corporation and UP Rail Inc.

By: /s/ Thomas J. Allingham

Thomas J. Allingham, II
(Members of the Firm)
One Rodney Square
Wilmington, DE 19899
(302) 651-3000

Contact: 610-861-3388
Harvey S. Turner
Director-Public Relations
Martin Tower
Eighth and Eaton Avenues
Bethlehem, PA 18018

FOR IMMEDIATE RELEASE

Bethlehem, PA, April 14, 1995 -- Union Pacific Corporation (NYSE: UNP) and Chicago and North Western Transportation Company (NYSE: CNW) announced today that, in order to eliminate the burden and expense of further litigation, they had entered into a memorandum of understanding providing for the settlement of the pending class action lawsuits relating to Union Pacific's \$35.00 per share cash tender offer for all outstanding shares of Chicago and North Western pursuant to their merger agreement. Pursuant to the proposed settlement, Union Pacific and Chicago and North Western agreed to disseminate certain mutually agreeable supplemental disclosure to Chicago and North Western's shareholders and to extend the expiration date of the tender offer to ten (10) calendar days following the mailing of such disclosure, which is expected to occur later today. The settlement also provides that Union Pacific and Chicago and North Western will amend the stock option agreement which was entered into in connection with the merger agreement to provide that Union Pacific may only exercise its option to acquire additional Chicago and North Western shares from CNW (thereby permitting a short-form merger) if Union Pacific acquires more than 87.5% (previously 85%) but less than 90% of Chicago and North Western's shares in the tender offer. As part of the settlement, the parties cancelled the hearing previously scheduled in the Delaware Chancery Court.

Union Pacific also said today that it has extended the expiration date of its tender offer for all outstanding shares of the Common Stock of Chicago and North Western to 12:00 Midnight, New York City time, on Monday, April 24, 1995. As of 12:00 Midnight, New York City time, on Thursday, April 13, 1995, approximately 5,743,000 shares of Chicago and North Western Common Stock had been tendered in the offer.

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