SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1
TENDER OFFER STATEMENT
PURSUANT TO SECTION 14(D)(1) OF THE SECURITIES EXCHANGE ACT OF 1934
AND
SCHEDULE 13D

SOUTHERN PACIFIC RAIL CORPORATION
(NAME OF SUBJECT COMPANY)

UNION PACIFIC CORPORATION
UNION PACIFIC RAILROAD COMPANY
UP ACQUISITION CORPORATION
(BIDDERS)

COMMON STOCK, PAR VALUE $.001 PER SHARE
(TITLE OF CLASS OF SECURITIES)

843584 10 3
(CUSIP NUMBER OF CLASS OF SECURITIES)

RICHARD J. RESSLER, ESQ.
ASSISTANT GENERAL COUNSEL
UNION PACIFIC CORPORATION
MARTIN TOWER, EIGHTH AND EATON AVENUES
BETHLEHEM, PENNSYLVANIA 18018
(610) 861-3200
(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF BIDDERS)

WITH A COPY TO:

PAUL T. SCHNELL, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM
919 THIRD AVENUE
NEW YORK, NEW YORK 10022
TELEPHONE: (212) 735-3000

CALCULATION OF FILING FEE

TRANSACTION VALUATION*	AMOUNT OF FILING FEE**
$975,861,775	$195,172.36

* FOR PURPOSES OF CALCULATING THE FILING FEE ONLY. THIS CALCULATION ASSUMES THE PURCHASE OF 39,034,471 SHARES OF COMMON STOCK, PAR VALUE $.001 PER SHARE, OF SOUTHERN PACIFIC RAIL CORPORATION AT $25.00 NET PER SHARE IN CASH.

** THE AMOUNT OF THE FILING FEE, CALCULATED IN ACCORDANCE WITH RULE 0-11(D) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EQUALS 1/50TH OF ONE PERCENT OF THE AGGREGATE VALUE OF CASH OFFERED BY UP ACQUISITION CORPORATION FOR SUCH NUMBER OF SHARES.

[_] CHECK BOX IF ANY PART OF THE FEE IS OFFSET AS PROVIDED BY RULE 0-11(A)(2) AND IDENTIFY THE FILING WITH WHICH THE OFFSETTING FEE WAS PREVIOUSLY PAID. IDENTIFY THE PREVIOUS FILING BY REGISTRATION STATEMENT NUMBER, OR THE FORM OR SCHEDULE AND THE DATE OF ITS FILING.

AMOUNT PREVIOUSLY PAID: NOT APPLICABLE. FILING PARTY: NOT APPLICABLE.
FORM OR REGISTRATION NO.: NOT APPLICABLE. DATE FILED: NOT APPLICABLE.

1.NAMES OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

UNION PACIFIC CORPORATION (13-2626465)

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

[_] (a)
[X] (b)

3.SEC USE ONLY

4.SOURCE OF FUNDS

BK, WC

5.[_] CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(e) OR 2(f)

6.CITIZENSHIP OR PLACE OF ORGANIZATION

UTAH

7.AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0 See Section 13 of the Offer to Purchase, dated August 9, 1995 filed as Exhibit (a)(1) hereto

---

8.[_] CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES

9.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7)

0%

10.TYPE OF REPORTING PERSON

HC and CO

1.NAMES OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

UNION PACIFIC RAILROAD COMPANY

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

[_] (a)
[X] (b)

3.SEC USE ONLY

4.SOURCE OF FUNDS

AF

5.[_] CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(e) OR 2(f)

6.CITIZENSHIP OR PLACE OF ORGANIZATION

UTAH

7.AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

8.[_] CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES

9.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7)

0%

10.REPORTING PERSON

CO

1.NAMES OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

UP ACQUISITION CORPORATION

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

[_] (a)
[X] (b)

3.SEC USE ONLY

4.SOURCE OF FUNDS

AF

5.[_] CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(e) OR 2(f)

6.CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

7.AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

8.[_] CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES

9.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7)

0%

10.REPORTING PERSON

CO

ITEM 1. SECURITY AND SUBJECT COMPANY.

(a) The name of the subject company is Southern Pacific Rail Corporation, a Delaware corporation (the "Company"). The address of the Company's principal executive offices is Southern Pacific Building, One Market Plaza, San Francisco, California 94105.

(b) This Statement on Schedule 14D-1 relates to the offer by UP Acquisition Corporation ("Purchaser"), a Delaware corporation and a direct wholly owned subsidiary of Union Pacific Railroad Company ("UPRR"), a Utah corporation and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), to purchase up to 39,034,471 shares of Common Stock, par value $.001 per share (the "Shares" or "Common Stock"), of the Company, upon the terms and subject to the conditions set forth in the Offer to Purchase dated August 9, 1995 and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") at a purchase price of $25.00 per Share, net to the tendering stockholder in cash. At August 3, 1995, 156,137,884 Shares were outstanding. The information set forth under "INTRODUCTION" in the Offer to Purchase annexed hereto as Exhibit (a)(1) is incorporated herein by reference.

(c) The information set forth under "THE OFFER--Price Range of Shares; Dividends" in the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

(a)-(d); (g) This Statement is being filed by Purchaser, UPRR and Parent. The information set forth under "INTRODUCTION" and "THE OFFER--Certain Information Concerning Purchaser, UPRR and Parent" in the Offer to Purchase and Schedule I thereto is incorporated herein by reference.

(e)-(f) During the last five years, neither Purchaser, UPRR, Parent nor any persons controlling Purchaser, nor, to the best knowledge of Purchaser, UPRR or Parent, any of the persons listed on Schedule I to the Offer to Purchase (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which any such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, Federal or State securities laws or finding any violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

(a)-(b) The information set forth under "INTRODUCTION," "THE OFFER--Background of the Offer; Contacts with the Company," "--Purpose of the Offer and the Merger; Plans for the Company," "--Merger Agreement; Shareholders Agreements; Registration Rights Agreements; Other Agreements," "--Certain Information Concerning the Company" and "--Certain Information Concerning Purchaser, UPRR and Parent" in the Offer to Purchase is incorporated herein by reference.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a)-(b) The information set forth under "INTRODUCTION" and "THE OFFER--Source and Amount of Funds" in the Offer to Purchase is incorporated herein by reference.

(c) Not applicable.

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

(a)-(e) The information set forth under "INTRODUCTION," "THE OFFER--Background of the Offer; Contacts with the Company," "--Purpose of the Offer and the Merger; Plans for the Company" and "--Merger Agreement; Shareholders Agreements; Registration Rights Agreements; Other Agreements" in the Offer to Purchase is incorporated herein by reference.

(f)-(g) The information set forth under "INTRODUCTION" and "THE OFFER--Effect of the Offer on the Market for the Shares; Exchange Listing and Exchange Act Registration; Margin Regulations" in the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) Not applicable.

(b) Not applicable.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

The information set forth under "INTRODUCTION," "THE OFFER--Background of the Offer; Contacts with the Company," "--Purpose of the Offer and the Merger; Plans for the Company," and "--Merger Agreement; Shareholders Agreements; Registration Rights Agreements; Other Agreements" in the Offer to Purchase is incorporated herein by reference.

ITEM 8.PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth under "THE OFFER--Fees and Expenses" in the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

The information set forth under "THE OFFER--Certain Information Concerning Purchaser, UPRR and Parent" in the Offer to Purchase is incorporated herein by reference.

ITEM 10. ADDITIONAL INFORMATION.

(a) Not applicable.

(b)-(c) The information set forth under "INTRODUCTION" and "THE OFFER--Certain Legal Matters; Regulatory Approvals" in the Offer to Purchase is incorporated herein by reference.

(d) The information set forth under "THE OFFER--Effect of the Offer on the Market for the Shares; Exchange Listing and Exchange Act Registration; Margin Regulations" in the Offer to Purchase is incorporated herein by reference.

(e) The information set forth under "THE OFFER--Certain Legal Matters; Regulatory Approvals" in the Offer to Purchase is incorporated herein by reference.

(f) The information set forth in the Offer to Purchase and the Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively, is incorporated herein by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

(a)(1) Offer to Purchase dated August 9, 1995.
(a)(2) Letter of Transmittal.
(a)(3) Notice of Guaranteed Delivery.
(a)(4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(a)(7) Text of Press Release issued by Parent on August 3, 1995.
(a)(8) Text of Press Release issued by Parent on August 4, 1995.
(a)(9) Form of Summary Advertisement dated August 9, 1995.
(b)(1) Revolving Credit Agreement, dated as of March 2, 1993, among Parent, the banks listed on the signature pages thereof and Chemical Bank, as administrative agent (the "Revolving Credit Agreement").
(b)(2) First Amendment, dated as of February 28, 1994, to the Revolving Credit Agreement.
(b)(3) Second Amendment, dated as of February 27, 1995, to the Revolving Credit Agreement.
(c)(1) Agreement and Plan of Merger, dated as of August 3, 1995, by and among Parent, UPRR, Purchaser and the Company.
(c)(2) Shareholders Agreement, dated as of August 3, 1995, among Parent, Purchaser, The Anschutz Corporation, a Kansas corporation ("TAC"), Anschutz Foundation, a Colorado not-for-profit corporation (the "Foundation"), and Mr. Philip F. Anschutz ("Mr. Anschutz").
(c)(3) Shareholder Agreement, dated as of August 3, 1995, among Parent, Purchaser and The Morgan Stanley Leveraged Equity Fund II, L.P., a Delaware limited partnership.
(c)(4) Shareholders Agreement, dated as of August 3, 1995, among Parent, Purchaser and the Company.
(c)(5) Shareholders Agreement, dated as of August 3, 1995, among Union Pacific Resources Group Inc., a Utah corporation ("Resources"), TAC, the Foundation and Mr. Anschutz.
(c)(6) Registration Rights Agreement, dated as of August 3, 1995, among Parent, TAC and the Foundation.
(c)(7) Registration Rights Agreement, dated as of August 3, 1995, between Purchaser and the Company.
(c)(8) Registration Rights Agreement, dated as of August 3, 1995, among Resources, TAC and the Foundation.
(c)(9) Form of Voting Trust Agreement, dated as of August 3, 1995, among Parent, Purchaser and Southwest Bank of St. Louis.
(d) Not applicable.
(e) Not applicable.
(f) Not applicable.

SIGNATURE

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

Dated: August 9, 1995

Union Pacific Corporation

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

SIGNATURE

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

Dated: August 9, 1995

UP Acquisition Corporation

/s/ Carl W. von Bernuth

By: _____

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

SIGNATURE

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

Dated: August 9, 1995

Union Pacific Railroad Company

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

EXHIBIT INDEX

EXHIBIT NO.	
(a)(1)	Offer to Purchase dated August 9, 1995.
(a)(2)	Letter of Transmittal.
(a)(3)	Notice of Guaranteed Delivery.
(a)(4)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(5)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(6)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
(a)(7)	Text of Press Release issued by Parent on August 3, 1995.
(a)(8)	Text of Press Release issued by Parent on August 4, 1995.
(a)(9)	Form of Summary Advertisement dated August 9, 1995.
(b)(1)	Revolving Credit Agreement, dated as of March 2, 1993, among Parent, the banks listed on the signature pages thereof and Chemical Bank, as administrative agent (the "Revolving Credit Agreement").
(b)(2)	First Amendment, dated as of February 28, 1994, to the Revolving Credit Agreement.
(b)(3)	Second Amendment, dated as of February 27, 1995, to the Revolving Credit Agreement.
(c)(1)	Agreement and Plan of Merger, dated as of August 3, 1995, among Parent, UPRR, the Purchaser and the Company.
(c)(2)	Shareholders Agreement, dated as of August 3, 1995, among Parent, the Purchaser, TAC, the Foundation and Mr. Anschutz.
(c)(3)	Shareholders Agreement, dated as of August 3, 1995, among Parent, the Purchaser and The Morgan Stanley Leveraged Equity Fund II, L.P., a Delaware limited partnership.
(c)(4)	Shareholders Agreement, dated as of August 3, 1995, among Parent, the Purchaser and the Company.
(c)(5)	Shareholders Agreement, dated as of August 3, 1995, among Resources, TAC, the Foundation and Mr. Anschutz.
(c)(6)	Registration Rights Agreement, dated as of August 3, 1995, among Parent, TAC and the Foundation.
(c)(7)	Registration Rights Agreement, dated as of August 3, 1995, between Purchaser and the Company.
(c)(8)	Registration Rights Agreement, dated as of August 3, 1995, among Resources, TAC and the Foundation.
(c)(9)	Voting Trust Agreement, dated as of August 3, 1995, among Parent, the Purchaser and Southwest Bank of St. Louis.
(d)	Not applicable.
(e)	Not applicable.
(f)	Not applicable.

OFFER TO PURCHASE FOR CASH
UP TO 39,034,471 SHARES OF COMMON STOCK
OF
SOUTHERN PACIFIC RAIL CORPORATION
AT
$25.00 NET PER SHARE
BY
UP ACQUISITION CORPORATION
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
UNION PACIFIC CORPORATION

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, SEPTEMBER 6, 1995, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (I) THE RECEIPT BY UP ACQUISITION CORPORATION ("PURCHASER"), PRIOR TO THE EXPIRATION OF THE OFFER, OF AN INFORMAL WRITTEN OPINION IN FORM AND SUBSTANCE SATISFACTORY TO PURCHASER FROM THE STAFF OF THE INTERSTATE COMMERCE COMMISSION (THE "ICC"), WITHOUT THE IMPOSITION OF ANY CONDITIONS UNACCEPTABLE TO PURCHASER, THAT THE USE OF A VOTING TRUST (THE "VOTING TRUST") IS CONSISTENT WITH THE POLICIES OF THE ICC AGAINST UNAUTHORIZED ACQUISITIONS OF CONTROL OF A REGULATED CARRIER AND (II) THE RECEIPT BY PURCHASER, PRIOR TO THE EXPIRATION OF THE OFFER, OF AN INFORMAL STATEMENT FROM THE PREMERGER NOTIFICATION OFFICE OF THE FEDERAL TRADE COMMISSION EITHER THAT (1) NO REVIEW OF THE OFFER, THE MERGER (AS DEFINED HEREIN) AND THE TRANSACTIONS CONTEMPLATED BY THE ANCILLARY AGREEMENTS (AS DEFINED HEREIN) WILL BE UNDERTAKEN PURSUANT TO THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"), OR (2) THE TRANSACTIONS CONTEMPLATED BY THE OFFER, THE MERGER AND THE ANCILLARY AGREEMENTS ARE NOT SUBJECT TO THE HSR ACT, OR IN THE ABSENCE OF THE RECEIPT OF SUCH INFORMAL STATEMENT REFERRED TO IN CLAUSE (1) OR (2) ABOVE, ANY APPLICABLE WAITING PERIOD UNDER THE HSR ACT SHALL HAVE EXPIRED OR BEEN TERMINATED PRIOR TO THE EXPIRATION OF THE OFFER. SEE SECTION 15.

THE BOARD OF DIRECTORS OF SOUTHERN PACIFIC RAIL CORPORATION (THE "COMPANY") UNANIMOUSLY HAS APPROVED THE OFFER AND THE MERGER, DETERMINED THAT EACH OF THE OFFER AND THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS OF THE COMPANY AND RECOMMENDS THAT STOCKHOLDERS OF THE COMPANY WHO DESIRE TO RECEIVE CASH FOR THEIR SHARES 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 (as defined herein) should either (i) complete and sign the Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal, have such stockholder's signature thereon guaranteed if required by Instruction 1 to the Letter of Transmittal, mail or deliver the Letter of Transmittal or such facsimile and any other required documents to the Depositary and either deliver the certificates for such Shares to the Depositary along with the Letter of Transmittal or facsimile or deliver such Shares pursuant to the procedure for book-entry transfer set forth in Section 3 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. 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.

Any 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 described in this Offer to Purchase on a timely basis, may tender such Shares by following the procedures for guaranteed delivery set forth in Section 3.

Questions and requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal or other tender offer materials, may be directed to the Information Agent (as defined herein) or the Dealer Manager (as defined herein) at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase.

The Dealer Manager for the Offer is:
CS First Boston

August 9, 1995

TABLE OF CONTENTS

To the Holders of Common Stock of Southern Pacific Rail Corporation:

INTRODUCTION

UP Acquisition Corporation ("Purchaser"), a Delaware corporation and a direct wholly owned subsidiary of Union Pacific Railroad Company, a Utah corporation ("UPRR") and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), hereby offers to purchase up to 39,034,471 shares of common stock, par value $.001 per share (the "Common Stock" or the "Shares"), of Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), at a price of $25.00 per Share, net to the seller in cash, without interest thereon (the "Offer Price"), upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which, as amended from time to time, together constitute the "Offer").

Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares by Purchaser pursuant to the Offer. Purchaser will pay all charges and expenses of CS First Boston Corporation, as Dealer Manager (in such capacity, the "Dealer Manager"), Citibank, N.A., as Depositary (the "Depositary"), and D.F. King & Co., Inc., as Information Agent (the "Information Agent"), incurred in connection with the Offer. See Section 17.

THE BOARD OF DIRECTORS OF THE COMPANY (THE "BOARD" OR "BOARD OF DIRECTORS") UNANIMOUSLY HAS APPROVED THE OFFER AND THE MERGER (AS DEFINED BELOW), DETERMINED THAT EACH OF THE OFFER AND THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS OF THE COMPANY AND RECOMMENDS THAT STOCKHOLDERS OF THE COMPANY WHO DESIRE TO RECEIVE CASH FOR THEIR SHARES ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (I) THE RECEIPT BY PURCHASER, PRIOR TO THE EXPIRATION OF THE OFFER, OF AN INFORMAL WRITTEN OPINION IN FORM AND SUBSTANCE SATISFACTORY TO PURCHASER FROM THE STAFF OF THE INTERSTATE COMMERCE COMMISSION (THE "ICC"), WITHOUT THE IMPOSITION OF ANY CONDITIONS UNACCEPTABLE TO PURCHASER, THAT THE USE OF A VOTING TRUST (THE "VOTING TRUST") IS CONSISTENT WITH THE POLICIES OF THE ICC AGAINST UNAUTHORIZED ACQUISITIONS OF CONTROL OF A REGULATED CARRIER (SUCH CONDITION, THE "VOTING TRUST CONDITION") AND (II) THE RECEIPT BY PURCHASER, PRIOR TO THE EXPIRATION OF THE OFFER, OF AN INFORMAL STATEMENT FROM THE PREMERGER NOTIFICATION OFFICE OF THE FEDERAL TRADE COMMISSION (THE "FTC") EITHER THAT (1) NO REVIEW OF THE OFFER, THE MERGER AND THE TRANSACTIONS CONTEMPLATED BY THE ANCILLARY AGREEMENTS (AS DEFINED HEREIN) WILL BE UNDERTAKEN PURSUANT TO THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"), OR (2) THE TRANSACTIONS CONTEMPLATED BY THE OFFER, THE MERGER AND THE ANCILLARY AGREEMENTS ARE NOT SUBJECT TO THE HSR ACT, OR IN THE ABSENCE OF THE RECEIPT OF SUCH INFORMAL STATEMENT REFERRED TO IN CLAUSE (1) OR (2) ABOVE, ANY APPLICABLE WAITING PERIOD UNDER THE HSR ACT SHALL HAVE EXPIRED OR BEEN TERMINATED PRIOR TO THE EXPIRATION OF THE OFFER (SUCH CONDITION, THE "HSR CONDITION"). SEE SECTION 15.

Counsel for Parent has been orally advised by the Premerger Notification Office of the FTC that the Offer and the Merger are exempt from the HSR Act and, accordingly, Parent currently expects that the HSR Condition will be satisfied.

The Company has advised Purchaser that Morgan Stanley & Co. Incorporated ("Morgan Stanley") (an affiliate of a party who has entered into a shareholders agreement with Parent (see Section 16)) has delivered to the Board its written opinion that on the date of the Merger Agreement (as defined below) the consideration to be received by the holders of Shares pursuant to the Offer and the Merger, taken together, is fair from a financial

point of view to such holders. A copy of such opinion is contained in the Company's Solicitation/Recommendation Statement on Schedule 14D-9 (the "Schedule 14D-9"), which is being mailed to stockholders of the Company herewith, and such stockholders are urged to read the opinion in its entirety for a description of the assumptions made, factors considered, procedures followed by, and certain information concerning, Morgan Stanley.

The purpose of the Offer is for Parent, through UPRR and Purchaser, to acquire a significant equity interest in the Company as the first step in the acquisition of the entire equity interest in the Company. The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of August 3, 1995 (the "Merger Agreement"), by and among the Company, Parent, UPRR and Purchaser. The Merger Agreement provides that, following the completion of the Offer and the satisfaction or the waiver of certain conditions, (i) Purchaser will be merged with and into UPRR and (ii) the Company will be merged with and into UPRR (such merger of the Company with and into UPRR, the "Merger"), in each case with UPRR as the surviving corporation (the "Surviving Corporation"). As more fully described in Section 13, in the Merger, each outstanding Share (other than Shares held in the treasury of the Company or owned by Parent, UPRR, Purchaser or any other wholly owned subsidiary of Parent) will be converted, at the election of the holder of Shares and subject to certain limitations, into the right to receive (i) $25.00 in cash, without interest, (ii) .4065 shares of common stock, par value $2.50 per share, of Parent (the "Parent Common Stock") or (iii) a combination of such cash and shares of Parent Common Stock. However, the Merger Agreement contains provisions which will ensure that, regardless of the number of Shares the holders of which have elected to receive cash or Parent Common Stock, as the case may be, the aggregate number of Shares to be converted into Parent Common Stock pursuant to the Merger shall be equal as nearly as practicable to 60% of all Shares outstanding immediately prior to the Merger, and the number of Shares to be converted into the right to receive cash pursuant to the Merger, together with the Shares purchased in the Offer, shall be equal as nearly as practicable to 40% of all Shares outstanding immediately prior to the Merger. Accordingly, in the case of any particular stockholder, depending on the aggregate number of Shares the holders of which have elected to receive cash or Parent Common Stock, as the case may be, such stockholder may not receive in respect of his or her Shares the amount of cash, Parent Common Stock or combination thereof that such stockholder requested in his or her election. See Section 13. The Surviving Corporation will be a wholly owned subsidiary of Parent. 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 "Transactions."

On August 4, 1995, Union Pacific Resources Group Inc. ("Resources"), a wholly owned subsidiary of Parent, filed a registration statement on Form S-1 with the Securities and Exchange Commission ("SEC") in connection with an initial public offering (the "IPO") of shares of its common stock, no par value per share (the "Resources Common Stock"), representing no more than 17.25% of the outstanding shares of Resources Common Stock (after giving effect to the issuance of shares in the IPO and shares to be issued to employees or reserved for issuance with respect to employee options). Parent intends, subject to certain conditions, to distribute to its stockholders all of the remaining shares of Resources Common Stock held by Parent following the IPO by means of a tax-free distribution (the "Spin-off"). The Merger Agreement provides that Parent will not effect the Spin-off until after the consummation of the Merger. Accordingly, holders of Shares who receive Parent Common Stock in the Merger and continue to hold such Parent Common Stock as of the record date for such distribution would receive Resources Common Stock in the event that the Spin-off is consummated. See Sections 9 and 13 for a description of the Spin-off.

THE OFFER DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY PARENT COMMON STOCK. SUCH AN OFFER MAY BE MADE ONLY PURSUANT TO A PROSPECTUS.

Pursuant to a Shareholders Agreement (the "Anschutz Shareholders Agreement"), dated as of August 3, 1995, by and among Parent, Purchaser, The Anschutz Corporation, a Kansas corporation ("TAC"), Anschutz Foundation, a Colorado not-for-profit corporation (the "Foundation"), and Mr. Philip F. Anschutz ("Mr. Anschutz" and, collectively with TAC and the Foundation, the "Shareholders"), the Shareholders, who

have advised Purchaser that in the aggregate they own 49,643,008 Shares, representing approximately 31.8% of all outstanding Shares, have agreed, among other things, to vote all Shares owned by them in favor of the Merger and to comply with certain "standstill" agreements and restrictions on dispositions of Shares to be received in the Merger. In addition, pursuant to a Shareholder Agreement (the "MSLEF Shareholder Agreement"), dated as of August 3, 1995, by and among Parent, Purchaser and The Morgan Stanley Leveraged Equity Fund II, L.P., a Delaware limited partnership ("MSLEF"), MSLEF, which has advised Purchaser that it beneficially owns 13,341,580 Shares, representing approximately 8.5% of all outstanding Shares, has agreed, among other things, to vote all Shares owned by it in favor of the Merger. Similarly, pursuant to a Shareholders Agreement (the "Parent Shareholders Agreement"), dated as of August 3, 1995, by and among Parent, Purchaser and the Company, Parent and Purchaser have agreed, among other things, to vote all Shares acquired by them pursuant to the Offer in favor of the Merger and to comply with certain "standstill" agreements and restrictions on dispositions of such Shares. In addition, pursuant to a Shareholders Agreement (the "Anschutz/Resources Shareholders Agreement" and, together with the Anschutz Shareholders Agreement, the MSLEF Shareholder Agreement and the Parent Shareholders Agreement, the "Shareholders Agreements"), dated as of August 3, 1995, by and among Resources and the Shareholders, the Shareholders have agreed, among other things, to comply with certain "standstill" agreements and restrictions on dispositions of shares of Resources Common Stock to be received in the Spin-off. Pursuant to the Anschutz Shareholders Agreement and the MSLEF Shareholder Agreement, the Shareholders and MSLEF are free to tender in the Offer all, a portion or none of the Shares owned by them. Reference is made to Item 6 of the Schedule 14D-9 for information concerning the current intention of the Shareholders and MSLEF with respect to the tendering of their Shares in the Offer. See Section 13 for a more complete description of the Shareholders Agreements and certain other agreements entered into in connection with the Merger Agreement and the transactions contemplated thereby. Parent has agreed, pursuant to the Anschutz Shareholders Agreement and the Anschutz/Resources Shareholders Agreement, respectively, to cause Mr. Anschutz to be appointed as Vice Chairman of the Board of Directors of Parent on or prior to the Effective Time (as defined herein) and to cause a designee of TAC (other than Mr. Anschutz) to be appointed as a director of Resources' Board of Directors on or prior to the consummation of the Spin-off. See Section 13.

Simultaneously with the purchase of Shares pursuant to the Offer, the Shares purchased will be deposited in an independent, irrevocable Voting Trust in accordance with the terms of the proposed Voting Trust Agreement. See Section 16. The Offer is conditioned upon the Voting Trust Condition.

The Offer is not conditioned on any minimum number of Shares being tendered, except that if a tender or exchange offer for some or all of the Shares is made or proposed by another person, the Offer is conditioned on there being validly tendered and not withdrawn at least 39,034,471 Shares.

Certain other conditions to the consummation of the Offer are described in Section 15. Subject to the terms of the Merger Agreement, Purchaser reserves the right to waive any one or more of the conditions to the Offer.

The obligations of Parent, UPRR and Purchaser to consummate the Merger are conditioned upon, among other things, the ICC or any Similar Successor (as defined in the Merger Agreement) having issued a final decision approving, exempting or otherwise authorizing consummation of the Merger and all other transactions contemplated by the Merger Agreement and the Ancillary Agreements as may require such authorization and which, among other things, does not impose on Parent, the Company or any of their respective Subsidiaries, terms or conditions that materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by the Merger Agreement. See Section 13.

The Merger is also conditioned upon, among other things, the approval and adoption of the Merger Agreement by the requisite vote of the stockholders of the Company. Under the Company's Amended and Restated Certificate of Incorporation and the Delaware General Corporation Law (the "DGCL"), the affirmative vote of the holders of a majority of the outstanding Shares is required to approve and adopt the Merger

Agreement and the Merger. SINCE THE SHAREHOLDERS AND MSLEF HAVE AGREED, PURSUANT TO THE ANSCHUTZ SHAREHOLDERS AGREEMENT AND THE MSLEF SHAREHOLDER AGREEMENT, RESPECTIVELY, TO VOTE ALL SHARES WHICH THEY ARE ENTITLED TO VOTE IN FAVOR OF THE MERGER AND ASSUMING MSLEF DOES NOT SELL ANY OF ITS SHARES FOLLOWING THE OFFER, IF PURCHASER, PURSUANT TO THE OFFER, ACQUIRES AT LEAST 9.8% OF THE OUTSTANDING SHARES FROM HOLDERS OF SHARES OTHER THAN THE SHAREHOLDERS OR MSLEF, PURCHASER WILL NOT NEED THE VOTE OF ANY OTHER COMPANY STOCKHOLDER TO APPROVE THE MERGER.

According to the Company, as of August 3, 1995, there were 156,137,884 Shares outstanding and 2,178,514 Shares were reserved for issuance pursuant to awards previously granted under the Company's Equity Incentive Plan (the "EIP").

THIS OFFER TO PURCHASE AND THE LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

THE OFFER

1. TERMS OF THE OFFER; PRORATION; EXPIRATION DATE. 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), Purchaser will accept for payment and pay for up to 39,034,471 Shares which are validly tendered prior to the Expiration Date (as hereinafter defined) and not withdrawn in accordance with Section 4. The term "Expiration Date" means 12:00 Midnight, New York City time, on Wednesday, September 6, 1995, unless and until 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 Purchaser, shall expire.

If more than 39,034,471 Shares are validly tendered prior to the Expiration Date and not withdrawn, Purchaser will, upon the terms and subject to the conditions of the Offer, accept such Shares for payment on a pro rata basis, with adjustments to avoid purchases of fractional Shares, based upon the number of Shares validly tendered prior to the Expiration Date and not withdrawn.

Because of the difficulty of determining precisely the number of Shares validly tendered and not withdrawn, if proration is required, Purchaser would not expect to announce the final results of proration until approximately seven New York Stock Exchange ("NYSE") trading days after the Expiration Date. Preliminary results of proration will be announced by press release as promptly as practicable after the Expiration Date. Holders of Shares may obtain such preliminary information from the Depositary and may also be able to obtain such preliminary information from their brokers.

The Offer is conditioned upon, among other things, satisfaction of the Voting Trust Condition. If the Voting Trust Condition is not satisfied or any or all of the other events set forth in Section 15 shall have occurred or shall be determined by Purchaser to have occurred prior to the Expiration Date, Purchaser reserves the right (but shall not be obligated) to (i) decline to purchase any of the Shares tendered in the Offer and terminate the Offer, and return all tendered Shares to the tendering stockholders, (ii) waive or amend any or all conditions to the Offer, to the extent permitted by applicable law and the provisions of the Merger Agreement, and, subject to complying with applicable rules and regulations of the SEC, purchase all Shares validly tendered, or (iii) extend the Offer and, subject to the right of stockholders to withdraw Shares until the Expiration Date, retain the Shares which have been tendered during the period or periods for which the Offer is extended.

Purchaser expressly reserves the right, in its sole discretion (but subject to the terms of the Merger Agreement), at any time and from time to time, to extend for any reason the period of time during which the Offer is open, including the occurrence of any of the events specified in Section 15, by giving oral or written notice of such extension to the Depositary. During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the rights of a tendering stockholder to withdraw its Shares. See Section 4.

Subject to the applicable regulations of the SEC, Purchaser also expressly reserves the right, in its sole discretion (but subject to the terms of the Merger Agreement), at any time and from time to time, (i) to delay acceptance for payment of, or, regardless of whether such Shares were theretofore accepted for payment, payment for, any Shares in order to comply in whole or in part with any applicable law, and (ii) to waive any condition or otherwise amend the Offer in any respect by giving oral or written notice of such delay, waiver or amendment to the Depositary and by making a public announcement thereof.

Notwithstanding the fact that Purchaser has 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, 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. If, following acceptance of payment for Shares, Purchaser asserts such a governmental approval as a condition and does not promptly pay for Shares tendered, Purchaser will promptly return such Shares.

The Merger Agreement provides that, without the consent of the Company (such consent to be authorized by the Board of Directors or a duly authorized committee thereof), Purchaser will not, among other things, decrease the Offer Price, decrease the number of Shares sought in the Offer, waive the condition set forth in paragraph (k) of Section 15 hereof, or amend any term or condition of the Offer in any manner adverse to the holders of Shares. The Merger Agreement further provides that if on the initial scheduled Expiration Date, all conditions to the Offer shall not have been satisfied or waived, the Offer may be extended from time to time without the consent of the Company for such period of time as is reasonably expected to be necessary to satisfy the unsatisfied conditions. In addition, the Merger Agreement provides that without the consent of the Company, the Offer Price may be increased and the Offer may be extended to the extent required by law in connection with such an increase in the Offer Price.

Purchaser acknowledges that (i) Rule 14e-1(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires Purchaser to pay the consideration offered or return the Shares tendered promptly after the termination or withdrawal of the Offer, and (ii) Purchaser may not delay acceptance for payment of, or payment for (except as provided in clause (i) of the first sentence of the third preceding paragraph), any Shares upon the occurrence of any of the conditions specified in Section 15 without extending the period of time during which the Offer is open.

Any such extension, delay, termination, waiver or amendment will be followed as promptly as practicable by public announcement thereof, with such announcement in the case of an extension to be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Subject to applicable law (including Rules 14d-4(c), 14d-6(d) and 14e-1 under the Exchange Act, which require that material changes be promptly disseminated to stockholders in a manner reasonably designed to inform them of such changes) and without limiting the manner in which Purchaser may choose to make any public announcement, Purchaser shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by issuing a press release to the Dow Jones News Service.

If Purchaser makes a material change in the terms of the Offer or the information concerning the Offer, or if it waives a material condition of the Offer, Purchaser will disseminate additional tender offer materials and extend the Offer to the extent required by Rules 14d-4(c), 14d-6(d) and 14e-1 under the Exchange Act. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or information concerning the Offer, other than a change in price or a change in percentage of securities sought, will depend upon the facts and circumstances, including the relative materiality of the terms or information. With respect to a change in price or a change in percentage of securities sought (other than an increase in the number of Shares sought not in excess of 2% of the outstanding Shares), a minimum ten business day period is required to allow for adequate dissemination to stockholders and investor response. As used in this Offer to Purchase, "business day" has the meaning set forth in Rule 14d-1 under the Exchange Act.

The Company has provided Purchaser with the Company's stockholder list and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase, the related Letter of Transmittal, and other relevant materials will be mailed to record holders of Shares whose names appear on the Company's stockholder list and will be furnished, for subsequent transmittal to beneficial owners of Shares, to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing.

2. ACCEPTANCE FOR PAYMENT AND PAYMENT FOR SHARES. 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 such extension or amendment), Purchaser will purchase, by accepting for payment, and will pay for, up to 39,034,471 Shares which are validly tendered prior to the Expiration Date (and not properly withdrawn in accordance with Section 4)

promptly after the later to occur of (i) the Expiration Date and (ii) the satisfaction or waiver of the conditions set forth in Section 15. Purchaser expressly reserves the right, in its discretion, to delay acceptance for payment of, or, subject to applicable rules of the SEC, payment for, Shares in order to comply in whole or in part with any applicable law.

In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of (i) the certificates evidencing such Shares (the "Share Certificates") or timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of such Shares, if such procedure is available, into the Depositary'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 procedures set forth in Section 3, (ii) the Letter of Transmittal (or facsimile thereof), properly completed and duly executed, or an Agent's Message (as defined below) and (iii) any other documents required by the Letter of Transmittal.

The term "Agent's Message" means a message, transmitted by a Book-Entry Transfer Facility to, and received by, the Depositary 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 the Letter of Transmittal and that Purchaser may enforce such agreement against the participant.

For purposes of the Offer, Purchaser will be deemed to have accepted for payment, and thereby purchased, tendered Shares if, as and when Purchaser gives oral or written notice to the Depositary of Purchaser's acceptance of such Shares for payment. Payment for Shares accepted pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payments from Purchaser and transmitting payments to such tendering stockholders. Under no circumstances will interest on the purchase price for Shares be paid by Purchaser, regardless of any delay in making such payment. Upon the deposit of funds with the Depositary for the purpose of making payments to tendering stockholders, Purchaser's obligation to make such payment shall be satisfied and tendering stockholders must thereafter look solely to the Depositary for payment of amounts owed to them by reason of the acceptance for payment of Shares pursuant to the Offer. Purchaser will pay any stock transfer taxes incident to the transfer to it of validly tendered Shares, except as otherwise provided in Instruction 6 of the Letter of Transmittal, as well as any charges and expenses of the Depositary and the Information Agent.

If any tendered Shares are not accepted for payment for any reason pursuant to the terms and conditions of the Offer (including proration due to tenders of more than 39,034,471 Shares), or if Share Certificates are submitted evidencing more Shares than are tendered, Share Certificates evidencing unpurchased Shares will be returned, without expense to the tendering stockholder (or, in the case of Shares tendered by book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility pursuant to the procedure set forth in Section 3, such Shares will be credited to an account maintained at such Book-Entry Transfer Facility), as promptly as practicable following the expiration or termination of the Offer.

If, prior to the Expiration Date, Purchaser increases the consideration to be paid per Share pursuant to the Offer, Purchaser will pay such increased consideration for all such Shares purchased pursuant to the Offer, whether or not such Shares were tendered prior to such increase in consideration.

Purchaser reserves the right to transfer or assign, in whole at any time, or in part from time to time, to Parent, UPRR or one or more other direct or indirect wholly owned subsidiaries of Parent, the right to purchase all or any portion of the Shares tendered pursuant to the Offer, provided that any such transfer or assignment will not relieve 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.

3. PROCEDURES FOR TENDERING SHARES.

Valid Tender of Shares. In order for Shares to be validly tendered pursuant to the Offer, the Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, and any other required documents, must be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date and either (i) the Share Certificates evidencing tendered Shares must be received by the Depositary at such address or Shares must be tendered pursuant to the procedure for book-entry transfer described below and a Book-Entry Confirmation must be received by the Depositary, in each case prior to the Expiration Date, or (ii) the tendering stockholder must comply with the guaranteed delivery procedures described below.

THE METHOD OF DELIVERY OF 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.

Book-Entry Transfer. The Depositary will establish an account with respect to the Shares at each Book-Entry Transfer Facility for purposes of the Offer within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in any of the Book-Entry Transfer Facilities' systems may make book-entry delivery of Shares by causing a Book-Entry Transfer Facility to transfer such Shares into the Depositary's account at a Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of Shares may be effected through book-entry transfer at a Book-Entry Transfer Facility, the Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message in connection with a book-entry delivery of Shares, and any other required documents, must, in any case, be transmitted to and received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date or the tendering stockholder must comply with the guaranteed delivery procedures described below. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH SUCH BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

Signature Guarantee. Signatures on all Letters of Transmittal must be guaranteed by a firm which is a bank, broker, dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agent's Medallion Program (each, an "Eligible Institution"), unless the Shares tendered thereby are tendered (i) by a registered holder of Shares who has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal, or (ii) for the account of an Eligible Institution. See Instruction 1 of the Letter of Transmittal.

If a Share Certificate is registered in the name of a person other than the signer of the 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 on the Share Certificate, with the signature(s) on such Share Certificate or stock powers guaranteed as described above. See Instructions 1 and 5 of the Letter of Transmittal.

Guaranteed Delivery. If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's Share Certificates are not immediately available or time will not permit all required documents to reach the Depositary prior to the Expiration Date or the procedure for book-entry transfer cannot be completed on a timely basis, such Shares may nevertheless be tendered if all the following conditions are satisfied:

(i) the tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by Purchaser herewith, is received by the Depositary as provided below prior to the Expiration Date; and

(iii) in the case of a guarantee of Shares, the Share Certificates for all tendered Shares, in proper form for transfer, or a Book-Entry Confirmation, together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) with any required signature guarantee (or, in the case of a book-entry transfer, an Agent's Message) and any other documents required by such Letter of Transmittal, are received by the Depositary within five NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

Any Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Shares purchased pursuant to the Offer will, in all cases, be made only after timely receipt by the Depositary of (i) the Share Certificates evidencing such Shares, or a Book-Entry Confirmation of the delivery of such Shares, if available, (ii) a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) (or in the case of a book-entry transfer, an Agent's Message) and (iii) any other documents required by the Letter of Transmittal.

Determination of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tendered Shares pursuant to any of the procedures described above will be determined by Purchaser in its sole discretion, whose determination will be final and binding on all parties. Purchaser reserves the absolute right to reject any or all tenders of any Shares determined by it not to be in proper form or if the acceptance for payment of, or payment for, such Shares may, in the opinion of Purchaser's counsel, be unlawful. Purchaser also reserves the absolute right, in its sole discretion, to waive any of the conditions of the Offer (subject to the terms of the Merger Agreement) or any defect or irregularity in any tender with respect to Shares of any particular stockholder, whether or not similar defects or irregularities are waived in the case of other stockholders. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived.

Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the instructions thereto) will be final and binding. None of Parent, UPRR, Purchaser, the Company, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification.

Appointment as Proxy. By executing a Letter of Transmittal as set forth above, a tendering stockholder irrevocably appoints designees of Purchaser as such stockholder's proxies, each with full power of substitution, to the full extent of such stockholder's rights with respect to the Shares tendered by such stockholder and accepted for payment by Purchaser (and any and all non-cash dividends, distributions, rights, other Shares, or other securities issued or issuable in respect of such Shares on or after the date of the Merger Agreement). 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, Purchaser accepts such Shares for payment pursuant to the Offer. Upon such acceptance for payment, all prior proxies given by such stockholder with respect to such Shares and other securities will, without further action, be revoked, and no subsequent proxies may be given. The designees of Purchaser will, with respect to the Shares and other securities for which the appointment is effective, be empowered to exercise all voting and other rights of such stockholder 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 Purchaser reserves the right to require that, in order for Shares or other securities to be deemed validly tendered, immediately upon Purchaser's acceptance for payment of such Shares Purchaser must be able to exercise full voting rights with respect to such Shares.

TO PREVENT BACKUP FEDERAL INCOME TAX WITHHOLDING WITH RESPECT TO PAYMENT TO CERTAIN STOCKHOLDERS OF THE PURCHASE PRICE OF SHARES PURCHASED PURSUANT TO THE OFFER, EACH SUCH STOCKHOLDER MUST PROVIDE THE DEPOSITARY WITH SUCH STOCKHOLDER'S CORRECT TAXPAYER IDENTIFICATION NUMBER AND CERTIFY THAT SUCH STOCKHOLDER IS NOT SUBJECT TO BACKUP FEDERAL INCOME TAX WITHHOLDING BY COMPLETING THE SUBSTITUTE FORM

W-9 IN THE LETTER OF TRANSMITTAL. IF BACKUP WITHHOLDING APPLIES WITH RESPECT TO A STOCKHOLDER, THE DEPOSITARY IS REQUIRED TO WITHHOLD 31% OF ANY PAYMENTS MADE TO SUCH STOCKHOLDER. SEE INSTRUCTION 9 OF THE LETTER OF TRANSMITTAL.

Purchaser's acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the tendering stockholder and Purchaser upon the terms and subject to the conditions of the Offer.

4. WITHDRAWAL RIGHTS. Tenders of Shares made pursuant to the Offer are irrevocable except that such Shares may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by Purchaser pursuant to the Offer, may also be withdrawn at any time after October 8, 1995, or at such later time as may apply if the Offer is extended.

If Purchaser extends the Offer, is delayed in its acceptance for payment of Shares or is unable to accept Shares for payment pursuant to the Offer for any reason, then, without prejudice to Purchaser's rights under the Offer, the Depositary may, nevertheless, on behalf of Purchaser, retain tendered Shares, and such Shares may not be withdrawn except to the extent that tendering stockholders are entitled to withdrawal rights as described in this Section 4. Any such delay will be by an extension of the Offer to the extent required by law.

For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Shares. If Share Certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such Share Certificates, the serial numbers shown on such Share Certificates must be submitted to the Depositary and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution, unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer as set forth in Section 3, any notice of withdrawal must also specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by Purchaser, in its sole discretion, whose determination will be final and binding. None of Parent, UPRR, Purchaser, the Company, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

Any Shares properly withdrawn will thereafter be deemed not to have been validly tendered for purposes of the Offer. However, withdrawn Shares may be retendered at any time prior to the Expiration Date by following one of the procedures described in Section 3.

5. CERTAIN FEDERAL INCOME TAX CONSEQUENCES. The following discussion is a summary of the material federal income tax consequences of the Offer and Merger to holders of Shares who hold the Shares as capital assets. The discussion set forth below is for general information only and may not apply to certain categories of holders of Shares subject to special treatment under the Internal Revenue Code of 1986, as amended (the "Code"), such as foreign holders and holders who acquired such Shares pursuant to the exercise of employee stock options or otherwise as compensation. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change, retroactively or prospectively, and to possibly differing interpretations.

Tax Consequences of the Offer and the Merger Generally. The Offer and the Merger should be treated as a single integrated transaction for federal income tax purposes. Consequently, the Offer and the Merger should, in the aggregate, qualify as a reorganization pursuant to Sections 368(a)(1)(A) and 368(a)(2)(D) of the Code. In such event, generally (i) no gain or loss will be recognized by Parent, UPRR, Purchaser or the Company pursuant to the Offer and the Merger, (ii) gain or loss will be recognized by a stockholder of the Company who receives

solely cash in exchange for Shares pursuant to the Offer and/or the Merger, (iii) no gain or loss will be recognized by a stockholder of the Company who does not exchange any Shares pursuant to the Offer and who receives solely Parent Common Stock in exchange for Shares pursuant to the Merger, and (iv) a stockholder of the Company who receives a combination of cash and Parent Common Stock in exchange for such stockholder's Shares, pursuant to the Offer and/or the Merger, will not recognize loss but will recognize gain, if any, to the extent of the cash received. If so integrated, the federal income tax consequences to a stockholder may be, depending on such stockholder's particular circumstances, less favorable than the federal income tax consequences to such stockholder if the Offer and the Merger are not treated as integrated.

If the Offer and the Merger were not treated as a single integrated transaction for federal income tax purposes, the receipt of cash pursuant to the Offer would be a sale or exchange, while the Merger should still qualify as a reorganization pursuant to Sections 368(a)(1)(A) and 368(a)(2)(D) of the Code.

TAX CONSEQUENCES IF THE OFFER AND THE MERGER ARE TREATED AS A SINGLE INTEGRATED TRANSACTION

Exchange of Shares Solely for Cash. In general, a stockholder of the Company who, pursuant to the Offer and/or the Merger, exchanges all of the Shares actually owned by such stockholder solely for cash will recognize capital gain or loss equal to the difference between the amount of cash received and such stockholder's adjusted tax basis in the Shares surrendered. The gain or loss will be long-term capital gain or loss if, as of the date of the exchange, the holder thereof has held such Shares for more than one year. Gain or loss will be calculated separately for each identifiable block of Shares surrendered pursuant to the Offer and/or the Merger.

Exchange of Shares Solely for Parent Common Stock. A stockholder of the Company who, pursuant to the Merger, exchanges all of the Shares actually owned by such stockholder solely for shares of Parent Common Stock will not recognize any gain or loss upon such exchange. Such stockholder may recognize gain or loss, however, to the extent cash is received in lieu of a fractional share of Parent Common Stock, as discussed below. The aggregate adjusted tax basis of the shares of Parent Common Stock received in such exchange will be equal to the aggregate adjusted tax basis of the Shares surrendered therefor, and the holding period of Parent Common Stock will include the period during which the Shares surrendered in exchange therefor were held.

Exchange of Shares for Parent Common Stock and Cash. A stockholder of the Company who, pursuant to the Offer and/or the Merger, exchanges all of the Shares actually owned by such stockholder for a combination of shares of Parent Common Stock and cash will not recognize any loss on such exchange. Such stockholder will realize gain equal to the excess, if any, of the cash and the aggregate fair market value of Parent Common Stock received pursuant to the Offer and/or the Merger over such stockholder's adjusted tax basis in the Shares exchanged therefor, but will recognize any realized gain only to the extent of the cash received.

Any gain recognized by a stockholder of the Company who receives a combination of Parent Common Stock and cash pursuant to the Offer and/or the Merger will be treated as capital gain unless the receipt of the cash has the effect of the distribution of a dividend for federal income tax purposes, in which case such recognized gain will be treated as ordinary dividend income to the extent of such stockholder's ratable share of the Company's accumulated earnings and profits.

For purposes of determining whether the cash received pursuant to the Offer and/or the Merger will be treated as a dividend for federal income tax purposes, a stockholder of the Company will be treated as if such stockholder first exchanged all of such stockholder's Shares solely for Parent Common Stock and then Parent immediately redeemed a portion of such Parent Common Stock in exchange for the cash such stockholder actually received.

In general, the determination as to whether the cash received will be treated as received pursuant to a sale or exchange (generating capital gain) or a dividend distribution (generating ordinary income) depends upon whether and to what extent there is a reduction in the stockholder's deemed percentage stock ownership of Parent. A stockholder of the Company who exchanges such stockholder's Shares for a combination of Parent Common Stock and cash will recognize capital gain rather than dividend income if the deemed redemption by

Parent (described in the preceding paragraph) is "not essentially equivalent to a dividend" or is "substantially disproportionate" with respect to such stockholder.

Whether the deemed exchange and subsequent redemption transaction are "not essentially equivalent to a dividend" with respect to a Company stockholder will depend upon such stockholder's particular circumstances. In order to reach such conclusion, it must be determined that the transaction results in a "meaningful reduction" in such Company stockholder's deemed percentage stock ownership of Parent. In determining whether a reduction in a Company stockholder's deemed percentage stock ownership has occurred, (i) the percentage of the outstanding stock of Parent that such Company stockholder is deemed actually and constructively to have owned immediately before the deemed redemption by Parent should be compared to (ii) the percentage of the outstanding stock of Parent actually and constructively owned by such stockholder immediately after the deemed redemption by Parent as a result of the Offer, Merger or otherwise.

A Company stockholder will comply with the "substantially disproportionate" rule if the percentage described in (ii) above is less than 80 percent of the percentage described in (i) above. Even if a Company stockholder does not qualify under such test, the IRS has ruled that a minority stockholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is considered to have a "meaningful reduction" if such stockholder has a reduction in such stockholder's percentage stock ownership. In most circumstances, therefore, gain recognized by a stockholder of the Company who exchanges such stockholder's Shares for a combination of Parent Common Stock and cash will be capital gain, which will constitute long-term capital gain if the holding period for such Shares was greater than one year as of the date of the exchange.

The aggregate tax basis of Parent Common Stock received by a Company stockholder who, pursuant to the Offer and/or the Merger, exchanges such stockholder's Shares for a combination of Parent Common Stock and cash will be the same as the aggregate tax basis of the Shares surrendered therefor, decreased by the cash received and increased by the amount of gain recognized, if any (including any portion of such gain that is treated as a dividend). The holding period of Parent Common Stock will include the holding period of the Shares surrendered therefor.

Cash Received in Lieu of a Fractional Interest of Parent Common Stock. Cash received in lieu of a fractional share of Parent Common Stock will be treated as received in redemption of such fractional interest and gain or loss will be recognized, measured by the difference between the amount of cash received and the portion of the basis of the Shares allocable to such fractional interest. Such gain or loss will constitute capital gain or loss, and will generally be long-term capital gain or loss if the holding period for such Shares was greater than one year as of the date of the exchange.

TAX CONSEQUENCES IF THE OFFER AND THE MERGER ARE TREATED AS SEPARATE TRANSACTIONS

Although counsel to Parent believes such result to be unlikely, if the Offer and the Merger were treated as separate transactions for federal income tax purposes, the receipt of cash pursuant to the Offer would be a taxable transaction, while the Merger should still qualify as a reorganization pursuant to Sections 368(a)(1)(A) and 368(a)(2)(D) of the Code. Accordingly, a stockholder of the Company who receives cash pursuant to the Offer would recognize gain or loss equal to the difference between the amount of cash received and the stockholder's adjusted tax basis in the Shares surrendered. The gain or loss would be long-term capital gain or loss if, as of the date of the exchange, such stockholder had held such stock for more than one year.

A stockholder of the Company who receives Parent Common Stock and/or cash pursuant to the Merger would be subject to the federal income tax rules concerning reorganizations discussed above under "Tax Consequences if the Offer and the Merger are Treated as a Single Integrated Transaction".

Unless a stockholder complies with certain reporting and/or certification procedures or is an exempt recipient under applicable provisions of the Code and Treasury Regulations promulgated thereunder, such stockholder may be subject to withholding tax of 31% with respect to any cash payments received pursuant to the Offer and Merger. Stockholders should consult their brokers or the Depositary to ensure compliance with such procedures. Foreign stockholders should consult with their own tax advisors regarding withholding taxes in general.

THE ABOVE DISCUSSION MAY NOT APPLY TO CERTAIN CATEGORIES OF STOCKHOLDERS SUBJECT TO SPECIAL TREATMENT UNDER THE CODE, SUCH AS FOREIGN STOCKHOLDERS AND STOCKHOLDERS WHOSE SHARES WERE ACQUIRED PURSUANT TO THE EXERCISE OF AN EMPLOYEE STOCK OPTION OR OTHERWISE AS COMPENSATION. STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE SPECIFIC TAX CONSEQUENCES OF THE OFFER AND THE MERGER, INCLUDING ANY FEDERAL, STATE, LOCAL OR OTHER TAX CONSEQUENCES (INCLUDING ANY TAX RETURN FILING OR OTHER TAX REPORTING REQUIREMENTS) OF THE OFFER AND THE MERGER.

6. PRICE RANGE OF SHARES; DIVIDENDS. The Shares are listed and principally traded on the NYSE and quoted under the symbol RSP. The following table sets forth, for the quarters indicated, the high and low 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:		
Third Quarter (partial)(1)	$16 3/4	$14 1/4
Fourth Quarter	21 3/8	15 1/4
FISCAL YEAR ENDED DECEMBER 31, 1994:		
First Quarter	24 3/8	18 5/8
Second Quarter	23 3/4	19 1/8
Third Quarter	21 3/4	18 3/8
Fourth Quarter	19 7/8	16 5/8
FISCAL YEAR ENDED DECEMBER 31, 1995:		
First Quarter	19 7/8	16
Second Quarter	19	14 1/2
Third Quarter (through August 8, 1995)	24 3/8	15 7/8

---

(1) The initial public offering of Shares occurred in August, 1993.

On August 2, 1995, the last trading day prior to the date of the public announcement of the Transactions, the reported closing sales price of the Shares on the NYSE Composite Tape was $19 5/8 per Share. On August 8, 1995, the last full trading day prior to the date of this Offer to Purchase, the reported closing sales price of the Shares on the NYSE Composite Tape was $23 1/2 per Share. STOCKHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

The Company has not declared any cash dividends on the Shares since the initial public offering of Shares in August, 1993.

7. EFFECT OF THE OFFER ON THE MARKET FOR THE SHARES; EXCHANGE LISTING AND EXCHANGE ACT REGISTRATION; MARGIN REGULATIONS. The purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and could reduce the number of holders of Shares, which could adversely affect the liquidity and market value of the remaining Shares held by the public. Following the Offer, a large percentage of the outstanding Shares will be owned by the Shareholders, MSLEF and the Purchaser.

According to the NYSE's published guidelines, the NYSE would consider delisting the Shares if, among other things, the number of record holders of at least 100 Shares should fall below 1,200, the number of publicly held Shares (exclusive of holdings of officers, directors and their families and other concentrated holdings of 10% or more ("NYSE Excluded Holdings")) should fall below 600,000 or the aggregate market value of publicly held Shares (exclusive of NYSE Excluded Holdings) should fall below $5,000,000. If, as a result of the purchase of Shares pursuant to the Offer or otherwise, the Shares no longer meet the requirements of the NYSE for continued listing and the listing of the Shares is discontinued, the market for the Shares could be adversely affected.

If the NYSE were to delist the Shares, it is possible that the Shares would continue to trade on another securities exchange or in the over-the-counter market and that price or other quotations would be reported by such exchange or through the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or other sources. The extent of the public market therefor and the availability of such quotations would depend, however, upon such factors as the number of stockholders and/or the aggregate market value of such securities remaining at such time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration under the Exchange Act as described below and other factors. Purchaser cannot predict whether the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price for or marketability of the Shares or whether it would cause future market prices to be greater or less than the Offer Price.

The Shares are currently "margin securities," as such term is defined under the rules of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has the effect, among other things, of allowing brokers to extend credit on the collateral of such securities. Depending upon factors similar to those described above regarding listing and market quotations, following the Offer it is possible that the Shares might no longer constitute "margin securities" for purposes of the margin regulations of the Federal Reserve Board, in which event such Shares could no longer be used as collateral for loans made by brokers.

The Shares are currently registered under the Exchange Act. Such registration may be terminated upon application by the Company to the SEC if the Shares are not listed on a national securities exchange and there are fewer than 300 record holders of the Shares. The termination of registration of the Shares under the Exchange Act would substantially reduce the information required to be furnished by the Company to holders of Shares and to the SEC and would make certain provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement of furnishing a proxy statement in connection with stockholders' meetings pursuant to Section 14(a), and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions, no longer applicable to the Shares. In addition, "affiliates" of the Company and persons holding "restricted securities" of the Company may be deprived of the ability to dispose of such securities pursuant to Rule 144 promulgated under the Securities Act.

If registration of the Shares under the Exchange Act were terminated, the Shares would no longer be "margin securities" or be eligible for NASDAQ reporting.

8. CERTAIN INFORMATION CONCERNING THE COMPANY. Except as otherwise noted below, the information concerning the Company contained in this Offer to Purchase, including financial information, has been taken from or based upon publicly available documents and records on file with the SEC and other public sources. Neither Parent, UPRR nor Purchaser assumes any responsibility for the accuracy or completeness of the information concerning the Company contained in such documents and records or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Parent, UPRR or Purchaser.

The Company is a Delaware corporation whose principal executive offices are located at Southern Pacific Building, One Market Place, San Francisco, California 94105. The Company, through the integrated network of its principal subsidiaries, transports freight over approximately 14,500 miles of first main track throughout the western United States. The Company operates in 15 states over five main routes. The Company serves most west

coast ports and large population centers west of the Mississippi and connects with eastern railroads at Chicago, St. Louis, Kansas City, Memphis and New Orleans. The Company's rail lines reach the principal Gulf ports south from Chicago and east from the Los Angeles basin. It interchanges with Mexican railroads at six gateways into Mexico.

The principal commodities hauled in the Company's carload operations are chemicals and petroleum products, food and agricultural products, forest products (including paper, paper products and lumber) and coal. Intermodal container and trailer operations continue to be the Company's largest single traffic category. In 1994, the largest five shippers accounted for less than 17% of the Company's gross freight revenues, with no shipper providing more than 6% of such revenue.

The Company became the nation's sixth largest railroad, based on revenues, in October 1988 when it acquired Southern Pacific Transportation Company ("SPT") from Santa Fe Pacific Corporation ("Santa Fe"). In 1989 and 1990, the Company acquired access to Chicago from St. Louis and Kansas City, respectively. For the five years preceding the acquisition by the Company, SPT had been held in trust pending the decision of the ICC that denied Santa Fe's requested merger with SPT.

In addition to its rail business, the Company historically has received substantial cash flow from "traditional" real estate sales and leasing activities. More recently, transit corridor sales have become a significant source of cash with the Company usually retaining operating rights over these corridors to continue freight rail service to its customers.

Financial Information. Set forth below is certain selected consolidated financial information relating to the Company and its subsidiaries which has been excerpted or derived from the financial statements contained in (i) the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, as amended (the "Company Form 10-K") and (ii) the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1995 (the "Company Form 10-Q"). More comprehensive financial information is included in the Company Form 10-K and the Company Form 10-Q and other documents filed by the Company with the SEC. The financial information that follows is qualified in its entirety by reference to the Company Form 10-K and the Company Form 10-Q and other documents, including the financial statements and related notes contained therein. The Company Form 10-K and the Company Form 10-Q and other documents may be examined and copies may be obtained from the offices of the SEC in the manner set forth below.

SOUTHERN PACIFIC RAIL CORPORATION

SELECTED CONSOLIDATED FINANCIAL INFORMATION
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	SIX MONTHS ENDED JUNE 30, 1995(1)	SIX MONTHS ENDED JUNE 30, 1994	YEAR ENDED DECEMBER 31, 1994(3)	1993(2)	1992
INCOME STATEMENT DATA:					
Operating revenue	$1,571.3	$1,554.8	$3,142.6	$2,918.6	$2,878.0
Operating expenses	1,519.5	1,385.2	2,796.9	2,815.4	2,769.1
Operating income	51.8	169.6	345.7	103.2	108.9
Net income (loss) to common shareholders	(7.5)	57.5	241.8	(154.9)	24.1
PER SHARE INFORMATION:					
Net earnings (loss) per Share	(0.05)	0.39	1.59	(1.39)	0.24

	AT JUNE 30,		AT DECEMBER 31,		
	1995	1994	1994	1993	1992
BALANCE SHEET DATA:					
Current assets	$ 432.5	$ 550.6	$ 672.6	$ 354.2	$ 327.7
Net property	3,365.9	2,626.2	2,929.0	2,531.7	2,318.7
Total assets	4,359.3	3,705.7	4,152.1	3,434.0	3,204.5
Long-term debt, current portion	54.9	59.8	59.5	66.7	153.5
Current liabilities	914.1	864.4	1,015.8	916.2	1,082.8
Long-term debt, excluding current portion	1,407.7	1,155.1	1,089.3	1,408.3	1,175.5
Total shareholders' equity (deficit)	1,057.0	874.4	1,058.7	312.5	(76.9)

---

(1) Included $39.5 million after-tax special charge.
(2) Included $104.2 million after-tax charge for adoption of FAS 106.
(3) Included $6.0 million after-tax charge for adoption of FAS 112.

The Company is subject to the information and reporting requirements of the Exchange Act and is required to file reports and other information with the SEC relating to its business, financial condition and other matters. Information, as of particular dates, concerning the Company's directors and officers, their remuneration, stock options granted to them, the principal holders of the Company's securities, any material interests of such persons in transactions with the Company and other matters is required to be disclosed in proxy statements distributed to the Company's stockholders and filed with the SEC. These reports, proxy statements and other information should be available for inspection at the public reference facilities of the SEC located in Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and also should be available for inspection and copying at prescribed rates at the following regional offices of the SEC: Seven World Trade Center, New York, New York 10048; and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of this material may also be obtained by mail, upon payment of the SEC's customary fees, from the SEC's principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. Reports, proxy statements and other information concerning the Company should also be available for inspection at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

Certain Projected Financial Information. In the course of its discussions with Parent described in Section 11, the Company, in March, 1995, provided Parent and its financial advisors with certain business and financial information which Parent and the Company believe was not publicly available. Such information included, among other things, certain financial projections for 1995 through 1999 (the "March Company Projections") prepared by management of the Company as a long-range plan. In late July, the Company furnished Parent with updated financial projections for 1995 and 1996 (the "July Company Projections"), which updated projections reflected a decline in projected results from the March Company Projections. The July Projections do not take into account any of the potential effects of the transactions contemplated by the Offer and the Merger. The Company does not as a matter of course publicly disclose internal projections as to future revenues, earnings or financial condition.

Set forth below is a selected summary of the July Company Projections and the March Company Projections.

THE JULY COMPANY PROJECTIONS

THE COMPANY HAS ADVISED PARENT THAT THE JULY COMPANY PROJECTIONS SET FORTH BELOW SUPERSEDE THE INCOME STATEMENT DATA IN THE MARCH COMPANY PROJECTIONS FOR THE YEARS 1995 AND 1996 BECAUSE SUCH INCOME STATEMENT DATA IN THE MARCH COMPANY PROJECTIONS NO LONGER REFLECT THE COMPANY'S VIEW AS TO THE PROJECTED RESULTS.

THE JULY PROJECTIONS

INCOME STATEMENT DATA:

	YEAR ENDED DECEMBER 31,	
	1995 (RANGE)(1)	1996
	(DOLLARS IN MILLIONS)	
Operating revenues	$ 3,220 - $3,200	$3,332
Operating expenses	(2,900) - (2,920)	(2,887)
Operating income	$ 320 - 280	$ 445
Gains from real estate sales(2)	$ 70 - 70	$ 60
Net income	134 - 110	201

(1)Excludes the effect of the $39.5 million after-tax special charge recorded in June, 1995.
(2)Excludes the sale of major properties and transit corridors.

The July Company Projections assumed an operating ratio (operating expenses/revenues) for the Company ranging from 90.1% - 91.3% in 1995 and 86.6% in 1996.

THE MARCH COMPANY PROJECTIONS

THE COMPANY HAS ADVISED PARENT THAT THE JULY COMPANY PROJECTIONS SET FORTH ABOVE SUPERSEDE THE INCOME STATEMENT DATA IN THE MARCH COMPANY PROJECTIONS FOR THE YEARS 1995 AND 1996 BECAUSE SUCH INCOME STATEMENT DATA IN THE MARCH COMPANY PROJECTIONS NO LONGER REFLECT THE COMPANY'S VIEW AS TO THE PROJECTED RESULTS.

INCOME STATEMENT DATA:

	YEAR ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
	(DOLLARS IN MILLIONS)				
Operating revenues	$ 3,327	$ 3,488	$ 3,643	$ 3,798	$ 3,976
Operating expenses	(2,879)	(2,933)	(2,995)	(3,080)	(3,177)
Operating income	$ 448	$ 555	$ 648	$ 718	$ 799
Gains from real estate sales(1)	$ 67	$ 60	$ 60	$ 60	$ 60
Net income	203	257	311	347	391

CASH FLOW DATA:

	YEAR ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
	(DOLLARS IN MILLIONS)				
Operating cash flows	$ 309	$ 400	$ 521	$ 586	$ 618
Sale of assets(1)	70	70	70	70	70
Net internally generated funds	379	470	591	656	688
Debt issuance net of debt retirement(2)	309	151	163	159	126
Available cash	688	621	754	815	814
Capital expenditures(2)	(716)	(500)	(500)	(500)	(550)
Net change in cash	$ (28)	$ 121	$ 254	$ 315	$ 264

(1)Excludes the sale of major properties and transit corridors.

(2) Debt issuance and capital expenditures include long-term capital leases which are not included on the Cash Flow Statement included in the Company's published financial reports.

The March Company Projections were based on the following assumptions:

1. Revenue was projected to increase at a compound annual growth rate (CAGR) of 4.6% from $3,327 million in 1995 to $3,976 million in 1999.

2. The Company's operating ratio (operating expenses/revenues) was projected at 86.5% in 1995, 84.1% in 1996, 82.2% in 1997, 81.1% in 1998 and 79.9% in 1999.

3. Net income was projected to increase at a CAGR of 17.8% from $203 million in 1995 to $391 million in 1999.

In connection with the March Projections, the Company also furnished Parent with projected balance sheets of the Company for the years 1995 through 1999. Such balance sheets projected total assets of the Company increasing from $4,684 million in 1995 to $7,062 million in 1999, total long-term debt (excluding current portion) increasing from $1,363 million in 1995 to $1,920 million in 1999 and total stockholders' equity increasing from $1,261 million in 1995 to $2,564 million in 1999.

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TO PUBLIC DISCLOSURE OR COMPLIANCE WITH PUBLISHED GUIDELINES OF THE SEC OR THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE PROJECTIONS ARE INCLUDED IN THIS OFFER TO PURCHASE ONLY BECAUSE SUCH INFORMATION WAS PROVIDED TO PARENT. NONE OF PARENT, PURCHASER, UPRR OR ANY PARTY TO WHOM THE PROJECTIONS WERE PROVIDED ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OF SUCH INFORMATION. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THESE PROJECTIONS ARE BASED UPON A VARIETY OF ASSUMPTIONS RELATING TO THE BUSINESSES OF THE COMPANY WHICH, THOUGH PARENT HAS BEEN ADVISED WERE CONSIDERED REASONABLE BY THE COMPANY AT THE TIME THEY WERE FURNISHED TO PARENT, MAY NOT BE REALIZED AND ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT THE PROJECTIONS WILL BE REALIZED, AND ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE SHOWN. THE PROJECTIONS HAVE NOT BEEN EXAMINED OR COMPILED BY THE COMPANY'S INDEPENDENT PUBLIC ACCOUNTANTS. FOR THESE REASONS, AS WELL AS THE BASES ON WHICH SUCH PROJECTIONS WERE COMPILED, THERE CAN BE NO ASSURANCE THAT SUCH PROJECTIONS WILL BE REALIZED, OR THAT ACTUAL RESULTS WILL NOT BE HIGHER OR LOWER THAN THOSE ESTIMATED. THE INCLUSION OF SUCH PROJECTIONS HEREIN SHOULD NOT BE REGARDED AS AN INDICATION THAT PARENT, PURCHASER, UPRR OR ANY OTHER PARTY WHO RECEIVED SUCH INFORMATION CONSIDERS IT AN ACCURATE PREDICTION OF FUTURE EVENTS.

Certain Operating Relationships. Various subsidiaries of each of Parent and UPRR, on the one hand, and the Company, on the other hand, have operating relationships with each other. For purposes of this subsection, the term "SPT" includes the Denver and Rio Grande Western Railroad Company, the St. Louis Southwestern Railway Company, SPCSL Corp. and other rail carrier subsidiaries of each, while the term "UPRR" includes Missouri Pacific Railroad Company, Chicago and North Western Transportation Company and other rail carrier subsidiaries of each. Approximately 9%, 9% and 8% of SPT's total loads in 1992, 1993 and 1994, respectively, were interchanged with UPRR. Additionally, approximately 4%, 4% and 3% of UPRR's total loads in 1992, 1993 and 1994, respectively, were interchanged with SPT. Major interchange locations between UPRR and SPT include Ogden, UT, Colton, CA, Portland, OR, and El Paso, TX. In connection with such interchanges, either or both of SPT's and UPRR's railroad subsidiaries may be the party billing the shipper of such interchange freight, and in cases where one of the parties bills for the entire shipment, such party will periodically remit to the other party the net amount of the proceeds due to such other carrier in accordance with standard industry practice. In addition, UPRR and SPT, often together with other railroads, cooperate in terminal switching operations at certain major locations including Los Angeles, CA, St. Louis, MO, East St. Louis, IL, Denver, CO, and Houston, TX. SPT and UPRR also have proprietary interests in various terminal companies in their service territories, including the Alton & Southern Railway Company in East St. Louis, IL, as to which each is a 50% owner.

In addition to the foregoing, UPRR and SPT are parties to various trackage rights agreements pursuant to which UPRR operates over approximately 704 miles of SPT track and SPT operates over approximately 2,340 miles of UPRR track. For example, (i) UPRR and SPT have a paired track arrangement where each uses certain trackage of the other between Alazon and Weso, NV, (ii) the two companies have granted each other reciprocal trackage rights between Paragould, AR and Valley Jct., IL whereby UPRR operates over 113 miles of SPT trackage between Paragould and Illmo, Jct. and SPT operates over 119 miles of UPRR trackage between Valley Jct. and Simbco Jct., IL, (iii) SPT has bridge rights over 431 miles of UPRR trackage between Pueblo, CO and

Herington, KS, and (iv) SPT has trackage rights over UPRR's trackage between Kansas City, MO and St. Louis, MO. During 1992, 1993 and 1994, payments from SPT to UPRR under all trackage rights agreements totaled approximately $45,820,000, $53,355,000 and $46,500,000, respectively, while payments under all trackage rights agreements from UPRR to SPT totalled approximately $5,591,000, $11,969,000, and $10,372,000 during 1992, 1993 and 1994, respectively.

As is not unusual in the railroad industry, disputes have arisen between UPRR and SPT over the interpretation and/or operation of trackage rights agreements between the two. Currently, trackage rights agreement disputes between UPRR and SPT exist on the following matters:

. Whether SPT as a trackage rights tenant is obligated to pay a share (approximately $1.5 million) of the cost of past separation allowance/reserve board payments for employees on UPRR's Pueblo, CO line and a share (approximately $2.5 million) of capital costs and operating costs for UPRR's Harriman Dispatch Center.

. Whether SPT is contractually obligated to indemnify UPRR for damages resulting from derailments on UPRR's line at Cody, KS and East Acoma, NV.

In addition, by Settlement Agreement and Release dated March 31, 1995, UPRR and SPT settled disputes between the two concerning (i) SPT's payment of rent and interest to UPRR for SPT's use of trackage rights over UPRR's lines between St. Louis and Kansas City, and (ii) SPT allegations that UPRR engaged in past service and dispatching discrimination against SPT over the St. Louis-Kansas City trackage rights and other portions of UPRR's rail system. Among other things, pursuant to this settlement (i) SPT paid UPRR $30,756,012 on April 3, 1995, and (ii) SPT will pay UPRR (a) $1,076,460 as simple interest on the unpaid balance of the settlement amount on each of October 3, 1995 and April 3, 1996, and (b) the balance of $30,756,012 on April 3, 1996.

Disputes also exist between UPRR and SPT concerning UPRR's proposed build-in to shippers (Amoco, Chevron and Exxon) currently exclusively served by SPT at Mont Belvieu, TX.

9. CERTAIN INFORMATION CONCERNING PURCHASER, UPRR AND PARENT.

Purchaser. Purchaser is a Delaware corporation organized in 1995 and has not carried on any significant activities other than activities undertaken in connection with the Offer and the Merger. The principal offices of Purchaser are located at Martin Tower, Eighth & Eaton Avenues, Bethlehem, Pennsylvania 18018. Purchaser is a wholly owned subsidiary of UPRR and an indirect wholly owned subsidiary of Parent. Until immediately prior to the time that Purchaser will purchase Shares pursuant to the Offer, it is not expected that Purchaser will have any significant assets or liabilities or engage in activities other than those incident to the transactions contemplated by the Offer and the Merger.

Parent. Parent is a Utah corporation, organized in 1969, with principal executive offices located at Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018.

Parent operates, through subsidiaries, in the areas of rail transportation (UPRR and Missouri Pacific Railroad Company and Chicago and North Western Transportation Company (collectively, the "Railroad")), oil, gas and mining (Resources) and trucking (Overnite Transportation Company ("Overnite")). Each of these subsidiaries is indirectly wholly owned by Parent. Substantially all of Parent's operations are in the United States.

Resources is one of the largest independent oil and gas companies in North America and is engaged primarily in the exploration for and the development and production of natural gas, natural gas liquids and crude oil in several major producing basins in the United States and Canada. Resources also engages in the hard minerals business through its nonoperated joint venture and royalty interests in several coal and trona (natural soda ash) mines located on lands in Wyoming.

The Spin-off. Resources has filed a registration statement with the SEC in connection with the proposed IPO of shares of Resources Common Stock representing no more than 17.25% of the outstanding shares of Resources Common Stock (after giving effect to the issuance of shares in the IPO and shares to be issued to employees or reserved for issuance with respect to employee options). Parent intends, following consummation of the Merger, to distribute its ownership interest in Resources to shareholders of Parent by means of the Spin-off. The Spin-off will be subject to declaration by Parent's board of directors, which declaration is expected to be subject to (1) the receipt of a favorable ruling from the Internal Revenue Service as to the tax-free nature of

the transaction and (2) the absence of any change in market conditions or other circumstances that causes the board of directors of Parent to conclude that the Spin-off is not in the best interests of the shareholders of Parent. Parent has not determined what action it would take if it were not to receive the favorable tax ruling. Alternatives would include, without limitation, completing the Spin-off based on an opinion of counsel or selling additional shares of Resources Common Stock to reduce Parent's investment in Resources. No assurance can be given that such favorable tax ruling will be obtained. In addition, pursuant to the Merger Agreement, Parent has agreed not to go forward with the Spin-off prior to the earlier of the consummation of the Merger or termination of the Merger Agreement. Pursuant to the Merger Agreement, Parent has also agreed that in connection with any tax opinion or IRS private letter ruling, such opinion or ruling shall provide that no income, gain or loss will be recognized by Parent's stockholders (including former Company stockholders who receive Parent Common Stock in the Merger) upon receipt of Resources Common Stock. Even if a favorable IRS ruling is obtained, there can be no assurance that the Spin-off will occur or that Parent will not sell its shares of Resources Common Stock.

Overnite. Overnite, a major interstate trucking company, serves all 50 states and portions of Canada through 174 service centers and through agency partnerships with several small, high-quality carriers serving areas not directly covered by Overnite. As one of the largest trucking companies in the United States, specializing in less-than-truckload shipments, Overnite transports a variety of products, including machinery, textiles, plastics, electronics and paper products.

UPRR. UPRR is a Utah corporation with principal executive offices located at 1416 Dodge Street, Omaha, Nebraska 68179. UPRR is the second largest railroad in the United States by mileage, with approximately 22,600 route miles linking West Coast and Gulf Coast ports with the Midwest. UPRR maintains coordinated service with other carriers for the handling of freight throughout the United States, Canada and Mexico. UPRR handles exported and imported freight throughout the system, principally through the Gulf Coast and Pacific Coast ports and across the Texas-Mexico border. Major categories of freight hauled by UPRR are automotive, chemicals, energy (coal), food/consumer/government, grains and grain products, intermodal, forest products and metals and minerals.

Parent is subject to the information and reporting requirements of the Exchange Act and is required to file reports and other information with the SEC relating to its business, financial condition and other matters. Information, as of particular dates, concerning Parent's directors and officers, their remuneration, stock options granted to them, the principal holders of Parent's securities, any material interests of such persons in transactions with Parent and other matters is required to be disclosed in proxy statements distributed to Parent's stockholders and filed with the SEC. These reports, proxy statements and other information should be available for inspection and copies may be obtained in the same manner as set forth for the Company in Section 8. The shares of Parent common stock are listed on the NYSE, and reports, proxy statements and other information concerning Parent should also be available for inspection at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The name, citizenship, business address, principal occupation or employment and five-year employment history for each of the directors and executive officers of Parent, Purchaser and UPRR are set forth in Schedule I hereto.

Except as set forth in this Offer to Purchase, none of Parent, UPRR or Purchaser, or, to the best knowledge of Parent, UPRR or Purchaser, any of the persons listed in Schedule I hereto, or any associate or majority-owned subsidiary of such persons, beneficially owns any equity security of the Company, and none of Parent, UPRR, Purchaser, or, to the best knowledge of Parent, UPRR or Purchaser, any of the other persons referred to above, or any of the respective directors, executive officers or subsidiaries of any of the foregoing, has effected any transaction in any equity security of the Company during the past 60 days.

Except as set forth in this Offer to Purchase, none of Parent, UPRR or Purchaser, or, to the best knowledge of Parent, UPRR or Purchaser, any of the persons listed in Schedule I hereto has any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, without limitation, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities of the Company, joint ventures, loan or option arrangements, puts or calls, guaranties of loans,

guaranties against loss or the giving or withholding of proxies. Except as set forth in this Offer to Purchase, none of Parent, UPRR or Purchaser, or, to the best knowledge of Parent, UPRR or Purchaser, any of the persons listed in Schedule I hereto has had any transactions with the Company, or any of its executive officers, directors or affiliates that would require reporting under the rules of the SEC.

Except as set forth in this Offer to Purchase, there have been no contacts, negotiations or transactions between Parent, UPRR or Purchaser, or their respective subsidiaries, or, to the best knowledge of Parent, UPRR or Purchaser, any of the persons listed in Schedule I hereto, on the one hand, and the Company or its executive officers, directors or affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, election of directors, or a sale or other transfer of a material amount of assets.

Financial Information. Set forth below is certain selected consolidated financial information relating to Parent and its subsidiaries which has been excerpted or derived from the financial statements contained in Parent's Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1993 (the "Parent Form 10-Ks") and expected to be included in Parent's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1995 to be filed with the SEC following commencement of the Offer (the "Parent Form 10-Q"). More comprehensive financial information is included in the Parent Form 10-K and the Parent Form 10-Q and other documents filed by Parent with the SEC. The financial information that follows is qualified in its entirety by reference to the Parent Form 10-K and the Parent Form 10-Q and other documents including the financial statements and related notes contained therein. The Parent Form 10-Ks and the Parent Form 10-Q (when filed) and other documents may be examined and copies may be obtained from the offices of the SEC in the manner set forth below.

UNION PACIFIC CORPORATION

SELECTED CONSOLIDATED FINANCIAL INFORMATION(1)(2)
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	SIX MONTHS ENDED JUNE 30, 1995	SIX MONTHS ENDED JUNE 30, 1994	YEAR ENDED DECEMBER 31, 1994	1993	1992
INCOME STATEMENT DATA:					
Operating revenues	$ 3,538	$3,214	$ 6,492	$ 6,002	$ 5,773
Operating expenses	2,922	2,611	5,248	4,890	4,691
Operating income	$ 616	$ 603	$ 1,244	$ 1,112	$ 1,082
Income (loss) from Discontinued Operations(1)	$ 135	$ 218	$ (38)	$ 235	$ 272
Accounting changes(3)	--	--	--	(116)	--
Net income	415	503	546	530	728
PER SHARE INFORMATION:					
Net earnings per Share	$ 2.02	$ 2.45	$ 2.66	$ 2.58	$ 3.57
BALANCE SHEET DATA:					
Current assets	$ 1,156	$ 976	$ 1,349	$ 981	$ 1,052
Net Assets of Discontinued Operations	1,862	2,501	1,789	1,845	1,558
Net property	13,174	9,464	9,670	9,298	8,671
Total assets	17,570	14,645	14,543	13,797	13,361
Long-term debt, current portion	68	76	427	83	95
Current liabilities	2,032	1,532	2,000	1,590	1,513
Long-term debt, excluding current portion	6,173	4,489	4,052	4,022	3,940
Total shareholders' equity	5,350	5,227	5,131	4,885	4,639

---

(1) The Financial Statements have been adjusted to reflect Resources as discontinued operations.

(2) Sale of USPCI, Inc. ("USPCI")--At year-end 1994, Parent completed the sale of USPCI to Laidlaw Inc. for $225 million in notes that were subsequently collected in January 1995. The sale resulted in a net loss of $412 million in 1994 including an $8 million net loss from USPCI operations during the year. Prior years' results have been restated to present USPCI as a discontinued operation.

(3) Accounting Adjustments--In January 1993, Parent adopted the Financial Accounting Standards Board's pronouncements covering the recognition of postretirement benefits other than pensions and accounting for income taxes, as well as a pro-rata method of recognizing transportation revenues and expenses. The cumulative effect of adopting these accounting changes was a one-time, after-tax charge to earnings of $116 million or $0.56 per share.

10. SOURCE AND AMOUNT OF FUNDS.

Purchaser estimates that the total amount of funds required to purchase Shares pursuant to the Offer, to pay the cash portion of the consideration in the Merger and to pay all related costs and expenses will be approximately $1.6 billion. See "THE OFFER--Fees and Expenses."

Purchaser plans to obtain the necessary funds through capital contributions or advances made by Parent and/or UPRR. Parent and UPRR plan to obtain the funds for such capital contributions or advances from their available cash and working capital, and either through the issuance of long or short term debt securities (including, without limitation, commercial paper notes) (the "Debt Securities") or pursuant to an existing $1.4 billion credit facility with various commercial banks (the "Facility").

The Facility was established pursuant to a Revolving Credit Agreement, dated as of March 2, 1993, as amended (the "Credit Agreement"), among Parent, Chemical Bank, as administrative agent, Credit Suisse and NationsBank, N.A. (Carolinas), as co-agents, and various banks named therein. The Facility will mature on March 2, 2000. The interest on the drawings under the Facility will range from .15% to .50% above the London Interbank Offered Rate ("LIBOR") per annum, and would be in addition to a Facility fee ranging from .10% to .25% per annum, in each case based on Parent's credit rating. The Facility fee is payable on the entire amount of the Facility, whether used or unused. The foregoing description of the terms and provisions of the Facility is qualified in its entirety by reference to the text of the Credit Agreement, a copy of which is filed as an exhibit to the Tender Offer Statement on Schedule 14D-1 (the "Schedule 14D-1") and is incorporated herein by reference.

The proceeds of the Facility are available to finance the Offer and for general corporate purposes of Parent.

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 5.9%. 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 or, depending on market or business conditions, through such other financing as Parent may deem appropriate.

It is anticipated that the indebtedness incurred by Parent and UPRR in connection with the Debt Securities and/or the Facility will be repaid from funds generated internally by Parent and its subsidiaries (including, after the Merger, if consummated, dividends paid by the Surviving Corporation and its subsidiaries), through additional borrowings, through application of proceeds of dispositions or through a combination of two or more such sources. No final decisions have been made concerning the method Parent and UPRR will employ to repay such indebtedness. Such decisions when made will be based on Parent's review from time to time of the advisability of particular actions, as well as on prevailing interest rates and financial and other economic conditions.

11. BACKGROUND OF THE OFFER; CONTACTS WITH THE COMPANY.

In the ordinary course of Parent's long-term strategic review process, Parent and UPRR routinely analyze potential combinations with various railroad companies. Beginning in mid-1994, certain senior officers of Parent

and the Company had occasional, informal discussions regarding the possibility and desirability of an acquisition of the Company by Parent and other possible transactions. On September 8, 1994, Parent and the Company entered into a confidentiality agreement in connection with these discussions, but the discussions terminated later in September 1994.

In late February, 1995 and continuing through mid-April, 1995, certain senior officers and directors of Parent and the Company had a number of meetings and telephone conversations to discuss on a preliminary basis a possible acquisition of the Company by Parent. In connection with such preliminary discussions, on April 8, 1995, Parent's legal counsel provided to the Company and its legal counsel a draft merger agreement. No negotiations were ever conducted concerning such draft agreement. In mid-April, 1995, Parent and the Company discontinued discussions concerning a possible transaction due to an inability to reach agreement on the structure and terms thereof.

Discussions and meetings concerning a possible transaction resumed in late June, 1995 among certain senior officers of Parent and the Company. At a meeting on July 17, 1995, senior officers of Parent and the Company established a preliminary basis for continuing discussions to seek to reach an agreement concerning a transaction and for proceeding with a due diligence review. Such officers of Parent and the Company determined to continue discussions on the basis of the following tentative terms, among others: Parent would acquire up to 25% of the outstanding Common Stock in a cash tender offer at $25.00 per Share and, following receipt of ICC approval and the satisfaction of other conditions, would acquire the remaining Shares in a "cash election" merger in which stockholders of the Company would receive, at their election, for each Share, cash consideration of $25.00, or a fraction of a share of Parent Common Stock determined by dividing $25.00 by the average closing price of Parent Common Stock prior to the merger (subject to a pricing "collar" mechanism which would result in not more than 0.4464 shares of Parent Common Stock nor less than 0.4065 shares being issued per Share). In such transaction, 60% of the Shares would be converted into Parent Common Stock and the remaining 40% into cash, including the Shares to be acquired in the tender offer.

At the July 17, 1995 meeting, Parent indicated to Mr. Anschutz that its willingness to continue discussions was conditioned upon, among other things, the willingness of the Shareholders and MSLEF to consider agreeing to vote their Shares, representing approximately 31.8% and 8.5%, respectively, of the outstanding Common Stock, in favor of the merger. Mr. Anschutz indicated that the Shareholders would be willing to consider such an agreement if the Company and Parent could negotiate satisfactory terms for a transaction, and provided that satisfactory terms concerning an agreement between the Shareholders and Parent could be negotiated. Subsequently, Parent was advised that MSLEF also would be willing to consider an agreement to vote its Shares in favor of the merger if the Company and Parent could negotiate satisfactory terms for a transaction, and subject to MSLEF's negotiation of satisfactory terms of an agreement with Parent.

Management of Parent and the Company each conditioned their willingness to continue discussions concerning a possible transaction upon, among other things, the negotiation of satisfactory terms and the negotiation and execution of definitive transaction agreements, a satisfactory due diligence review, and the approval of their respective Boards of Directors. The Company also indicated to Parent that its willingness to continue discussions was conditioned upon the willingness of Parent to enter into an appropriate agreement restricting voting, additional acquisitions and dispositions of Shares to be purchased by Parent in the Offer.

Following the July 17, 1995 meeting, extensive due diligence was conducted by the Company, Parent and their respective legal, financial and accounting advisors. In addition, senior officers of the Company and Parent and their respective counsel met and talked regularly to negotiate the terms of the transaction and the definitive agreements providing for the transaction, and senior officers of Parent and its counsel negotiated with the Shareholders and MSLEF and their counsel the terms of their transactions and the definitive agreements therefor.

On July 27, 1995, at a regularly scheduled meeting, the Board of Directors of Parent analyzed and reviewed, with Parent's management and financial and legal advisors, among other things, various strategic, financial and

legal considerations concerning a possible transaction with the Company, the potential terms of a transaction and the status of negotiations. (At several earlier meetings, Parent's Board of Directors had reviewed the strategic considerations and other issues, as well as the status of any discussions then being conducted, regarding such an acquisition.) At the July 27 meeting, Parent's management and financial and legal advisors made presentations to the Board concerning various aspects of the possible transaction. No decision was reached by the Board at the meeting, but it was the consensus of directors that management and Parent's advisors should continue to negotiate with the Company and report back to the Board once management was prepared to make a recommendation. At its July 27, 1995 meeting, the Board of Directors of Parent approved the IPO and the Spin-off (see "THE OFFER--Certain Information Concerning Parent, UPRR and the Purchaser"). Following the meeting, Parent issued a press release announcing the IPO.

On July 27, 1995, at a regularly scheduled meeting, the Board of Directors of the Company analyzed and reviewed, with the Company's management and financial and legal advisors, among other things, various strategic, financial and legal considerations concerning a possible transaction with the Company, the potential terms of a transaction and the status of negotiations. At the July 27 meeting, the Company's management and financial and legal advisors made presentations to the Board concerning various aspects of the possible transaction. No decision was reached by the Board of the Company at the meeting, but it was the consensus of directors that management and the Company's advisors should continue to negotiate with Parent and report back to the Board of the Company once the Company's management was prepared to make a recommendation.

On August 2, 1995, senior officers of Parent and the Company met and had various telephone conversations to discuss the progress of the negotiations to date, certain issues between the parties that had not been resolved, and the results of due diligence. With respect to the proposed pricing for the transaction, the parties agreed to a fixed exchange ratio of .4065 shares of Parent Common Stock per Share for the stock portion of the purchase price, in place of the previously discussed "floating" exchange ratio with a pricing "collar".

On August 3, 1995, the Board of Directors of Parent held a special telephonic meeting to review, with the advice and assistance of the Board's financial and legal advisors, the proposed Merger Agreement and Ancillary Agreements and the transactions contemplated thereby, including the Offer and Merger. At such meeting, Parent's management and financial and legal advisors made presentations to the Board concerning the transaction, and Parent's financial advisor, CS First Boston Corporation ("CS First Boston"), rendered to Parent's Board an oral opinion (which was subsequently confirmed in writing) to the effect that, as of such date, the consideration to be paid by Parent in the Offer and the Merger, taken together, was fair to Parent from a financial point of view. Following the Board's review of the transaction, the Board unanimously approved (with three directors absent, and one director abstaining because of an affiliation with Morgan Stanley, the financial advisor to the Company in connection with the transaction and an affiliate of MSLEF, a party to an Ancillary Agreement in its capacity as a shareholder of the Company) the proposed Merger Agreement and Ancillary Agreements and the transactions contemplated thereby, and authorized, subject to completion of negotiation of a limited number of remaining issues, the execution and delivery of such Agreements.

Also on August 3, 1995, the Board of Directors of the Company held a special meeting to review, with the advice and assistance of the Board's financial and legal advisors, the proposed Merger Agreement and Ancillary Agreements and the transactions contemplated thereby, including the Offer and Merger. At such meeting, the Company's management and financial and legal advisors made presentations to the Board concerning the transaction and the Company's financial advisor, Morgan Stanley, provided an oral opinion (which was subsequently confirmed in writing) that on the date of the Merger Agreement the consideration to be received by the holders of Shares pursuant to the Offer and the Merger, taken together, is fair from a financial point of view to such holders. Following the Board's review of the transaction, the Board unanimously approved the proposed Merger Agreement and Ancillary Agreements and the transactions contemplated thereby, authorized (subject to completion of negotiation of a limited number of remaining issues) the execution and delivery of such Agreements, determined that the Offer and the Merger are fair to and in the best interests of the holders of Shares, recommended that stockholders of the Company who desire to receive cash for their Shares accept the Offer and

tender their Shares pursuant to the Offer, and recommended that stockholders of the Company approve and adopt the Merger Agreement. The Board's approval of the Merger Agreement and the Ancillary Agreements and the transactions contemplated thereby constituted approval for purposes of Section 203 of the DGCL such that the provisions of the statute are not applicable to such Agreements or the transactions contemplated thereby (see "Certain Legal Matters; Regulatory Approvals--State Takeover Statutes").

Following the August 3, 1995 Board meetings described above, the following joint press release was issued:

> BETHLEHEM, PA., Aug. 3--Union Pacific Corporation (NYSE: UNP) and Southern Pacific Rail Corporation (NYSE: RSP) announced today that they have reached an agreement providing for the merger of Southern Pacific with Union Pacific. The $5.4 billion transaction would form North America's largest railroad, a 34,000-mile network operating in 25 states and serving both Mexico and Canada. The two railroad companies had combined 1994 operating revenues of $9.54 billion.
>
> The agreement, approved today by the Boards of Directors of Union Pacific and Southern Pacific, is subject to execution of a definitive merger agreement, which is expected to be signed very shortly. Under terms of the agreement, Union Pacific would make a first-step cash tender offer of $25.00 a share for up to 25 percent of the Common Stock of Southern Pacific. The tender offer would commence next week. The shares purchased in the tender offer will be held in a voting trust. Following completion of the offer, and the satisfaction of other conditions, including approval by the Interstate Commerce Commission (ICC), Southern Pacific will be merged with Union Pacific Corporation. Upon completing the transaction, each share of Southern Pacific stock will be converted, at the holder's election (subject to proration), into the right to receive $25.00 in cash or 0.4065 shares of Union Pacific Common Stock. As a result of the transaction, 60 percent of Southern Pacific shares will be converted into Union Pacific stock and the remaining 40 percent into cash, including the shares acquired in the original tender offer. The two companies expect to file an application with the ICC no later than December 1.
>
> Union Pacific also stated that the previously announced spin-off of Union Pacific Resources would be consummated after completion of the transaction. The initial public offering of shares of Union Pacific Resources will proceed as scheduled.
>
> In connection with the merger, Philip Anschutz, a major shareholder of Southern Pacific, will be appointed non-executive Vice Chairman of the Board of Directors of Union Pacific following completion of the transaction and will enter into a customary seven-year standstill agreement. In addition, Mr. Anschutz, who owns 31 percent of Southern Pacific, and the Morgan Stanley Leveraged Equity Fund, which owns seven percent of Southern Pacific, have agreed to vote their shares in favor of the transaction.
>
> "When completed, this transaction will deliver major benefits for customers," said Drew Lewis, Union Pacific's Chairman and Chief Executive Officer. "The combined system will be able to offer new services that neither Union Pacific nor Southern Pacific can offer on its own. The new system will yield extensive new single-line service, faster schedules, more frequent and reliable service, shorter routes and improved equipment utilization. Benefits from operating efficiencies, facility consolidations, cost savings and increased traffic are estimated to be in excess of $500 million per year."

During the afternoon and evening of August 3, 1995, senior officers of the Company and Parent, Mr. Anschutz and MSLEF and their respective counsel resolved all remaining issues to the mutual satisfaction of the parties, and the Merger Agreement and Ancillary Agreements were executed and delivered by all parties thereto.

Prior to the commencement of trading on the morning of August 4, 1995, Parent issued the following press release:

> BETHLEHEM, PA., Aug. 4--Union Pacific Corporation (NYSE: UNP) announced today that it has executed a definitive merger agreement for the previously announced merger with Southern Pacific Rail Corporation (NYSE: RSP). Under the terms of the agreement, Union Pacific will make a first-step cash tender offer of $25.00 per share for up to 25 percent of the Common Stock of Southern Pacific. Following

completion of the transaction, each share of Southern Pacific stock will be converted, subject to proration, into the right to receive $25.00 in cash or 0.4065 shares of Union Pacific Common Stock. As a result of the transaction, 60 percent of Southern Pacific's shares will be converted into Union Pacific stock and the remaining 40 percent, including the shares acquired in the original tender offer, will be converted into cash.

The merger is subject to receipt of Interstate Commerce Commission (ICC) approval and other customary conditions.

On August 9, 1995, Parent and the Purchaser commenced the Offer.

12. PURPOSE OF THE OFFER AND THE MERGER; PLANS FOR THE COMPANY. The purpose of the Offer is for Parent, through UPRR and Purchaser, to acquire a significant equity interest in the Company as a first step in acquiring the entire equity interest in the Company. The purpose of the Merger is for Parent to acquire all Shares not purchased pursuant to the Offer and to achieve the transportation benefits and efficiencies of consolidating the UPRR and SPT railroads.

Upon consummation of the Merger, Parent intends to continue to review the Company and its assets, businesses, operations, properties, policies, corporate structure, capitalization and management and consider if any changes would be desirable in light of the circumstances then existing. Upon consummation of the Merger, Parent intends to continue to review the business of the Company and identify synergies and cost savings, including its freight traffic arrangements with the Company.

Parent regards the resulting consolidation of the Company's and Parent's rail subsidiaries as an opportunity to achieve certain cost savings and synergies. Parent currently estimates that the Merger will result in excess of $500 million of annual pre-tax benefits, of which a substantial portion is attributable to pre-tax cost savings and reductions resulting from systemwide consolidations, including savings in general and administrative expenses, increased efficiencies in facilities and equipment utilization and synergies achieved through the increased coordination of departments, including maintenance of way and equipment, transportation, operations, communications and computers. Synergies and benefits are also expected to come from traffic gains and diversions less anticipated concessions to other rail carriers. THE FOREGOING ESTIMATES OF COST SAVINGS AND SYNERGIES ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF PARENT. THERE CAN BE NO ASSURANCE THAT THEY WILL BE ACHIEVED AND ACTUAL SAVINGS AND SYNERGIES MAY VARY MATERIALLY FROM THOSE ESTIMATED. THE INCLUSION OF SUCH ESTIMATES HEREIN SHOULD NOT BE REGARDED AS AN INDICATION THAT PARENT, PURCHASER, UPRR OR ANY OTHER PARTY CONSIDERS SUCH ESTIMATES AN ACCURATE PREDICTION OF FUTURE EVENTS.

Except as noted in this Offer to Purchase, none of Parent, UPRR or Purchaser has any present plans or proposals that would result in an extraordinary corporate transaction, such as a reorganization, liquidation, relocation of operations, or sale or transfer of assets, involving the Company or any of its subsidiaries, or any material changes in the Company's corporate structure, business or composition of its board of directors, management or personnel.

13. MERGER AGREEMENT; SHAREHOLDERS AGREEMENTS; REGISTRATION RIGHTS AGREEMENTS; OTHER AGREEMENTS.

Merger Agreement.

THE FOLLOWING IS A SUMMARY OF CERTAIN PROVISIONS OF THE MERGER AGREEMENT. THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MERGER AGREEMENT WHICH IS INCORPORATED HEREIN BY REFERENCE. CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN OR IN THE FOLLOWING SUMMARY SHALL HAVE THE MEANINGS SET FORTH IN THE MERGER AGREEMENT.

The Offer. The Merger Agreement provides that Purchaser will commence the Offer and that, on the terms and subject to the prior satisfaction or waiver of the conditions to the Offer, Purchaser will purchase all Shares

validly tendered pursuant to the Offer after the later of the satisfaction of the conditions of the Offer and the expiration of the Offer; provided, however, that Purchaser will not purchase the Shares until after any calculation of proration. The Merger Agreement provides that, without the written consent of the Company by the Board of Directors (or a duly authorized committee thereof), Purchaser will not waive the condition to the Offer that Parent and Purchaser will not breach or fail to perform their agreements under the Parent Shareholders Agreement, decrease the Offer Price, decrease the number of Shares sought in the Offer or change the form of consideration to be paid pursuant to the Offer or impose additional conditions to the Offer, or amend any other term or any condition of the Offer in any manner adverse to the holders of Shares except that if on the initial scheduled expiration date of the Offer (as may be extended in accordance with the terms of the Merger Agreement), all conditions to the Offer will not have been satisfied or waived, the Offer may be extended from time to time without the consent of the Company for such period of time as is reasonably expected to be necessary to satisfy the unsatisfied conditions. The Merger Agreement further provides that Purchaser will waive the condition to the Offer that Parent or Purchaser will not breach or fail to perform their agreements under the Parent Shareholders Agreement if directed to do so by the Company. In addition, the Merger Agreement provides that, without the consent of the Company, the Offer Price may be increased and the Offer may be extended to the extent required by law in connection with such an increase in the Offer Price.

The Mergers. The Merger Agreement provides that, subject to the terms and conditions thereof and in accordance with the Utah Business Corporation Act ("UBCA"), at the Sub Merger Effective Time (as defined in the Merger Agreement), UPRR and Purchaser will consummate a merger (the "Purchaser Merger") pursuant to which (i) Purchaser will be merged with and into UPRR and the separate corporate existence of Purchaser will thereupon cease, (ii) UPRR will be the surviving corporation in the Purchaser Merger and will continue to be governed by the laws of the State of Utah, and (iii) the separate corporate existence of UPRR will continue unaffected by the Purchaser Merger. Pursuant to the Purchaser Merger, (x) the Articles of Incorporation of UPRR will be the Articles of Incorporation of the surviving corporation in the Purchaser Merger until thereafter amended, and (y) the By-laws of UPRR will be the By-laws of the surviving corporation in the Purchaser Merger until thereafter amended. The Purchaser Merger will have the effects set forth in the UBCA and the DGCL.

Subject to the terms and conditions of the Merger Agreement and in accordance with the DGCL and the UBCA, at the Effective Time, the Company and UPRR will consummate the Merger (together with the Purchaser Merger, the "Mergers") pursuant to which (i) the Company shall be merged with and into UPRR and the separate corporate existence of the Company will thereupon cease, (ii) UPRR will be the successor or surviving corporation in the Merger and will continue to be governed by the laws of the State of Utah, and (iii) the separate corporate existence of UPRR will continue unaffected by the Merger. Pursuant to the Merger, (x) the Certificate of Incorporation of UPRR will be the Certificate of Incorporation of the Surviving Corporation (as defined in the Merger Agreement) until thereafter amended, and (y) the By-laws of UPRR will be the By-laws of the Surviving Corporation until thereafter amended. The Merger shall have the effects set forth in the UBCA and the DGCL.

Conversion of Shares. The Merger Agreement provides that each issued and outstanding share of Common Stock of UPRR prior to the Sub Merger Effective Time will, at the Sub Merger Effective Time, be converted into and become one fully paid and nonassessable share of common stock of UPRR, as the surviving corporation.

The Merger Agreement provides that each issued and outstanding share of Common Stock of Purchaser (the "Purchaser Common Stock") will, at the Sub Merger Effective Time, by virtue of the Purchaser Merger and without any action on the part of UPRR, be cancelled and retired and cease to exist.

The Merger Agreement provides that each issued and outstanding share of Common Stock of UPRR immediately prior to the Effective Time will, at the Effective Time, by virtue of the Merger and without any action on the part of Parent, be converted into one fully paid and nonassessable share of common stock of the Surviving Corporation.

The Merger Agreement provides that as of the Effective Time, each issued and outstanding share of Common Stock of the Company (other than Shares that are owned by the Company as treasury stock and any

Shares owned by Parent, Purchaser, UPRR or any other direct or indirect wholly owned Subsidiary of Parent, which shares at the Effective Time will be cancelled and retired) will be converted into the right to receive either (i) the Cash Consideration (as defined below), without interest, (ii) shares of Parent Common Stock or (iii) a combination of cash and shares of Parent Common Stock. Pursuant to the Merger Agreement, each of the issued and outstanding shares of common stock, par value $.01 per share, of Purchaser will be converted into a fully paid and non-assessable share of common stock of the Surviving Corporation.

Each holder of Shares, as more fully set forth in the Merger Agreement (other than holders of Shares to be cancelled), will have the right to submit a request specifying the number of Shares that such holder desires to have converted into .4065 shares of Parent Common Stock per Share in the Merger (a "Stock Election") and the number of Shares that such holder desires to have converted into the right to receive $25.00 per Share, without interest (the "Cash Consideration"), in the Merger (a "Cash Election").

The aggregate number of Shares to be converted into Parent Common Stock pursuant to the Merger will be equal as nearly as practicable to 60% of all outstanding Shares; and the number of Shares to be converted into the right to receive the Cash Consideration in the Merger pursuant to the Merger Agreement, together with the Shares acquired by Purchaser pursuant to the Offer (the "Tendered Shares"), will be equal as nearly as practicable to 40% of all outstanding Shares.

If Stock Elections are received for a number of Shares that is 60% or less of the outstanding Shares, each Share covered by a Stock Election will be converted in the Merger into .4065 of a share of Parent Common Stock (the "Conversion Fraction"). In the event that between the date of the Merger Agreement and the Effective Time, the issued and outstanding shares of Parent Common Stock will have been affected or changed into a different number of shares or a different class of shares as a result of a stock split, reverse stock split, stock dividend, spin-off, extraordinary dividend, recapitalization, reclassification or other similar transaction with a record date within such period, the Conversion Fraction shall be appropriately adjusted.

If Stock Elections are received for more than 60% of the outstanding Shares, each Share as to which an Election is not in effect at the Election Deadline (other than Shares purchased pursuant to the Offer) (a "Non-Electing Share") and each Share for which a Cash Election has been received will be converted into the right to receive the Cash Consideration in the Merger, and Shares for which Stock Elections have been received will be converted into Parent Common Stock and the right to receive the Cash Consideration in the following manner:

(1) The Exchange Agent will distribute with respect to Shares as to which a Stock Election has been made a number of shares of Parent Common Stock equal to the Conversion Fraction with respect to a fraction of such Shares, the numerator of which fraction will be 60% of the number of outstanding Shares and the denominator of which shall be the aggregate number of Shares covered by Stock Elections; and

(2) Shares covered by a Stock Election and not fully converted into the right to receive Parent Common Stock as set forth in clause (1) above will be converted in the Merger into the right to receive the Cash Consideration for each Share so converted.

If the number of Tendered Shares and Shares for which Cash Elections are received in the aggregate is 40% or less of the outstanding Shares, each Share covered by a Cash Election will be converted in the Merger into the right to receive the Cash Consideration.

If the number of Tendered Shares and Shares for which Cash Elections are received in the aggregate is more than 40% of the outstanding Shares, each Non-Electing Share and each Share for which a Stock Election has been received will be converted in the Merger into a fraction of a share of Parent Common Stock equal to the Conversion Fraction, and, the Shares for which Cash Elections have been received will be converted into the right to receive the Cash Consideration and Parent Common Stock in the following manner:

(1) The Exchange Agent will distribute with respect to Shares as to which a Cash Election has been made the Cash Consideration with respect to a fraction of such Shares, the numerator of which fraction will

be 40% of the number of outstanding Shares minus the number of Tendered Shares and the denominator of which will be the aggregate number of Shares covered by Cash Elections; and

(2) Shares covered by a Cash Election and not fully converted into the right to receive the Cash Consideration as set forth in clause (1) above will be converted in the Merger into the right to receive a number of shares of Parent Common Stock equal to the Conversion Fraction for each Share so converted.

The Merger Agreement provides that if (x) Stock Elections are not received for more than 60% of the outstanding Shares or (y) the number of Tendered Shares and Shares for which Cash Elections are received in the aggregate is not more than 40% of the outstanding Shares, the Exchange Agent will distribute with respect to each Non-Electing Share, the Cash Consideration with respect to a fraction of such Non-Electing Share, where such fraction is calculated in a manner that will result in the sum of (i) the number of Shares converted into cash pursuant to this paragraph, (ii) the number of Shares for which Cash Elections have been received and (iii) the number of Shares purchased pursuant to the Offer being as close as practicable to 40% of the outstanding Shares. Each Non-Electing Share not converted into the right to receive the Cash Consideration as set forth in the preceding sentence will be converted in the Merger into the right to receive a number of Shares of Parent Common Stock equal to the Conversion Fraction for each Non-Electing Share so converted.

In lieu of any fractional share of Parent Common Stock, Parent will pay to each former stockholder of the Company who otherwise would be entitled to receive a fractional share of Parent Common Stock an amount in cash determined by multiplying (i) the Average Parent Share Price (as defined in the Merger Agreement) on the date on which the Effective Time occurs by (ii) the fractional interest in a share of Parent Common Stock to which such holder would otherwise be entitled.

Equity Incentive Plan. The Merger Agreement provides that prior to the purchase of Shares pursuant to the Offer, the Board of Directors (or, if appropriate, any committee administering the EIP) will adopt resolutions or take other actions as necessary to assure that no holder of an outstanding Award with respect to which Shares might otherwise be issued at or after the Effective Time will have any right to receive equity securities of the Company, the Surviving Corporation or any Subsidiary at or after the Effective Time (any such right having been adjusted to be a right to receive other securities, property or cash in accordance with the Equity Incentive Plan). The Company will also ensure that, following the Effective Time, no participant in any other stock-based plan, agreement, program or arrangement (including, without limitation, the Employee Stock Purchase Plan) will have any right thereunder to acquire equity securities of the Company, the Surviving Corporation, or any Subsidiary.

Board of Directors. The directors and officers of UPRR at the Purchaser Merger Effective Time will, from and after the Sub Merger Effective Time, be the initial directors and officers, respectively, of UPRR until their successors have been duly elected or appointed or qualified or until their earlier death, resignation or removal in accordance with the UPRR's Certificate of Incorporation and By-laws.

The directors and officers of UPRR at the Effective Time will, from and after the Effective Time, be the initial directors and officers, respectively, of the Surviving Corporation until their successors have been duly elected or appointed or qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and By-laws.

Stockholders' Meeting. Pursuant to the Merger Agreement, the Company will, in order to consummate the Merger, duly call, give notice of, convene and hold a special meeting of its stockholders (the "Company Special Meeting") as soon as practicable after the registration statement required to be filed by Parent in the Merger (the "Registration Statement") is declared effective, for the purpose of considering and taking action upon the Merger Agreement. The Company will include in the joint proxy statement/prospectus forming a part of the Registration Statement (the "Proxy Statement/Prospectus") the recommendation of the Board of Directors of the Company that stockholders of the Company vote in favor of the approval of the Merger and the adoption of the Merger Agreement; provided that the Company may, at any time prior to the purchase of 39,034,471 Shares pursuant to the Offer, or if less than 39,034,471 Shares are tendered, the purchase of at least 15% of the

outstanding Shares pursuant to the Offer, withdraw, modify or change such recommendation only to the extent that the Board of Directors determines, after having received the oral or written opinion of outside legal counsel to the Company, that the failure to so withdraw, modify or change such recommendation would result in a breach of the Board of Directors' fiduciary duties under applicable law.

Voting Trust. The parties to the Merger Agreement have agreed that simultaneously with the purchase of Shares pursuant to the Offer, such Shares shall be deposited in the Voting Trust. The Voting Trust may not be modified or amended without the prior written approval of the Company unless such modification or amendment is not inconsistent with the Merger Agreement or the Ancillary Agreements and is not adverse to the Company or its shareholders. See "--Voting Trust Agreement" below and Section 16.

Interim Operations of the Company. In the Merger Agreement, the Company has agreed that, except as expressly provided in the Merger Agreement or consented to in writing by Parent, prior to the Effective Time, (i) the business of the Company and its Subsidiaries will be conducted only in the ordinary and usual course consistent with past practice or pursuant to Customary Actions (as defined below) and, to the extent consistent therewith, each of the Company and its Subsidiaries will use its reasonable best efforts to preserve its business organization intact and maintain its existing relations with customers, suppliers, employees, creditors and business partners; (ii) the Company will not, directly or indirectly, split, combine or reclassify the outstanding Common Stock or any outstanding capital stock of any of the Subsidiaries of the Company; (iii) neither the Company nor any of its Subsidiaries shall (a) amend its articles of incorporation or by-laws or similar organizational documents; (b) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock other than dividends paid by Subsidiaries of the Company to the Company; (c) issue, sell, transfer, pledge, dispose of or encumber any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class of the Company or its Subsidiaries, other than issuances pursuant to the exercise of stock-based awards outstanding on the date of the Merger Agreement; (d) transfer, lease, license, sell, mortgage, pledge, dispose of, or encumber any material assets other than in the ordinary course of business and consistent with past practice; (e) redeem, purchase or otherwise acquire directly or indirectly any of its capital stock; (f) (i) grant any increase in the compensation payable or to become payable by the Company or any of its Subsidiaries to any officer or employee (including through any new award made under, or the exercise of any discretion under, the Southern Pacific Rail Corporation Equity Incentive Plan; however, Chairman's Circle Awards in accordance with past practice may be made payable in cash or, with the written consent of Parent, in Shares), provided, however, the Company may increase compensation (x) as required pursuant to collective bargaining agreements and (y) for employees who have merit promotions and/or industry-competitive salary adjustments in the ordinary course and consistent with past practice; (ii) adopt any new, or amend or otherwise increase, or accelerate the payment or vesting of the amounts payable or to become payable under any existing, bonus, incentive compensation, deferred compensation, severance, profit sharing, stock option, stock purchase, insurance, pension, retirement or other employee benefit plan, agreement or arrangement; (iii) enter into any, or amend any existing, employment or severance agreement with or, except in accordance with the existing written policies of the Company, grant any severance or termination pay to any officer, director or employee of the Company or any of its Subsidiaries; or (iv) make any additional contributions to any grantor trust created by the Company to provide funding for non-tax-qualified employee benefits or compensation; or (v) provide any severance program to any Subsidiary which does not have a severance program as of the date of the Merger Agreement, other than a program which is substantially identical to the Southern Pacific Lines Non-Agreement Severance Benefit Plan as revised on August 25, 1993; provided, however, the foregoing clauses (i) and (iii) will not apply with respect to the initial compensation package for any officer or employee hired after the date of the Merger Agreement if such package is industry-competitive and conforms to past practice; (g) modify, amend or terminate any of the Company Agreements (as defined in the Merger Agreement) or waive, release or assign any material rights or claims, except in the ordinary course of business and consistent with past practice and except for a Customary Action; (h) permit any material insurance policy naming the Company as a beneficiary or a loss payable payee to be cancelled or terminated without notice to Parent, except in the ordinary course of business and consistent with past practice and except for a Customary Action; (i) except as previously disclosed to Parent

in writing, incur or assume any debt except for (A) borrowings under existing credit facilities in an amount not to exceed $450 million and replacements therefor and refinancings thereof; provided, however, that the Company and its Subsidiaries will not prepay or call any long-term borrowings, (B) capital leases under the Company's existing program to finance the rebuilding of freight cars and to finance equipment under existing purchase commitments; and (C) borrowings in the ordinary course of business consistent with past practice that do not exceed $12.5 million in the fiscal year ending December 31, 1995, $25 million in the fiscal year ending December 31, 1996 and $12.5 million in the fiscal quarter ending March 31, 1997; (j) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person, except in the ordinary course of business consistent with past practice; (k) make any loans, advances or capital contributions to, or investments in, any other person (other than to wholly owned Subsidiaries of the Company or customary loans or advances to employees in accordance with past practice); (l) enter into any material commitment (including, but not limited to, any capital expenditure or purchase of assets) other than in the ordinary course of business consistent with past practice or, in the case of capital expenditures, pursuant to Customary Actions; (m) change any of the accounting principles used by it unless required by GAAP; (n) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction of any such claims, liabilities or obligations (1) reflected or reserved against in, or contemplated by, the consolidated financial statements (or the notes thereto) of the Company and its consolidated Subsidiaries, (2) incurred in the ordinary course of business consistent with past practice, or which are Customary Actions or (3) which are legally required to be paid, discharged or satisfied; (o) except as previously disclosed to Parent in writing, adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization of the Company or any of its Subsidiaries or any agreement relating to a Takeover Proposal (as defined in the Merger Agreement) (other than the Merger); (p) knowingly take, or agree to commit to take, any action that would make any representation or warranty of the Company contained in the Merger Agreement inaccurate in any respect at, or as of any time prior to, the Effective Time; (q) other than between or among wholly owned Subsidiaries of the Company which remain wholly owned or between the Company and its wholly owned Subsidiaries which remain wholly owned, neither the Company nor any of its Subsidiaries will engage in any transaction with, or enter into any agreement, arrangement, or understanding with, directly or indirectly, any of the Company's affiliates, including, without limitation, any transactions, agreements, arrangements or understandings with any affiliate or other Person covered under Item 404 of Regulation S-K under the Securities Act of 1933, as amended, that would be required to be disclosed under such Item 404, other than pursuant to such agreements, arrangements, or understandings existing on the date of the Merger Agreement or as disclosed in writing to Parent and Purchaser on the date thereof; provided, however, that any such agreement, arrangement or understanding disclosed in such writing shall be approved by at least two independent directors of the Company, after having received an appraisal or valuation from an independent appraiser or expert (reasonably acceptable to Parent) that the terms are fair to the Company and are no less favorable to the Company than could be obtained in an arms-length transaction with an unaffiliated party, and, provided, further, that the Company provides Parent with all information concerning any such agreement, arrangement or understanding that Parent may reasonably request; and (r) enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

The Company has disclosed to Parent in writing pursuant to the covenant in the Merger Agreement on transactions with related parties described in clause (q) of the preceding paragraph that SPT is considering, among others, the following transactions with certain affiliates: (i) an affiliate of The Anschutz Corporation, one of the Shareholders, has been negotiating since mid-1994 to purchase from SPT certain land that SPT owns in downtown Denver; (ii) Majestic/Anschutz Venture L.P., an affiliate of the Shareholders, has expressed an interest in purchasing land owned by SPT in downtown Los Angeles; (iii) Pacific Pipeline System, Inc., an affiliate of the Shareholders, is seeking to amend an existing easement to build a pipeline on SPT's right-of-way in California; and (iv) SPT expects to grant additional fiber optic easements to QWest Communications, an affiliate of the Shareholders. The foregoing four proposed transactions are subject to the procedures for engaging in transactions with related parties described in the two provisos to clause (q) of the preceding paragraph.

For purposes of the Merger Agreement, a "Customary Action" means an action taken which occurs in the ordinary course of the relevant person's business and where the taking of such action is generally recognized as being customary and prudent for other major enterprises in such person's line of business.

Interim Operations of Parent. In the Merger Agreement, Parent has agreed that, except as expressly provided in the Merger Agreement, or with the prior written consent of the Company, after the date of the Merger Agreement and prior to the Effective Time: (i) Parent will not, directly or indirectly, split, combine or reclassify the outstanding Parent Common Stock; (ii) Parent will not: (a) amend its articles of incorporation; or (b) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock except for quarterly cash dividends consistent in amount with past practice, provided that Parent may increase its dividend rate consistent with the amount reflected in Parent's long-range plan previously furnished to the Company, and except for dividends paid by Parent's Subsidiaries to Parent or its Subsidiaries; (iii) neither Parent nor any of its Subsidiaries shall change any of the accounting principles used by it unless required by GAAP; (iv) Parent will not issue, sell, transfer, pledge or dispose of direct or indirect beneficial ownership of the capital stock of UPRR or permit UPRR to sell, transfer or dispose of any substantial portion of or all of the assets of UPRR; and (v) neither Parent nor any of its Subsidiaries will enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

No Solicitation. In the Merger Agreement, the Company has agreed that neither the Company nor any of its Subsidiaries and affiliates over which it exercises control will, and the Company (and its subsidiaries and affiliates over which it exercises control) will use their best efforts to ensure that their respective officers, directors, employees, investment bankers, attorneys, accountants and other agents do not, directly or indirectly, initiate, solicit, or encourage, or take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Takeover Proposal. The Company also agreed that it will, and will cause its subsidiaries and affiliates to, immediately cease and cause to be terminated all existing discussions and negotiations that have taken place prior to the date of the Merger Agreement, if any, with any parties with respect to any Takeover Proposal relating to the Company. The Merger Agreement provides that the Company may engage in discussions and negotiations with, or provide any information or data to, a third party concerning an unsolicited written Takeover Proposal for the Company or any subsidiary or affiliate if in the opinion of the Board of Directors of the Company, after having received the oral or written opinion of outside legal counsel, the failure to engage in such negotiations or discussions or provide such information would result in a breach of the fiduciary duties of the Board under applicable law. The Company has agreed to (i) notify Parent, Purchaser and UPRR of any such offers, proposals or Takeover Proposals within 24 hours of the receipt thereof, (ii) thereafter inform Parent on a reasonable basis of the status and content of any discussions or negotiations with such a third party, including any material changes to the terms and conditions thereof and (iii) give Parent three days' advance notice of any information to be supplied to any Person making such offer, proposal, inquiry or Takeover Proposal. As used in the Merger Agreement, "Takeover Proposal" when used in connection with any Person shall mean any tender or exchange offer involving the capital stock of such Person, any proposal for a merger, consolidation or other business combination involving such Person or any Subsidiary of such Person, any proposal or offer to acquire in any manner a substantial equity interest in, or a substantial portion of the business or assets of, such Person or any Subsidiary of such Person, any proposal or offer with respect to any recapitalization or restructuring with respect to such Person or any Subsidiary of such Person or any proposal or offer with respect to any other transaction similar to any of the foregoing with respect to such Person or any Subsidiary of such Person other than pursuant to the transactions to be effected pursuant to the Merger Agreement.

Directors' and Officers' Insurance and Indemnification. In the Merger Agreement, Parent has agreed that at all times after consummation of the Merger, it will indemnify, or will cause the Surviving Corporation and its Subsidiaries to indemnify, each person who is, or has been prior to the date of the Merger Agreement, an employee, agent, director or officer of the Company or of any of the Company's Subsidiaries, successors and assigns (individually an "Indemnified Party" and collectively the "Indemnified Parties"), to the same extent

and in the same manner as is now provided in the respective charters or by-laws of the Company and such Subsidiaries or otherwise in effect on the date of the Merger Agreement, with respect to any claim, liability loss, damage, cost or expense (whenever asserted or claimed) ("Indemnified Liability") based in whole or in part on, or arising in whole or in part out of, any matter existing or occurring at or prior to the Effective Time. The Merger Agreement also provides that Parent will, and will cause the Surviving Corporation to, maintain in effect for not less than six years after consummation of the Merger the current policies of directors' and officers' liability insurance maintained by the Company and its Subsidiaries on the date of the Merger Agreement (provided that Parent may substitute therefor policies having at least the same coverage and containing terms and conditions which are no less advantageous to the persons currently covered by such policies as insured) with respect to matters existing or occurring at or prior to the Effective Time; provided, however, that if the aggregate annual premiums for such insurance at any time during such period will exceed 200% of the per annum rate of premium currently paid by the Company and its subsidiaries for such insurance on the date of the Merger Agreement, then Parent will cause the Surviving Corporation to, and the Surviving Corporation shall, provide the maximum coverage that will then be available at an annual premium equal to 200% of such rate, and Parent, in addition to the indemnification provided above, will indemnify the Indemnified Parties for the balance of such insurance coverage on the same terms and conditions as though Parent were the insurer under those policies. In the event any Indemnified Party becomes involved in any capacity in any action or proceeding based in whole or in part on any matter, including the transactions contemplated by the Merger Agreement, existing or occurring at or prior to the Effective Time, then to the extent permitted by law Parent will, or will cause the Surviving Corporation to, periodically advance to such Indemnified Party its legal and other expenses (including the cost of any investigation and preparation incurred in connection therewith), subject to the provision by such Indemnified Party of an undertaking to reimburse the amounts so advanced in the event of a final determination by a court of competent jurisdiction that such Indemnified Party is not entitled thereto.

Spin-off. Pursuant to the Merger Agreement, Parent has agreed that no dividend shall be declared for any distribution of shares of capital stock of Resources or for the distribution to Parent's stockholders of any proceeds or any other disposition of Resources or the assets thereof, and no declaration of or record date for any such distribution shall occur, until after the consummation of the Merger. If any tax opinion or IRS private letter ruling is requested by Parent and issued in connection with such distribution of shares of capital stock of Resources, such tax opinion or IRS private letter ruling shall provide that no income, gain or loss will be recognized by Parent's stockholders (including former Company stockholders who receive Parent Common Stock in the Merger) upon the receipt of Resources Common Stock.

Compensation and Benefits. Pursuant to the Merger Agreement, Parent has agreed to cause the Surviving Corporation and its subsidiaries to honor and assume the Employment Agreements, Contractual Supplemental Executive Retirement Agreements and Stock Bonus Agreements disclosed to Parent pursuant to the Merger Agreement.

Parent has also agreed to cause Surviving Corporation and its Subsidiaries to honor and assume the Company's employee benefit plans and employee programs, arrangements and agreements disclosed to Parent pursuant to the Merger Agreement. The Merger Agreement provides that nothing therein shall prohibit Parent, Surviving Corporation or its Subsidiaries from amending or terminating any such plan, program, arrangement or agreement at any time in accordance with applicable law (except as to benefits already vested thereunder); provided that the severance plan for employees of the Company and its Subsidiaries who are terminated other than for cause, as in effect on the date of the Merger Agreement, will be continued in effect for at least one year following the Effective Time.

Parent and Surviving Corporation have agreed to cause the Committee under the EIP to make adequate provision for the adjustment of outstanding Awards under the Stock Bonus Agreements issued under the EIP and in accordance with the terms thereof.

As described more fully in the Merger Agreement and the Schedule 14D-9, promptly after the completion of the purchase of Shares pursuant to the Offer, the Company and its Subsidiaries will establish a Management

Continuity Plan (the "MCP") that will provide certain payments disclosed to Parent pursuant to the Merger Agreement (the "MCP Awards") to certain nonagreement employees of the Company or its Subsidiaries (whether employed at the date of the Merger Agreement or hired subsequently). Promptly after the later of (i) the establishment of the MCP or (ii) a nonagreement employee's date of hire (or promotion, if applicable), the Company will communicate in writing to each nonagreement employee who is eligible to participate in the MCP the amount of his or her potential MCP Award and its conditions of payment.

As described more fully in the Merger Agreement and the Schedule 14D-9, promptly after completion of the purchase of Shares pursuant to the Offer, the Company and its Subsidiaries will establish an enhanced severance program that will provide certain additional severance amounts to terminated nonagreement employees who become entitled to severance pursuant to (i) the Southern Pacific Line Non-Agreement Severance Benefit Plan as revised August 25, 1993, (ii) the substantially identical plans to be established for certain Subsidiaries which do not currently have a severance plan, or (iii) the individual agreements in existence on the date of the Merger Agreement which provide severance benefits.

Representations and Warranties. In the Merger Agreement, the Company has made customary representations and warranties to Parent, Purchaser and UPRR with respect to, among other things, its organization, authorization, capitalization, financial statements, public filings, employee benefit plans, defaults, information in the Proxy Statement/Prospectus, compliance with laws, litigation, tax matters, real property, environmental matters, consents and approvals, opinions of financial advisors, undisclosed liabilities and the absence of certain events. In the Merger Agreement, Parent, Purchaser and UPRR have made customary representations and warranties to the Company with respect to, among other things, organization, authorization, capitalization, financial statements, public filings, employee benefit plans, information in the proxy statement/prospectus, compliance with laws, litigation, tax matters, environmental matters, consents and approvals, undisclosed liabilities, absence of certain events and financing to fund the purchase of the Shares pursuant to the Offer.

Conditions to the Merger. The obligations of the Company, on the one hand, and Parent, UPRR and Purchaser, on the other hand, to consummate the Merger are subject to the satisfaction (or, if permissible, waiver by the party for whose benefit such conditions exist) of the following conditions: (a) the Merger Agreement shall have been adopted by the stockholders of the Company in accordance with the DGCL (following the consummation of the Offer, the Shares owned by Purchaser, together with the Shares owned by the Shareholders and MSLEF, will likely represent more than a majority of the outstanding Shares and accordingly the vote of other shareholders will not be necessary to approve the Merger); (b) if required by the rules of the NYSE, or by law, the issuance of Parent Common Stock in the Merger shall have been approved by the stockholders of Parent; (c) no court, arbitrator or governmental body, agency or official shall have issued any order, decree or ruling and there shall not be any statute, rule or regulation, restraining, enjoining or prohibiting the consummation of the Merger or which would materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by the Merger Agreement; and (d) the Registration Statement shall have become effective under the Securities Act and no stop order suspending effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the SEC.

The obligations of Parent, UPRR and Purchaser to consummate the Merger are subject to the satisfaction (or waiver) of the following further conditions: (a) the representations and warranties of the Company shall have been true and accurate both when made and (except for those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time which need only be true and accurate as of such date or with respect to such period) as of the Effective Time as if made at and as of such time, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), would not have and is not reasonably likely to have a material adverse effect on the Company and its Subsidiaries; (b) the Company shall have performed in all material respects its obligations hereunder required to be performed by it at or prior to the

Effective Time; (c) (i) the ICC or any Similar Successor (as defined in the Merger Agreement) shall have issued a decision (which decision shall not have been stayed or enjoined) that (A) constitutes a final order approving, exempting or otherwise authorizing consummation of the Merger and all other transactions contemplated by the Merger Agreement and the Ancillary Agreements (or subsequently presented to the ICC or a Similar Successor by agreement of Parent and the Company) as may require such authorization and (B) does not (1) change or disapprove of the Merger Consideration or other material provisions of Article II of the Merger Agreement or (2) impose on Parent, the Company or any of their respective Subsidiaries any other terms or conditions (including, without limitation, labor protective provisions but excluding conditions heretofore imposed by the ICC in New York Dock Railway--Control--Brooklyn Eastern District, 360 I.C.C. 60 (1979)) that materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by the Merger Agreement; or (ii) no successor to the ICC (other than a Similar Successor) shall have required any divestiture, hold separate, or other restriction or action in connection with the expiration or termination of any waiting period applicable to the Merger or the transactions contemplated by the Merger Agreement, or in connection with any other action by or in respect of or filing with such successor, that would materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by the Merger Agreement; (d) all actions by or in respect of or filings with any governmental body, agency official, or authority required to permit the consummation of the Merger (other than approval of the ICC or any Similar Successor, which is addressed in clause (c)) shall have been obtained but excluding any consent, approval, clearance or confirmation the failure to obtain which would not have a material adverse effect on Parent, the Company or, after the Effective Time, the Surviving Corporation; (e) each of the Ancillary Agreements shall be valid, in full force and effect and complied with in all material respects (including, without limitation, the absence of any challenge, change or disapproval of the Ancillary Agreements by the ICC or any successor), except for such failure to be in full force and effect and such non-compliance that does not materially and adversely affect the benefits expected to be received by Parent, UPRR and Sub under the Anschutz Stockholder Agreement, the Parent/Company Registration Rights Agreement, the Merger Agreement and the Ancillary Agreements; (f) since the date of the Merger Agreement, there shall not have occurred any event, change or effect having, or which would be reasonably likely to have, individually or in the aggregate (after taking into account the proceeds of insurance coverage), a material adverse effect on the Company and its Subsidiaries, taken as a whole, as a result of or arising out of "force majeure" (where "force majeure" shall mean any act of God (including, without limitation, earthquake, hurricane, flood, tornado or fire)), accident, damage to or destruction of facilities, properties or assets (tangible or intangible), war, civil disturbance, national calamity (excluding an economic crisis in and of itself) or acts of terrorism; and (g) Parent shall have received an opinion of nationally recognized tax counsel to Parent, to the effect that the Merger (whether or not the Offer is integrated with the Merger for federal income tax purposes) will qualify as a reorganization within the meaning of Section 368 of the Code and in rendering such opinion tax counsel may rely upon representations provided by the parties hereto as well as certain stockholders of the parties.

The obligations of the Company to consummate the Merger are subject to the satisfaction (or waiver by the Company) of the following further conditions: (a) the representations and warranties of Parent, UPRR and Purchaser (other than the representations and warranties set forth in Sections 4.7 (no undisclosed liabilities), 4.10 (employee benefit plans; ERISA), 4.11 (taxes) and 4.12 (environmental)) of the Merger Agreement shall have been true and accurate both when made and as of the Effective Time as if made at and as of such time, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), would not have and is not reasonably likely to have, individually or in the aggregate, a material adverse effect on Parent and its Subsidiaries; (b) each of Parent, UPRR and Purchaser shall have performed in all material respects all of the respective obligations hereunder required to be performed by Parent, UPRR or Purchaser, as the case may be, at or prior to the Effective Time; (c) the Parent Common Stock to be issued in the Merger shall have been approved for listing on the NYSE; (d) the ICC shall have issued a decision (which decision shall not have been stayed or enjoined) that (i) constitutes a final order approving, exempting or otherwise authorizing consummation of the Merger and all other transactions contemplated by the Merger Agreement or subsequently presented to the ICC by agreement of the Company and Parent, as may require such authorization and (ii) does not change or

disapprove of the Merger Consideration or other material provisions of Article II of the Merger; (e) since the date of the Merger, there shall not have occurred any event, change or effect having, or which would be reasonably likely to have, individually or in the aggregate (after taking into account the proceeds of insurance coverage), a material adverse effect on Parent and its Subsidiaries, taken as a whole, as a result of or arising out of "force majeure" (where "force majeure" shall mean any act of God (including, without limitation, earthquake, hurricane, flood, tornado or fire)), accident, damage to or destruction of facilities, properties or assets (tangible or intangible), war, civil disturbance, national calamity (excluding an economic crisis in and of itself) or acts of terrorism; and (f) the Company shall have received an opinion of nationally recognized tax counsel to the Company, to the effect that the Merger (whether or not the Offer is integrated with the Merger for federal income tax purposes) will qualify as a reorganization within the meaning of Section 368(a) of the Code and in rendering such opinion tax counsel may rely upon representations provided by the parties hereto as well as certain stockholders of the parties.

Termination. The Merger Agreement may be terminated at any time prior to the Effective Time, whether before or after approval by the stockholders of the Company, (a) by mutual consent of the Board of Directors of Parent and the Board of Directors of the Company, or (b) by either the Board of Directors of Parent or the Board of Directors of the Company (i) if the Merger will not have occurred on or prior to March 31, 1997, provided, however, that the right to terminate the Merger Agreement will not be available to any party whose failure to fulfill any obligations under the Merger Agreement has been the cause of, or resulted in, the failure of the Merger to occur on or before such date; (ii) if Shares shall have not been purchased pursuant to the Offer within 90 days following the commencement of the Offer; provided, however, that the right to terminate the Merger Agreement will not be available to any party whose failure to fulfill any obligations under the Merger Agreement has been the cause of, or resulted in, the failure to satisfy the conditions to the Offer, or (iii) if any governmental entity shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties shall use their best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the Merger Agreement and such order, decree, ruling or other action shall have become final and non-appealable.

The Merger Agreement may be terminated by the Board of Directors of the Company (i) if, prior to the purchase of 39,034,471 Shares pursuant to the Offer or, if fewer than 39,034,471 Shares are tendered, the purchase of at least 15% of the outstanding Shares pursuant to the Offer, the Board of Directors of the Company will have withdrawn (or modified or changed in a manner adverse to Parent or Purchaser) its approval or recommendation of the Merger Agreement or the Merger in order to approve and permit the Company to execute a definitive agreement relating to a Takeover Proposal, and determined, after having received the oral or written opinion of outside legal counsel to the Company, that the failure to take such action would result in a breach of its fiduciary duties under applicable law; provided, however, that (1) the Board of Directors will have determined that notwithstanding a binding commitment to consummate an agreement of the nature of the Merger Agreement entered into in the proper exercise of their applicable fiduciary duties, and notwithstanding all concessions which may be offered by Parent, Purchaser or UPRR in negotiations entered into pursuant to clause (2) below, such fiduciary duties would also require the directors to terminate the Merger Agreement as a result of such Takeover Proposal; and (2) prior to any such termination, the Company shall, and shall cause its respective financial and legal advisors to, negotiate with Parent, Purchaser or UPRR to make such adjustments in the terms and conditions of the Merger Agreement as would enable the Company to proceed with the transactions contemplated therein on such adjusted terms; and (3) the Company shall have given Parent and Purchaser three days advance notice of any termination; or (ii) if Parent, Purchaser or UPRR (x) breaches or fails in any material respect to perform or comply with any of its material covenants and agreements contained in the Merger Agreement or (y) breaches its representations and warranties in any material respect and such breach would have or would be reasonably likely to have a material adverse effect on Parent and its Subsidiaries, in each case such that the conditions to the Merger set forth in the Merger Agreement would not be satisfied; provided, however, that if any such breach is curable by the breaching party through the exercise of the breaching party's best efforts and for so long as the breaching party will be so using its best efforts to cure such breach, the Company may not terminate the Merger Agreement pursuant to this clause (ii).

The Merger Agreement may be terminated by the Board of Directors of Parent (i) if the Company (x) breaches or fails in any material respect to perform or comply with any of its material covenants and agreements contained in the Merger Agreement or (y) breaches its representations and warranties in any material respect and such breach would have or would be reasonably likely to have a material adverse effect on the Company and its Subsidiaries, in each case such that the conditions to the Merger set forth in the Merger Agreement would not be satisfied; provided, however, that if any such breach is curable by the Company through the exercise of the Company's best efforts and for so long as the Company will be so using its best efforts to cure such breach, Parent may not terminate the Merger Agreement pursuant to this clause (i); or (ii) if (A) prior to the Effective Time, the Board of Directors of the Company shall have withdrawn or modified or changed in a manner adverse to Parent, Purchaser or UPRR its approval or recommendation of the Offer, the Merger Agreement or the Merger or shall have recommended a Takeover Proposal or other business combination, or shall have entered into an agreement in principle (or similar agreement) or definitive agreement providing for a Takeover Proposal or other business combination with a person or entity other than Parent, Purchaser, UPRR or their Subsidiaries (or the Board of Directors resolves to do any of the foregoing), or (B) prior to the certification of the vote of the Company's shareholders to approve the Merger at the Company Special Meeting (as defined in the Anschutz Shareholders Agreement), it shall have been publicly disclosed or Parent, Purchaser or UPRR shall have learned that (x) any person, entity or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act), other than Parent, its Subsidiaries or the Shareholders, shall have acquired beneficial ownership, of more than 25% of any class or series of capital stock of the Company (including the Shares) or (y) any such person, entity or group which, prior to the date of the Merger Agreement, had filed a Schedule 13D with the SEC, shall have acquired or proposed to acquire beneficial ownership of additional shares of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, constituting 1% or more of any such class or series. The Company has advised Parent that as of the date of the Merger, no person, entity or group had so filed a Schedule 13D with the SEC.

Shareholders Agreements

THE FOLLOWING ARE SUMMARIES OF CERTAIN PROVISIONS OF THE SHAREHOLDERS AGREEMENTS. THE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE SHAREHOLDERS AGREEMENTS WHICH ARE INCORPORATED HEREIN BY REFERENCE. CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN OR IN THE FOLLOWING SUMMARIES SHALL HAVE THE MEANINGS SET FORTH IN THE APPLICABLE SHAREHOLDERS AGREEMENT.

Anschutz Shareholders Agreement

Tender of Shares; Pledge. The Anschutz Shareholders Agreement provides that the Shareholders may, but shall have no obligation to, tender (or cause the record owner of the Shares to tender), pursuant to and in accordance with the terms of the Offer, any or all of the Shares beneficially owned by the Shareholders. The Shareholders will, for all Shares tendered by Shareholders in the Offer and accepted for payment and paid for by Purchaser, receive the same per Share consideration paid to other shareholders who have tendered into the Offer.

The Anschutz Shareholders Agreement provides that TAC has advised Parent that shares of Company Common Stock (as defined in the Anschutz Shareholders Agreement) Beneficially Owned (as defined in the Anschutz Shareholders Agreement) by TAC are or may be pledged to Bank of America National Trust and Savings Association or Citibank, N.A., respectively (collectively, the "Banks") pursuant to pledge agreements (substantially in the forms reviewed by Parent, collectively, the "Existing Pledge Agreements") to secure indebtedness borrowed from the Banks. In the Anschutz Shareholders Agreement, TAC represents and warrants that (i) the Existing Pledge Agreements do not or, before indebtedness borrowed therefrom is secured by any such Shares, will not, prevent, limit or interfere with TAC's compliance with, or performance of its obligations under, the Anschutz Shareholders Agreement, absent a default under the applicable Existing Pledge Agreements and (ii) it is not in default under the Existing Pledge Agreements. Prior to the execution of the Anschutz Shareholders Agreement, TAC delivered to Parent a letter from Bank of America National Trust and Savings Association acknowledging the Anschutz Shareholders Agreement and agreeing in effect that, notwithstanding any default under the Existing Pledge Agreement, TAC (and Purchaser with respect to the proxy described below) shall have the right to exercise all voting rights with respect to the Company Common Stock pledged

thereunder as set forth in the Anschutz Shareholders Agreement and the proxy described below. TAC shall deliver to Parent a similar letter from Citibank, N.A. before shares of Company Common Stock shall be pledged under the applicable Existing Pledge Agreement to secure any indebtedness. Shareholders may, subsequent to the date of the Anschutz Shareholders Agreement, effect one or more pledges of Company Voting Securities (as defined in the Anschutz Shareholders Agreement) or Parent Voting Securities (as defined in the Anschutz Shareholders Agreement) to be received pursuant to the Merger or otherwise, or grants of security interests therein, to one or more financial institutions (other than the Banks) that are not Affiliates of any Shareholder (collectively, "Other Financial Institutions") as security for the payment of bona fide indebtedness owed by one or more of the Shareholders or their Affiliates to such Other Financial Institutions. Except as set forth in the proviso below, neither the Bank nor any Other Financial Institution which hereafter becomes a pledgee of Company Voting Securities or Parent Voting Securities shall incur any obligations under the Anschutz Shareholders Agreement with respect to such Company Voting Securities or such Parent Voting Securities, as the case may be, or shall be restricted from exercising any right of enforcement or foreclosure with respect to any related security interest or lien; provided, however, that it shall be a condition to any such pledge to any Other Financial Institution that, in the case of Company Voting Securities, the pledgee shall agree that TAC (and Purchaser with respect to the proxy described below) shall have the right to exercise all voting rights with respect to the Company Voting Securities pledged thereunder as set forth in the Anschutz Shareholders Agreement and the proxy described below and, in the case of Company Voting Securities or Parent Voting Securities, no such pledge shall prevent, limit or interfere with Shareholders' compliance with, or performance of their obligations under, the Anschutz Shareholders Agreement, absent a default under such pledge agreement. The obligations of the Banks and the Other Financial Institutions with respect to voting of Company Common Stock and the proxy described below, and such proxy shall terminate on the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement in accordance with the terms thereof.

Voting of Company Common Stock; Irrevocable Proxy; No Solicitation. The Anschutz Shareholders Agreement provides that the Shareholders, during the period commencing on the date of the Anschutz Shareholders Agreement and continuing until the earlier of (x) the consummation of the Merger, (y) six months following the termination of the Merger Agreement in accordance with Section 7.1(c)(i) (permitting the Company to terminate the Merger Agreement if the Board of Directors of the Company shall have (A) withdrawn, or modified or changed its approval or recommendation of the Merger Agreement in order to permit the Company to execute a definitive agreement relating to a Takeover Proposal, and (B) determined that the failure to take such action would result in a breach of the Board of Directors' fiduciary duties) or 7.1(d)(ii) (permitting Parent to terminate the Merger Agreement if the Board of Directors of the Company shall have withdrawn, or modified or changed in a manner adverse to Parent, UPRR or Purchaser its approval or recommendation of the Merger Agreement or recommended a Takeover Proposal, or entered into an agreement providing for a Takeover Proposal with a person or entity other than Parent, UPRR, Purchaser or their Subsidiaries, or prior to the Company's shareholders approval of the Merger, any person, entity or group, other than Parent or its Subsidiaries, or the Shareholders, shall have acquired beneficial ownership of more than 25% of the capital stock of the Company, or any such person, entity or group which, prior to the date of the Merger Agreement, had filed a Schedule 13D with the SEC, shall have acquired beneficial ownership of additional shares of the Company constituting 1% or more of the Company) thereof (such termination sections of the Merger Agreement being referred to herein as the "Fiduciary-out Termination Provisions"), and (z) upon the termination of the Merger Agreement in accordance with any provision of Section 7.1 thereof, other than the Fiduciary-out Termination Provisions (such period being referred to as the "Voting Period"), at any meeting (whether annual or special, and whether or not an adjourned or postponed meeting) of the Company's stockholders, however called, or in connection with any written consent of the Company's stockholders, subject to the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, the Shareholders shall vote (or cause to be voted) all Shares and all other Company Voting Securities beneficially owned by them, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval and adoption of the Merger Agreement and the terms thereof and each of the other actions contemplated by the Merger Agreement, the Anschutz Shareholders Agreement and the Ancillary Agreements (as defined in the Merger Agreement) and any actions required in furtherance thereof; (ii) against

any action or agreement that would (A) result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or any of the Ancillary Agreements to which it is a party or of the Shareholders under the Anschutz Shareholders Agreement or (B) impede, interfere with, delay, postpone, or adversely affect the Offer, the Merger or the transactions contemplated by the Merger Agreement, the Anschutz Shareholders Agreement and the Ancillary Agreements; and (iii) except as otherwise agreed to in writing in advance by Parent, against the following actions (other than the Merger and the transactions contemplated by the Merger Agreement, the Anschutz Shareholders Agreement and the Ancillary Agreements): (A) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving the Company or any of its subsidiaries; (B) any sale, lease or transfer of a substantial portion of the assets or business of the Company or its subsidiaries, or reorganization, restructuring, recapitalization, special dividend, dissolution or liquidation of the Company or its subsidiaries; or (C) any change in the present capitalization of the Company including any proposal to sell a substantial equity interest in the Company or any of its subsidiaries. The Shareholders have agreed not to enter into any agreement, arrangement or understanding with any Person (as defined in the Anschutz Shareholders Agreement) the effect of which would be inconsistent or violative of the foregoing provisions and agreements.

The Anschutz Shareholders Agreement provides that at the request of Parent (which request has been made), each Shareholder, in furtherance of the transactions contemplated by the Anschutz Shareholders Agreement and by the Merger Agreement and the Ancillary Agreements, and in order to secure the performance by Shareholders of their duties under the Anschutz Shareholders Agreement, shall promptly execute and deliver to Purchaser an irrevocable proxy. The proxy entitles the holder thereof to vote the Shares subject thereto with respect to all matters referred to in the preceding paragraph. The Shareholders acknowledge and agree that such irrevocable proxy shall be coupled with an interest, shall constitute, among other things, an inducement for Parent to enter into the Anschutz Shareholders Agreement, the Merger Agreement and the Ancillary Agreements to which it is a party, shall be irrevocable during the Voting Period and shall not be terminated by operation of law upon the occurrence of any event.

Restrictions on Transfer, Proxies; No Solicitation. The Anschutz Shareholders Agreement provides that the Shareholders shall not, during the Voting Period, directly or indirectly: (i) except as described in "Tender of Shares; Pledge" above, Transfer (as defined in the Anschutz Shareholders Agreement) (including but not limited to the Transfer of any securities of an Affiliate (as defined in the Anschutz Shareholders Agreement) which is the record holder or Beneficial Owner of Company Voting Securities if, as the result of such Transfer, such Person would cease to be an Affiliate of a Shareholder) to any Person any or all of the Company Voting Securities Beneficially Owned by Shareholders, provided that a Shareholder may Transfer Company Voting Securities to any other Shareholder; (ii) except in respect of the irrevocable proxy and voting agreement referred to above, grant any proxies or powers of attorney, deposit any Company Voting Securities into a voting trust or enter into a voting agreement, understanding or arrangement with respect to the Company Voting Securities; or (iii) take any action that would make any representation or warranty of the Shareholders contained in the Anschutz Shareholders Agreement untrue or incorrect or would result in a breach by Shareholders of their obligations under the Anschutz Shareholders Agreement or a breach by the Company of its obligations under the Merger Agreement or any of the Ancillary Agreements to which it is a party. Notwithstanding any provisions of the Anschutz Shareholders Agreement to the contrary, the Shareholders may Transfer in the aggregate, following the consummation of the Offer and prior to the Effective Time, a number of Shares in the aggregate not greater than 10% of the Shares Beneficially Owned by the Shareholders immediately following consummation of the Offer; provided, however, that any such Shares which are so Transferred by TAC, or Transferred by the Foundation in an amount in excess of 1,558,254 Shares, prior to the Company Special Meeting, shall continue to be subject to the voting agreement and the proxy described above, and, as a condition to any such Transfer of Shares, the Shareholders shall enter into a written agreement with the transferee of such Shares, in form and substance satisfactory to Parent, granting the Shareholders the right to vote such Shares in accordance with the voting agreement and the proxy referred to above.

The Anschutz Shareholders Agreement provides that during the Voting Period, the Shareholders shall not, and shall cause their respective Affiliates and the respective officers, directors, employees, associates, partners,

investment bankers, attorneys, accountants and other agents and representatives of Shareholders and their subsidiaries and affiliates (collectively, "Representatives") not to, directly or indirectly, (i) initiate, solicit or encourage, or take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Takeover Proposal (as defined in the Merger Agreement) of the Company or any Affiliate or any inquiry with respect thereto, or (ii) in the event of an unsolicited Takeover Proposal for the Company or any Affiliate of the Company, engage in negotiations or discussions with, or provide any information or data to, any Person (other than Parent, any of its Affiliates or representatives) relating to any Takeover Proposal. The Shareholders shall notify Parent and the Purchaser orally and in writing of any such offers, proposals, or inquiries relating to the purchase or acquisition by any person of the Shares Beneficially Owned by the Shareholders (including, without limitation, the terms and conditions thereof and the identity of the Person making it), within 24 hours of the receipt thereof, provided that Shareholders shall have no such notification obligation with respect to any proposal, offer or inquiry relating to any Takeover Proposal (which Takeover Proposal notification shall be reported to the Board of Directors of the Company) other than to the extent that such proposal contemplates treating Shareholders, as shareholders of the Company, in any manner different than or inconsistent with the treatment of other shareholders of the Company, whether as to terms, the entering into of separate agreements or otherwise. The Shareholders have agreed to, and to cause their Representatives to, immediately cease and cause to be terminated all existing activities, discussions and negotiations, if any, with any parties conducted prior to the date of the Anschutz Shareholders Agreement with respect to any Takeover Proposal relating to the Company, other than discussions or negotiations with Parent and its Affiliates.

The Anschutz Shareholders Agreement provides that, during the Voting Period, the Shareholders will not, and will cause their Affiliates not to, directly or indirectly, make any public comment, statement or communication, or take any action that would otherwise require any public disclosure by the Shareholders, Parent or any other Person, concerning the Merger, the Offer, the Spin-off and the other transactions contemplated by the Merger Agreement, the Anschutz Shareholders Agreement and the Ancillary Agreements, except for any disclosure (i) concerning the status of Shareholders as parties to such agreements, the terms thereof, and their beneficial ownership of Shares required pursuant to Section 13(d) of the Exchange Act or (ii) required pursuant in the Schedule 14D-9 or the Proxy Statement/Prospectus.

The Anschutz Shareholders Agreement provides that, notwithstanding the restrictions described in the second preceding paragraph, any Person who is a director or officer of the Company may exercise his fiduciary duties in his capacity as a director or officer with respect to the Company, as opposed to taking action with respect to the direct or indirect ownership of any Shares, and no such exercise of fiduciary duties shall be deemed to be a breach of, or a violation of such restrictions described in, such paragraph and none of the Shareholders shall have any liability thereunder for any such exercise of fiduciary duties by such Person in his capacity as a director and officer of the Company.

Standstill and Related Provisions. The Anschutz Shareholders Agreement provides that, subject to the paragraph immediately following item (xi) below, the Shareholders, for a period commencing on the date of the Anschutz Shareholders Agreement and terminating on the seventh anniversary of the Effective Time or, if earlier, the termination of the Anschutz Shareholders Agreement in accordance with the terms thereof (the "Standstill Period"), without the prior written consent of the Board of Directors of Parent (the "Parent Board") specifically expressed in a resolution adopted by a majority of the directors of Parent, the Shareholders will not, and the Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others:

(i) acquire, offer or propose to acquire, or agree to acquire (except, in any case, by way of (A) following consummation of the Merger, stock dividends or other distributions or rights offerings made available to holders of any shares of Parent Common Stock generally, share-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Parent, (B) following consummation of the Merger, the conversion, exercise or exchange of Parent Voting Securities in accordance with the terms thereof and (C) the issuance and delivery of Parent Voting Securities pursuant to the Merger Agreement, provided, that any such securities shall be subject to the provisions of the Anschutz

Shareholders Agreement), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) (other than groups consisting solely of Shareholders and their Affiliates, all of which are or, prior to the formation of such group, become, parties to the Anschutz Shareholders Agreement) or otherwise, any Parent Voting Securities; provided, however, that if Parent shall issue additional Parent Voting Securities following consummation of the Merger, Shareholders and their Affiliates may purchase or acquire additional Parent Voting Securities to bring their Beneficial Ownership up to the greater of 5.5% and the percentage of outstanding Parent Voting Securities Beneficially Owned by the Shareholders immediately prior to such issuance by Parent; provided, further, without limiting the immediately preceding proviso, if as a result of Transfers of Parent Voting Securities, Shareholders Beneficially Own less than 5.5% of the then outstanding shares of Parent Voting Securities, Shareholders may purchase or acquire additional Parent Voting Securities to bring their Beneficial Ownership up to, but not in excess of, 5.5% of the then outstanding shares of Parent Voting Securities. In addition, in the event that a Shareholder or an Affiliate thereof inadvertently and without knowledge (an "Inadvertent Acquisition") indirectly acquires Beneficial Ownership of not more than one-quarter of one percent of the Parent Voting Securities in excess of the amount permitted to be owned by the Shareholders pursuant to this paragraph pursuant to a transaction by which a Person (that was not then an Affiliate of a Shareholder before the consummation of such transaction) owning Parent Voting Securities becomes an Affiliate of such Shareholder, then all Parent Voting Securities so acquired shall thereupon become subject to the Anschutz Shareholders Agreement and such Shareholder shall be deemed not to have breached the Anschutz Shareholders Agreement provided that such Shareholder, within 120 days thereafter, causes a number of such Parent Voting Securities in excess of the amount permitted to be so owned (or, at the election of such Shareholder, an equal number of the other Parent Voting Securities that are Beneficially Owned by a Shareholder) to be Transferred, in a transaction subject to the provisions described in "Limitations on Disposition" below, to a transferee that is not a Shareholder, an Affiliate thereof or a member of a "group" in which a Shareholder or an Affiliate is included (or, if Parent or its assignee shall exercise any purchase rights under the second paragraph of the provisions described in "Limitations on Disposition" below, to Parent or its assignee);

(ii) make, or in any way participate, directly or indirectly, in any "solicitation" (as such term is used in the proxy rules of the SEC) of proxies or consents (whether or not relating to the election or removal of directors), seek to advise, encourage or influence any Person with respect to the voting of any Parent Voting Securities, initiate, propose or otherwise "solicit" (as such term is used in the proxy rules of the SEC) shareholders of Parent for the approval of shareholder proposals, whether made pursuant to Rule 14a-8 of the Exchange Act or otherwise, or induce or attempt to induce any other Person to initiate any such shareholder proposal or otherwise communicate with the Parent's shareholders or others pursuant to Rule 14a-1(2)(iv) under the Exchange Act or otherwise;

(iii) seek, propose, or make any statement with respect to, any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, reorganization, restructuring, recapitalization, change in capitalization, change in corporate structure or business or similar transaction involving Parent or its subsidiaries (including Resources) (any of the foregoing being referred to herein as a "Specified Parent Transaction"); provided that the foregoing shall not prevent (A) voting of Parent Common Stock in the manner described in the last paragraph under "Standstill and Related Provisions" (but shall prevent any public comment, statement or communication, and any action that would otherwise require any public disclosure by the Shareholders, Parent or any other Person, concerning such voting) or (B) the Shareholder Designee (as defined below under "Parent Covenants") from exercising his fiduciary duties in his capacity as a director by participating in any Board deliberations or vote of the Board of Directors of Parent with respect to a Specified Parent Transaction;

(iv) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Parent Voting Securities, other than groups consisting solely of Shareholders and their Affiliates;

(v) deposit any Parent Voting Securities in any voting trust or subject any Parent Voting Securities to any arrangement or agreement with respect to the voting of any Parent Voting Securities except as set forth in the Anschutz Shareholders Agreement;

(vi) call or seek to have called any meeting of the stockholders of Parent or execute any written consent with respect to Parent or Parent Voting Securities; provided that the foregoing shall not prevent the Shareholder Designee from exercising his fiduciary duties in his capacity as a director by participating in any Board deliberations or vote of the Board of Directors of Parent with respect to the calling of any annual meeting of shareholders of Parent;

(vii) otherwise act, alone or in concert with others, to control or seek to control or influence or seek to influence the management, Board of Directors or policies of Parent (except to the extent the actions by a Shareholder Designee relating to the Parent's Board of Directors in the exercise of his fiduciary duties in his capacity as a director may be viewed as influencing or seeking to influence the management, Board of Directors or policies of Parent);

(viii) seek, alone or in concert with others, representation on the Parent Board (except as described below under "Parent Covenants"), or seek the removal of any member of such Board or a change in the composition or size of such Board;

(ix) make any publicly disclosed proposal, comment, statement or communication, or make any proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of the Anschutz Shareholders Agreement other than the "standstill" restrictions described in these items (i)-(xi)), or make any proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of the Anschutz Shareholders Agreement other than the "standstill" restrictions described in these items (i)-(xi)) in a manner that would require any public disclosure by the Shareholders, Parent or any other Person, or enter into any discussion with any Person (other than directors and officers of Parent), regarding any of the foregoing;

(x) make or disclose any request to amend, waive or terminate any of the "standstill" restrictions set forth in these items (i)-(xi); or

(xi) have any discussions or communications, or enter into any arrangements, understandings or agreements (whether written or oral) with, or advise, finance, assist or encourage, any other Person in connection with any of the foregoing, or take any action inconsistent with the foregoing, or make any investment in or enter into any arrangement with, any other Person that engages, or offers or proposes to engage, in any of the foregoing.

The restrictions described above shall not prevent Shareholders from (A) performing their obligations and exercising their rights under the Anschutz Shareholders Agreement, including, without limitation, (w) Transferring any Company Voting Securities or Parent Voting Securities in accordance with the terms thereof, (x) selecting the Shareholder Designee, (y) serving in the positions described in or resigning from such positions contemplated by the Anschutz Shareholders Agreement, and (z) voting in accordance with the terms thereof and granting a proxy to Purchaser in accordance with the terms thereof; (B) communicating in a non-public manner with any other Shareholder or their Affiliates; and (C) complying with the requirements of Sections 13(d) and 16(a) of the Exchange Act and the rules and regulations thereunder, in each case, as from time to time in effect, or any successor provisions or rules with respect thereto, or any other applicable law, rule, regulation, judgment, decree, ruling, order, award, injunction, or other official action of any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government (whether federal, state, county or local, domestic or foreign).

The Anschutz Shareholders Agreement provides that during the period commencing on the date of the Anschutz Shareholders Agreement and continuing until the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement, Shareholders will not, and Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others, acquire, offer or propose to acquire, or agree to acquire, whether by purchase, tender or exchange offer, through the acquisition of control of

another Person, by joining a partnership, limited partnership, syndicate or other "group" or otherwise, any Company Voting Securities (except by way of stock dividends or other distributions or rights offerings made available to holders of any shares of Company Common Stock generally, stock-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Company).

The Anschutz Shareholders Agreement provides that subject to the receipt of proper notice and the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, during the Standstill Period, the Shareholders will, and will cause their Affiliates to, (i) be present, in person or represented by proxy, at all annual and special meetings of shareholders of Parent so that all Parent Common Stock Beneficially Owned by the Shareholders and their affiliates and then entitled to vote may be counted for the purposes of determining the presence of a quorum at such meetings, and (ii) vote in accordance with the recommendation of the Board of Directors of Parent in the election of directors. On all other matters presented for a vote of shareholders of Parent, Shareholders may vote in their discretion.

Limitations on Disposition. The Anschutz Shareholders Agreement provides that during the Standstill Period, the Shareholders will not, and will cause their Affiliates not to, directly or indirectly, without the prior written consent of the Parent Board specifically expressed in a resolution adopted by a majority of the directors of Parent, Transfer any Parent Voting Securities (including but not limited to the Transfer of any securities of an Affiliate which is the record holder or Beneficial Owner of Parent Voting Securities, if as the result of such Transfer, such Person would cease to be an Affiliate of a Shareholder), if, to the knowledge of the Shareholders or any of their Affiliates, after due inquiry which is reasonable in the circumstances (and which shall include, with respect to the Transfer of 1% or more of the Parent Voting Securities then outstanding in one transaction, or a series of related transactions, specific inquiry with respect to the identity of the acquiror of such Parent Voting Securities and the number of Parent Voting Securities that, immediately following such transaction or transactions, would be Beneficially Owned by such acquiror, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of which such acquiror is a member), immediately following such transaction the acquiror of such Parent Voting Securities, together with its Affiliates and any members of such a group, would Beneficially Own in the aggregate 4% or more of the Parent Voting Securities then outstanding; provided that, without the prior written consent of the Board of Directors of Parent, (i) Shareholders and their Affiliates may Transfer any number of Parent Voting Securities to any other Shareholder, any Affiliate of a Shareholder or to any heirs, distributees, guardians, administrators, executors, legal representatives or similar successors in interest of any Shareholder, provided that (A) such transferee, if not then a Shareholder, shall become a party to the Anschutz Shareholders Agreement and agree in writing to perform and comply with all of the obligations of such transferor Shareholder under the Anschutz Shareholders Agreement, and thereupon such transferee shall be deemed to be a Shareholder party to the Anschutz Shareholders Agreement for all purposes of the Anschutz Shareholders Agreement, and (B) if the transferee is not prior thereto a Shareholder, the transferor shall remain liable for such transferee's performance of and compliance with the obligations of the transferor under the Anschutz Shareholders Agreement, (ii) Shareholders and their Affiliates may Transfer Parent Voting Securities in a tender offer, merger, or other similar business combination transaction approved by the Board of Directors of Parent, and (iii) Shareholders may pledge their Parent Voting Securities as provided in the Anschutz Shareholders Agreement and the pledgee may Transfer such Parent Voting Securities in connection with the enforcement or foreclosure of any related security interest or lien following a default.

The Anschutz Shareholders Agreement provides that during the Standstill Period, if to the knowledge of the Shareholders after making due inquiry which is reasonable under the circumstances, immediately following the Transfer of any Parent Voting Securities the acquiror thereof, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act), would Beneficially Own in the aggregate 2% or more of the outstanding Parent Voting Securities (a "2% Sale"), Shareholders shall, prior to effecting any such Transfer, offer Parent a right of first refusal to purchase the shares proposed to be Transferred on the following terms. Shareholders shall provide Parent with written notice (the "2% Sale Notice") of any proposed 2% Sale, which 2% Sale Notice shall contain the identity of the purchaser, the number of shares of Parent Voting Securities proposed to be Transferred to such purchaser, the purchase price for such shares and the form of

consideration payable for such shares. The 2% Sale Notice shall also contain an irrevocable offer to sell the shares subject to such 2% Sale Notice to Parent for cash at a price equal to the price contained in such 2% Sale Notice. Parent shall have the right and option, by written notice delivered to such Shareholder (the "Purchase Notice") within 15 days of receipt of the 2% Sale Notice, to accept such offer as to all, but not less than all, of the Parent Voting Securities subject to such 2% Sale Notice. Parent shall have the right to assign to any Person such right to purchase the shares subject to the 2% Sale Notice. In the event Parent (or its assignee) elects to purchase the shares subject to the 2% Sale Notice, the closing of the purchase of the Parent Voting Securities shall occur at the principal office of Parent (or its assignee) on or before the 30th day following such Shareholder's receipt of the Purchase Notice. In the event Parent does not elect to purchase the shares subject to the 2% Sale Notice, such Shareholder shall be free, for a period of 30 days following the receipt of notice from Parent of its election not to purchase such shares or, in the absence of any such notice, for a period of 30 days following the 15th day after receipt by Parent of the 2% Sale Notice, to sell the shares subject to the 2% Sale Notice in accordance with the terms of, and to the person identified in, the 2% Sale Notice. If such sale is not effected within such 30 day period such shares shall remain subject to the provisions of the Anschutz Shareholders Agreement. Notwithstanding the foregoing, the right of first refusal described in this paragraph shall not apply to the sale by Shareholders of Parent Voting Securities (i) made in an underwritten public offering pursuant to an effective registration statement under the Securities Act, or (ii) made in a transaction permitted pursuant to, and made in compliance with, clauses (i) or (iii) of the proviso in the immediately preceding paragraph, or (iii) made in a tender offer, merger or other similar business combination transaction approved by the Board of Directors of Parent. Any proposed sale by Shareholders of Parent Voting Securities shall be subject to the restrictions on sales to an acquiror which would Beneficially Own 4% or more of the outstanding Parent Voting Securities, as described in the immediately preceding paragraph, whether or not Parent exercises its right of first refusal and consummates the purchase of Parent Voting Securities. If Parent (or its assignee) exercises its right to purchase any Parent Voting Securities but fails to complete the purchase thereof for any reason other than the failure of such Shareholder to perform its obligations thereunder with respect to such purchase, then, on the 30th day following such Shareholder's receipt of the Purchase Notice, such Parent Voting Securities shall cease to be subject to the voting obligations described in the last paragraph under "Standstill and Related Provisions" above, the transfer restrictions and right of first refusal described in this "Limitations on Disposition" and the requirement that certain legends be placed on the certificates representing such Parent Voting Securities. If the purchase price described in any 2% Sale Notice is not solely made up of cash or marketable securities, the 2% Sale Notice shall include a good faith estimate of the cash equivalent of such other consideration, and the consideration payable by Parent or its assignee (if Parent elects to purchase (or to have assignee purchase) the Parent Voting Securities described in the 2% Sale Notice) in place of such other consideration shall be cash equal to the amount of such estimate; provided, however, that if Parent in good faith disagrees with such estimate and states a different good faith estimate in the Purchase Notice, and if Parent and such Shareholder cannot agree on the cash equivalent of such other (i.e., other than cash or marketable securities) consideration, such cash equivalent shall be determined by a reputable investment banking firm without material connections with either party. Such investment banking firm shall be selected by both parties or, if they shall be unable to agree, by an arbitrator appointed by the American Arbitration Association. The fees and expenses of any such investment banking firm and/or arbitrator shall be shared equally by Parent and such Shareholder, unless otherwise determined by such firm or arbitrator. In the event of such differing estimates by Parent and such Shareholder, periods of time which would otherwise run under the provisions described in this paragraph from the date of such Shareholder's receipt of the Purchase Notice shall run instead from the date on which the parties agree on such cash equivalent or, in the absence of such agreement, the date on which such cash equivalent is determined by such investment banking firm. If the purchase price described in any 2% Sale Notice shall include marketable securities, the purchase price payable by Parent (or its designee) shall include, to the extent marketable securities were included as a portion of the consideration provided for in the 2% Sale Notice, an amount in cash determined by reference to the Current Market Price (as defined in the Anschutz Shareholders Agreement) of such securities on the day the Purchase Notice is received by such Shareholder.

The Anschutz Shareholders Agreement provides that in connection with any proposed privately negotiated sale by any Shareholders of Parent Voting Securities representing in excess of 3.9% of the then outstanding

shares of Parent Voting Securities, Parent will cooperate with and permit the proposed purchaser to conduct a due diligence review reasonable under the circumstances of Parent and its Subsidiaries and their respective business and operations, including, without limitation, reasonable access during normal business hours to their executive officers, and, if reasonable under the circumstances, their properties subject to execution by such purchaser of a customary confidentiality agreement; provided that Parent shall not be required to permit more than two such due diligence reviews in any twelve-month period.

Parent Covenants. The Anschutz Shareholders Agreement provides that on or prior to the Effective Time, the Board of Directors of Parent will take all action necessary to elect Mr. Anschutz, or another individual selected by TAC and reasonably acceptable to the Board of Directors of Parent (such director being referred to as the "Shareholder Designee") as a director of Parent's Board of Directors and to appoint Mr. Anschutz, but not any other Shareholder Designee, as Vice Chairman of the Board of Directors as of the Effective Time. Subject to the following sentence of this paragraph, after the Effective Time and during the Standstill Period, Parent shall include the Shareholder Designee in the Board of Directors' slate of nominees for election as directors at Parent's annual meeting of shareholders and shall recommend that the Shareholder Designee be elected as a director of Parent. The Shareholder Designee, if requested by Parent, shall resign from Parent's Board of Directors (a) effective not later than the next annual meeting of shareholders of Parent, if Shareholders and their Affiliates Beneficially Own less than 4% of the Parent Voting Securities then outstanding, provided, however that the Anschutz Shareholders Agreement shall continue in full force and effect until the date of such resignation, or (b) immediately if the Shareholders violate or breach any of the material terms or provisions of the Anschutz Shareholders Agreement. Notwithstanding any resignation pursuant to clause (b) of the preceding sentence, all of the provisions of the Anschutz Shareholders Agreement other than those described in this "Parent Covenants" shall continue in full force and effect. The duties and responsibilities of the Vice Chairman shall be as assigned by the Board of Directors of Parent or by the Chairman of the Board, and the Vice Chairman shall receive no additional compensation for serving in such position. So long as a Shareholder Designee serves as a member of the Board of Directors of Parent, Parent agrees that the Shareholder Designee shall serve (subject to the applicable requirements of the NYSE or any other security exchange on which the Parent Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers) as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees of the Board. Except as otherwise provided in the Anschutz Shareholders Agreement, upon the termination of the Anschutz Shareholders Agreement, if so requested by Parent, the Shareholder Designee shall resign as a director of the Parent's Board of Directors.

In the event that any Shareholder Designee shall cease to be a member of the Board of Directors by reason of death, disability or resignation (other than resignations required pursuant to the provisions of the immediately preceding paragraph), Parent shall replace such Shareholder Designee with another Shareholder Designee at the next meeting of the Board of Directors.

The Shareholder Designee, upon nomination or appointment as a director of Parent, shall agree in writing to comply with the obligations of the Shareholders described in the first paragraph (and the numbered items related thereto) of "Standstill and Related Provisions" above and the obligation of such Shareholder Designee under this paragraph.

Without the prior written consent of Shareholders, Parent shall not take or recommend to its shareholders any action which would impose limitations, not imposed on other stockholders of Parent, on the enjoyment by any of Shareholders and their Affiliates of the legal rights generally enjoyed by shareholders of Parent, other than those imposed by the terms of the Anschutz Shareholders Agreement, the Merger Agreement and the Ancillary Agreements; provided, however, that the foregoing shall not prevent Parent from implementing or adopting a Shareholder Rights Plan or issuing a similar security which has a "trigger" threshold of not less than the greater of 10% of the outstanding shares of Parent Common Stock or the amount then Beneficially Owned by Shareholders not in violation of the Anschutz Shareholders Agreement.

Additional Limitation on Dispositions. The Anschutz Shareholders Agreement provides that notwithstanding any other provision thereof, TAC will not, and will cause its Affiliates not to, for a period of two years commencing as of the Effective Time (the "Reorganization Continuity Period"), enter into any transaction or arrangement to the extent such transaction or arrangement (combined with any other transactions or arrangements entered into by TAC or its Affiliates) would result in TAC having entered into an Economic Disposition with respect to an amount of Parent Voting Securities received by TAC in the Merger that exceeds the Threshold Amount unless the condition described in the following paragraph is satisfied, regardless of whether such transaction or arrangement would be treated as a sale, exchange or other taxable disposition of such Parent Voting Securities for United States federal income tax purposes. For purposes of this subsection, the "Threshold Amount" equals the number of Parent Voting Securities received by TAC in the Merger multiplied by the following fraction: the numerator is 20% and the denominator is (A) the percentage of outstanding Company Common Stock held by TAC as of the date of the Anschutz Shareholders Agreement minus (B) the percentage of outstanding Company Common Stock that TAC exchanges for cash in the Offer or the Merger. For purposes of this subsection, an "Economic Disposition" of shares of Parent Voting Securities shall mean (i) any transaction or arrangement (including an outright sale) that would be treated as a sale, exchange or other taxable disposition for United States federal income tax purposes of shares of Parent Voting Securities received in the Merger and (ii) any transaction or arrangement (or combination of transactions or arrangements) entered into by or on behalf of TAC or its Affiliates that reduces the economic benefits and burdens to TAC of owning shares of Parent Voting Securities (including any swap transaction, notional principal contract or the acquisition or grant of any calls, puts or other options, whether or not cash settlement is permitted or required) to such an extent that such transaction or arrangement causes TAC not to satisfy the "continuity of proprietary interest" requirement under Section 368 of the Code with respect to such shares.

The Anschutz Shareholders Agreement provides that during the Reorganization Continuity Period, at least thirty (30) business days prior to entering into any proposed transaction or arrangement (combined with any other transactions or arrangements entered into by TAC) relating to or involving any shares of Parent Voting Securities in excess of the Threshold Amount (a "Proposed Transaction"), TAC must provide at its expense a written opinion of nationally recognized tax counsel, in form and substance reasonably acceptable to Parent, that the Proposed Transaction will not adversely affect the treatment of the Merger as a reorganization within the meaning of Section 368 of the Code.

The Anschutz Shareholders Agreement provides that the bona fide pledge of any Parent Voting Securities, or the bona fide grant of a security interest therein, to secure the payment of bona fide indebtedness owed by TAC or any of its Affiliates, and the sale, exchange or disposition, or Economic Disposition, at the direction of the pledgee or holder of a security interest, of any of such Parent Voting Securities in connection with the exercise of any right of enforcement or foreclosure in respect thereof, shall not be subject to or prevented by the restrictions set forth in this "Additional Limitations on Disposition."

The Anschutz Shareholders Agreement provides that the Threshold Amount and the number of shares of Parent Voting Securities that are or have been subject to an Economic Disposition shall be adjusted, as of any date of determination, to give effect to any stock dividends, share-splits, reclassifications, recapitalizations, reorganizations or other similar actions that shall have been taken by Parent as of such date with respect to the Parent Voting Securities.

Termination. The Anschutz Shareholders Agreement provides that, except as otherwise provided therein, the Anschutz Shareholders Agreement shall terminate (a) if the Effective Time does not occur, upon the termination of the Merger Agreement, provided, however, that if the Merger Agreement shall have been terminated pursuant to the Fiduciary-out Termination Provisions, the provisions described under "Voting of Company Common Stock; Irrevocable Proxy" and "Restrictions on Transfer; Proxies; No Solicitation" above shall survive the termination of the Anschutz Shareholders Agreement for a period of six months, or (b) if the Effective Time does occur, on the earliest to occur of (1) the seventh anniversary of the Effective Time, (2) at such time that the Shareholders Beneficially Own, and continue to Beneficially Own, in the aggregate, less than

4% of the Parent Voting Securities then outstanding, it being understood, however, that if the Shareholders at any time Beneficially Own in the aggregate less than 4% of the Parent Voting Securities then outstanding but, prior to the seventh anniversary of the Effective Time, subsequently acquire Beneficial Ownership of any Parent Voting Securities (except pursuant to clauses (A), (B) or (C) of the parenthetical exception to the first sentence in item (i) under the first paragraph of "Standstill and Related Provisions" above or in an Inadvertent Acquisition) such that immediately following such acquisition Shareholders become Beneficial Owners in the aggregate of more than 4% of the Parent Voting Securities then outstanding, the "standstill" restrictions and limitations on disposition provisions, among others, in the Anschutz Shareholders Agreement shall be effective and in full force again as if no such termination had occurred, and (3) if at any time that the Shareholders Beneficially Own in the aggregate more than 4% of the Parent Voting Securities then outstanding (i) the Shareholder Designee shall not be elected as a director of Parent as provided in the Anschutz Shareholders Agreement, (ii) if and so long as Mr. Anschutz shall be a director of Parent, Mr. Anschutz (but not any other Shareholder Designee) shall not be appointed Vice Chairman of the Board of Directors, (iii) subject to applicable requirements of the NYSE or any other security exchange on which the Parent Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers, a Shareholder Designee who is then a director shall not be appointed as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees, respectively, of the Board of Directors of Parent (or committees having similar functions) or (iv) Parent shall have breached its covenant described in the second paragraph of "Parent Covenants" above, provided that TAC, for itself and on behalf of all other Shareholders, may by written notice to Parent irrevocably elect that, from and after the delivery thereof, the references in this paragraph and in "Parent Covenants" above to "4%" be deleted and replaced by references to "3%."

MSLEF Shareholder Agreement

Tender of Shares. The MSLEF Shareholder Agreement provides that MSLEF may, but shall have no obligation to, tender (or cause the record owner of the Shares to tender), pursuant to and in accordance with the terms of the Offer, any or all of the Shares Beneficially Owned by MSLEF. MSLEF acknowledges and agrees that Parent's, UPRR's and Purchaser's obligation to accept for payment and pay for Shares in the Offer, including any Shares tendered by MSLEF, is subject to the terms and conditions of the Offer. MSLEF will, for all Shares tendered by MSLEF in the Offer and accepted for payment and paid for by Purchaser, receive the same per Share consideration paid to other shareholders who have tendered into the Offer.

Voting of Company Common Stock; Irrevocable Proxy; No Acquisition of Additional Company Voting Securities. The MSLEF Shareholder Agreement provides that during the period commencing on the date of the MSLEF Shareholder Agreement and continuing until the earlier of (x) the consummation of the Merger and (y) six months following the termination of the Merger Agreement in accordance with the Fiduciary-out Termination Provisions, and (z) upon the termination of the Merger Agreement other than pursuant to the Fiduciary-out Termination Provisions (such period being referred to as the "Voting Period") at any meeting (whether annual or special, and whether or not an adjourned or postponed meeting) of the Company's shareholders, however called, or in connection with any written consent of the Company's shareholders, subject to the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, MSLEF shall vote (or cause to be voted) the Shares and all other Company Voting Securities that it Beneficially Owns, whether owned on the date of the MSLEF Shareholder Agreement or thereafter acquired, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval and adoption of the Merger Agreement and the terms thereof and each of the other actions contemplated by the Merger Agreement, the MSLEF Shareholder Agreement and the Ancillary Agreements and any actions required in furtherance thereof; (ii) against any action or agreement that would (A) result in a material breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or any of the Ancillary Agreements to which it is a party or of MSLEF under the MSLEF Shareholder Agreement or (B) in the judgement of Parent as communicated in writing to MSLEF, impede, interfere with, delay, postpone, or adversely affect the Offer, the Merger or the transactions contemplated by the Merger Agreement, the MSLEF Shareholder Agreement and the Ancillary Agreements; and (iii) except as otherwise

agreed to in writing in advance by Parent, against the following actions (other than the Merger and the transactions contemplated by the Merger Agreement, the MSLEF Shareholder Agreement and the Ancillary Agreements): (A) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving the Company or any of its subsidiaries; (B) any sale, lease or transfer of a substantial portion of the assets or business of the Company or its subsidiaries, or reorganization, restructuring, recapitalization, special dividend, dissolution or liquidation of the Company or its subsidiaries; or (C) any change in the present capitalization of the Company including any proposal to sell a substantial equity interest in the Company or any of its subsidiaries. MSLEF has agreed not to enter into any agreement, arrangement or understanding with any Person the effect of which would be inconsistent with or violative of the provisions and agreements described in this subsection.

The MSLEF Shareholder Agreement provides that, at the request of Parent (which request has been made), MSLEF, in furtherance of the transactions contemplated by the MSLEF Shareholder Agreement and by the Merger Agreement and the Ancillary Agreements, and in order to secure the performance by MSLEF of its duties under the MSLEF Shareholder Agreement, shall promptly execute and deliver to Purchaser an irrevocable proxy. MSLEF acknowledges and agrees that the proxy executed and delivered pursuant to this paragraph shall be coupled with an interest, shall constitute, among other things, an inducement for Parent to enter into the MSLEF Shareholder Agreement, the Merger Agreement and the Ancillary Agreements to which it is a party, shall be irrevocable during the Voting Period and shall not be terminated by operation of law or upon the occurrence of any event.

MSLEF agrees that during the period commencing on the date of the MSLEF Shareholder Agreement and continuing until the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement, MSLEF will not, and will cause its general partner not to, acquire, offer or propose to acquire, or agree to acquire, whether by purchase, tender or exchange offer, any Company Voting Securities.

Restrictions on Transfer, Proxies; No Solicitation. MSLEF shall not, during the Voting Period, directly or indirectly: (i) except as provided under "Tender of Shares" above or this paragraph, Transfer to any Person any or all of the Company Voting Securities Beneficially Owned by the MSLEF; (ii) except as provided in the second paragraph of the preceding Subsection, grant any proxies or powers of attorney, deposit any such Company Voting Securities into a voting trust or enter into a voting agreement, understanding or arrangement with respect to the Company Voting Securities; or (iii) take any action that would make any representation or warranty of MSLEF contained in the MSLEF Shareholder Agreement untrue or incorrect or would result in a breach by the MSLEF of its obligations under the MSLEF Shareholder Agreement or a breach by the Company of its obligations under the Merger Agreement or any of the Ancillary Agreements to which it is a party. Notwithstanding any provisions of the MSLEF Shareholder Agreement to the contrary, MSLEF may Transfer in the aggregate, following the consummation of the Offer and prior to the Effective Time, a portion of the Shares in the aggregate not greater than 10% of the Shares Beneficially Owned by MSLEF immediately following the consummation of the Offer.

The MSLEF Shareholder Agreement provides that MSLEF shall not, and shall cause its general partner not to, directly or indirectly, (i) initiate, solicit or encourage, or take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Takeover Proposal (as defined in the Merger Agreement) of the Company or any Affiliate or any inquiry with respect thereto, or (ii) in the event of an unsolicited written Takeover Proposal for the Company or any Affiliate of the Company, engage in negotiations or discussions with, or provide any information or data to, any Person (other than Parent, any of its Affiliates or representatives) relating to any Takeover Proposal. MSLEF shall notify Parent and Purchaser orally and in writing of any such offers, proposals or inquiries relating to the purchase or acquisition by any Person of the Shares Beneficially Owned by MSLEF (including, without limitation, the terms and conditions thereof and the identity of the Person making it), within 24 hours of the receipt thereof. MSLEF shall, and shall cause its general partner to, immediately cease and cause to be terminated all existing activities, discussions and negotiations, if any, with any parties conducted heretofore with respect to any Takeover Proposal relating to the Company, other than discussions or negotiations with Parent and its Affiliates.

The MSLEF Shareholder Agreement provides that MSLEF will not, and will cause its general partner not to, directly or indirectly, make any public comment, statement or communication, or take any action that would otherwise require any public disclosure by MSLEF, Parent or any other Person, concerning the Merger, the Offer, the Spin-off and the other transactions contemplated by the Merger Agreement, the MSLEF Shareholder Agreement and the Ancillary Agreements, except for any disclosure (i) concerning the status of MSLEF as a party to such agreement, the terms thereof, and its beneficial ownership of Shares, required pursuant to Section 13(d) or Section 16 of the Exchange Act or (ii) required in the Schedule 14D-9 or the Proxy Statement/Prospectus.

Notwithstanding the restrictions described in the MSLEF Shareholder Agreement, any Person who is a director or officer of the Company may exercise his fiduciary duties in his capacity as a director or officer with respect to the Company, as opposed to taking action with respect to the direct or indirect ownership of any Shares, and no such exercise of fiduciary duties shall be deemed to be a breach of, or a violation of the restrictions set forth in, the second preceding paragraph and MSLEF shall not have any liability hereunder for any such exercise of fiduciary duties by such Person in his capacity as a director and officer of the Company.

Termination. The MSLEF Shareholder Agreement provides that, except as otherwise provided therein, the MSLEF Shareholder Agreement shall terminate at the end of the Voting Period.

Parent Shareholders Agreement

Voting of Company Common Stock; Irrevocable Proxy. The Parent Shareholders Agreement provides that during the period commencing on the date of the Parent Shareholders Agreement and continuing until the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement in accordance with the termination provisions thereof, at any meeting (whether annual or special, and whether or not an adjourned or postponed meeting) of the Company's stockholders, however called, or in connection with any written consent of the Company's stockholders, subject to the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Parent and Purchaser (collectively, the "Parent Shareholders") shall vote (or cause to be voted) the Shares purchased pursuant to the Offer and all other Company Voting Securities that they Beneficially Own, whether owned on the date of the Parent Shareholders Agreement or thereafter acquired, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval and adoption of the Merger Agreement and the terms thereof and each of the other actions contemplated by the Merger Agreement, the Parent Shareholders Agreement and the Ancillary Agreements and any actions required in furtherance thereof; (ii) with respect to the election or removal of directors, in the same proportion as all Company Voting Securities that are not Beneficially Owned by Parent Shareholders that vote with respect to such matter ("Voted Non-Shareholder Securities") have been voted with respect to such matter; (iii) with respect to any other proposed merger, business combination, or similar transaction (including, without limitation, any consolidation, sale of all or substantially all the assets, recapitalization, liquidation or winding up or other Specified Company Transaction (as defined herein)) involving the Company (other than the transactions contemplated by the Merger Agreement), as the Parent Shareholders may determine, in their sole discretion; and (iv) unless either (A) one of the transactions described in clause (iii) above has been proposed or (B) the matter being proposed would impose on Parent Shareholders limitations, not imposed on other shareholders of the Company, on the enjoyment of any of Parent Shareholders and their Affiliates of the legal rights generally enjoyed by stockholders of the Company, with respect to all matters submitted to a vote of the Company's stockholders not specified in (i), (ii) or (iii) above, in the same proportion as all Voted Non-Shareholder Securities have been voted with respect to such matter. Parent Shareholders shall not enter into any agreement or understanding with any Person the effect of which would be inconsistent or violative of the provisions and agreements contained in this and the following paragraph. As more fully described under the section below entitled "Standstill and Related Provisions," Parent Shareholders are also subject to certain voting restrictions following termination of the Merger Agreement.

The Parent Shareholders Agreement provides that Parent Shareholders (or the Trustee, if the Shares are held in the Voting Trust), in furtherance of the transactions contemplated thereby and by the Merger Agreement and

the Ancillary Agreements, and in order to secure the performance by Parent Shareholders of their duties under the Parent Shareholders Agreement, shall following consummation of the Offer execute and deliver to the Company an irrevocable proxy. Parent Shareholders acknowledge and agree that such proxy shall be coupled with an interest, shall constitute, among other things, an inducement for the Company to enter into the Parent Shareholders Agreement, the Merger Agreement and the Ancillary Agreements to which it is a party, shall be irrevocable until the earlier of the Company Special Meeting or the termination of the Merger Agreement in accordance with its terms and shall not be terminated by operation of law or upon the occurrence of any event.

Restrictions on Transfer; Proxies; Pledges. The Parent Shareholders Agreement provides that Parent Shareholders shall not, during the period commencing on the date thereof and continuing until the first to occur of (x) the consummation of the Merger or (y) the termination of the Merger Agreement pursuant to the terms thereof, directly or indirectly: (i) Transfer (including but not limited to the Transfer by Parent of any securities of Purchaser or any Affiliate of Parent controlling Purchaser) to any Person (other than to the Voting Trust) any or all of the Company Voting Securities (or any interest therein) which it may hereafter acquire in the Offer or otherwise; (ii) except as provided in the Parent Shareholders Agreement and except for the Voting Trust, grant any proxies or powers of attorney, deposit any Company Voting Securities into a voting trust or enter into a voting agreement, understanding or arrangement with respect to the Company Voting Securities; (iii) take any action that would make any representation or warranty of Parent Shareholders contained in the Parent Shareholders Agreement untrue or incorrect or would result in a breach by Parent Shareholders of their respective obligations under the Parent Shareholders Agreement or would result in a breach by Parent Shareholders of their respective obligations under the Merger Agreement or any of the Ancillary Agreements to which it is a party; or (iv) take certain action covered by certain of the standstill related provisions of the Parent Shareholders Agreement, provided, however, in the event a bona fide proposal for a Specified Company Transaction is made by any Person (other than the Parent Shareholders and their Affiliates) only the restrictions set forth in Section 4(a)(viii) (seeking Board representation) of the Parent Shareholders Agreement shall be applicable.

The Parent Shareholders Agreement provides that following termination of the Merger Agreement in accordance with its terms, Parent Shareholders may effect one or more pledges of Company Voting Securities or grants of security interests therein, to one or more banks or other financial institutions that are not Affiliates of any Parent Shareholder as security for the payment of bona fide full recourse indebtedness owed by Parent or UPRR to such banks or financial institutions. Except as set forth in the proviso below, such banks and financial institutions shall not incur any obligations under the Parent Shareholders Agreement with respect to such Company Voting Securities or shall be restricted from exercising any right of enforcement or foreclosure with respect to any related security interest or lien; provided, however, that it shall be a condition to any such pledge that the pledgee shall agree to be bound by the provisions of the Parent Shareholders Agreement, except that following an event of default or foreclosure, the pledgee shall be permitted to sell, subject only to the right of first refusal set forth in the Parent Shareholders Agreement, (x) an unlimited number of Voting Company Securities to any Person that is not, and does not control, a Class I Railroad and (y) up to 4% of the then outstanding shares of Company Voting Securities to a Class I Railroad.

Standstill and Related Provisions. The Parent Shareholders Agreement provides that subject to the paragraph immediately following item (xi) below, in the event that the Merger Agreement is terminated in accordance the terms thereof other than pursuant to the Fiduciary-out Termination Provisions, but only in such event, Parent Shareholders agree that for a period commencing on the date of such termination and continuing until the termination of the Parent Shareholders Agreement in accordance with the terms described under "Termination" below (any such period being hereafter referred to as the "Parent Standstill Period"), without the prior written consent of the Board of Directors of the Company (the "Board") specifically expressed in a resolution adopted by a majority of the directors of the Company, Parent Shareholders will not, and Parent Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others:

(i) acquire, offer or propose to acquire, or agree to acquire (except, in any case, by way of (A) stock dividends or other distributions or rights offerings made available to holders of any shares of Company Common Stock generally, share-splits, reclassifications, recapitalizations, reorganizations and any other

similar action taken by Company, and (B) the conversion, exercise or exchange of Company Voting Securities in accordance with the terms thereof, provided, that any such securities shall be subject to the provisions of the Parent Shareholders Agreement), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) (other than groups consisting solely of Parent Shareholders and their Affiliates, all of which are or, prior to the formation of such group, become parties to the Parent Shareholders Agreement) or otherwise, any Company Voting Securities; provided, however, that if, solely as a result of the issuance by the Company of additional Company Voting Securities, Parent Shareholders and their Affiliates Beneficially Own less than the amount of shares of Company Voting Securities Beneficially Owned immediately following the consummation of the Offer (the "Ownership Limit"), Parent Shareholders may purchase or acquire additional Company Voting Securities to bring their Beneficial Ownership up to the greater of 5.5% and the percentage of outstanding Company Voting Securities Beneficially Owned by the Parent Shareholders immediately prior to such issuance by the Company; provided, further, if as a result of Transfers of Company Voting Securities, Parent Shareholders Beneficially Own less than 5.5% of the then outstanding Company Voting Securities, Parent Shareholders may purchase or acquire additional Company Voting Securities to bring their Beneficial Ownership up to, but not in excess of, 5.5% of the then outstanding shares of Company Voting Securities. In addition, in the event that a Parent Shareholder or an Affiliate thereof inadvertently and without knowledge indirectly acquires Beneficial Ownership of not more than one-quarter of one percent of the Company Voting Securities in excess of the amount permitted to be owned by the Parent Shareholders pursuant to this paragraph pursuant to a transaction by which a Person (that was not then an Affiliate of a Parent Shareholder before the consummation of such transaction) owning Company Voting Securities becomes an Affiliate of such Parent Shareholder, then all Company Voting Securities so acquired shall thereupon become subject to the Parent Shareholders Agreement and such Parent Shareholder shall be deemed not to have breached the Parent Shareholders Agreement provided that such Parent Shareholder, within 120 days thereafter, causes a number of such Company Voting Securities in excess of the amount permitted to be so owned (or, at the election of such Parent Shareholder, an equal number of the other Company Voting Securities that are Beneficially Owned by a Parent Shareholder) to be Transferred, in a transaction subject to the provisions described in "Limitations on Disposition" below, to a transferee that is not a Parent Shareholder, an Affiliate thereof or a member of a "group" in which a Parent Shareholder or an Affiliate is included (or, if Parent or its assignee shall exercise any purchase rights under the second paragraph of "Limitations on Disposition" below, to the Company or its assignee);

(ii) make, or in any way participate, directly or indirectly, in any "solicitation" (as such term is used in the proxy rules of the SEC) of proxies or consents (whether or not relating to the election or removal of directors), seek to advise, encourage or influence any Person with respect to the voting of any Company Voting Securities, initiate, propose or otherwise "solicit" (as such term is used in the proxy rules of the SEC) stockholders of the Company for the approval of stockholder proposals, whether made pursuant to Rule 14a-8 of the Exchange Act or otherwise, or induce or attempt to induce any other Person to initiate any such stockholder proposal or otherwise communicate with the Parent's shareholders or others pursuant to Rule 14a-1(2)(iv) under the Exchange Act or otherwise;

(iii) seek, propose, or make any statement with respect to, any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, reorganization, restructuring, recapitalization, change in capitalization, change in corporate structure or business or similar transaction involving the Company or its subsidiaries (any of the foregoing being referred to herein as a "Specified Company Transaction"); provided that the foregoing shall not prevent voting in accordance with the final paragraph of this subsection (but shall prevent any public comment, statement or communication, and any action that would otherwise require any public disclosure by Parent Shareholders, the Company or any other Person, concerning such voting);

(iv) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Company Voting Securities, other than groups consisting solely of Parent Shareholders and their Affiliates;

(v) except for the Voting Trust, deposit any Company Voting Securities in any voting trust or subject any Company Voting Securities to any arrangement or agreement with respect to the voting of any Company Voting Securities, other than the Parent Shareholders Agreement;

(vi) call or seek to have called any meeting of the stockholders of the Company or execute any written consent with respect to the Company or Company Voting Securities;

(vii) otherwise act, alone or in concert with others, to control or seek to control or influence or seek to influence the management, Board of Directors or policies of the Company;

(viii) seek, alone or in concert with others, representation on the Board of Directors of the Company, or seek the removal of any member of such Board or a change in the composition or size of such Board;

(ix) make any publicly disclosed proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of the Parent Shareholders Agreement other than the "standstill" provisions described in these items (i)-(xi)), or make any proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of the Parent Shareholders Agreement other than the "standstill" provisions described in these items (i)-(xi)) in a manner that would require any public disclosure by Parent Shareholders or any other Person, or enter into any discussion with any Person (other than directors and officers of the Company), regarding any of the foregoing;

(x) make or disclose any request to amend, waive or terminate any of the standstill provisions of the Parent Shareholders Agreement; or

(xi) have any discussions or communications, or enter into any arrangements, understandings or agreements (whether written or oral) with, or advise, finance, assist or encourage, any other Person in connection with any of the foregoing, or take any action inconsistent with the foregoing, or make any investment in or enter into any arrangement with, any other Person that engages, or offers or proposes to engage, in any of the foregoing.

The restrictions set forth above shall not prevent Parent Shareholders from (A) performing their obligations and exercising their rights under the Parent Shareholders Agreement, including, without limitation, (x) Transferring any Company Voting Securities in accordance with Parent Shareholders Agreement or to the Voting Trust, and (y) voting and granting a proxy to the Company in accordance with Parent Shareholders Agreement; (B) communicating in a non-public manner with any other Parent Shareholder or its Affiliates; and (C) complying with the requirements of Sections 13(d) and 16(a) of the Exchange Act and the rules and regulations thereunder, in each case, as from time to time in effect, or any successor provisions or rules with respect thereto, or any other applicable law, rule, regulation, judgment, decree, ruling, order, award, injunction, or other official action of any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government (whether federal, state, county or local, domestic or foreign).

The Parent Shareholders Agreement provides that subject to the receipt of proper notice and the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Parent Shareholders agree that during any Parent Standstill Period Parent Shareholders will, and will cause their Affiliates to, (i) be present, in person or represented by proxy, at all annual and special meetings of stockholders of the Company so that all Company Common Stock Beneficially Owned by Parent Shareholders and their Affiliates and then entitled to vote may be counted for the purposes of determining the presence of a quorum at such meetings; and (ii) with respect to the election or removal of directors, vote in the same proportion as all Voted Non-Parent Shareholder Securities have been voted with respect to such matter; and (iii) with respect to any proposed merger, business combination, or similar transaction (including, without limitation, any consolidation, sale of all or substantially all the assets, recapitalization, liquidation or winding up or other Specified Company Transaction) involving the Company, vote as the Parent Shareholders may determine, in their sole discretion; and (iv) unless the matter being proposed would impose on Parent Shareholders limitations, not imposed on other stockholders of the Company, on the enjoyment of any of Parent Shareholders and their Affiliates of the legal rights generally enjoyed by stockholders of the Company, with respect to all matters

submitted to a vote of the Company's stockholders not specified in (ii) or (iii) above, vote in the same proportion as all Voted Non-Shareholder Securities have been voted with respect to such matter.

Limitations on Disposition. The Parent Shareholders Agreement provides that Parent Shareholders, during the Standstill Period, will not, and will cause their Affiliates not to, directly or indirectly, without the prior written consent of the Board of Directors of the Company specifically expressed in a resolution adopted by a majority of the directors of the Company, Transfer to any Person any Company Voting Securities (including but not limited to the Transfer of any securities of an Affiliate which is the record holder or Beneficial Owner of Parent Voting Securities, if, as the result of such Transfer, such Person would cease to be an Affiliate of a Parent Shareholder), if, to the knowledge of the Parent Shareholders or any of their Affiliates, after due inquiry which is reasonable in the circumstances (and which shall include, with respect to the Transfer of 1% or more of the Company Voting Securities then outstanding in one transaction, or a series of related transactions, specific inquiry which respect to the identity of the acquiror of such Company Voting Securities and the number of Company Voting Securities that, immediately following such transaction or transactions, would be Beneficially Owned by such acquiror, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of which such acquiror is a member), immediately following such transaction the acquiror of such Company Voting Securities, together with its Affiliates and any members of such a group, would Beneficially Own in the aggregate 6% (or 4% in the event that the purchaser is or controls a Class I Railroad) or more of the Company Voting Securities then outstanding; provided that, without the prior written consent of the Board of Directors of the Company, (i) Parent Shareholders and their Affiliates may Transfer any number of Company Voting Securities to any other Parent Shareholder or any Affiliate of a Parent Shareholder, provided that (A) such transferee, if not then a Parent Shareholder, shall become a party to the Parent Shareholders Agreement and agree in writing to perform and comply with all of the obligations of such transferor Parent Shareholder under the Parent Shareholders Agreement, and thereupon such transferee shall be deemed to be a Parent Shareholder party thereto for all purposes of the Parent Shareholders Agreement, and (B) if the transferee is not prior thereto a Parent Shareholder, the transferor shall remain liable for such transferee's performance of and compliance with the obligations of the transferor under the Parent Shareholders Agreement, (ii) Parent Shareholders and their Affiliates may Transfer Company Voting Securities in a tender offer, merger, or other similar business combination transaction approved by the Board of Directors of the Company, and (iii) Parent Shareholders may pledge their Parent Voting Securities as provided in the second paragraph of "Restrictions on Transfer; Proxies; Pledges" above and the pledgee may Transfer such Company Voting Securities as contemplated by the proviso in such paragraph.

The Parent Shareholders Agreement provides that during the Parent Standstill Period, if to the knowledge of the Parent Shareholders after making due inquiry which is reasonable under the circumstances, immediately following the Transfer of any Company Voting Securities the acquiror thereof, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act), would Beneficially Own in the aggregate 2% or more of the outstanding Parent Voting Securities (a "2% Sale"), Parent Shareholders shall, prior to effecting any such Transfer, offer the Company a right of first refusal to purchase the shares proposed to be Transferred on the following terms. Parent Shareholders shall provide the Company with written notice (the "2% Sale Notice") of any proposed 2% Sale, which 2% Sale Notice shall contain the identity of the purchaser, the number of shares of Company Voting Securities proposed to be Transferred to such purchaser, the purchase price for such shares and the form of consideration payable for such shares. The 2% Sale Notice shall also contain an irrevocable offer to sell the shares subject to such 2% Sale Notice to the Company for cash at a price equal to the price contained in such 2% Sale Notice. The Company shall have the right and option, by written notice delivered to such Parent Shareholder (the "Purchase Notice") within 15 days of receipt of the 2% Sale Notice, to accept such offer as to all, but not less than all, of the Company Voting Securities subject to such 2% Sale Notice. The Company shall have the right to assign to any Person such right to purchase the Company Voting Securities subject to the 2% Sale Notice. In the event the Company (or its assignee) elects to purchase the Company Voting Securities subject to the 2% Sale Notice, the closing of the purchase of the Company Voting Securities shall occur at the principal office of the Company (or its assignee) on or before the 30th day following such Parent Shareholder's receipt of the Purchase Notice. In the event the

Company does not elect to purchase the shares subject to the 2% Sale Notice, such Parent Shareholder shall be free, for a period of 30 days following the receipt of notice from Parent of its election not to purchase such Company Voting Securities or, in the absence of any such notice, for a period of 30 days following the 15th day after receipt by the Company of the 2% Sale Notice, to sell the Company Voting Securities subject to the 2% Sale Notice in accordance with the terms of, and to the person identified in, the 2% Sale Notice. If such sale is not effected within such 30 day period such Company Voting Securities shall remain subject to the provisions of the Parent Shareholders Agreement. Notwithstanding the foregoing, the right of first refusal set forth in this paragraph shall not apply to the Transfer by Parent Shareholders of Company Voting Securities (i) made in an underwritten public offering pursuant to an effective registration statement under the Securities Act, or (ii) made in a transaction permitted pursuant to, and made in compliance with, clauses (i) or (iii) of the proviso to the first paragraph of "Limitations on Disposition" above, or (iii) made in a tender offer, merger or other similar business combination transaction approved by the Board of Directors of the Company. Any proposed sale by Parent Shareholders of Company Voting Securities shall be subject to the restrictions on sales to an acquiror which would Beneficially Own 6% (or 4%, in the event that the purchaser is or controls a Class I Railroad) or more of the outstanding Company Voting Securities, as described in the immediately preceding paragraph, whether or not the Company exercises its right of first refusal and consummates the purchase of Parent Voting Securities. If the Company (or its assignee) exercises its right to purchase any Company Voting Securities but fails to complete the purchase thereof for any reason other than the failure of such Parent Shareholder to perform its obligations hereunder with respect to such purchase, then, on the 30th day following such Parent Shareholder's receipt of the Purchase Notice, such Company Voting Securities shall cease to be subject to the voting requirements, the limitations on disposition and the stop transfer provisions of the Parent Shareholders Agreement for any purpose whatsoever. If the purchase price described in any 2% Sale Notice is not solely made up of cash or marketable securities, the 2% Sale Notice shall include a good faith estimate of the cash equivalent of such other consideration, and the consideration payable by the Company or its assignee (if the Company elects to purchase (or to have assignee purchase) the Company Voting Securities described in the 2% Sale Notice) in place of such other consideration shall be cash equal to the amount of such estimate; provided, however, that if Parent in good faith disagrees with such estimate and states a different good faith estimate in the Purchase Notice, and if the Company and such Parent Shareholder cannot agree on the cash equivalent of such other (i.e., other than cash or marketable securities) consideration, such cash equivalent shall be determined by a reputable investment banking firm without material connections with either party. Such investment banking firm shall be selected by both parties or, if they shall be unable to agree, by an arbitrator appointed by the American Arbitration Association. The fees and expenses of any such investment banking firm and/or arbitrator shall be shared equally by the Company and such Parent Shareholder, unless otherwise determined by such firm or arbitrator. In the event of such differing estimates by the Company and such Parent Shareholder, periods of time which would otherwise run under this paragraph from the date of such Parent Shareholder's receipt of the Purchase Notice shall run instead from the date on which the parties agree on such cash equivalent or, in the absence of such agreement, the date on which such cash equivalent is determined by such investment banking firm. If the purchase price described in any 2% Sale Notice shall include marketable securities, the purchase price payable by the Company (or its designee) shall include, to the extent marketable securities were included as a portion of the consideration provided for in the 2% Sale Notice, an amount in cash determined by reference to the Current Market Price of such securities on the day the Purchase Notice is received by such Parent Shareholder.

The Parent Shareholders Agreement provides that in connection with any proposed privately negotiated sale by any Parent Shareholders of Company Voting Securities representing in excess of 3.9% of the then outstanding Company Voting Securities, the Company will cooperate with and permit the proposed purchaser to conduct a due diligence review that is reasonable under the circumstances of the Company and its Subsidiaries and their respective business and operations, including, without limitation, reasonable access during normal business hours to their executive officers and, if reasonable under the circumstances, their properties, subject to execution by such purchaser of a customary confidentiality agreement; provided that the Company shall not be required to permit more than two such due diligence reviews in any twelve-month period.

The Parent Shareholders Agreement provides that notwithstanding any provision to the contrary contained therein, and without being subject to any of the restrictions set forth therein, Parent Shareholders and their

Affiliates may (i) transfer or distribute, by means of dividend, exchange offer or other distribution, any shares of Company Voting Securities to Parent's stockholders and (ii) transfer or dispose of the Company Voting Securities in connection with an underwritten public offering of debt or equity securities of Parent which are convertible or exchangeable into Company Voting Securities, it being agreed that the Company shall fully cooperate with Parent in connection with any such disposition, including by filing any necessary registration statement with the SEC and entering into a customary underwriting agreement, if necessary.

Limitation on Company Action. The Parent Shareholders Agreement provides that without the prior written consent of Parent Shareholders, the Company shall not take or recommend to its stockholders any action which would impose limitations, not imposed on other stockholders of the Company, on the enjoyment by any of the Parent Shareholders and their Affiliates of the legal rights generally enjoyed by shareholders of the Company, other than those imposed by the terms of the Parent Shareholders Agreement, the Merger Agreement, and the Ancillary Agreements; provided, however, that the foregoing shall not prevent the Company from implementing or adopting a Shareholder Rights Plan or issuing a similar security which has a "trigger" threshold of not less than two percentage points greater than the percentage of outstanding shares of Company Common Stock then Beneficially Owned by the Parent Shareholders.

Access to Information. The Parent Shareholders Agreement provides that the Company shall (and shall cause each of its subsidiaries to) afford to the officers, employees, accountants, counsel, financing sources and other representatives of Parent Shareholders, access, during normal business hours, during the term of the Parent Shareholders Agreement, to all of its and its subsidiaries' properties, books, contracts, commitments and records and, during such period, the Company shall (and shall cause each of its subsidiaries to) furnish promptly to Parent Shareholders (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws and (b) all other information concerning its business, properties and personnel as Parent Shareholders may reasonably request; provided, however, that access to certain Company information may require the entry of a protective order by the ICC, after which date full access will be granted to such information consistent with this paragraph and subject to the terms of such order. Unless otherwise required by law, Parent Shareholders will hold any such information which is nonpublic in confidence in accordance with the provisions of the existing confidentiality agreement between the Company and Parent, subject to the requirements of applicable law.

Termination. The Parent Shareholders Agreement provides that except as otherwise provided therein, the Parent Shareholders Agreement shall terminate (i) if the Offer is not consummated, upon the termination of the Merger Agreement in accordance with its terms, (ii) if the Effective Time does occur, on the Effective Time or (iii) if the Offer is consummated but the Effective Time does not occur, at such time that Parent Shareholders Beneficially Own, and continue to Beneficially Own, in the aggregate less than 4% of the Company Voting Securities then outstanding, it being understood that if, under the circumstances of this clause (iii), the Parent Shareholders Beneficially Own less than 4% of the Company Voting Securities then outstanding but prior to the seventh anniversary of the Effective Time, subsequently become Beneficial Owners of more than 4% of the Company Voting Securities then outstanding, the standstill and limitations on disposition provisions, among others, in the Parent Shareholders Agreement shall become effective and in full force again as if no such termination had occurred.

Voting Trust. The Parent Shareholders Agreement provides that the parties thereto acknowledge and agree that the Trustee shall be entitled to exercise any and all rights, and shall be subject to any and all obligations, of Parent Shareholders under the Parent Shareholders Agreement (as if a Parent Shareholder party thereto) it being understood that the standstill provisions thereof shall not be applicable to the Trustee or the Voting Trust (other than the provisions incorporated by reference into the restrictions on transfer provisions thereof).

Anschutz/Resources Shareholders Agreement

Effectiveness. The Anschutz/Resources Shareholders Agreement provides that it shall become effective only upon consummation of the Spin-off and shall terminate and be void and of no further force or effect if the Merger Agreement is terminated in accordance with the termination provisions thereof.

Pledge. The Anschutz/Resources Shareholders Agreement provides that TAC has advised Parent that shares of Company Common Stock Beneficially Owned by TAC are or may be pledged to Bank of America National Trust and Savings Association or Citibank, N.A., respectively (collectively, the "Banks") pursuant to pledge agreements (substantially in the forms reviewed by Parent, collectively, the "Existing Pledge Agreements") to secure indebtedness borrowed from the Banks. In the Anschutz/Resources Shareholders Agreement TAC represents and warrants that the Existing Pledge Agreements do not or, before indebtedness borrowed therefrom is secured by any such shares, will not prevent, limit or interfere with TAC's compliance with, or performance of its obligations under, the Anschutz/Resources Shareholders Agreement, absent a default under the applicable Existing Pledge Agreements. TAC represents and warrants that it is not in default under the Existing Pledge Agreements. Before Resources Voting Securities shall be pledged to secure indebtedness owed under an Existing Pledge Agreement, TAC shall deliver to Parent a letter from Bank of America National Trust and Savings Association or Citibank, N.A., as the case may be, acknowledging the Anschutz/Resources Shareholders Agreement and agreeing that, notwithstanding any default under the Existing Pledge Agreement, TAC shall have the right to exercise all voting rights with respect to the Company Common Stock pledged thereunder. Shareholders may hereafter effect one or more pledges of Company Voting Securities, or grants of security interests therein, to one or more financial institutions (other than the Banks) that are not Affiliates of any Shareholder (collectively, "Other Financial Institutions") as security for the payment of bona fide indebtedness owed by one or more of the Shareholders or their Affiliates to such financial institutions. Except as set forth in the proviso below, neither the Bank nor any financial institution which hereafter becomes a pledgee of Company Voting Securities shall incur any obligations under the Anschutz/Resources Shareholders Agreement with respect to such Company Voting Securities or shall be restricted from exercising any right of enforcement or foreclosure with respect to any related security interest or lien; provided, however, that it shall be a condition to any such pledge to any Other Financial Institution that the pledgee shall agree that TAC shall have the right to exercise all voting rights with respect to the Company Voting Securities pledged thereunder and no such pledge shall prevent, limit or interfere with Shareholders' compliance with, or performance of their obligations under, the Anschutz/Resources Shareholders Agreement, absent a default under such pledge agreement.

Public Comments; Fiduciary Duties. The Anschutz/Resources Shareholders Agreement provides that during the Resources Standstill Period, Shareholders will not, and will cause their Affiliates not to, directly or indirectly, make any public comment, statement or communication, or take any action that would otherwise require any public disclosure by Shareholders, Parent, Resources or any other Person, concerning the Merger, the Offer, the Spin-off and the other transactions contemplated by the Merger Agreement, the Anschutz/Resources Shareholders Agreement and the Ancillary Agreements, except for any disclosure (i) concerning the status of Shareholders as parties to such agreements, the terms thereof, and their beneficial ownership of Shares required pursuant to Section 13(d) of the Exchange Act or (ii) required in the Schedule 14D-9 or the Proxy Statement/Prospectus.

The Anschutz/Resources Shareholders Agreement provides that the parties acknowledge that any Person who is a director or officer of the Company may exercise his fiduciary duties in his capacity as a director or officer with respect to the Company, as opposed to taking action with respect to the direct or indirect ownership of any Shares, and no such exercise of fiduciary duties shall be deemed to be a breach of, or a violation of the restrictions set forth in, the Anschutz/Resources Shareholders Agreement and none of the Shareholders shall have any liability hereunder for any such exercise of fiduciary duties by such Person in his capacity as a director and officer of the Company.

Standstill and Related Provisions. The Anschutz/Resources Shareholders Agreement provides for virtually the same "standstill" restrictions and voting obligations with respect to the Shareholders as those contained in the Anschutz Shareholders Agreement except that the restrictions and obligations apply to Resources and the Resources Voting Securities. See "--Anschutz Shareholders Agreement--Standstill and Related Provisions" above.

Limitations on Disposition. The Anschutz/Resources Shareholders Agreement provides for virtually the same limitations on dispositions by the Shareholders as those contained in the Anschutz Shareholders Agreement except that the restrictions and obligations apply to Resources and the Resources Voting Securities. See "--Anschutz Shareholders Agreement--Limitations on Disposition" above.

Resources Covenants. The Anschutz/Resources Shareholders Agreement provides that on or prior to the consummation of the Spin-off, the Board of Directors of Resources will take all action necessary to elect a designee of TAC who is not an Affiliate of, and does not have any business relationship with, any of the Shareholders or their Affiliates, and is reasonably acceptable to the Board of Directors of Resources (the "Resources Shareholder Designee") as a director of Resources' Board of Directors. In the event that the Resources Shareholder Designee shall resign, become disabled or be removed as a member of Resources' Board of Directors (except in circumstances, other than item (vi) below, in which the Resources Shareholder Designee was required (including if requested by Resources) to resign as a director pursuant to the terms of the Anschutz/Resources Shareholders Agreement) TAC shall have the right to select a new Resources Shareholder Designee. Shareholders acknowledge that as a condition precedent to the appointment of the Resources Shareholder Designee to Resources' Board of Directors, the Resources Shareholder Designee shall enter into an agreement (the "SD Agreement"), in form and substance satisfactory to Resources and its counsel, to the effect that:

(i) the Resources Shareholder Designee agrees that the Resources Shareholder Designee will not provide, disclose, or otherwise make available, directly or indirectly, any confidential or non-public information relating to Resources or its subsidiaries, including competitively sensitive information, to the Shareholders, or their Affiliates or Representatives;

(ii) the Resources Shareholder Designee will not voluntarily receive, directly or indirectly, any confidential or non-public information relating to any business, company or entity affiliated with any of the Shareholders which competes in any way with, or is a potential competitor of, Resources (a "Competing Business"), and, in the event the Resources Shareholder Designee involuntarily receives, or receives on an unsolicited basis, such confidential or non-public information, the Resources Shareholder Designee agrees to report to Resources the fact that the Resources Shareholder Designee received such information;

(iii) in connection with actions taken as a director of Resources, the Resources Shareholder Designee will not take into account or consider the impact or effect of such actions on the Shareholders (other than in their capacity as shareholders of Resources), their Affiliates or on any Competing Business;

(iv) the Resources Shareholder Designee will not serve as an officer, director or employee of, or become a shareholder, partner or equity investor in, any Competing Business so long as such Resources Shareholder Designee serves as a director of Resources;

(v) none of the Resources Shareholder Designee, any family member of the Resources Shareholder Designee or any person controlled by the Resources Shareholder Designee will have any business relationship with, enter into any arrangements or understandings relating to such business relationship with, or receive any compensation, gifts or other forms of consideration from, the Shareholders or their Affiliates so long as the Resources Shareholder Designee is a director of Resources; and

(vi) the Resources Shareholder Designee, if requested by Resources (A) will immediately resign as a director of Resources in the event that the FTC shall institute, commence, or threaten any action, proceeding or inquiry relating to the Resources Shareholder Designee's position as a director of Resources, provided, that in the event of one or more resignations pursuant to this clause (A), the Shareholders shall have the right in each such event to designate a new Resources Shareholder Designee in accordance with the terms of the Anschutz/Resources Shareholders Agreement; (B) will resign as a director of Resources not later than the next annual meeting of shareholders of Resources in the event that the Shareholders and their Affiliates Beneficially Own less than 4% of Resources' Voting Securities then outstanding, provided, however, that the Anschutz/Resources Shareholders Agreement shall continue in full force and effect until the date of such resignation and (C) will immediately resign if the Shareholders violate or breach any of the material terms

or provisions of the Anschutz/Resources Shareholders Agreement. Notwithstanding any resignation pursuant to clause (C) of the preceding sentence, all of the provisions of the Anschutz/Resources Shareholders Agreement other than those described in this subsection shall continue in full force and effect.

So long as Shareholders and their Affiliates continue to Beneficially Own in excess of 4% of the Resources Voting Securities then outstanding or until the termination of the Anschutz/Resources Shareholders Agreement, Resources shall include the Shareholder Designee in the Board of Directors' slate of nominees for election as directors at Resources' annual meeting of shareholders and shall recommend that the Resources Shareholder Designee be elected as a director of Resources.

So long as a Resources Shareholder Designee serves as a member of the Board of Directors of Resources, Resources agrees that the Shareholder Designee shall serve (subject to the applicable requirements of the FTC, the NYSE or any other security exchange on which the Resources Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers) as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees of the Board (or the three committees having similar functions). Except as otherwise provided in the Anschutz/Resources Shareholders Agreement, upon the termination of the Anschutz/Resources Shareholders Agreement, if requested by Resources, the Resources Shareholder Designee shall resign as a director of Resources' Board of Directors.

The Anschutz/Resources Shareholders Agreement provides that in the event that the Resources Shareholder Designee shall cease to be a member of the Board of Directors by reason of death, disability or resignation (except in circumstances in which TAC shall not have the right to select a new Shareholder Designee as described in the first paragraph under "Resources Covenants" above), Resources shall replace such Resources Shareholder Designee with another Resources Shareholder Designee at the next meeting of the Board of Directors.

The Anschutz/Resources Shareholders Agreement provides that the Resources Shareholder Designee, upon nomination or appointment as a director of Resources, shall agree in writing to comply with the obligations of the Shareholders under the "standstill" restrictions of the Anschutz/Resources Shareholders Agreement referred to under "Standstill and Related Provisions" above and the other obligation of such Resources Shareholder Designee under the Anschutz/Resources Shareholders Agreement.

The Anschutz/Resources Shareholders Agreement provides that without the prior written consent of Shareholders, Resources shall not take or recommend to its shareholders any action which would impose limitations, not imposed on other shareholders of Resources, on the enjoyment by any of Shareholders and their Affiliates of the legal rights generally enjoyed by shareholders of Resources, other than those imposed by the terms of the Anschutz/Resources Shareholders Agreement, the Merger Agreement and the Ancillary Agreements; provided, however, that the foregoing shall not prevent Resources from implementing or adopting a Shareholder Rights Plan or issuing a similar security which has a "trigger" threshold of not less than the greater of 10% of the outstanding shares of Resources Common Stock or the amount then Beneficially Owned by Shareholders not in violation of the Anschutz/Resources Shareholders Agreement.

Termination. The Anschutz/Resources Shareholders Agreement provides that except as otherwise provided therein, the Anschutz/Resources Shareholders Agreement shall terminate on the earliest to occur of (1) the seventh anniversary of the Effective Time, (2) following consummation of the Spin-off, at such time that the Shareholders Beneficially Own, and continue to Beneficially Own, in the aggregate, less than 4% of the Resources Voting Securities then outstanding, it being understood, however, that if the Shareholders at any time Beneficially Own in the aggregate less than 4% of the Resources Voting Securities then outstanding but, prior to the seventh anniversary of the Effective Time, subsequently acquire Beneficial Ownership of any Resources Voting Securities (except pursuant to the provisions in the Anschutz/Resources Shareholders Agreement comparable to clauses (A), (B) or (C) of the parenthetical exception to the first sentence in item (i) under the first paragraph of "Standstill and Related Provisions" under Anschutz Shareholders Agreement above or in an Inadvertent Acquisition) if immediately following such acquisition Shareholders become Beneficial Owners in

the aggregate of more than 4% of the Resources Voting Securities then outstanding, the standstill and limitations on disposition provisions, among others, of the Anschutz/Resources Shareholders Agreement shall be effective and in full force again as if no such termination had occurred and (3) if at any time that the Shareholders Beneficially Own in the aggregate more than 4% of the Resources Voting Securities then outstanding (i) the Resources Shareholder Designee shall not be elected as a director of Resources (other than as a result of a resignation or non-election in accordance with certain provisions of the Anschutz/Resources Shareholders Agreement), (ii) subject to applicable requirements of the FTC, the NYSE or any other security exchange on which the Resources Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers, the Resources Shareholder Designee who is then a director shall not be appointed as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees, respectively, of the Board of Directors of Resources (or committees having similar functions) or (iv) Resources shall have breached its covenant described in the fourth paragraph under "Resources Covenants"; provided that TAC, for itself and on behalf of all other Shareholders, may by written notice to Resources irrevocably elect that, from and after the delivery thereof, the references in this paragraph and in "Resources Covenants" above to "4%" be deleted and replaced by references to "3%".

Registration Rights Agreements

THE FOLLOWING ARE SUMMARIES OF CERTAIN PROVISIONS OF CERTAIN REGISTRATION RIGHTS AGREEMENTS (THE "REGISTRATION RIGHTS AGREEMENTS" AND, TOGETHER WITH THE SHAREHOLDERS AGREEMENTS, THE "ANCILLARY AGREEMENTS") ENTERED INTO IN CONNECTION WITH THE OFFER, THE MERGER AND THE SPIN-OFF. THE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE REGISTRATION RIGHTS AGREEMENTS WHICH ARE INCORPORATED HEREIN BY REFERENCE. CAPITALIZED TERMS NOT OTHERWISE DEFINED HEREIN OR IN THE FOLLOWING SUMMARIES SHALL HAVE THE MEANINGS SET FORTH IN THE APPLICABLE REGISTRATION RIGHTS AGREEMENT.

Pursuant to a Registration Rights Agreement (the "Anschutz/Parent RRA"), dated as of August 3, 1995, by and among Parent, TAC and the Foundation, TAC and the Foundation are granted, subject to the terms and conditions therein specified, three demand and unlimited "piggy-back" registration rights in respect of the shares of Parent Common Stock to be received by them in the Merger. The Anschutz/Parent RRA also provides for, under certain circumstances, indemnification by Parent in favor of TAC and the Foundation and by TAC and the Foundation in favor of Parent with respect to information furnished by Parent and by TAC and the Foundation.

Pursuant to a Registration Rights Agreement (the "Anschutz/Resources RRA"), dated as of August 3, 1995, by and among Resources, TAC and the Foundation, TAC and the Foundation are granted, subject to the terms and conditions therein specified, three demand and unlimited "piggy-back" registration rights in respect of the shares of Resources Common Stock to be received by them in the Spin-off. The Anschutz/Resources RRA also provides for, under certain circumstances, indemnification by Resources in favor of TAC and the Foundation and by TAC and the Foundation in favor of Resources with respect to information furnished by Resources and by TAC and the Foundation.

Pursuant to a Registration Rights Agreement (the "Purchaser/Company RRA"), dated as of August 3, 1995, by and among Purchaser and the Company, Purchaser is granted, subject to the terms and conditions therein specified, six demand and unlimited "piggy-back" registration rights in respect of the Shares to be purchased pursuant to the Offer. The Purchaser/Company RRA also provides, under certain circumstances, for indemnification by the Company in favor of Purchaser and by Purchaser in favor of the Company with respect to information furnished by the Company and by Purchaser.

Voting Trust Agreement.

Pursuant to a proposed Voting Trust Agreement (the "Voting Trust Agreement"), dated as of August 3, 1995, by and among Parent, Purchaser and Southwest Bank of St. Louis, a Missouri banking corporation (the "Trustee"), the Trustee has agreed to act as trustee in respect of the Voting Trust. In such capacity, the Trustee will vote all Shares (the "Trust Stock") acquired by Purchaser in the Offer to approve the Merger, in favor of

any proposal necessary to effectuate Parent's acquisition of the Company pursuant to the Merger Agreement, and, so long as the Merger Agreement is in effect subject to certain exceptions, against any other proposed merger, business combination or similar transaction involving the Company. On other matters (including the election or removal of directors), the Trustee will vote the Trust Stock in the same proportion as all other Shares are voted with respect to such matters. See "--Parent Shareholders Agreement--Limitations on Disposition" for a description of the provisions of the Parent Shareholders Agreement concerning dispositions.

Pending the termination of the Voting Trust, the Trustee shall pay over to Purchaser all cash dividends and cash distributions paid on the Trust Stock.

The Voting Trust Agreement provides that the Voting Trust is subject to the rights of Parent provided in the Parent Shareholders Agreement with respect to the disposition of the Trust Stock. The Trustee has agreed to take all actions reasonably requested by Parent with respect to any proposed sale or disposition of the Trust Stock by Purchaser, including, without limitation, in connection with the exercise of rights under the Merger Agreement, the Purchaser/Company RRA and the Parent Shareholders Agreement. Upon (i) approval or exemption by the ICC of the Transactions or a similar transaction between the Company and UPRR, Parent or any of their affiliates or (ii) if the law is amended, delivery to the Trustee of an opinion of independent legal counsel that no ICC or other governmental approval is required, the Trustee shall either transfer the Trust Stock to Purchaser or, if stockholder approval of the Merger has not previously been obtained, vote the Trust Stock in favor of the Merger.

In the event that the Merger Agreement terminates in accordance with its terms or the condition set forth in Section 6.2(c) (ICC approval or exemption from approval of the Merger) of the Merger Agreement is not satisfied or waived by Parent and Purchaser, Parent has agreed to use its best efforts, consistent with its rights under and subject to the terms of the Parent Shareholders Agreement and the Purchaser/Company RRA, to sell the Trust Stock to one or more eligible purchasers, to sell or distribute the Trust Stock in a public offering made under the Securities Act of 1933, to distribute such Trust Stock to stockholders of Parent, or otherwise to dispose of the Trust Stock within two years. Such disposition shall be subject to any jurisdiction of the ICC to oversee Parent's divestiture of Trust Stock. The Trustee would continue to perform its duties under the Voting Trust Agreement and, should Parent be unsuccessful in its efforts to sell or distribute the Trust Stock during the two-year period, the Trustee, subject to the terms of the Parent Shareholders Agreement, shall as soon as practicable sell the Trust Stock for cash to one or more eligible purchasers in such manner and for such price as the Trustee in its discretion shall deem reasonable after consultation with Parent. (An "eligible purchaser" thereunder shall be a person or entity that is not affiliated with Parent and which has all necessary regulatory authority, if any, to purchase the Trust Stock.) The Voting Trust Agreement further provides that Parent would cooperate with the Trustee in effecting such disposition and that the Trustee would act in accordance with any direction made by Parent as to any specific terms or method of disposition, to the extent not inconsistent with the requirements of the terms of any ICC or court order. The proceeds of the sale would be distributed to Parent.

The Voting Trust Agreement also provides that if the ICC issues an order that termination of the Voting Trust will not cause Parent or its affiliates to control the Company, the Trustee will transfer the Trust Stock to Purchaser and the Voting Trust shall terminate.

The Voting Trust Agreement provides that the Trustee shall receive reasonable and customary compensation and indemnification from Parent and Purchaser.

Pursuant to the Merger Agreement, the Voting Trust Agreement may not be modified or amended without the prior written approval of the Company unless such modification or amendment is not inconsistent with the Merger Agreement or the Ancillary Agreements and is not adverse to the Company or its stockholders.

Parent has requested the staff of the ICC to render an informal written opinion that the use of the Voting Trust is consistent with the policies of the ICC. See "THE OFFER--Certain Legal Matters; Regulatory Approvals".

Dissenters' Rights

In accordance with the United States Supreme Court decision, Schwabacher v. United States, 334 U.S. 192 (1948), stockholders of the Company will not have any dissenters' rights under state law, unless the ICC (or any successor agency) or a court of competent jurisdiction determines that state-law dissenters' rights are available to holders of Shares. Parent considers it unlikely that the ICC or a court will determine that state-law dissenters' rights are available to holders of Shares. As part of the approval of the Merger, Parent and the Company intend to seek a determination of the ICC that the terms of the Merger are just and reasonable. It is Parent's and the Company's understanding that upon the issuance of such a determination, state-law dissenters' rights will be pre-empted. Stockholders of the Company will have an opportunity to participate in this ICC proceeding.

If dissenters' rights are available to holders of Shares, such rights will be provided in accordance with Section 262 of the DGCL which generally provides that any holder of Shares at the Effective Time who does not wish to accept the consideration paid pursuant to the Merger has the right to seek an appraisal and be paid the "fair value" of its Shares at the Effective Time (exclusive of any element of value arising from the accomplishment or expectation of the Merger) judicially determined and paid to them in cash provided that such holder complies with the provisions of Section 262 of DGCL.

Appraisal rights cannot be exercised at this time. Stockholders who will be entitled to appraisal rights, if any, in connection with the Merger (or similar business combination) will receive additional information concerning any available appraisal rights and the procedures to be followed in connection therewith before such stockholders have to take any action relating thereto.

Stockholders who sell shares in the Offer will not be entitled to exercise any appraisal rights with respect to Shares purchased but, rather, will receive the Offer Price.

14. DIVIDENDS AND DISTRIBUTIONS. If, on or after the date of the Merger Agreement, the Company should (i) split, combine or otherwise change the Shares or its capitalization, (ii) issue or sell any additional securities of the Company or otherwise cause an increase in the number of outstanding securities of the Company (except for Shares issuable upon the vesting of previously granted awards under the EIP) or (iii) acquire currently outstanding Shares or otherwise cause a reduction in the number of outstanding Shares, then, without prejudice to Purchaser's rights under Sections 1 and 15, Purchaser, in its sole discretion, may make such adjustments as it deems appropriate in the purchase price and other terms of the Offer and the Merger, including, without limitation, the amount and type of securities offered to be purchased.

If, on or after the date of the Merger Agreement, the Company should declare or pay any dividend on the Shares or make any distribution (including, without limitation, the issuance of additional Shares pursuant to a stock dividend or stock split, the issuance of other securities or the issuance of rights for the purchase of any securities) with respect to the Shares that is payable or distributable to stockholders of record on a date prior to the transfer to the name of Purchaser or its nominee or transferee on the Company's stock transfer records of the Shares purchased pursuant to the Offer, then, without prejudice to Purchaser's rights under Sections 1 and 15, (i) the purchase price per Share payable by Purchaser pursuant to the Offer will be reduced by the amount of any such cash dividend or cash distribution and (ii) any such non-cash dividend, distribution or right to be received by the tendering stockholders will be received and held by such tendering stockholders for the account of Purchaser and will be required to be promptly remitted and transferred by each such tendering stockholder to the Depositary for the account of Purchaser, accompanied by appropriate documentation of transfer. Pending such remittance and subject to applicable law, Purchaser will be entitled to all rights and privileges as owner of any such non-cash dividend, distribution or right and may withhold the entire purchase price or deduct from the purchase price the amount of value thereof, as determined by Purchaser in its sole discretion.

The Company has agreed in the Merger Agreement that it will not pay any dividends on the Shares prior to the Merger.

15. CONDITIONS OF THE OFFER. Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) Purchaser's rights to extend and amend the Offer at any time in its sole discretion (subject to the provisions of the Merger Agreement), Purchaser shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to Purchaser's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction referred to above, the payment for, any tendered Shares, and may terminate the Offer as to any Shares not then paid for, if (1) Purchaser does not receive prior to the expiration of the Offer an informal written opinion in form and substance satisfactory to Purchaser from the staff of the ICC, without the imposition of any conditions unacceptable to Purchaser, that the use of the Voting Trust is consistent with the policies of the ICC against unauthorized acquisitions of control of a regulated carrier, (2) Purchaser does not receive prior to the expiration of the Offer an informal statement from the Premerger Notification Office of the FTC either that (i) no review of the Offer, the Merger and the transactions contemplated by the Ancillary Agreements will be undertaken pursuant to the HSR Act, or (ii) the transactions contemplated by the Offer, the Merger and the transactions contemplated by the Ancillary Agreements are not subject to the HSR Act, or in the absence of the receipt of such informal statement referred to in clause (i) or (ii) above, any applicable waiting period under the HSR Act shall have expired or been terminated prior to the expiration of the Offer (see Section 16), or (3) at any time on or after August 3, 1995 and prior to the acceptance for payment of Shares, any of the following events shall occur or shall be determined by Purchaser to have occurred:

(a) there shall be instituted, pending or threatened any action or proceeding by any government or governmental authority or agency, domestic or foreign, (i) challenging or seeking to make illegal, to delay materially or otherwise directly or indirectly to restrain or prohibit the making of the Offer, the acceptance for payment of or payment for some of or all the Shares by Parent, UPRR or Purchaser or the consummation by Parent, UPRR or Purchaser of the Merger, seeking to obtain material damages relating to the Merger Agreement, the Ancillary Agreement or any of the transactions contemplated thereby or otherwise seeking to prohibit directly or indirectly the transactions contemplated by the Offer or the Merger, or challenging or seeking to make illegal the transactions contemplated by the Ancillary Agreements or otherwise directly or indirectly to restrain, prohibit or delay the transactions contemplated by the Ancillary Agreements, (ii) except for the Voting Trust, seeking to restrain, prohibit or delay Parent's, UPRR's, Purchaser's or any of their subsidiaries' ownership or operation of all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, or to compel Parent or any of its subsidiaries to dispose of or hold separate all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, (iii) except for the Voting Trust, seeking to impose or confirm material limitations on the ability of Parent, UPRR, Purchaser or any of their subsidiaries or affiliates effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote any Shares acquired or owned by Parent, UPRR, Purchaser or any of their subsidiaries on all matters properly presented to the Company's stockholders in accordance with the terms of the Parent Stockholder Agreement, or (iv) seeking to require divestiture by Parent or Purchaser or any of their subsidiaries of any Shares; or

(b) there shall be any action taken, or any statute, rule, regulation, injunction, order or decree enacted, enforced, promulgated, issued or deemed applicable to the Offer or the Merger, by or before any court, government or governmental authority or agency, domestic or foreign to the Offer or the Merger, that, directly or indirectly, results in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above; or

(c) there shall have occurred (i) any general suspension of trading in securities on any national securities exchange or in the over-the-counter market, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (iii) any limitation (whether or not mandatory) by any United States governmental authority or agency on the extension of credit by banks or other financial institutions or (iv) in the case of any of the situations described in clauses (i) through (iii) inclusive, existing at the date of the commencement of the Offer, a material acceleration or worsening thereof; or

(d) there shall have occurred any event, change or effect which has, or would be reasonably likely to have, individually or in the aggregate (after taking into account the proceeds of insurance coverage), a material adverse effect on the financial condition, businesses, results of operations, assets, liabilities or properties of the Company and its Subsidiaries taken as a whole as a result of or arising out of "force majeure" (where "force majeure" shall mean any act of God (including, without limitation, earthquake, hurricane, flood, tornado or fire)), accident, damage to or destruction of facilities, properties or assets (tangible or intangible), war, civil disturbance, national calamity (excluding an economic crisis in and of itself) or acts of terrorism; or

(e) Parent, UPRR or Purchaser shall have otherwise learned that (i) any person, entity or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act), other than Parent or its Subsidiaries, the Shareholders, or any group of which any of them is a member, shall have acquired beneficial ownership (determined pursuant to Rule 13d-3 promulgated under the Exchange Act) of more than 25% of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of more than 25% of any class or series of capital stock of the Company (including the Shares) other than as disclosed in a Schedule 13D on file with the SEC on August 3, 1995; or (ii) any such person, entity or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act), other than Parent or its Subsidiaries, or the Shareholders, which, prior to August 3, 1995, had filed a Schedule 13D with the SEC, shall have acquired or proposed to acquire beneficial ownership of additional shares of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, constituting 1% or more of any such class or series, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of additional shares of any class or series of capital stock of the Company (including the Shares) constituting 1% or more of any such class or series; or

(f) a tender or exchange offer for some or all of the Shares shall have been publicly proposed to be made or shall have been made by another person and prior to the expiration of the Offer there shall not have been validly tendered and not withdrawn at least 39,034,471 Shares; or

(g) the Board of Directors of the Company shall have withdrawn, modified or changed in a manner adverse to Parent or Purchaser its approval or recommendation of the Merger Agreement, the Offer or the Merger or shall have recommended a Takeover Proposal or other business combination, or the Company shall have entered into an agreement in principle (or similar agreement) or definitive agreement providing for a Takeover Proposal (as defined in the Merger Agreement) or other business combination with a person or entity other than Parent, Purchaser or their Subsidiaries (or the Board of Directors of the Company resolves to do any of the foregoing); or

(h) the Company shall have breached or failed to observe or perform in any material respect any of its covenants or agreements under the Merger Agreement, or any of the representations and warranties of the Company set forth in the Merger Agreement shall not be true and accurate both when made and, in the case of the representations set forth in Sections 3.10(b) (compliance with law) and 3.11 (no defaults) of the Merger Agreement at any time prior to consummation of the Offer, as if made at and as of such time, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), does not have, and is not likely to have, individually or in the aggregate, a material adverse effect on the Company and its Subsidiaries taken as a whole; or

(i) the Merger Agreement shall have been terminated in accordance with its terms; or

(j) any party to the Ancillary Agreements other than Purchaser and Parent shall have breached or failed to perform any of its agreements under such agreements or breached any of its representations and warranties in such agreements or any such agreement shall not be valid, binding and enforceable, except for such breaches or failures or failures to be valid, binding and enforceable that do not materially and adversely affect the benefits expected to be received by Parent and Purchaser under the Anschutz Shareholders Agreement, the Purchaser/Company RRA, the Merger Agreement and the Ancillary Agreements; or

(k) Purchaser or Parent shall have breached or failed to perform any of its agreements under the Parent Stockholders Agreement or breached any of its representations and warranties in such agreement or such agreement shall not be valid, binding and enforceable, except for such breaches or failures or failures to be valid, binding and enforceable that do not materially and adversely affect the benefits expected to be received by the Company under such agreement;

which, in the sole judgment of Parent or Purchaser in any such case, and regardless of the circumstances (including any action or omission by Parent or Purchaser) giving rise to any such condition, makes it inadvisable to proceed with such acceptance for payment or payment.

The foregoing conditions are for the sole benefit of Parent and Purchaser and may be asserted by Parent or Purchaser regardless of the circumstances giving rise to any such condition or may be waived by Parent or Purchaser in whole or in part at any time and from time to time in their reasonable discretion. The failure by Parent or Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right that may be asserted at any time and from time to time.

The Merger Agreement provides that, without the written consent of the Company, Purchaser will not waive the condition set forth in paragraph (k) above, and further provides that Purchaser shall waive the condition set forth in paragraph (k) above if directed by the Company.

16. CERTAIN LEGAL MATTERS; REGULATORY APPROVALS.

General. Except as otherwise disclosed herein, based on representations and warranties made by the Company in the Merger Agreement and a review of publicly available information by the Company with the SEC, none of Purchaser, UPRR or Parent is aware of (i) any license or regulatory permit that appears to be material to the business of the Company and its subsidiaries, taken as a whole, that might be adversely affected by the acquisition of Shares by Parent, Purchaser or UPRR pursuant to the Offer or the Merger, respectively, or (ii) any approval or other action by any governmental, administrative or regulatory agency or authority, domestic or foreign, that would be required for the acquisition or ownership of Shares by Parent, Purchaser or UPRR as contemplated herein. Should any such approval or other action be required, Parent, Purchaser and UPRR currently contemplate that such approval or action would be sought. While Purchaser does not currently intend to delay the acceptance for payment of Shares tendered pursuant to the Offer pending the outcome of any such matter, there can be no assurance that any such approval or action, if needed, would be obtained or would be obtained without substantial conditions or that adverse consequences might not result to the business of the Company, Purchaser, UPRR or Parent or that certain parts of the businesses of the Company, Purchaser, UPRR or Parent might not have to be disposed of in the event that such approvals were not obtained or any other actions were not taken. Purchaser's obligation under the Offer to accept for payment and pay for Shares is subject to certain conditions. See Section 15.

Antitrust. Under the HSR Act and the rules that have been promulgated thereunder by the FTC, certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the FTC and certain waiting period requirements have been satisfied. The notice and waiting period requirements of the HSR Act do not apply to the affiliation of Parent's and the Company's ICC-regulated railroad operations, provided that information and documentary material filed with the ICC in connection with the seeking of ICC approval of the affiliation of such operations are contemporaneously filed with the Antitrust Division and the FTC. Parent intends to comply with these contemporaneous filing requirements and therefore believes that the notice and waiting period requirements do not apply to the Transactions. Parent, UPRR and the Purchaser believe that the Offer is not subject to the HSR Act. Parent, UPRR and the Purchaser requested the FTC to confirm this understanding and counsel for Parent has been orally advised by the Premerger Notification Office of the FTC that the Offer and the Merger are exempt from the HSR Act. Accordingly, Parent currently expects that the HSR Condition will be satisfied. See Section 15.

ICC Matters; The Voting Trust. Certain activities of subsidiaries of the Company are regulated by the ICC. Provisions of the Interstate Commerce Act require approval of, or the granting of an exemption from approval by, the ICC for the acquisition of control of two or more carriers subject to the jurisdiction of the ICC ("Carriers") by a person that is not a Carrier and for the acquisition or control of a Carrier by a person that is not a Carrier but that controls any number of Carriers. ICC approval or exemption is required for, among other things, Purchaser's acquisition of control of the Company. Parent and Purchaser do not believe that ownership by Purchaser of the Shares to be purchased pursuant to the Offer would give Parent and its affiliates control of the Company and its affiliates. Nonetheless, Purchaser intends to deposit the Shares purchased pursuant to the Offer in the Voting Trust in order to ensure that Parent and its affiliates do not acquire and directly or indirectly exercise control over the Company and its affiliates prior to obtaining necessary ICC approvals or exemptions. ICC approval of the proposed Merger is not a condition to the Offer. The Offer is conditioned upon the issuance by the staff of the ICC of an informal, non-binding opinion, without the imposition of any conditions unacceptable to Purchaser, that the use of the Voting Trust is consistent with the policies of the ICC against unauthorized acquisitions of control of a regulated carrier. Parent and UPRR have requested the staff of the ICC to issue such an opinion. Under ICC regulations that have been in effect since 1979, the ICC staff has the power to issue such opinions. The proposed Voting Trust Agreement is modelled closely upon voting trust agreements that have been approved by the ICC. However, there can be no assurance that the ICC will not seek changes in, or request public comment regarding, the Voting Trust Agreement. See "THE OFFER--The Merger Agreement; Shareholders Agreements; Registration Rights Agreements; Other Agreements--Voting Trust Agreement."

It is possible that railroad competitors of UPRR and SPT, or others, may argue that Purchaser should not be permitted to use the voting trust mechanism to acquire Shares prior to final ICC approval of the acquisition of control of the Company. Purchaser believes it is unlikely that such arguments would prevail, but there can be no assurance in this regard, nor can there be any assurance that if such arguments are made, it will not cause delay in obtaining a favorable ICC staff opinion regarding the Voting Trust Agreement.

Pursuant to the terms of the Voting Trust Agreement, it is expected that the Trustee would hold such Shares until (i) the receipt of ICC approval, (ii) the Shares are sold to a third party or otherwise disposed of, or (iii) the Voting Trust is otherwise terminated. The Voting Trust Agreement that has been submitted to the staff of the ICC for approval provides that Trustee will have sole power to vote the Shares in the Trust, will vote those Shares in favor of the Merger and so long as the Merger Agreement is in effect against any other acquisition transaction, will vote the Shares in favor of any permitted disposition of the Shares and, on all other matters, will vote the Shares in proportion to the vote of all other stockholders of the Company. The Voting Trust Agreement contains certain other terms and conditions designed to ensure that neither Purchaser nor Parent will control the Company during the pendency of the ICC proceedings. In addition, the Voting Trust Agreement provides that Purchaser or its successor in interest will be entitled to receive any dividends paid by the Company other than stock dividends.

ICC Matters; Acquisition of Control. Set forth below is information relating to approval by the ICC of the acquisition of control over the Company by Parent, UPRR and Purchaser. On or before December 1, 1995, Parent, the Company and various of their affiliates plan to file an application (the "ICC Application") seeking approval of the ICC for the acquisition of control over the Company and its affiliates by Parent and its affiliates, the Merger, and related transactions. Under applicable law and regulations, the ICC will hold a public hearing on such application, unless it determines that a public hearing is not necessary in the public interest. In ruling on the ICC Application, it is expected that the ICC will consider at least the following: (a) the effect of the proposed control transaction on the adequacy of transportation to the public; (b) the effect on the public interest of including, or failing to include, other carriers in the area served by the railroad operations of Parent and the Company; (c) the total fixed charges that would result from the proposed control transaction; (d) the interests of carrier employees affected by the proposed control transaction; and (e) whether the proposed control transaction would have an adverse effect on competition among ICC-regulated carriers in the affected region. The ICC has the authority to impose conditions on its approval of a control transaction to alleviate competitive or other

concerns. If such conditions are imposed, the applicants can elect to consummate the control transaction subject to the conditions or can elect not to consummate the transaction. Parent has indicated a willingness to accept conditions to preserve rail competition where UPRR and SPT are the only rail competitors. See Section 13. The obligations of Parent, UPRR and Purchaser to consummate the Merger are conditioned upon, among other things, the issuance by the ICC or any Similar Successor (as defined in the Merger Agreement) of a decision (which decision shall not have been stayed or enjoined) that (A) constitutes a final order approving, exempting or otherwise authorizing consummation of the Merger and all other transactions contemplated by the Merger Agreement and the Ancillary Agreements (or subsequently presented to the ICC or a Similar Successor by agreement of Parent and the Company) as may require such authorization and (B) does not (1) change or disapprove of the Merger Consideration (as defined in the Merger Agreement) or other material provisions of Article II of the Merger Agreement or (2) impose on Parent, the Company or any of their respective Subsidiaries (as defined in the Merger Agreement) any other terms or conditions (including, without limitation, labor protective provisions but excluding conditions heretofore imposed by the ICC in New York Dock Railway--Control--Brooklyn Eastern District, 360 I.C.C. 60 (1979)) that materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by the Merger Agreement. There is no assurance that ICC approval will be obtained or obtained on terms that would be acceptable to Parent. See "Merger Agreements; Shareholders Agreements; Registration Rights Agreements; Other Agreements--Merger Agreement-Conditions to the Merger."

Three of the five factors listed above are, in Parent's view, unlikely to affect whether the ICC Application is approved by the ICC. As to factor (b)--inclusion of other carriers--the ICC disfavors this remedy, it has rarely been requested, and Parent believes it is unlikely to be requested by any railroad in a Parent/Company proceeding. As to factor (c)--effect on fixed charges--the capital structure of the resulting company will be sufficiently strong that this factor is unlikely, in Parent's view, to be given weight by the ICC in deciding whether to approve a combination of the Company and Parent. As to factor (d)--the interest of affected carrier employees--the ICC has adopted a standard set of labor protective conditions--the New York Dock conditions referred to above--which it imposes in rail merger and control transactions, and Parent expects that those conditions would be imposed upon a merger of Parent and the Company and that this would not affect approval of the transaction.

The remaining two factors--factor (a)--effect on the adequacy of transportation--and factor (e)--effect on rail competition--are reflected in the public interest balancing test that the ICC applies in reviewing railroad mergers like the proposed combination of Parent and the Company. On the one hand, the ICC considers the public benefits of the transaction in terms of better service to shippers, efficiencies, cost savings and the like. On the other hand, the ICC considers any public harms from the transaction. The principal harm of concern to the ICC, and the principal issue that is likely to be raised by parties opposing approval of a merger of UPRR and the Company or seeking the imposition of conditions thereto, is reduction in competition. In applying the public interest balancing test, the ICC is guided by Congress' intent to encourage mergers, consolidations, and joint use of facilities that tend to rationalize and improve the Nation's rail system.

Parent intends to present to the ICC its case that the acquisition of control of the Company satisfies the public interest balancing test. First, Parent will seek to show that a combination of the Company and Parent has significant public benefits. Second, Parent will seek to show that a combination of the Company and Parent, especially with competition-preserving conditions that Parent is prepared to agree to, will have no significant adverse effect on rail competition, and indeed will strengthen such competition. While Parent will seek to present a highly persuasive case, there can be no assurance that the ICC Application will not be denied, or will not be granted subject to conditions that are so onerous that the Merger is not consummated.

Under existing law, the ICC is generally required to enter a final order with respect to the ICC Application within approximately 31 months after such application is filed. However, the ICC can process such cases more quickly, and has published proposed regulations under which a decision would be issued within six months of

the filing of the ICC Application. Parent, the Company and various of their affiliates have asked the ICC to adopt a six-month schedule for processing the ICC Application, based on the schedule that the ICC adopted in the recent Burlington Northern/Santa Fe proceeding. Parent believes it is likely that the schedule it has proposed, or a schedule generally similar to it, will be adopted. Under existing law, other railroads and other interested parties may seek to intervene to oppose the ICC Application or to seek protective conditions in the event approval by the ICC is granted. In addition, any appeals from the ICC final order might not be resolved for a substantial period of time after the entry of such order by the ICC.

It is possible that the ICC will cease to exist before a decision is rendered on the ICC Application. Both the Administration and leading members of Congress have proposed that the ICC be abolished in the near future, and various proposals are under consideration as to the creation of a successor agency and the disposition of various ICC functions. Parent believes that the likely outcome is that the present statutory public interest standard for the review of railroad control transactions will be retained and the review function will be transferred to an independent agency within the United States Department of Transportation. In this event, Parent would expect the timing and substance of the review of the ICC Application to be largely unaffected. However, there are a number of other possibilities, including the repeal of the public interest standard and the subjection of railroad control transactions to the antitrust laws, notwithstanding the previous advice from the FTC (described above) under current law that the Transactions are exempt from the HSR Act. There can be no assurance that these other possibilities will not come to pass, or as to the terms upon which, or whether, the acquisition would receive government approval in that event. The obligations of Parent, UPRR and Purchaser to consummate the Merger are subject to the condition that, among other things, that no successor to the ICC (other than a Similar Successor) shall have required any divestiture, hold separate, or other restriction or action in connection with the expiration or termination of any waiting period applicable to the Merger Agreement and the transactions contemplated thereby, or in connection with any other action by or in respect of or filing with such successor, that would materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by the Merger Agreement.

Pending receipt of the ICC approval, it is expected that the business and operations of the Company will be conducted in the usual and ordinary course of business, and the Company's employees and management will continue in their present positions.

State Takeover Statutes. As a Delaware corporation, the Company is subject to Section 203 ("Section 203") of the DGCL. Section 203 would prevent an "Interested Stockholder" (generally defined as a person beneficially owning 15% or more of a corporation's voting stock) from engaging in a "Business Combination" (as defined in Section 203) with a Delaware corporation for three years following the date such person became an Interested Stockholder unless: (i) before such person became an Interested Stockholder, the board of directors of the corporation approved the transaction in which the Interested Stockholder became an Interested Stockholder or approved the Business Combination, (ii) upon consummation of the transaction which resulted in the Interested Stockholder becoming an Interested Stockholder, the Interested Stockholder owned at least 85% of the voting stock of the corporation outstanding at the time that the transaction commenced (excluding stock held by directors who are also officers and by employee stock ownership plans that do not allow plan participants to determine confidentially whether to tender shares) or (iii) following the transaction in which such person became an Interested Stockholder, the Business Combination is (x) approved by the board of directors of the corporation and (y) authorized at a meeting of stockholders by the affirmative vote of the holders of at least 66 2/3% of the outstanding voting stock of the corporation not owned by the Interested Stockholder. In accordance with the provisions of Section 203, the Board has approved the transactions contemplated by the Merger Agreement and the Ancillary Agreements, including Purchaser's acquisition of Shares pursuant to the Offer. Accordingly, the transactions contemplated by the Merger Agreement and the Ancillary Agreements, including Purchaser's acquisition of Shares pursuant to the Offer, are exempt from the provisions of Section 203.

A number of other states have adopted laws and regulations applicable to attempts to acquire securities of corporations which are incorporated, or have substantial assets, stockholders, principal executive offices or principal places of business, or whose business operations otherwise have substantial economic effects, in such states. In 1982, in Edgar v. MITE Corp., the Supreme Court of the United States invalidated on constitutional

grounds the Illinois Business Takeover Statute, which, as a matter of state securities law, made takeovers of corporations meeting certain requirements more difficult. However, in 1987 in CTS Corp. v. Dynamics Corp. of America, the Supreme Court held that the State of Indiana may, as a matter of corporate law, and, in particular, with respect to those aspects of corporate law concerning corporate governance, constitutionally disqualify a potential acquiror from voting on the affairs of a target corporation without the prior approval of the remaining stockholders. The state law before the Supreme Court was by its terms applicable only to corporations that had a substantial number of stockholders in the state and were incorporated there.

The Company, directly or through subsidiaries, conducts business in a number of states throughout the United States, some of which have enacted takeover laws. Purchaser does not know whether any of these laws will, by their terms, apply to the Offer and has not complied with any such laws. Should any person seek to apply any state takeover law, Purchaser will take such action as then appears desirable, which may include challenging the validity or applicability of any such statute in appropriate court proceedings. In the event it is asserted that one or more state takeover laws is applicable to the Transaction, and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer, Purchaser and/or UPRR might be required to file certain information with, or receive approvals from, the relevant state authorities. In addition, if enjoined, Purchaser might be unable to accept for payment any Shares tendered pursuant to the Offer, or be delayed in continuing or consummating the Offer. In such case, Purchaser may not be obligated to accept for payment any Shares tendered. See Section 15.

17. FEES AND EXPENSES. CS First Boston is acting as the Dealer Manager in connection with the Offer and is acting as financial advisor to Parent in connection with its acquisition of the Company. Parent has agreed to pay CS First Boston for its services an announcement fee of $2 million (the "Announcement Fee"), payable upon the first public announcement of the Transaction, a tender offer fee payable in connection with the Offer, based upon the aggregate consideration paid in the Offer, but in an amount not to exceed $3 million (the "Tender Offer Fee"), and a transaction fee payable in connection with the Parent's proposed acquisition of the Company, based upon the size of such transaction, but in an amount not to exceed $12 million (the "Transaction Fee"), 75% of which is payable upon the acquisition of beneficial ownership of 50% or more of the outstanding Common Stock, with the balance payable upon closing of the Merger. Any portion of the Announcement Fee and the Tender Offer Fee paid prior to the consummation of Parent's acquisition of the Company will be fully credited against the Transaction Fee. If the Merger is consummated CS First Boston will receive an aggregate fee of $12 million. Parent has agreed to reimburse CS First Boston for its reasonable out-of-pocket expenses, including the fees and expenses of its legal counsel, incurred in connection with its engagement, and to indemnify CS First Boston and certain related persons against certain liabilities and expenses in connection with its engagement, including certain liabilities under the federal securities laws. Parent has also agreed that CS First Boston will have a right of first opportunity for an 18-month period to act as Parent's exclusive financial advisor, to the extent Parent elects to engage a financial advisor, in connection with (i) any dispositions or divestitures of the assets or securities of the Company acquired in the Transaction or (ii) any transactions regarding trackage, haulage or other operating rights resulting from the Transaction, with fees and other conditions of any such future transactions to be mutually agreed upon.

CS First Boston has rendered various investment banking and other advisory services to Parent and its affiliates in the past and is expected to continue to render such services, for which it has received and will continue to receive customary compensation from Parent and its affiliates. In the ordinary course of business, CS First Boston and its affiliates may actively trade the debt and equity securities of Parent and its affiliates and the Company for their own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Purchaser has retained D.F. King & Co., Inc. to act as the Information Agent in connection with the Offer. The Information Agent may contact holders of Shares by mail, telephone, facsimile, telegraph and personal interviews and may request brokers, dealers and other nominee stockholders to forward materials relating to the Offer to beneficial owners of Shares. The Information Agent will receive reasonable and customary

compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith, including certain liabilities under the federal securities laws.

In addition, Citibank, N.A. has been retained as the Depositary. The Depositary has not been retained to make solicitations or recommendations in its role as Depositary. The Depositary will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith, including certain liabilities under the federal securities laws.

Except as set forth above, Purchaser will not pay any fees or commissions to any broker or dealer or any other person for soliciting tenders of Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies will, upon request only, be reimbursed by Purchaser for customary mailing and handling expenses incurred by them in forwarding material to their customers.

18. MISCELLANEOUS.

Purchaser is not aware of any jurisdiction where the making of the Offer is prohibited by any administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of the Shares pursuant thereto, Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, Purchaser cannot comply with any such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by one or more registered brokers or dealers which are licensed under the laws of such jurisdiction.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF PARENT, UPRR OR PURCHASER NOT CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

Parent, UPRR and Purchaser have filed with the SEC the Schedule 14D-1, together with exhibits, pursuant to Rule 14d-3 of the General Rules and Regulations under the Exchange Act, furnishing certain additional information with respect to the Offer. The Schedule 14D-1, and any amendments thereto, may be inspected at, and copies may be obtained from, the same places and in the same manner as set forth in Section 8 (except that they will not be available at the regional offices of the SEC).

UP Acquisition Corporation

August 9, 1995

Facsimile copies of the Letter of Transmittal, properly completed and duly signed, will be accepted. The Letter of Transmittal, certificates for the Shares and any other required documents should be sent by each stockholder of the Company or his broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below:

The Depositary for the Offer is:

CITIBANK, N.A.

By Mail:	By Overnight Delivery:	By Hand:
Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 1429 Paramus, New Jersey 07653	Citibank, N.A. c/o Citicorp Data Distribution, Inc. 404 Sette Drive Paramus, New Jersey 07652	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
Answerback: CDDI PARA

Confirm by Telephone:
(800) 422-2066

Any questions or requests for assistance or additional copies of the Offer to Purchase, the Letter of Transmittal and the 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 or trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

D.F. KING & CO., INC.

77 Water Street
New York, New York 10005
(Call Toll Free) 1-800-697-6974
or (212) 269-5550 (call collect)

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)

SCHEDULE I

INFORMATION CONCERNING THE DIRECTORS AND EXECUTIVE OFFICERS OF PARENT, UPRR AND PURCHASER

1. Directors and Executive Officers of Parent. Set forth below is the name, current business address, citizenship and the present principal occupation or employment and material occupations, positions, offices or employments for the past five years of each director and executive officer of Parent. Unless otherwise indicated, each person identified below is employed by Parent. The principal address of Parent and, unless otherwise indicated below, the current business address for each individual listed below is Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018. Directors are identified by an asterisk. Each such person is a citizen of the United States.

NAME AND CURRENT BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
*Drew Lewis	Chairman and Chief Executive Officer of Parent. Director, American Express Company, AT&T Corp., Ford Motor Company, FPL Group, Inc., Gannett Co., Inc.
*L. White Matthews, III	Executive Vice President-Finance of Parent; Chief Financial Officer of UPRR.
Ursula F. Fairbairn	Senior Vice President-Human Resources of Parent since April 1990; Vice President--Employee Relations of UPRR; prior to April 1990, Mrs. Fairbairn served as Director of Education and Management Development for International Business Machines Corporation.
Carl W. von Bernuth	Senior Vice President and General Counsel of Parent since September 1991; Vice President and General Counsel of UPRR; prior to September 1991, Mr. von Bernuth served as Vice President and General Counsel of Parent.
Charles E. Billingsley	Vice President and Controller of Parent since January 1990; Chief Accounting Officer of UPRR; prior to January 1990, Mr. Billingsley served as Controller of Parent.
*Richard K. Davidson 1416 Dodge Street Omaha, NE 68179	President of Parent; Chairman and Chief Executive Officer of UPRR. It has been announced that Mr. Davidson will become Chief Operating Officer of Parent no later than January 1, 1996 and will retain his position as President of Parent.
John E. Dowling	Vice President-Corporate Development of Parent and UPRR since January 1990; prior thereto, Mr. Dowling served as Vice President-Financial Administration of Parent.
John B. Gremillion, Jr.	Vice President-Taxes of Parent and UPRR since February 1992; prior to February 1992, Mr. Gremillion, Jr. served as Director of Taxes of Parent.

NAME AND CURRENT BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
Mary E. McAuliffe 555 13th Street, N.W. Suite 450W Washington, DC 20004	Vice President-External Relations of Parent since December 1991; prior thereto, Ms. McAuliffe served as Director-Washington Affairs, Transportation and Tax Parent.
Gary F. Schuster	Vice President-Corporate Relations of Parent.
Gary M. Stuart	Vice President and Treasurer of Parent since December 1989; Treasurer of UPRR; prior to January 1990, Mr. Stuart served as Treasurer of Parent.
Judy L. Swantak	Vice President and Corporate Secretary of Parent since September 1991; Secretary of UPRR; from March 1990 to September 1991, Mrs. Swantak served as Corporate Secretary of Parent and prior thereto served as Assistant Secretary of Parent.
*Robert P. Bauman 1500 Littleton Road Parsippany, NJ 07054	Chairman, British Aerospace, p.l.c., London, England. Director, Capital Cities/ABC, Inc., CIGNA Corporation, Reuters Holdings p.l.c., Russell Reynolds Associates, Inc.
*Richard B. Cheney 1150 17th Street, N.W. Suite 1100 Washington, DC 20036	Former Secretary of Defense. Senior Fellow, American Enterprise Institute, Washington, D.C. Director, IGI Inc., Morgan Stanley Group Inc., Procter & Gamble Co., US WEST, Inc.
*E. Virgil Conway 101 Park Avenue 31st Floor New York, NY 10178	Financial Consultant. Chairman, Financial Accounting Standards Advisory Council. Director, Accu-Health, Inc., Centennial Insurance Company, Metropolitan Transportation Authority, Trism, Inc. Trustee, Atlantic Mutual Insurance Company, Consolidated Edison Company of New York, Inc., HRE Properties, Mutual Funds Managed by Phoenix Home Life.
*Spencer F. Eccles P.O. Box 30006 Salt Lake City, UT 84130	Chairman and Chief Executive Officer, First Security Corporation, Salt Lake City, Utah. Director, Anderson Lumber Co., First Security Bank of Utah, Zion's Cooperative Mercantile Institution.
*Elbridge T. Gerry, Jr. 59 Wall Street New York, NY 10005	Partner, Brown Brothers Harriman & Co., New York, New York.

NAME AND CURRENT BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
*William H. Gray, III 8260 Willow Oaks Corporate Drive P.O. Box 10444 Fairfax, VA 22031	President, United Negro College Fund, Inc., New York, N.Y. Director, Chase Manhattan Corp., Lotus Development Corp., MBIA Inc., Prudential Insurance Company of America, Rockwell International Corporation, Warner Lambert Company, Westinghouse Electric Corporation.
*Judith Richards Hope 1299 Pennsylvania Ave., N.W. Tenth Floor Washington, D.C. 20004	Senior Partner, Paul, Hastings, Janofsky & Walker, law firm, Los Angeles, California and Washington D.C. Director, The Budd Company, General Mills, Inc., Russell Reynolds Associates, Inc., Zurich Reinsurance Center Holdings, Inc. Member, The Harvard Corporation (The President and Fellows of Harvard College).
*Lawrence M. Jones 250 N. St. Francis Street P.O. Box 1762 Wichita, KS 67201	Retired Chairman and Chief Executive Officer, The Coleman Company, Inc., Wichita, Kansas. Director, Coleman Company, Inc., Fleming Companies, Inc., Fourth Financial Corp.
*Richard J. Mahoney 800 N. Lindbergh Boulevard St. Louis, MO 63167	Retired Chairman and Chief Executive Officer, Monsanto Company, Director, Metropolitan Life Insurance Company.
*Claudine B. Malone 7570 Potomac Fall Road McLean, VA 22102	President, Financial and Management Consulting, Inc., McLean, Virginia. Director, Dell Computer Corporation, Hannaford Brothers, Hasbro, Inc., Houghton Mifflin Company, Mallinckrodt Group, LaFarge Corporation, The Limited, Inc., S.A.I.C., Scott Paper Company. Trustee, Penn Mutual Life Insurance Co.
*Jack L. Messman 801 Cherry Street Fort Worth, TX 76102	President and Chief Executive Officer, Union Pacific Resources Company. Director, CTD, Inc., Novell, Inc., Safeguard Scientifics Inc., Tandy, Inc., WaWa, Inc.
*John R. Meyer Harvard University 79 Kennedy Street Cambridge, MA 02138	Professor, Harvard University, Cambridge, Massachusetts. Director, The Dun & Bradstreet Corporation, Rand McNally Co., Inc. Trustee, Mutual Life Insurance Company of New York.
*Thomas A. Reynolds, Jr. 35 West Wacker Drive Suite 4700 Chicago, IL 60601	Chairman Emeritus, Winston & Strawn, law firm, Chicago, Illinois, Director, Gannett Co., Inc., Jefferson Smurfit Group.
*James D. Robinson, III J.D. ROBINSON INC. 126 East 56th Street 26th Floor New York, NY 10022	President, J. D. ROBINSON INC., Principal, RRE Investors, LLC, New York, N.Y., Former Chairman & CEO, American Express Company, Director, Alexander & Alexander Services, Inc., Bristol Myers/Squibb Company, The Coca-Cola Company, First Data Corporation, New World Communications Group, Inc., Senior Advisor, Trust Company of the West.

NAME AND CURRENT BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
*Robert W. Roth 1580 Griffen Rd. Pebble Beach, CA 93953	Retired President and Chief Executive Officer, Jantzen, Inc., Portland, Oregon.
*Richard D. Simmons International Herald Tribune 1150 15th Street, NW Washington, DC 20071	President, International Herald Tribune, Washington, D.C. Director, International Herald Tribune, J.P. Morgan & Co., Incorporated, Morgan Guaranty Trust Company of New York, The Washington Post Company, Yankee Publishing.

Except for the directors listed below, each of the directors named in the preceding tables has held the indicated office or position in his or her principal occupation for at least five years. Each of the directors listed below held the office or position first indicated as of five years ago.

Mr. Robert P. Bauman was Chief Executive of SmithKline Beecham p.l.c. through April 1994 and since such date has been non-executive Chairman of British Aerospace, p.l.c. Mr. Richard B. Cheney served as Secretary of Defense through January 20, 1993, and since such date has been Senior Fellow, American Enterprise Institute. Mr. Richard K. Davidson was Executive Vice President of UPRR to August 7, 1991, President and Chief Executive Officer to September 17, 1991, and since such date has been Chairman and Chief Executive Officer of UPRR. Mr. Davidson has also been President of Parent since May 26, 1994. Mr. William H. Gray, III, served as a member of the United States House of Representatives from the Second District of Pennsylvania through August 1991 and since such date has been President of United Negro College Fund, Inc. Mr. Lawrence M. Jones was President and Chief Executive Officer of The Coleman Company, Inc. through September 1990, and Chairman and Chief Executive Officer of The Coleman Company, Inc. through December 31, 1993. Mr. Drew Lewis was Chairman, President and Chief Executive Officer of Parent through May 26, 1994 and since such date has been Chairman and Chief Executive Officer of Parent. Mr. Lewis also served as Chairman of UPRR during August and September 1991. Mr. L. White Matthews, III, was Senior Vice President--Finance of Parent to April 16, 1992 and since such date has been Executive Vice President--Finance of Parent. Mr. Jack L. Messman was Chairman and Chief Executive Officer of USPCI, Inc., to May 1, 1991 and since such date has been President and Chief Executive Officer of Union Pacific Resources Company and has continued as Chairman of USPCI. Mr. Thomas A. Reynolds, Jr., was Chairman of Winston & Strawn through December 31, 1992 and since such date has been Chairman Emeritus of such firm. Mr. James D. Robinson, III, was Chairman, President and Chief Executive Officer of American Express Company through July 1991, Chairman and Chief Executive Officer from August 1991 through January 25, 1993, and Chairman from January 26 through February 22, 1993. Mr. Richard D. Simmons was President of The Washington Post Co. (communications) through May 1991 and since such date has been President of International Herald Tribune.

2. Directors and Executive Officers of UPRR. The name and present position with UPRR of each of the directors and executive officers of UPRR are set forth below. Each director and executive officer listed below is a citizen of the United States. Directors are identified by an asterisk. The present principal occupation or employment and material occupations, positions, offices or employments for the past five years of each of the directors and executive officers of UPRR are set forth below or in Part 1 above. Unless otherwise indicated in Part 1 above, the current business address of each person listed below is 1416 Dodge Street, Omaha, NE 68179.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
*Richard K. Davidson	See Part 1 above.
John J. Koraleski	Executive Vice President-Finance & Information Technology since October 1991; and from December 1989 through September 1991 Mr. Koraleski served as Vice President-Finance.
*L. White Mattews, III	See Part 1 above.
James A. Shattuck	Executive Vice President-Marketing & Sales since May 1993; from January 1993 through April 1993 Mr. Shattuck served as Senior Vice President-Marketing; from October 1990 through September 1991, he served as Vice President-Information and Communication Systems; from October 1991 through December 1992 he served as Vice President-Marketing; and from May 1987 through September 1990, he served as President of Union Pacific Technologies, Inc.
Arthur L. Shoener	Executive Vice President-Operations since September 1991; and from August 1989 through August 1991 Mr. Shoener served as Vice President-Field Operations.
Arthur W. Peters	Senior Vice President-Marketing and Sales since May 1995; prior thereto, Mr. Peters served as Senior Vice President--Marketing and Sales of Chicago and North Western Transportation Company.
Carl W. von Bernuth	See Part 1 above.
Thomas L. Watts	Senior Vice President-Labor Relations since January 1994; and from November 1989 through December 1993 Mr. Watts served as Vice President-Labor Relations.
Henry L. Arms	Vice President-Energy since February 1995; and from February 1987 through January 1995 Mr Arms served as Assistant Vice President-Energy.
Charles E. Billingsley	See Part 1 above.
James J. Damman, Jr.	Vice President-National Customer Service Center since July 1993; from February 1992 through June 1993 Mr. Damman served as Assistant Vice President-Marketing Services; and from June 1990 through January 1992 he served as Assistant Vice President-Food & Food Products.
James V. Dolan	Vice President-Law since December 1983.
John E. Dowling	See Part 1 above.
D. J. Duffy	Vice President-Quality since January 1995; from September 1992 through December 1994 Mr Duffy served as Assistant Vice President-Quality; from February 1991 through August 1992 he served as General Superintendent-Omaha; and from April 1989 through January 1991 he served as General Director-Development.
Charles R. Eisele	Vice President-Purchasing since April 1994; from March 1992 through March 1994 Mr. Eisele served as Vice President-Human Resources; and from July 1990 through February 1992 he served as Senior Assistant Vice President-Management Systems.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
Ursula F. Fairbairn	See Part 1 above.
John B. Gremillion, Jr.	See Part 1 above.
Michael F. Kelly	Vice President-Marketing since February 1995; from July 1993 through January 1995 Mr. Kelly served as Vice President-Marketing Services; from October 1991 through June 1993 he served as Vice President-Field Operations; and from August 1989 through September 1991 he served as Vice President- Transportation Services.
Rex B. King	Vice President-Risk Management since July 1993; and from August 1989 through June 1993 Mr. King served as Senior Assistant Vice President-Train Management.
Junius M. Kyle, III	Vice President-Government Affairs Louisiana & Texas since March 1990.
Stanley J. McLaughlin	Vice President-Engineering Services since August 1989.
Robert D. Naro	Vice President-Transportation since July 1993; from July 1991 through June 1993 Mr. Naro served as Senior Assistant Vice President-Customer Service; and from August 1989 through June 1991 he served as General Superintendent.
John H. Rebensdorf	Vice President-Strategic Planning since February 1987.
Barbara W. Schaefer	Vice President-Human Resources since April 1994; from May 1992 through March 1994 Ms. Schaefer served as Director-Compensation & Human Resource Information Services of Parent; from April 1991 through April 1992 she served as Assistant Vice President-Contracts & Real Estate; and from November 1988 through March 1991 she served as General Director-Contracts & Real Estate.
James E. Sims	Vice President-Marketing since July 1993; from January 1991 through June 1993 Mr. Sims served as Senior Assistant Vice President-Chemicals; and from February 1989 through December 1990 he served as Senior Assistant Vice President-Marketing.
Morris B. Smith, Jr	Vice President-Finance since January 1995; from June 1993 through December 1994 Mr. Smith served as Vice President-Finance for USPCI; from October 1990 through May 1993 he served as Assistant Controller-Planning & Analysis of Parent; and from July 1990 through September 1990 he served as General Manager-Liquid Marketing & AD of Union Pacific Resources.
Gary M. Stuart	See Part 1 above.
Judy L. Swantak	See Part 1 above.
Harris Wagenseil	Vice President-Maintenance Operations since April 1994; from October 1991 through March 1994 Mr. Wagenseil served as Vice President-Supply & Maintenance Operations; and from June 1990 through September 1991 he served as Vice President-Supply.
Joyce M. Wrenn	Vice President-Information Technologies & Chief Information Officer since March 1992; and from November 1986 through February 1992 Ms. Wrenn served as Vice President-Information System Technologies of American Airlines.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
James R. Young	Vice President-Reengineering & Quality since May 1995; from January 1995 through April 1995 Mr. Young served as Vice President- Reengineering; from October 1991 through December 1994 he served as Vice President-Finance; and from December 1989 through September 1991 he served as Assistant Vice President-Financial Analysis.
*Robert P. Bauman	See Part I above.
*Richard B. Cheney	See Part I above.
*E. Virgil Conway	See Part I above.
*Spencer F. Eccles	See Part I above.
*Elbridge T. Gerry, Jr.	See Part I above.
*William H. Gray, III	See Part I above.
*Judith Richards Hope	See Part I above.
*Lawrence M. Jones	See Part I above.
*Richard J. Mahoney	See Part I above.
*Claudine B. Malone	See Part I above.
*Jack L. Messman	See Part I above.
*John R. Meyer	See Part I above.
*Thomas A. Reynolds, Jr.	See Part I above.
*James D. Robinson, III	See Part I above.
*Robert W. Roth	See Part I above.
*Richard D. Simmons	See Part I above.

3. Directors and Executive Officers of the Purchaser. Set forth below are the name and present position with Purchaser of each director and executive officer of Purchaser. The principal address of Purchaser and the current business address for each individual listed below is Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018. Directors are identified by an asterisk. Each such person is a citizen of the United States. In addition to the position with Purchaser indicated below, the present principal occupation or employment and material occupations, positions, offices or employments for the past five years of each such person are set forth in Part 1 above.

NAME	PRESENT POSITION WITH PURCHASER
*Drew Lewis	Chairman
*L. White Matthews, III	President
*Carl W. von Bernuth	Vice President and Assistant Secretary
John E. Dowling	Vice President
Judy L. Swantak	Secretary
Gary M. Stuart	Treasurer

EXHIBIT 99(a)(2)

LETTER OF TRANSMITTAL

TO TENDER SHARES OF COMMON STOCK

OF

SOUTHERN PACIFIC RAIL CORPORATION

PURSUANT TO THE OFFER TO PURCHASE
DATED AUGUST 9, 1995

BY

UP ACQUISITION CORPORATION
AN INDIRECT WHOLLY OWNED SUBSIDIARY

OF

UNION PACIFIC CORPORATION

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, SEPTEMBER 6, 1995, UNLESS THE OFFER IS EXTENDED.

The Depositary for the Offer is:

CITIBANK, N.A.

By Mail:	By Overnight Delivery:	By Hand:
Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 1429 Paramus, New Jersey 07653	Citibank, N.A. c/o Citicorp Data Distribution, Inc. 404 Sette Drive Paramus, New Jersey 07652	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

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. YOU MUST SIGN THIS LETTER OF TRANSMITTAL WHERE INDICATED BELOW AND COMPLETE THE SUBSTITUTE FORM W-9 PROVIDED BELOW.

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 of Southern Pacific Rail Corporation 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 Depositary'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 such Book-Entry Transfer Facility's procedures does not constitute delivery to the Depositary.

Stockholders whose Share Certificates are not immediately available or who cannot deliver their Share Certificates and all other documents required hereby to the Depositary prior to the Expiration Date (as defined in "THE OFFER--Terms of the Offer; Proration; Expiration Date" of the Offer to Purchase) 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
[_] Philadelphia Depository Trust Company
[_] Midwest Securities Trust Company

Account Number _____ Transaction Code Number _____

[_] CHECK HERE IF SHARES ARE BEING TENDERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s): _____

Window Ticket No. (if any): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution which Guaranteed Delivery: _____

If Delivered by Book-Entry Transfer, Check Box of Book-Entry Transfer Facility:

[_] The Depository Trust Company
[_] Philadelphia Depository Trust Company
[_] Midwest Securities Trust Company

Account Number _____ Transaction Code Number _____

DESCRIPTION OF SHARES TENDERED

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) (PLEASE FILL IN, IF BLANK, EXACTLY AS NAME(S) APPEAR(S) ON SHARE CERTIFICATE(S))	SHARE CERTIFICATE(S) AND SHARE(S) TENDERED (ATTACH ADDITIONAL LIST, IF NECESSARY)		
	SHARE CERTIFICATE NUMBER(S)*	TOTAL NUMBER OF SHARES EVIDENCED BY SHARE CERTIFICATE(S)*	NUMBER OF SHARES TENDERED**
	TOTAL SHARES		

* Need not be completed by stockholders delivering Shares by book-entry transfer.

** Unless otherwise indicated, it will be assumed that all Shares evidenced by each Share Certificate delivered to the Depositary are being tendered hereby. See Instruction 4.

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 Acquisition Corporation, a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation, the above-described shares of common stock, par value $.001 per share (the "Common Stock" or the "Shares"), of Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), pursuant to Purchaser's offer to purchase up to 39,034,471 Shares, at a price of $25.00 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 9, 1995 (the "Offer to Purchase"), 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 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 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, 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 August 3, 1995 (collectively, "Distributions"), and irrevocably appoints the Depositary 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 Purchaser (and any 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, 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 other securities will, without further action, be revoked, and no subsequent proxies may be given. The individuals named above as proxies will, with respect to the Shares and other securities for which the appointment is effective, be empowered (subject to the terms of the Voting Trust Agreement (as defined in the Offer to Purchase) so long as it shall be in effect with respect to the Shares) 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 Purchaser reserves the right to require that, in order for Shares or other securities to be deemed validly tendered, immediately upon Purchaser's acceptance for payment of such Shares 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, that the undersigned own(s) the Shares tendered hereby within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that such tender of shares complies with Rule 14e-4 under the Exchange Act, and that when such Shares are accepted for payment by Purchaser, 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 Depositary or 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 Depositary for the account of 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, 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 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. Purchaser's acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the undersigned and 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, 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 Purchaser has no obligation, pursuant to the Special Payment Instructions, to transfer any Shares from the name of the registered holder(s) thereof if 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 and/or 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 and/or 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 _____

(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 firm which is a bank, broker, dealer, credit union, savings association, or other entity that is a member in good standing of the Securities Transfer Agent's Medallion Program (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 tendered 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 Depositary'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 this Letter of Transmittal, must be received by the Depositary 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 Proration; Expiration Date" of the Offer to Purchase). If Share Certificates are forwarded to the Depositary 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 Depositary 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 Purchaser herewith, must be received by the Depositary 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 Depositary's account at one of the Book-Entry Transfer Facilities, together with a properly completed and duly executed Letter of Transmittal (or manually signed 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 Depositary 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 Depositary 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 Depositary 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, 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 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" on the reverse hereof. 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 Dealer Manager at their respective addresses or telephone numbers set forth below. Additional copies of the Offer to Purchase, 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 Depositary 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 Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% on all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

10. Lost, Destroyed or Stolen Certificates. If any certificate(s) representing Shares has been lost, destroyed or stolen, the Stockholder should promptly notify the Depositary. 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.

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 OFFER TO PURCHASE).

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 Depositary (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 Depositary 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 Depositary. 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 Depositary 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 Depositary 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 Depositary 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 Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% of all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

PAYER'S NAME: CITIBANK, N.A.

PART I--PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	
SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)	Social Security Number OR Employer Identification Number (If awaiting TIN write "Applied For")

PART II--For Payees Exempt From Backup Withholding, see the enclosed Guidelines 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, 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:

D.F. KING & CO., INC.

77 Water Street
New York, New York 10005
(Call Toll Free) 1-800-697-6974

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)

EXHIBIT 99(a)(3)

NOTICE OF GUARANTEED DELIVERY

FOR

TENDER OF SHARES OF COMMON STOCK

OF

SOUTHERN PACIFIC RAIL CORPORATION

TO

UP ACQUISITION CORPORATION
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 $.001 per share (the "Common Stock" or the "Shares"), of Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), are not immediately available, (ii) time will not permit all required documents to reach Citibank, N.A., as Depositary (the "Depositary"), prior to the Expiration Date (as defined in "THE OFFER--Terms of the Offer; Proration; Expiration Date" of the Offer to Purchase (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 Depositary. See "THE OFFER--Procedures for Tendering Shares" of the Offer to Purchase.

The Depositary for the Offer is:

CITIBANK, N.A.

By Mail:	By Overnight Delivery:	By Hand:
Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 1429 Paramus, New Jersey 07653	Citibank, N.A. c/o Citicorp Data Distribution, Inc. 404 Sette Drive Paramus, New Jersey 07652	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

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 Acquisition Corporation, a Delaware 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, dated August 9, 1995 (the "Offer to Purchase"), 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:

Certificate Nos. (if available):

Name(s) of Record Holder(s):

PLEASE PRINT

Check ONE box if Shares will be tendered by book-entry transfer:

[_] The Depository Trust Company

[_] Midwest Securities Trust Company

[_] Philadelphia Depository Trust Company

Address(es): _____

ZIP CODE

Company Area Code and Tel. No.: _____

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 (a) represents that the tender of shares effected hereby complies with Rule 14e-4 of the Securities Exchange Act of 1934, as amended, and (b) guarantees delivery to the Depositary, 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 Depositary'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 for Shares" 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 Depositary and must deliver the Letter of Transmittal and certificates for Shares to the Depositary within the time period shown herein. Failure to do so could result in financial loss to such Eligible Institution.

NAME OF FIRM

ADDRESS

ZIP CODE

AUTHORIZED SIGNATURE

TITLE

Name: _____
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.

EXHIBIT 99(a)(4)

[CS First Boston Logo]

CS First Boston
Corporation
Park Avenue Plaza
New York, New York 10055
Tel: (212) 909-2000

OFFER TO PURCHASE FOR CASH
UP TO 39,034,471 SHARES OF COMMON STOCK
OF
SOUTHERN PACIFIC RAIL CORPORATION
AT
$25.00 NET PER SHARE
BY
UP ACQUISITION CORPORATION
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
UNION PACIFIC CORPORATION

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE
AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY,
SEPTEMBER 6, 1995, UNLESS THE OFFER IS EXTENDED.

August 9, 1995

To Brokers, Dealers, Commercial
Banks, Trust Companies and Other
Nominees:

We have been appointed by UP Acquisition Corporation, a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), to act as Dealer Manager in connection with the Purchaser's offer to purchase up to 39,034,471 shares of common stock, par value $.001 per share (the "Common Stock" or the "Shares"), of Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), at a price of $25.00 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in Purchaser's Offer to Purchase, dated August 9, 1995 (the "Offer to Purchase"), and the related Letter of Transmittal (which, as amended from time to time, together constitute the "Offer") enclosed herewith.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (I) THE RECEIPT BY PURCHASER, PRIOR TO THE EXPIRATION OF THE OFFER, OF AN INFORMAL WRITTEN OPINION IN FORM AND SUBSTANCE SATISFACTORY TO PURCHASER FROM THE STAFF OF THE INTERSTATE COMMERCE COMMISSION (THE "ICC"), WITHOUT THE IMPOSITION OF ANY CONDITIONS UNACCEPTABLE TO PURCHASER, THAT THE USE OF A VOTING TRUST (THE "VOTING TRUST") IS CONSISTENT WITH THE POLICIES OF THE ICC AGAINST UNAUTHORIZED ACQUISITIONS OF CONTROL OF A REGULATED CARRIER (SUCH CONDITION, THE "VOTING TRUST CONDITION") AND (II) THE RECEIPT BY PURCHASER, PRIOR TO THE EXPIRATION OF THE OFFER, OF AN INFORMAL STATEMENT FROM THE PREMERGER NOTIFICATION OFFICE OF THE FEDERAL TRADE COMMISSION EITHER THAT (1) NO REVIEW OF THE OFFER, THE MERGER AND THE TRANSACTIONS CONTEMPLATED BY THE ANCILLARY AGREEMENTS (AS DEFINED HEREIN) WILL BE UNDERTAKEN PURSUANT TO THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"), OR (2) THE TRANSACTIONS CONTEMPLATED BY THE OFFER, THE MERGER AND THE ANCILLARY AGREEMENTS ARE NOT SUBJECT TO THE HSR ACT, OR IN THE ABSENCE OF THE RECEIPT OF SUCH INFORMAL STATEMENT REFERRED TO IN CLAUSE (1) OR (2) ABOVE, ANY APPLICABLE WAITING PERIOD UNDER THE HSR ACT SHALL HAVE EXPIRED OR BEEN TERMINATED PRIOR TO THE EXPIRATION OF THE OFFER (SUCH CONDITION, THE "HSR CONDITION"). SEE SECTION 15 OF THE OFFER TO PURCHASE.

Counsel for Parent has been orally advised by the Premerger Notification Office of the Federal Trade Commission that the Offer and the Merger are exempt from the HSR Act and, accordingly, Parent currently expects that the HSR Condition will be satisfied.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, or who hold Shares registered in their own names, we are enclosing the following documents:

1. Offer to Purchase, dated August 9, 1995;

2. Letter of Transmittal to be used by holders of Shares in accepting the Offer and tendering Shares;

3. Notice of Guaranteed Delivery to be used to accept the Offer if the certificates evidencing such Shares (the "Share Certificates") are not immediately available or time will not permit all required documents to reach Citibank, N.A. (the "Depositary") prior to the Expiration Date (as defined in the Offer to Purchase) or the procedure for book-entry transfer cannot be completed on a timely basis;

4. A letter to stockholders of the Company from Mr. Jerry R. Davis, President and Chief Executive Officer of the Company, together with a Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission by the Company;

5. A letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominees, with space provided for obtaining such clients' instructions with regard to the Offer;

6. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9; and

7. Return envelope addressed to the Depositary.

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 such extension or amendment), Purchaser will purchase, by accepting for payment, and will pay for, up to 39,034,471 Shares validly tendered prior to the Expiration Date (and not properly withdrawn in accordance with "THE OFFER--Withdrawal Rights" of the Offer to Purchase) promptly after the later to occur of (i) the Expiration Date and (ii) the satisfaction or waiver of the conditions set forth in "THE OFFER--Conditions of the Offer" of the Offer to Purchase. For purposes of the Offer, Purchaser will be deemed to have accepted for payment, and thereby purchased, tendered Shares if, as and when Purchaser gives oral or written notice to the Depositary of Purchaser's acceptance of such Shares for payment. In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of (i) the Share Certificates or timely confirmation of a book-entry transfer of such Shares, if such procedure is available, into the Depositary's account at The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust Company pursuant to the procedures set forth in "THE OFFER--Procedures for Tendering Shares" of the Offer to Purchase, (ii) the Letter of Transmittal (or facsimile thereof), properly completed and duly executed, or an Agent's Message (as defined in "THE OFFER--Acceptance for Payment and Payment for Shares" of the Offer to Purchase) and (iii) any other documents required by the Letter of Transmittal.

Purchaser will not pay any fees or commissions to any broker or dealer or any other person (other than the Dealer Manager and the Information Agent as described in "THE OFFER--Fees and Expenses" of the Offer to Purchase) in connection with the solicitation of tenders of Shares pursuant to the Offer. Purchaser will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding the enclosed materials to your clients.

Purchaser will pay any stock transfer taxes incident to the transfer to it of validly tendered Shares, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, SEPTEMBER 6, 1995, UNLESS THE OFFER IS EXTENDED.

In order to take advantage of the Offer, a duly executed and properly completed Letter of Transmittal (or facsimile thereof), with any required signature guarantees and any other required documents, should be sent to the Depositary, and certificates evidencing the tendered Shares should be delivered or such Shares should be tendered by book-entry transfer, all in accordance with the Instructions set forth in the Letter of Transmittal and the Offer to Purchase.

If holders of Shares wish to tender Shares, but it is impracticable for them to forward their certificates or other required documents prior to the Expiration Date, a tender may be effected by following the guaranteed delivery procedures specified under "THE OFFER--Procedures for Tendering Shares" of the Offer to Purchase.

Any inquiries you may have with respect to the Offer should be addressed to the Dealer Manager or the Information Agent at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Additional copies of the enclosed materials may be obtained from the undersigned, at CS First Boston Corporation, telephone (212) 909-2000 (Collect) or by calling the Information Agent, D.F. King & Co., Inc. at 1-800-697-6974 (Toll Free), or from brokers, dealers, commercial banks or trust companies.

Very truly yours,

CS First Boston Corporation

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF PARENT, PURCHASER, THE DEPOSITARY, THE INFORMATION AGENT OR THE DEALER MANAGER, OR ANY AFFILIATE OF ANY OF THE FOREGOING, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED AND THE STATEMENTS CONTAINED THEREIN.

EXHIBIT 99(a)(5)

OFFER TO PURCHASE FOR CASH
UP TO 39,034,471 SHARES OF COMMON STOCK

OF

SOUTHERN PACIFIC RAIL CORPORATION

AT

$25.00 NET PER SHARE

BY

UP ACQUISITION CORPORATION
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF

UNION PACIFIC CORPORATION

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, SEPTEMBER 6, 1995, UNLESS THE OFFER IS EXTENDED.

August 9, 1995

To Our Clients:

Enclosed for your consideration is an Offer to Purchase, dated August 9, 1995 (the "Offer to Purchase"), and the related Letter of Transmittal (which, as amended from time to time, together constitute the "Offer") in connection with the Offer by UP Acquisition Corporation, a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), to purchase up to 39,034,471 shares of common stock, par value $.001 per share (the "Common Stock" or the "Shares"), of Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), at a price of $25.00 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer.

Stockholders whose certificates evidencing Shares ("Share Certificates") are not immediately available or who cannot deliver their Share Certificates and all other documents required by the Letter of Transmittal to the Depositary prior to the Expiration Date (as defined in "THE OFFER--Terms of the Offer; Proration; Expiration Date" of the Offer to Purchase) or who cannot complete the procedure for delivery by book-entry transfer to the Depositary's account at a Book-Entry Transfer Facility (as defined in "THE OFFER--Acceptance for Payment and Payment for Shares" of the Offer to Purchase) 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 of the Letter of Transmittal. 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 Depositary.

THE MATERIAL IS BEING SENT TO YOU AS THE BENEFICIAL OWNER OF SHARES HELD BY US FOR YOUR ACCOUNT BUT NOT REGISTERED IN YOUR NAME. WE ARE THE HOLDER OF RECORD OF SHARES HELD BY US FOR YOUR ACCOUNT. A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

We request instructions as to whether you wish to have us tender on your behalf any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is invited to the following:

1. The tender price is $25.00 per Share, net to the seller in cash.

2. The Offer, proration period and withdrawal rights will expire at 12:00 Midnight, New York City time, on Wednesday, September 6, 1995, unless the Offer is extended.

3. The Offer is being made for up to 39,034,471 Shares.

4. The Board of Directors of the Company has unanimously approved the Offer and the Merger (as defined in the Offer to Purchase), has determined that the Offer and the Merger are fair to and in the best interests of holders of Shares and recommends that stockholders of the Company who desire to receive cash for their Shares accept the Offer and tender their Shares pursuant to the Offer.

5. The Offer is conditioned upon, among other things, Purchaser having received, prior to the expiration of the Offer, an informal written opinion in form and substance satisfactory to Purchaser from the staff of the Interstate Commerce Commission ("ICC"), without the imposition of any conditions unacceptable to Purchaser, that the use of a voting trust is consistent with the policies of the ICC against unauthorized acquisitions of control of a regulated carrier.

6. Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares by the Purchaser pursuant to the Offer.

The Offer is made solely by the Offer to Purchase and the related Letter of Transmittal and is being made to all holders of Shares. Purchaser is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, Purchaser cannot comply with such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing and returning to us the instruction form contained in this letter. An envelope in which to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified on the instruction form set forth in this letter. YOUR INSTRUCTIONS SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.

INSTRUCTIONS WITH RESPECT TO
THE OFFER TO PURCHASE FOR CASH UP TO
39,034,471 SHARES OF COMMON STOCK
OF SOUTHERN PACIFIC RAIL CORPORATION

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated August 9, 1995, and the related Letter of Transmittal (which, as amended from time to time, together constitute the "Offer"), in connection with the offer by UP Acquisition Corporation, a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), to purchase up to 39,034,471 shares of common stock, par value $.001 per share (the "Common Stock" or the "Shares"), of Southern Pacific Rail Corporation, a Delaware corporation (the "Company").

This will instruct you to tender to Purchaser the number of Shares indicated below (or, if no number is indicated below, all Shares) held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

NUMBER OF SHARES TO BE TENDERED*:

_____ SHARES

ACCOUNT NUMBER: _____

DATED: _____ , 1995

SIGN HERE

SIGNATURE(S)

PLEASE TYPE OR PRINT NAME(S) HERE

PLEASE TYPE OR PRINT ADDRESS(ES) HERE

AREA CODE AND TELEPHONE NUMBER

TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER(S)

---
* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

EXHIBIT 99(a)(6)

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER.--Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

FOR THIS TYPE OF ACCOUNT:	GIVE THE SOCIAL SECURITY NUMBER OF--
1. An individual's account	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, any one of the individuals(1)
3. Husband and wife (joint account)	The actual owner of the account or, if joint funds, either person(1)
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)
7. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)
8. Sole proprietorship account	The owner(4)

FOR THIS TYPE OF ACCOUNT:	GIVE THE EMPLOYER IDENTIFICATION NUMBER OF--
9. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(5)

10. Corporate account	The corporation
11. Religious, charitable, or educational organization account	The organization
12. Partnership account held in the name of the business	The partnership
13. Association, club, or other tax-exempt organization	The organization
14. A broker or registered nominee	The broker or nominee
15. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

---

(1) List first and circle the name of the person whose number you furnish.
(2) Circle the minor's name and furnish the minor's social security number.
(3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
(4) Show the name of the owner.
(5) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

- A corporation.
- A financial institution.
- An organization exempt from tax under section 501(a), or an individual retirement plan.
- The United States or any agency or instrumentality thereof.
- A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- An international organization or any agency, or instrumentality thereof.
- A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.
- A real estate investment trust.
- A common trust fund operated by a bank under section 584(a).
- An exempt charitable remainder trust, or a nonexempt trust described in section 4947(a)(1).
- An entity registered at all times under the Investment Company Act of 1940.
- A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
- Payments of patronage dividends where the amount received is not paid in money.
- Payments made by certain foreign organizations.
- Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to non-resident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041(a), 6045, and 6050A.

PRIVACY ACT NOTICE.--Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Beginning January 1, 1984, payers must generally withhold 20% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES.

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.--If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) FAILURE TO REPORT CERTAIN DIVIDEND AND INTEREST PAYMENTS.--If you fail to include any portion of an includible payment for interest, dividends, or patronage dividends in gross income, such failure will be treated as being due to negligence and will be subject to a penalty of 5% on any portion of an underpayment attributable to that failure unless there is clear and convincing evidence to the contrary.

(3) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.--If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(4) CRIMINAL PENALTY FOR FALSIFYING INFORMATION.--Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

EXHIBIT 99(a)(7)

FOR IMMEDIATE RELEASE

UNION PACIFIC ANNOUNCES AGREEMENT TO MERGE WITH SOUTHERN PACIFIC

BETHLEHEM, PA, AUGUST 3 -- Union Pacific Corporation (NYSE: UNP) and Southern Pacific Rail Corporation (NYSE: RSP) announced today that they have reached an agreement providing for the merger of Southern Pacific with Union Pacific. The $5.4 billion transaction would form North America's largest railroad, a 34,000 mile network operating in 25 states and serving both Mexico and Canada. The two railroad companies had combined 1994 operating revenues of $9.54 billion.

The agreement, approved today by the Boards of Directors of Union Pacific and Southern Pacific, is subject to execution of a definitive merger agreement, which is expected to be signed very shortly. Under terms of the agreement, Union Pacific would make a first-step cash tender offer of $25.00 a share for up to 25 percent of the Common Stock of Southern Pacific. The tender offer would commence next week. The shares purchased in the tender offer will be held in a voting trust. Following completion of the offer, and the satisfaction of other conditions, including approval by the Interstate Commerce Commission (ICC), Southern Pacific will be

merged with Union Pacific Corporation. Upon completing the transaction, each share of Southern Pacific stock will be converted, at the holder's election (subject to proration), into the right to receive $25.00 in cash or 0.4065 shares of Union Pacific Common Stock. As a result of the transaction, 60 percent of Southern Pacific shares will be converted into Union Pacific stock and the remaining 40 percent into cash, including the shares acquired in the original tender offer. The two companies expect to file an application with the ICC no later than December 1.

Union Pacific also stated that the previously announced spin-off of Union Pacific Resources would be consummated after completion of the transaction. The initial public offering of shares of Union Pacific Resources will proceed as scheduled.

In connection with the merger, Philip Anschutz, a major shareholder of Southern Pacific, will be appointed non-executive Vice Chairman of the Board of Directors of Union Pacific following completion of the transaction and will enter into a customary seven-year standstill agreement. In addition, Mr. Anschutz, who owns 31 percent of Southern Pacific, and the Morgan Stanley Leveraged Equity

Fund, which owns seven percent of Southern Pacific, have agreed to vote their shares in favor of the transaction.

"When completed, this transaction will deliver major benefits for customers," said Drew Lewis, Union Pacific's Chairman and Chief Executive Officer. "The combined system will be able to offer new services that neither Union Pacific nor Southern Pacific can offer on its own. The new system will yield extensive new single-line service, faster schedules, more frequent and reliable service, shorter routes and improved equipment utilization. Benefits from operating efficiencies, facility consolidations, cost savings and increased traffic are estimated to be in excess of $500 million per year."

[Map depicting tracks operated by UPRR and the Southern Pacific Lines, and a summary of the following statistical data for UPRR and Southern Pacific Lines: operating revenues, operating income, employees, track operated, States served, locomotives, freight cars, and trains operated daily.]

EXHIBIT 99(a)(8)

FOR IMMEDIATE RELEASE

UNION PACIFIC ANNOUNCES EXECUTION OF MERGER AGREEMENT FOR SOUTHERN PACIFIC ACQUISITION

BETHLEHEM, PA, AUGUST 4 -- Union Pacific Corporation (NYSE: UNP) announced today that it has executed a definitive merger agreement for the previously announced merger with Southern Pacific Rail Corporation (NYSE: RSP). Under the terms of the agreement, Union Pacific will make a first-step cash tender offer of $25.00 per share for up to 25 percent of the Common Stock of Southern Pacific. Following completion of the transaction, each share of Southern Pacific stock will be converted, at the holder's election, into the right to receive $25.00 in cash or 0.4065 shares of Union Pacific Common Stock. As a result of the transaction, 60 percent of Southern Pacific's shares will be converted into Union Pacific stock and the remaining 40 percent, including the shares acquired in the original tender offer, will be converted into cash.

The merger is subject to receipt of Interstate Commerce Commission (ICC) approval and other customary conditions.

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares. The Offer is made solely by the Offer to Purchase dated August 9, 1995 and the related Letter of Transmittal and is being made to all holders of Shares. The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions where securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of UP Acquisition Corporation by CS First Boston Corporation ("CS First Boston") or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Notice of Offer to Purchase for Cash
Up to 39,034,471 Shares of Common Stock
of
Southern Pacific Rail Corporation
at
$25.00 Net Per Share
by
UP Acquisition Corporation
an indirect wholly owned subsidiary of
Union Pacific Corporation

UP Acquisition Corporation, a Delaware corporation ("Purchaser") and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), hereby offers to purchase up to 39,034,471 shares of common stock, par value $0.001 per share (the "Shares"), of Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), at a price of $25.00 per share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated August 9, 1995 (the "Offer to Purchase") and in the related Letter of Transmittal (which together constitute the "Offer").

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, SEPTEMBER 6, 1995, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) RECEIPT BY PURCHASER, PRIOR TO THE EXPIRATION OF THE OFFER, OF AN INFORMAL WRITTEN OPINION IN FORM AND SUBSTANCE SATISFACTORY TO PURCHASER FROM THE STAFF OF THE INTERSTATE COMMERCE COMMISSION ("ICC"), WITHOUT THE IMPOSITION OF ANY CONDITIONS UNACCEPTABLE TO PURCHASER, THAT THE USE OF A VOTING TRUST ("VOTING TRUST") IS CONSISTENT WITH THE POLICIES OF THE ICC AGAINST UNAUTHORIZED ACQUISITIONS OF CONTROL OF A REGULATED CARRIER, AND (2) THE RECEIPT BY PURCHASER, PRIOR TO THE EXPIRATION OF THE OFFER, OF AN INFORMAL STATEMENT FROM THE PREMERGER NOTIFICATION OFFICE OF THE FEDERAL TRADE COMMISSION EITHER THAT (I) NO REVIEW OF THE OFFER, THE MERGER (AS DEFINED BELOW) AND THE TRANSACTIONS CONTEMPLATED BY THE ANCILLARY AGREEMENTS ENTERED INTO IN CONNECTION WITH THE MERGER AGREEMENT (AS DEFINED BELOW) (THE "ANCILLARY AGREEMENTS") WILL BE UNDERTAKEN PURSUANT TO THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"), OR (II) THE TRANSACTIONS CONTEMPLATED BY THE OFFER, THE MERGER AND THE ANCILLARY AGREEMENTS ARE NOT SUBJECT TO THE HSR ACT, OR IN THE ABSENCE OF THE RECEIPT OF SUCH INFORMAL STATEMENT REFERRED TO IN CLAUSE (I) OR (II) ABOVE, ANY APPLICABLE WAITING PERIOD UNDER THE HSR ACT SHALL HAVE EXPIRED OR BEEN TERMINATED PRIOR TO THE EXPIRATION OF THE OFFER.

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY HAS APPROVED THE OFFER AND THE MERGER (AS DEFINED HEREIN), DETERMINED THAT EACH OF THE OFFER AND THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS OF THE COMPANY AND RECOMMENDS THAT STOCKHOLDERS OF THE COMPANY WHO DESIRE TO RECEIVE CASH FOR THEIR SHARES ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of August 3, 1995 (the "Merger Agreement"), by and among the Company, Parent, Union Pacific Railroad Company, a Utah corporation ("UPRR") and an indirect wholly owned subsidiary of Parent, and Purchaser. The Merger Agreement provides, among other things, that following completion of the Offer and the satisfaction or waiver of certain conditions set forth in the Merger Agreement (including approval of the Merger by the ICC), Purchaser will be merged with and into UPRR, with UPRR continuing as the surviving corporation. Subsequently, the Company will merge (the "Merger") with and into UPRR, with UPRR continuing as the surviving corporation. In the Merger, each outstanding Share (other than Shares held in the treasury of the Company or owned by Parent, Purchaser, UPRR or any other wholly owned subsidiary of Parent) will be converted, at the election of the holder of Shares, into the right to receive either $25.00 in cash or .4065 of a share of Parent common stock. The Merger Agreement provides that the aggregate number of Shares to be converted into Parent common stock pursuant to the Merger shall be equal as nearly as practicable to 60% of all outstanding Shares, and that the aggregate number of Shares to be converted into the right to receive $25.00 in cash per Share pursuant to the Merger, together with the Shares purchased in the Offer, shall be equal as nearly as practicable to 40% of all outstanding Shares. In connection with the Merger Agreement, Parent and Purchaser have entered into Shareholder Agreements with certain major stockholders of the Company owning approximately 40.3% of the Company's outstanding Shares pursuant to which such stockholders have agreed, among other things, to vote in favor of the Merger.

Purchaser expressly reserves the right, in its sole judgment and subject to the terms of the Merger Agreement, at any time or from time to time and regardless of whether any of the events set forth in Section 15 of the Offer to Purchase shall have occurred or shall have been determined by Purchaser to have occurred, (i) to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, by giving oral or written notice of such extension to the Depositary (as defined in the Offer to Purchase) and (ii) to amend the Offer in any respect by giving oral or written notice of such amendment to the Depositary. Any such extension or amendment will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension, to be issued not later than 9:00 A.M., New York City time, on the next business day after the previously scheduled Expiration Date (as defined in the Offer to Purchase). During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of a tendering stockholder to withdraw such stockholder's Shares.

Purchaser will, upon the terms and subject to the conditions of the Offer, purchase up to 39,034,471 Shares on a pro rata basis (with adjustments to avoid purchases of fractional Shares) based upon the number of Shares properly tendered on or prior to the Expiration Date and not withdrawn. Due to the difficultly of determining the precise number of Shares properly tendered and not withdrawn, if proration is required, Purchaser does not expect to announce the final results of proration or pay for any Shares until at least seven New York Stock Exchange trading days after the Expiration Date. Preliminary results of proration will be announced by press release as promptly as practicable after the Expiration Date. Holders of Shares may obtain such preliminary information when it becomes available from the Information Agent and may be able to obtain such information from their brokers.

For purposes of the Offer, Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not properly withdrawn as, if and when Purchaser gives oral or written notice to the Depositary of Purchaser's acceptance of such Shares for payment pursuant to the Offer. In all cases, upon the terms and subject to the conditions of the Offer, payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary which will act as agent for tendering stockholders for the purpose of receiving payment from Purchaser and transmitting payment to validly tendering stockholders. Under no circumstances will interest on the purchase price for Shares be paid by Purchaser by reason of any delay in making such payment. In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of (a) certificates for such Shares ("Certificates") or a book-entry confirmation of the book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities"), pursuant to the procedures set forth in Section 3 of the Offer to Purchase, (b) the Letter of Transmittal (or facsimile thereof) properly completed and duly executed, with any required signature guarantees, or an Agent's Message (as defined in the Offer to Purchase) in connection with a book-entry transfer, and (c) any other documents required by the Letter of Transmittal.

If, for any reason whatsoever, acceptance for payment of any Shares tendered pursuant to the Offer is delayed, or if Purchaser is unable to accept for payment or pay for Shares tendered pursuant to the Offer, then, without prejudice to Purchaser's rights set forth in the Offer to Purchase, the Depositary may, nevertheless, on behalf of Purchaser, retain tendered Shares and such Shares may not be withdrawn except to the extent that the tendering stockholder is entitled to and duly exercises withdrawal rights as described in Section 4 of the Offer to Purchase. Any such delay will be an extension of the Offer to the extent required by law.

If certain events occur, Purchaser will not be obligated to accept for payment or pay for any Shares tendered pursuant to the Offer. If any tendered Shares are not purchased pursuant to the Offer for any reason (including because of proration) or are not paid for because of invalid tender, or if Certificates are submitted representing more Shares than are tendered, Certificates representing unpurchased or untendered Shares will be returned, without expense to the tendering stockholder (or, in the case of Shares delivered by book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility pursuant to the procedures set forth in Section 3 of the Offer to Purchase, such Shares will be credited to an account maintained within such Book-Entry Transfer Facility), as soon as practicable following the expiration, termination or withdrawal of the Offer and determination of the final results of proration.

Except as otherwise provided in Section 4 of the Offer to Purchase, tenders of Shares made pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to 12:00 Midnight, New York City time, on Wednesday, September 6, 1995 (or if Purchaser shall have extended the period of time for which the Offer is open, at the latest time and date at which the Offer, as so extended by Purchaser, shall expire) and unless theretofore accepted for payment and paid for by Purchaser pursuant to the Offer, may also be withdrawn at any time after October 8, 1995. In order for a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of the Offer to Purchase. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn, and if Certificates for Shares have been tendered, the name of the registered holder of the Shares as set forth in the tendered Certificate, if different from that of the person who tendered such Shares. If Certificates for Shares to be withdrawn have been delivered or

otherwise identified to the Depositary, then prior to the physical release of such Certificates, the serial numbers shown on such Certificates evidencing the Shares to be withdrawn must be submitted to the Depositary and the signature on the notice of withdrawal must be guaranteed by a firm which is a bank, broker, dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agent's Medallion Program (an "Eligible Institution'') unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with such Book-Entry Transfer Facility's procedures. Withdrawal of tenders of Shares may not be rescinded, and any Shares properly withdrawn will be deemed not to be validly tendered for purposes of the Offer. Withdrawn Shares may, however, be retendered by repeating one of the procedures set forth in Section 3 of the Offer to Purchase at any time before the Expiration Date. Purchaser, in its sole judgment, will determine all questions as to the form and validity (including time of receipt) of notices of withdrawal, and such determination will be final and binding. Any Shares properly withdrawn will be deemed not validly tendered for the purposes of the Offer, but may be retendered at any subsequent time prior to the Expiration Date by following the procedures described in Section 3 of the Offer to Purchase.

The information required to be disclosed by Rule 14d-6(e)(1)(vii) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

The Company has provided Purchaser with the Company's stockholder lists and security position listing for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase, the related Letter of Transmittal and other relevant materials will be mailed to record holders of Shares and will be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list, or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

Questions and requests for assistance or for additional copies of the Offer to Purchase, the 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 as set forth below, and copies will be furnished promptly at Purchaser's expense. No fees or commissions will be paid to brokers, dealers or other persons (other than the Information Agent and the Dealer Manager) for soliciting tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:

D.F. KING & CO., INC.
77 Water Street
New York, New York 10005
Call toll free 1-800-697-6974

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)

August 9, 1995

REVOLVING CREDIT AGREEMENT, dated as of March 2, 1993, 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"), and CHEMICAL BANK, as administrative agent (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 the Administrative Agent 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 the applicable percentage set forth below 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 Fee Percentage
Category 1	
BBB+ and higher by S&P; Baa1 and higher by Moody's	.1875%
Category 2	
Lower than BBB+ and equal to or higher than BBB- by S&P; Lower than Baa1 and equal to or higher than Baa3 by Moody's	.25%
Category 3	
BB+ or lower by S&P; Ba1 or lower by Moody's	.375%

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 3; (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 Fee Percentage 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 Fee Percentage shall be determined by reference to the numerically lower 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 Fee Percentage 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 definition to reflect the ratings used by such substitute rating agency.

"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 .375%;

(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 .25%.

"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 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.

"Closing Date" means such Business Day as shall be agreed upon by the Borrower and the Administrative Agent as the date upon which all of the conditions set forth in Section 3.01 are satisfied or waived; provided that such
---
date shall be no later than March 9, 1993, or such later Business Day as shall be agreed upon by the Borrower and the Majority Banks.

"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 and (y) for the purposes of Section 6.01(e), "Debt" means only the obligations described in clauses (i), (ii) and (iii) above.

"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 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.

"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 Internal Revenue Code of 1986, as amended.

"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.

"Facility A Credit Agreement" means the $400,000,000 Revolving Credit Agreement dated as of the date hereof and as amended from time to time, among the Borrower, the banks named therein (which include certain of the Banks) and Chemical Bank, as administrative agent for the banks.

"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) 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, meet the following two criteria: (a) represent at least 66-2/3% of the then aggregate unpaid principal amount of the Advances, if any, owing to Banks and (b) represent at least 66-2/3% of the Commitments.

"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 date of this Agreement.

"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).

"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 and Missouri Pacific Railroad Company.

"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).

"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 Corporation 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.

"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 hereof, as such amount may be reduced pursuant to Section 2.06 or increased pursuant to Section 2.17 (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.

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 Contract 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. 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 9:00 a.m. (New York City time) on 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 9:00 a.m. (New York City time) on the third 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 Chemical Bank in its capacity as a
----
Bank 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.

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 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 date of this Agreement 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.

(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 prepay any principal amount of any Auction Advance unless the Participating Bank making such Auction Advance 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.

(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, 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 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 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 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 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 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 Domestic

Reserve Percentage or, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage) 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 grants a participation in an Advance or Special Rate Loan pursuant to Section 8.07, the Borrower shall not be obligated to reimburse for increased costs with respect to such Advance or Special Rate Loan to the extent that the aggregate amount thereof exceeds the aggregate amount for which the Borrower would have been obligated if such Bank had not made 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) 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. 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 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.

(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.

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, 2.15, 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 Event of Default and no event which with the passage of time or the giving of notice or both would become an 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 Thompson 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 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 Thompson 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 2.11 and 8.04 shall survive for the benefit of any Bank removed pursuant to this Section 2.17 notwithstanding such removal.

ARTICLE III

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 conditions precedent that the Administrative Agent shall have received, on or before the day of the initial Borrowing, the following, each dated the same day, in form and substance satisfactory to the Administrative Agent and in sufficient copies for each Bank:

(a) 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) 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) 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) A favorable opinion of Cravath, Swaine & Moore, counsel for the Administrative Agent, substantially in the form of Exhibit D hereto.

(e) A certificate of a Financial Officer of the Borrower certifying the termination of (i) the $800,000,000 Revolving Credit and Term Loan Agreement dated as of May 23, 1989, as amended, among the Borrower, the banks named therein, Citibank, N.A. and Morgan Guaranty Trust Company of New York, as Co-Arranging Banks, and Citibank, N.A., as Administrative Agent, and (ii) the $300,000,000 Revolving Credit Agreement dated as of April 27, 1988, among the Borrower, the banks named therein, Union Bank of Switzerland, New York Branch, as Swing Line Agent, and Credit Suisse First Boston Limited, as Agent, and the

payment in full of all obligations of the Borrower outstanding under such agreements.

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) 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 event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom, which constitutes an Event of Default.

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 has 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, 1991, 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, 1991, 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) except as set forth in the Borrower's annual report on Form 10-K for the fiscal year ended December 31, 1991, and in Borrower's quarterly reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 1992 (copies of which have 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) will consist of or be represented by margin stock (within the

meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance or Special Rate Loan will be used for any purpose which violates the provisions of the regulations of said Board. 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 said 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 said 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 1991 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.

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 the Banks:

(i) as soon as available and in any event within 45 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 Event of Default or any event which, with the giving of notice or the passage of time, or both, would become an 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 the Banks:

(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 Event of Default involving financial or accounting matters or any condition or event which, after notice or lapse of time, or both, would constitute such an Event of Default, or, if such accountants became aware of any such Event of Default or other condition or event, 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 Event of Default or any event which, with notice or lapse of time, or both, would become an Event of Default, except as specified in such certificate.

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";

(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 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 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 Event of Default and no event which, with notice or lapse of time, or both,

would become an 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 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 any of the shares of capital stock of the Railroads now owned or at any time hereafter acquired by 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.

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 within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), 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

(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 Internal Revenue Code of 1986, as amended, 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 Advances and Special Rate Loans 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 Advances and Special Rate Loans 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

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.

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, 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, 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 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 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 (to the extent not 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 which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of 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 Administrative Agent's gross negligence or wilful misconduct. Without limitation of the foregoing, each Bank agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such 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. Each Bank agrees that any reasonable allocation of expenses or other amounts referred to in this paragraph between this Agreement and the Facility A 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 Event of Default or an event which with the passage of time or the giving of notice or both would become an 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, 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 thereupon succeed to and become vested with all the rights, powers, 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 no amendment, waiver or consent shall, unless in writing and signed by all the Banks, do any of the following: (a) waive any of the conditions specified in Section 3.01 or 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), (b) increase the Commitments of the Banks or subject the Banks to any additional obligations, (c) reduce the principal of, or interest on, the Advances or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder,

(e) make any change which would alter the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Banks, which shall otherwise be required for the Banks or any of them to take any action hereunder or (f) amend this Section 8.01; and provided further, that 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.

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: Treasurer; 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, 9th Floor, New York, New York 10017, Attention: Birgitta L. Hanan; 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 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 any payment of principal of any Adjusted CD Rate Advance or Eurodollar Rate Contract Advance or Auction Advance or Special Rate Loan is made 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 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 if 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, the Borrower shall, 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 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 and the Administrative Agent 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 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 owing to it); provided, however, that (i) each such assignment shall 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 $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 (as defined in Section 8.07(c)), 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). Notwithstanding the foregoing, any Bank assigning its rights and obligations under this Agreement may retain any Auction Advances made by it outstanding at such time, and in such case shall retain its rights

hereunder in respect of any Advances so retained until such Advances 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, 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 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; 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"). 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, if not an Eligible Assignee, shall agree to preserve the confidentiality of any confidential information relating to the Borrower received by it from such Bank.

(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 or Advances, then such Bank may assign such Commitment or Advances 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 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. 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.

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
Edwin A. Willis

Name: Edwin A. Willis
Title: Assistant Treasurer

CHEMICAL BANK, as Administrative Agent,

by
Birgitta L. Hanan

Name: Birgitta L. Hanan
Title: Vice President

Banks

Commitment	
$50,000,000	BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, by Calvin Blount --- Name: Calvin Blount Title: Assistant Vice President by Deirdre Doyle --- Name: Deirdre Doyle Title: Assistant Vice President

Banks	Commitment
CHEMICAL BANK,	$50,000,000

by
Birgitta L. Hanan

Name: Birgitta L. Hanan
Title: Vice President

Banks	Commitment
CITIBANK, N.A.,	$50,000,000

by
J. Darrell Thomas

Name: J. Darrell Thomas
Title: Vice President

Banks	Commitment
THE FIRST NATIONAL BANK OF CHICAGO,	$50,000,000

by
Gerald F. Mackin

Name: Gerald F. Mackin
Title: Vice President

Commitment	Banks
$30,000,000	MORGAN GUARANTY TRUST COMPANY OF NEW YORK, by Laura E. Reim --- Name: Laura E. Reim Title: Vice President
$20,000,000	J. P. MORGAN DELAWARE, by David Morris --- Name: David Morris Title: Vice President

Banks	Commitment
NATIONSBANK OF NORTH CAROLINA, N.A.,	$50,000,000

by
Frederick G. Van Zijl

Name: Frederick G. Van Zijl
Title: Vice President

Banks	Commitment
UNION BANK OF SWITZERLAND, NEW YORK BRANCH,	$50,000,000

by
A. Jane Michaelis

Name: A. Jane Michaelis
Title: Vice President

by
Jean Claude De Roche

Name: Jean Claude De Roche
Title: Assistant
Vice President

Commitment	Banks
$30,000,000	ABN AMRO BANK N.V., by Blaise R. Heid --- Name: Blaise R. Heid Title: Vice President by Olga L. Zoutendijk --- Name: Olga L. Zoutendijk Title: Vice President

Banks

Commitment

$30,000,000 BANK OF MONTREAL

by
Christine M. Tierney

Name: Christine M. Tierney
Title: Director

Banks	Commitment
THE CHASE MANHATTAN BANK, N.A.,	$30,000,000

by
Francis M. Cox, III

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

Banks

Commitment

$30,000,000 CREDIT LYONNAIS NEW YORK BRANCH,

by
Deborah E. Bradley

Name: Deborah E. Bradley
Title: Vice President

Banks

Commitment

$30,000,000 CREDIT SUISSE,

by
Thomas Bosshard

Name: Thomas Bosshard
Title: Associate

by
Andrea E. Shkane

Name: Andrea E. Shkane
Title: Assistant
Vice President

Banks	Commitment
NATIONAL WESTMINSTER BANK PLC,	$30,000,000

by
G. M. Sherman

Name: G. M. Sherman
Title: Vice President

Banks	Commitment
THE NORTHERN TRUST COMPANY,	$30,000,000

by
Gregory F. Werd, Jr.

Name: Gregory F. Werd, Jr.
Title: Second Vice President

Banks

Commitment

$30,000,000 SOCIETE GENERALE,

by
Jan Wertlieb

Name: Jan Wertlieb
Title: Vice President

Banks

Commitment

$30,000,000 THE TORONTO-DOMINION BANK,

by
David W. Lewing

Name: David W. Lewing
Title: Managing Director

Banks	Commitment
THE BANK OF TOKYO TRUST COMPANY,	$20,000,000

by
John R. Jeffers

Name: John R. Jeffers
Title: Vice President

Banks	Commitment
BANQUE NATIONALE DE PARIS,	$20,000,000

by
Eric Vigne

Name: Eric Vigne
Title: Senior Vice President

by
Judith Domkowski

Name: Judith Domkowski
Title: Vice President

Banks	Commitment
THE BOATMEN'S NATIONAL BANK OF ST. LOUIS,	$20,000,000

by
Joseph L. Sooter, Jr.

Name: Joseph L. Sooter, Jr.
Title: Vice President

Banks	Commitment
THE FIRST NATIONAL BANK OF BOSTON,	$20,000,000

by
Barbara W. Wilson

Name: Barbara W. Wilson
Title: Vice President

Banks	Commitment
THE INDUSTRIAL BANK OF JAPAN TRUST COMPANY,	$20,000,000

by
Takeshi Kawano

Name: Takeshi Kawano
Title: Senior Vice President
and Senior Manager

Banks	Commitment
MELLON BANK, N.A.,	$20,000,000

by
Susan A. Dalton

Name: Susan A. Dalton
Title: Vice President

Banks	Commitment
PNC BANK, NATIONAL ASSOCIATION,	$20,000,000

by
H. Todd Dissinger

Name: H. Todd Dissinger
Title: Vice President

Banks	Commitment
THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH,	$20,000,000

by
Yoshinori Kawamura

Name: Yoshinori Kawamura
Title: Joint General Manager

Banks	Commitment
SWISS BANK CORPORATION, CHICAGO BRANCH,	$20,000,000

by
Neil R. Gunn

Name: Neil R. Gunn
Title: Director

by
Benjamin R. Riensche

Name: Benjamin R. Riensche
Title: Associate Director

EXHIBIT 99(b)(2)

CONFORMED COPY

FIRST AMENDMENT dated as of February 28, 1994 (this "Amendment"), to the U.S. $800,000,000 Revolving Credit Agreement dated as of March 2, 1993 (the "Facility B Agreement"), among UNION PACIFIC CORPORATION, a Utah corporation (the "Borrower"), the banks parties thereto (the "Banks") and CHEMICAL BANK, a New York banking corporation, as administrative agent for the Banks (in such capacity, the "Administrative Agent").

A. The Borrower has requested that the Banks amend certain provisions of the Facility B Agreement. The Banks are willing to enter into this Amendment, subject to the terms and conditions set forth herein.

B. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Facility B Agreement.

Accordingly, in consideration of the mutual agreements contained in this Amendment and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendment to Section 1.01. (a) The table in the definition of "Applicable Fee Percentage" in Section 1.01 of the Facility B Agreement is hereby amended to read in its entirety as follows:

Ratings	Applicable Fee Percentage
Category 1	
BBB+ and higher by S&P; Baa1 and higher by Moody's	.15%
Category 2	
Lower than BBB+ and equal to or higher than BBB- by S&P; Lower than Baa1 and equal to or higher than Baa3 by Moody's	.225%
Category 3	
BB+ or lower by S&P; Ba1 or lower by Moody's	.30%

(b) The definition of "Facility A Credit Agreement" in Section 1.01 of the Facility B Agreement is hereby amended to read in its entirety as follows:

"Facility A Credit Agreement" means the $600,000,000 Revolving Credit Agreement, as amended from time to time, among the Borrower, the banks named therein (which include certain of the Banks) and Chemical Bank, as administrative agent for the banks.

(c) The definition of "Maturity Date" in Section 1.01 of the Facility B Agreement is hereby amended to read in its entirety as follows:

"Maturity Date" means March 2, 1999.

SECTION 2. Amendment to Section 2.01(a). Section 2.01(a) of the Facility B Agreement is hereby amended to read in its entirety as follows:

"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 the First Amendment to this Agreement, dated as of February 28, 1994, as such amount may be reduced pursuant to Section 2.06 or increased pursuant to Section 2.17 (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 accordingly to their respective Commitments."

SECTION 3. _Amendment to Section 5.01(c)(i)_. Section 5.01(c)(i) of the Facility B Agreement is hereby amended by replacing the words "45 days" therein with the words "60 days."

SECTION 4. _Representations and Warranties_. The Borrower represents and warrants to the Administrative Agent and to each of the Banks that:

(a) This Amendment, and the Facility B Agreement as amended hereby, have been duly authorized, executed and delivered by it and constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, or by general equitable principles, including but not limited to principles governing the availability of the remedies of specific performance and injunctive relief.

(b) The representations and warranties set forth in Article IV of the Facility B Agreement are true and correct in all material respects before and after giving effect to this Amendment with the same effect as if made on the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date.

(c) As of the date hereof, the Borrower has performed all obligations to be performed on its part as set forth in the Facility B Agreement.

For purposes of the foregoing representations, references to the Facility B Agreement shall mean the Facility B Agreement as amended hereby.

SECTION 5. Conditions to Effectiveness. The amendments to the Facility B Agreement set forth in this Amendment shall become effective on the date hereof, provided that (a) the Administrative Agent shall have received counterparts of this Amendment which, when taken together, bear the signatures of the Borrower and each Bank under the Facility B Agreement and (b) the Administrative Agent shall have received a favorable written opinion of the Borrower's counsel, dated the date hereof and addressed to the Banks, to the effect set forth in Annex I hereto.

SECTION 6. Facility B Agreement. Except as specifically amended hereby, the Facility B Agreement shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. After the date hereof, any reference to the Facility B Agreement shall mean the Facility B Agreement as amended hereby.

SECTION 7. APPLICABLE LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 8. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one contract.

SECTION 9. Expenses. The Borrower agrees to reimburse the Administrative Agent for its out-of-pocket

expenses in connection with the preparation and execution of this Amendment, including the fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Administrative Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first written above.

UNION PACIFIC CORPORATION,
as Borrower,

by
/s/ John B. Larsen

Name: John B. Larsen
Title: Assistant Treasurer

Banks	Commitment
CHEMICAL BANK, individually and as Administrative Agent,	$50,000,000

by
/s/ John J. Huber III

Name: John J. Huber III
Title: Managing Director

Banks

Commitment

$50,000,000

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,

by
/s/ Robert A. Kilgannon

Name: Robert A. Kilgannon
Title: Vice President

Banks

Commitment

$50,000,000

CITIBANK, N.A.,

by
/s/ Robert D. Wetrus

Name: Robert D. Wetrus
Title: Vice President

Banks

Commitment

$50,000,000

THE FIRST NATIONAL BANK OF CHICAGO,

by
/s/ Gerald F. Mackin

Name: Gerald F. Mackin
Title: Vice President

Banks

Commitment

$20,000,000

J. P. MORGAN DELAWARE,

by
/s/ David J. Morris

Name: David J. Morris
Title: Vice President

Banks

Commitment

$30,000,000

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,

by
/s/ Laura E. Reim

Name: Laura E. Reim
Title: Vice President

Banks

Commitment

$50,000,000

NATIONSBANK OF NORTH CAROLINA,
N.A.,

by
/s/ Bill Manley

Name: Bill Manley
Title: Senior Vice
President

Banks

Commitment

$50,000,000

UNION BANK OF SWITZERLAND,
NEW YORK BRANCH,

by
/s/ Daniel H. Perron

Name: Daniel H. Perron
Title: Vice President

by
/s/ James P. Kelleher

Name: James P. Kelleher
Title: Assistant
Treasurer

Banks

Commitment

$30,000,000

ABN AMRO BANK, N.V.,

by
/s/ Blaise R. Heid

Name: Blaise R. Heid
Title: Group Vice President

by
/s/ Duane P. Helkowski

Name: Duane P. Helkowski
Title: Corporate Banking Officer

Banks

Commitment

$50,000,000

BANK OF MONTREAL,

by
/s/ Christine M. Tierney

Name:Christine M. Tierney
Title: Director

Banks

Commitment

$30,000,000

THE CHASE MANHATTAN BANK, N.A.,

by
/s/ Dawn Lee Lum

Name: Dawn Lee Lum
Title: Vice President

Banks

Commitment

$30,000,000

CREDIT LYONNAIS NEW YORK BRANCH,

by
/s/ Mary E. Collier

Name: Mary E. Collier
Title: Vice President

Banks

Commitment

$30,000,000

CREDIT SUISSE,

by
/s/ Thomas Bosshard

Name: Thomas Bosshard
Title: Associate

by
/s/ Jay Chall

Name: Jay Chall
Title: Member of Senior Management

Banks

Commitment

$30,000,000

NATIONAL WESTMINSTER BANK PLC,

by
/s/ George M. Sherman

Name: George M. Sherman
Title: Vice President

Banks

Commitment

$30,000,000

THE NORTHERN TRUST COMPANY,

by
/s/ Greg Werd

Name: Greg Werd
Title: Vice President

Banks

Commitment

$30,000,000

SOCIETE GENERALE,

by
/s/ Jan Wertlieb

Name: Jan Wertlieb
Title: Vice President

Banks

Commitment

$30,000,000

THE TORONTO-DOMINION BANK,

by
/s/ William H. Hoffmann

Name: William H. Hoffmann
Title: Director

Banks

Commitment

$20,000,000

THE BANK OF TOKYO TRUST COMPANY,

by
/s/ John R. Jeffers

Name: John R. Jeffers
Title: Vice President

Banks	Commitment
BANQUE NATIONALE DE PARIS, by /s/ Eric Vigne Name: Eric Vigne Title: Senior Vice President by /s/ Richard L. Sted Name: Richard L. Sted Title: Senior Vice President	$20,000,000
THE BOATMEN'S NATIONAL BANK OF ST. LOUIS, by /s/ John C. Solomon Name: John C. Solomon Title: Vice President	$20,000,000
THE FIRST NATIONAL BANK OF BOSTON, by /s/ Barbara W. Wilson Name: Barbara W. Wilson Title: Vice President	$20,000,000

Banks

Commitment

$20,000,000

THE INDUSTRIAL BANK OF JAPAN
TRUST COMPANY,

by
/s/ Takeshi Kawano

Name: Takeshi Kawano
Title: Senior Vice
President and
Senior Manager
Corporate Finance

Banks

Commitment

$20,000,000

MELLON BANK, N.A.,

by
/s/ Robert E. Bjorhus Jr.

Name:Robert E. Bjorhus Jr
Title: Vice President

Banks

Commitment

$20,000,000

PNC BANK, NATIONAL
ASSOCIATION,

by
/s/ Robert Q. Reilly

Name: Robert Q. Reilly
Title: Vice President

Banks

Commitment

$20,000,000

THE SUMITOMO BANK, LIMITED,
NEW YORK BRANCH,

by
/s/ Yoshinori Kawamura

Name: Yoshinori Kawamuri
Title: Joint General
Manager

EXHIBIT 99(b)(3)

CONFORMED COPY

SECOND AMENDMENT dated as of February 27, 1995 (this "Amendment"), to the U.S. $800,000,000 Revolving Credit Agreement dated as of March 2, 1993, as amended (the "Facility B Agreement"), among UNION PACIFIC CORPORATION, a Utah corporation (the "Borrower"), the banks parties thereto (the "Banks") and CHEMICAL BANK, a New York banking corporation, as administrative agent for the Banks (in such capacity, the "Administrative Agent").

A. The Borrower has requested that the Banks amend certain provisions of the Facility B Agreement. The Banks are willing to enter into this Amendment, subject to the terms and conditions set forth herein.

B. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Facility B Agreement.

Accordingly, in consideration of the mutual agreements contained in this Amendment and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendment to Cover Page. (a) The reference on the Cover Page of the Facility B Agreement to "$800,000,000" is hereby amended to read as follows:

"$1,400,000,000".

(b) The reference on the Cover Page of the Facility B Agreement to the Morgan Guaranty Trust Company of New York as Co-Agent shall be deleted and replaced by references to Credit Suisse and NationsBank, N.A. (Carolinas) as Co-Agents.

SECTION 2. Amendments to Section 1.01. (a) The definition of "Applicable Fee" Percentage in Section 1.01 of the Facility B Agreement is hereby amended to read in its entirety as follows:

"Applicable Fee Percentage" means on any date the applicable percentage set forth below 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 Fee Percentage
Category 1	
A and higher by S&P; A2 and higher by Moody's	.10%
Category 2	
Lower than A and equal to or higher than BBB+ by S&P; Lower than A2 and equal to or higher than Baa1 by Moody's	.125%
Category 3	
Lower than BBB+ and equal to or higher than BBB- by S&P; Lower than Baa1 and equal to or higher than Baa3 by Moody's	.15%
Category 4	
BB+ or lower by S&P; Ba1 or lower by Moody's	.25%

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 Fee Percentage 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 Fee Percentage shall be determined by reference to the numerically lower 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 Fee Percentage 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 definition to reflect the ratings used by such substitute rating agency.

(b) The definition of "Applicable Rate" in Section 1.01 of the Facility B Agreement is hereby amended to read in its entirety as follows:

"Applicable Rate" means:

(i) with respect to Adjusted CD Rate Advances, the Adjusted CD Rate plus .375%;

(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 on any date the applicable spread (the "Applicable Spread") set forth

below based upon the ratings applicable on such date to the Index Debt:

Ratings	Applicable Spread
Category 1	
A and higher by S&P; A2 and higher by Moody's	.15%
Category 2	
Lower than A and equal to or higher than BBB+ by S&P; Lower than A2 and equal to or higher than Baa1 by Moody's	.25%
Category 3	
Lower than BBB+ and equal to or higher than BBB- by S&P; Lower than Baa1 and equal to or higher than Baa3 by Moody's	.30%
Category 4	
BB+ or lower by S&P; Ba1 or lower by Moody's	.50%

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 Spread 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 Spread shall be determined by reference to the numerically lower 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 Spread 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 definition to reflect the ratings used by such substitute rating agency.

(c) The definition of "Majority Banks" in Section 1.01 of the Facility B Agreement is hereby amended to read in its entirety as follows:

> "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.

(d) The definition of "Maturity Date" in Section 1.01 of the Facility B Agreement is hereby amended to read in its entirety as follows:

> "Maturity Date" means March 2, 2000.

(e) The definition of "Reference Banks" in Section 1.01 of the Facility B Agreement is hereby amended to read in its entirety as follows:

"Reference Banks" means Chemical Bank, Citibank, N.A., Credit Suisse and NationsBank, N.A. (Carolinas) 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.

SECTION 3. Amendment to Section 2.01(a). Section 2.01(a) of the Facility B Agreement is hereby amended to read in its entirety as follows:

"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 the Second Amendment to this Agreement, dated as of February 27, 1995, 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 of 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 accordingly to their respective Commitments."

SECTION 4. Amendments to Section 2.11. Section 2.11(a) and (b) of the Facility B Agreement are hereby amended by deleting all references to "after the date hereof" and replacing each such reference with the words "after February 27, 1995".

SECTION 5. Amendments to Section 2.15. (a) Section 2.15(a) of the Facility B Agreement is hereby amended by deleting all references to "after the date hereof" and replacing each such reference with the words "after February 27, 1995".

(b) Section 2.15 of the Facility B Agreement is hereby amended by adding the following new Section 2.15(e):

(e) Notwithstanding the foregoing provisions of this Section 2.15, in the event any Bank grants a participation in an Advance or Special Rate Loan purusant 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 if such Bank had not granted such participation.

SECTION 6. Amendments to Section 4.01. Section 4.01(g) of the Facility B Agreement is hereby amended to read in its entirety as follows:

(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 5.02(d) will consist of or be represented by margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

SECTION 7. Amendments to Section 5.02. (a) Section 5.02(c)(i) of the Facility B Agreement is hereby amended by inserting the words "and Special Rate Loans" following the reference to "Advances".

(b) Section 5.02(c)(iii) of the Facility B Agreement is hereby amended by inserting the words "and Special Rate Loans" following the reference to "Advances".

SECTION 8. Amendments to Section 8.07. (a) Section 8.07(a) of the Facility B Agreement is hereby amended by inserting the words "and Special Rate Loans" following the first reference to "Advances".

(b) Section 8.07(a)(i) of the Facility B Agreement is hereby amended by inserting the words "(except in the case of Special Rate Loans)" following the word "shall".

(c) Section 8.07(g) of the Facility B Agreement is hereby amended by replacing the two references to "Commitment or Advances" with, in each case, the words "Commitment, Advances or Special Rate Loans".

SECTION 9. Representations and Warranties. The Borrower represents and warrants to the Administrative Agent and to each of the Banks that:

(a) This Amendment, and the Facility B Agreement as amended hereby, have been duly authorized, executed and delivered by it and constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, or by general equitable principles, including but not limited to principles governing the availability of the remedies of specific performance and injunctive relief.

(b) The representations and warranties set forth in Article IV of the Facility B Agreement are true and correct in all material respects before and after giving effect to this Amendment with the same effect as if made on the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date.

(c) As of the date hereof, the Borrower has performed all obligations to be performed on its part as set forth in the Facility B Agreement.

For purposes of the foregoing representations, references to the Facility B Agreement shall mean the Facility B Agreement as amended hereby.

SECTION 10. Conditions to Effectiveness. The amendments to the Facility B Agreement set forth in this Amendment shall become effective on the date hereof, provided that (a) the Administrative Agent shall have received counterparts of this Amendment which, when taken together, bear the signatures of the Borrower and each Bank under the Facility B Agreement, (b) the Administrative Agent shall have received a favorable written opinion of the Borrower's counsel, dated the date hereof and addressed to the Banks, to the effect set forth in Annex I hereto, (c) the U.S. $600,000,000 Revolving Credit Agreement dated as of March 2, 1993, as amended, among the Borrower, the Banks and the Administrative Agent, shall have terminated as

of the date hereof and (d) the U.S. $800,000,000 364-Day Competitive Advance and Revolving Credit Agreement, dated as of March 29, 1994, among the Borrower, the Administrative Agent and the financial institutions party thereto, shall have terminated as of the date hereof.

SECTION 11. Facility B Agreement. Except as specifically amended hereby, the Facility B Agreement shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. After the date hereof, any reference to the Facility B Agreement shall mean the Facility B Agreement as amended hereby.

SECTION 12. APPLICABLE LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 13. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one contract.

SECTION 14. Expenses. The Borrower agrees to reimburse the Administrative Agent for its out-of-pocket expenses in connection with the preparation and execution of this Amendment, including the fees, charges and

disbursements of Cravath, Swaine & Moore, counsel for the Administrative Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first written above.

UNION PACIFIC CORPORATION,
as Borrower,

by
/s/ Robert M. Knight, Jr.

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

Banks

Commitment	
	CHEMICAL BANK, individually and as Administrative Agent,
$87,500,000	

by
/s/ Julie S. Long

Name: Julie S. Long
Title: Vice President

Commitment
$87,500,000

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,

by
/s/ Craig S. Munro

Name: Craig S. Munro
Title: Managing Director

Commitment
$87,500,000

CITIBANK, N.A.,

/s/ Robert D. Wetrus

Name: Robert D. Wetrus
Title: Vice President
Attorney-in-Fact

Commitment
$87,500,000

THE FIRST NATIONAL BANK OF CHICAGO,

by
/s/ Gerald E. Mackin

Name: Gerald E. Mackin
Title: Vice President

Commitment
$87,500,000

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,

by
/s/ Laura E. Reim

Name: Laura E. Reim
Title: Vice President

Commitment
$87,500,000

NATIONSBANK, N.A. (Carolinas)

by
/s/ Michael D. Monte

Name: Michael D. Monte
Title: Vice President

Commitment

$87,500,000

UNION BANK OF SWITZERLAND,
NEW YORK BRANCH,

by
/s/ James P. Kelleher

Name: James P. Kellehen
Title: Assistant Vice President

by
/s/ Daniel R. Strickford

Name: Daniel R. Strickford
Title: Assistant Treasurer

Commitment
$52,500,000

ABN AMRO BANK, N.V.,

by
/s/ Duane P. Helkowski

Name: Duane P. Helkowski
Title: Assistant Vice President

by
/s/ Blaise R. Heid

Name: Blaise R. Heid
Title: Senior Vice President

Commitment

$87,500,000

BANK OF MONTREAL,

by
/s/ David J. Thompson

Name: David J. Thompson
Title: Director

Commitment
$52,500,000

THE CHASE MANHATTAN BANK,
N.A.,

by
/s/ F. M. Cox, III

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

Commitment
$52,500,000

CREDIT LYONNAIS NEW YORK BRANCH,

by
/s/ Mary E. Collier

Name: Mary E. Collier
Title: Vice President

Commitment
$52,500,000

CREDIT SUISSE,

by
/s/ Eilleen O'Connell Fox

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

by
/s/ Adrian Germann

Name: Adrian Germann
Title: Associate

Commitment
$52,500,000

NATIONAL WESTMINSTER BANK PLC,

by
/s/ Anne Marie Torre

Name: Anne Marie Torre
Title: Vice President

Commitment
$52,500,000

THE NORTHERN TRUST COMPANY,

by
/s/ James C. McCall

Name: James C. McCall
Title: Second Vice President

Commitment
$52,500,000

SOCIETE GENERALE,

by
/s/ Jan Wertlieb

Name: Jan Wertlieb
Title: Vice President

Commitment
$52,500,000

THE TORONTO-DOMINION BANK,

by
/s/ Jorge A. Garcia

Name: Jorge A. Garcia
Title: Manager--Credit Administration

Commitment
$35,000,000

THE BANK OF TOKYO TRUST COMPANY,

by
/s/ M. R. Manon

Name: M. R. Manon
Title: Vice President

Commitment
$35,000,000

BANQUE NATIONALE DE PARIS,

by
/s/ Barry S. Feigenbaum

Name: Barry S. Feignebaum
Title: Senior Vice President

by
/s/ Walter Kaplan

Name: Walter Kaplan
Title: Vice President

Commitment

$35,000,000

THE BOATMEN'S NATIONAL BANK OF ST. LOUIS,

by
/s/ Joseph L. Sooter, Jr.

Name: Joseph L. Sooter, Jr.
Title: Vice President

Commitment	THE FIRST NATIONAL BANK OF BOSTON,
$35,000,000	

by
/s/ Barbara Wilson

Name: Barbara Wilson
Title: Director

Commitment
$35,000,000

THE INDUSTRIAL BANK OF JAPAN
TRUST COMPANY,

by
/s/ Takeshi Kawano

Name: Takeshi Kawano
Title: Senior Vice President
and Senior Manager
Corporate Finance
U.S.A.

Commitment
$35,000,000

MELLON BANK, N.A.,

by
/s/ Donald G. Cassidy, Jr.

Name: Donald G. Cassidy, Jr.
Title: First Vice President

Commitment	PNC BANK, NATIONAL ASSOCIATION,
$35,000,000	

by
/s/ Robert Q. Reilly

Name: Robert Q. Reilly
Title: Vice President

Commitment
$35,000,000

THE SUMITOMO BANK, LIMITED,
NEW YORK BRANCH,

by
/s/ Y. Kawamura

Name: Y. Kawamura
Title: Joint General Manager

EXHIBIT 99(c)(1)

==========

AGREEMENT AND PLAN OF MERGER

by and among

UNION PACIFIC CORPORATION,

UP ACQUISITION CORPORATION,

UNION PACIFIC RAILROAD COMPANY

and

SOUTHERN PACIFIC RAIL CORPORATION

dated as of

August 3, 1995

==========

TABLE OF CONTENTS

GLOSSARY OF DEFINED TERMS

GLOSSARY OF DEFINED TERMS

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of August 3, 1995, by and among Union Pacific Corporation, a Utah corporation ("Parent"), UP Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Sub"), Union Pacific Railroad Company, a Utah corporation and an indirect wholly owned subsidiary of Parent ("UPRR") and Southern Pacific Rail Corporation, a Delaware corporation (the "Company").

WHEREAS, the Boards of Directors of Parent, UPRR Sub and the Company have approved, and deem it advisable and in the best interests of their respective stockholders to consummate, the acquisition of the Company by Parent upon the terms and subject to the conditions set forth herein;

WHEREAS, it is intended that the acquisition be accomplished by Sub commencing a cash tender offer for Shares (as defined in Section 1.1) to be followed by a merger of Sub with and into UPRR (the "Sub Merger"), with UPRR being the surviving corporation, which, in turn, will be followed by a merger of the Company with and into UPRR (the "Merger" and, together with the Sub Merger, the "Mergers");

WHEREAS, as a condition and inducement to Parent's, UPRR's and Sub's entering into this Agreement and incurring the obligations set forth herein, concurrently with the execution and delivery of this Agreement, Parent is entering into Stockholder Agreements with The Anschutz Corporation, a Kansas corporation ("TAC"), Anschutz Foundation (the "Foundation") and Philip F. Anschutz ("Mr. Anschutz," and together with TAC and the Foundation, the "Anschutz Holders"), in the form of Exhibit A hereto (the "Anschutz Stockholder Agreement"), and Morgan Stanley Leveraged Equity Fund II, L.P., in the form of Exhibit B hereto (the "MSLEF Stockholder Agreement"), pursuant to which, among other things, such stockholders have agreed to vote the Shares then owned by such stockholder in favor of the Merger provided for herein and, in the case of the Anschutz Holders, to abide by certain agreements relating to the shares of Parent Common Stock (as defined in Section 1.7) to be received by the Anschutz Holders in the Merger;

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent, TAC and the Foundation are entering into a Registration Rights Agreement, in the form of Exhibit C hereto (the "Anschutz/Parent Registration Rights Agreement"), pursuant to which, among other things, Parent will grant TAC and the Foundation certain registration rights with respect to shares of Parent Common Stock to be received by TAC and the Foundation in the Merger;

WHEREAS, as a condition and inducement to Parent's and Sub's entering into this Agreement and incurring the obligations set forth herein, and in furtherance of Parent's proposed spin-off (the "Spin-off") of shares of an entity owning Parent's oil and gas exploration and production operations and related assets ("Spinco") described in Section 5.4 hereof, concurrently with the execution and delivery of this Agreement, Parent is causing Spinco to enter into, and the Anschutz Holders are entering into, (a) an Agreement, in the form of Exhibit D hereto (the "Anschutz/Spinco Stockholder Agreement"), pursuant to which, among other things, the Anschutz Holders have agreed to abide by certain agreements relating to the shares of Spinco stock to be received by the Anschutz Holders in the Spin-off, and (b) an Agreement, in the form of Exhibit E hereto (the "Anschutz/Spinco Registration Rights Agreement"), pursuant to which, among other things, Spinco will grant TAC and the Foundation certain registration rights with respect to shares of Spinco stock to be received by TAC and the Foundation in the Spin-off, such agreements to be effective subject to, and only upon consummation of, the Spin-off;

WHEREAS, as a condition and inducement to the Company's, Parent's, UPRR's and Sub's entering into this Agreement and incurring the obligations set forth herein, concurrently with the execution and delivery of this Agreement, the parties hereto are entering into an Agreement, in the form of Exhibit F hereto (the "Parent Stockholder Agreement" and, collectively with the Anschutz Stockholder Agreement, the MSLEF Stockholder Agreement and the MSLEF/Spinco Stockholder Agreement, the "Stockholder Agreements"), pursuant to which, among other things, the parties have made certain agreements relating to the Shares to be purchased in the Offer (as defined in Section 1.1);

WHEREAS, as a condition and inducement to Parent's, UPRR's and Sub's entering into this Agreement and incurring the obligations set forth herein, concurrently with the execution and delivery of this Agreement, the parties hereto are entering into an Agreement, in the form of Exhibit G hereto (the "Parent/Company Registration Rights Agreement" and, together with the Anschutz/Parent Registration Rights Agreement, the Anschutz/Spinco Registration Rights Agreement and the Stockholder Agreements, the "Ancillary Agreements"), pursuant to which, among other things, the Company will grant to Parent, UPRR and Sub certain registration rights with respect to Shares to be purchased by Sub in the Offer;

WHEREAS, the Board of Directors of the Company has approved the transactions contemplated by this Agreement and the Ancillary Agreements in accordance with the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL") and has resolved to recommend the acceptance of the Offer and the approval of the Merger by the holders of Shares; and

WHEREAS, for United States federal income tax purposes, it is intended that the Merger provided for herein shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the rules and regulations promulgated thereunder, and this Agreement is intended to be and is adopted as a plan of reorganization within the meaning of Section 368 of the Code;

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein and in the Ancillary Agreements, the parties hereto agree as follows:

ARTICLE I

THE OFFER AND MERGER

Section 1.1 The Offer. (a) As promptly as practicable (but in no event later than five business days after the public announcement of the execution hereof), Sub shall commence (within the meaning of Rule

14d-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) an offer (the "Offer") to purchase for cash up to 39,034,471 shares of the issued and outstanding common stock, par value $.001 per share (referred to herein as either the "Shares" or "Company Common Stock"), of the Company at a price of $25.00 per Share, net to the seller in cash (such price, or such higher price per Share as may be paid in the Offer, being referred to herein as the "Offer Price"), subject to the conditions set forth in Annex A hereto. Sub shall, on the terms and subject to the prior satisfaction or waiver of the conditions of the Offer, accept for payment and pay for Shares tendered as soon as practicable after the later of the satisfaction of the conditions to the Offer and the expiration of the Offer; provided, however, that no such payment shall be made until after any calculation of proration. The obligations of Sub to commence the Offer and to accept for payment and to pay for any Shares validly tendered on or prior to the expiration of the Offer and not withdrawn shall be subject only to the conditions set forth in Annex A hereto. The Offer shall be made by means of an offer to purchase (the "Offer to Purchase") containing the terms set forth in this Agreement and the conditions set forth in Annex A hereto. Without the written consent of the Company (such consent to be authorized by the Board of Directors of the Company or a duly authorized committee thereof), Sub shall not waive the condition set forth in paragraph (k) on Annex A hereto, decrease the Offer Price, decrease the number of Shares sought, change the form of consideration to be paid pursuant to the Offer or impose conditions to the Offer in addition to those set forth in Annex A hereto, or amend any other term or condition of the Offer in any manner which is adverse to the holders of Shares; provided, however, that if on the initial scheduled expiration date of the Offer (as it may be extended in accordance with the terms hereof), all conditions to the Offer shall not have been satisfied or waived, the Offer may be extended from time to time without the consent of the Company for such period of time as is reasonably expected to be necessary to satisfy the unsatisfied conditions. Sub shall waive the condition set forth in paragraph (k) of Annex A hereto if directed by the Company. In addition, the Offer Price may be increased and the Offer may be extended to the extent required by law in connection with such increase in each case without the consent of the Company.

(b) Parent, UPRR and Sub shall file with the United States Securities and Exchange Commission (the "SEC") as soon as practicable on the date the Offer is commenced, a Tender Offer Statement on Schedule 14D-1 with respect to the Offer (together with all amendments and supplements thereto and including the exhibits thereto, the "Schedule 14D-1") which will include, as exhibits, the Offer to Purchase and a form of letter of transmittal and summary advertisement (collectively, together with any amendments and supplements thereto, the "Offer Documents"). Parent, UPRR and Sub represent that the Offer Documents will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published, sent or given to the Company's stockholders, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by Parent, UPRR or Sub with respect to information supplied by the Company in writing for inclusion in the Offer Documents. The information supplied by the Company for inclusion in the Offer Documents will not, on the date filed with the SEC and on the date first published, sent or given to the Company's stockholders, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of Parent, UPRR and Sub further agrees to take all steps necessary to cause the Offer Documents to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Each of Parent, UPRR and Sub, on the one hand, and the Company, on the other hand, agrees promptly to correct any information provided by it for use in the Offer Documents if and to the extent that it shall have become false and misleading in any material respect, and Parent, UPRR and Sub further agree to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. The Company and its counsel shall be given the opportunity to review the Schedule 14D-1 and the Offer Documents before they are filed with the SEC.

In addition, Parent, UPRR and Sub agree to provide the Company and its counsel in writing with any comments Parent, UPRR, Sub or their counsel may receive from time to time from the SEC or its staff with respect to the Offer Documents promptly after the receipt of such comments. Parent, UPRR and Sub will cooperate with the Company in responding to any comments received from the SEC with respect to the Offer and amending the Offer in response to any such comments.

Section 1.2 Company Actions.

(a) The Company hereby approves of and consents to the Offer and represents that the Board of Directors, at a meeting duly called and held, has unanimously (i) determined that this Agreement and the transactions contemplated hereby, including, without limitation, the Offer, the Merger, the Ancillary Agreements to which the Company is a party and the transactions contemplated thereby, are fair to and in the best interests of the holders of Shares, (ii) approved this Agreement and the transactions contemplated hereby, including, without limitation, the Offer and the Merger, and approved the Ancillary Agreements and the transactions contemplated thereby, such determination and approval constituting approval thereof for purposes of Section 203 of the DGCL, and (iii) resolved to recommend that the stockholders of the Company who desire to receive cash for their Shares accept the Offer and tender their Shares thereunder to Sub and that all stockholders of the Company approve and adopt this Agreement; provided, however, that prior to the purchase by Sub of 39,034,471 Shares pursuant to the Offer, or if less than 39,034,471 Shares are tendered, the purchase of at least 15% of the outstanding Shares pursuant to the Offer, the Company may modify, withdraw or change such recommendation only to the extent that the Board of Directors of the Company determines, after having received the oral or written opinion of outside legal counsel to the Company, that the failure to so withdraw, modify or change would result in a breach of the Board of Directors' fiduciary duties under applicable laws.

(b) Concurrently with the commencement of the Offer, the Company shall file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 (together with all amendments and supplements thereto and

including the exhibits thereto, the "Schedule 14D-9") which shall contain the recommendation referred to in clauses (i), (ii) and (iii) of Section 1.2(a) hereof; provided, however, that the Company may modify, withdraw or change such recommendation only to the extent that the Board of Directors of the Company determines, after having received the oral or written opinion of outside legal counsel to the Company, that the failure to so withdraw, modify or change would result in a breach of the Board of Directors' fiduciary duties under applicable laws. The Company represents that the Schedule 14D-9 will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published, sent or given to the Company's stockholders, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by the Company with respect to information supplied by Parent, UPRR or Sub for inclusion in the Schedule 14D-9. The information supplied by Parent, UPRR and Sub for inclusion in the Schedule 14D-9 will not, on the date filed with the SEC and on the date first published, sent or given to the Company's stockholders, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company further agrees to take all steps necessary to cause the Schedule 14D-9 to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Each of the Company, on the one hand, and Parent, UPRR and Sub, on the other hand, agrees promptly to correct any information provided by it for use in the Schedule 14D-9 if and to the extent that it shall have become false and misleading in any material respect and the Company further agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Parent and its counsel shall be given the opportunity to review the Schedule 14D-9 before it is filed with the SEC. In addition, the Company agrees to provide Parent, UPRR, Sub and their counsel in

writing with any comments the Company or its counsel may receive from time to time from the SEC or its staff with respect to the Schedule 14D-9 promptly after the receipt of such comments. The Company will cooperate with Parent and Sub in responding to any comments received from the SEC with respect to the Schedule 14D-9 and amending the Schedule 14D-9 in response to any such comments.

(c) In connection with the Offer, if requested by Sub, the Company will promptly furnish or cause to be furnished to Sub mailing labels, security position listings and any available listing or computer file containing the names and addresses of the record holders of the Shares as of a recent date, and shall furnish Sub with such information and assistance as Sub or its agents may reasonably request in communicating the Offer to the stockholders of the Company.

(d) The Company has received the written opinion of Morgan Stanley & Co., Incorporated ("Morgan Stanley"), dated as of the date of this Agreement, to the effect that, as of such date, the consideration to be received by holders of Shares (other than Sub and its affiliates) pursuant to the Offer and Merger, taken together, is fair from a financial point of view to such holders (the "Company Fairness Opinion"). The Company has delivered to Sub a copy of the Company Fairness Opinion, together with Morgan Stanley's authorization to the inclusion of the Company Fairness Opinion in the Offer Documents and the Proxy Statement/Prospectus (as defined in Section 1.7).

Section 1.3 The Mergers. (a) Subject to the terms and conditions of this Agreement and in accordance with the UBCA, at the Sub Merger Effective Time, UPRR and Sub shall consummate a merger (the "Sub Merger") pursuant to which (i) Sub shall be merged with and into UPRR and the separate corporate existence of Sub shall thereupon cease, (ii) UPRR shall be the successor or surviving corporation (the "Initial Surviving Corporation") in the Sub Merger and shall continue to be governed by the laws of the State of Utah, and (iii) the separate corporate existence of UPRR with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Sub Merger. Pursuant to the Sub Merger, (x) the Certificate of Incorporation of UPRR, as in effect immediately prior to the Sub Merger Effective Time (as de-

fined in Section 1.4), shall be the Certificate of Incorporation of the Initial Surviving Corporation until thereafter amended as provided by law and such Certificate of Incorporation, and (y) the By-laws of UPRR, as in effect immediately prior to the Sub Merger Effective Time, shall be the By-laws of the Initial Surviving Corporation until thereafter amended as provided by law, the Certificate of Incorporation of the Initial Surviving Corporation and such By-laws. The Sub Merger shall have the effects set forth in the UBCA.

(b) Subject to the terms and conditions of this Agreement and in accordance with the DGCL and the UBCA, at the Effective Time, the Company and the Initial Surviving Corporation shall consummate a merger (the "Merger", and together with the Sub Merger, the "Mergers") pursuant to which (i) the Company shall be merged with and into the Initial Surviving Corporation and the separate corporate existence of the Company shall thereupon cease, (ii) the Initial Surviving Corporation shall be the successor or surviving corporation in the Merger and shall continue to be governed by the laws of the State of Utah, and (iii) the separate corporate existence of the Initial Surviving Corporation with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Merger. Pursuant to the Merger, (x) the Certificate of Incorporation of the Initial Surviving Corporation, as in effect immediately prior to the Effective Time, shall be the Certificate of Incorporation of the Surviving Corporation (as defined below) until thereafter amended as provided by law and such Certificate of Incorporation, and (y) the By-laws of the Initial Surviving Corporation, as in effect immediately prior to the Effective Time, shall be the By-laws of the Surviving Corporation until thereafter amended as provided by law, the Certificate of Incorporation of the Surviving Corporation and such By-laws. The Merger shall have the effects set forth in the UBCA and the DGCL.

Section 1.4 Effective Time. (a) Parent, UPRR and Sub will cause
----
Articles of Ownership and Merger (the "Sub Articles of Merger") and a Certificate of Ownership and Merger (the "Sub Certificate of Merger"), each with respect to the Sub Merger, to be executed and filed on a date as soon as practicable following the satisfaction of the condition specified in Section 6.2(c) hereof (or on such later date as Parent and the Company may agree) with

the Division of Corporations and Commercial Code of the State of Utah (the "Division") as provided in the UBCA and with the Secretary of State of the State of Delaware (the "Secretary of State") as provided in the DGCL, respectively. The Sub Merger shall become effective on the date on which the Sub Articles of Merger and the Sub Certificate of Merger have been duly filed with the Division and the Secretary of State, respectively, or such time as is agreed upon by the parties and specified in the Sub Articles of Merger and the Sub Certificate of Merger, and such time is hereinafter referred to as the "Sub Merger Effective Time".

(b) Parent, the Initial Surviving Corporation and the Company will cause Articles of Merger (the "Articles of Merger") and a Certificate of Merger (the "Certificate of Merger"), each with respect to the Merger, to be executed and filed on the date of the Closing (as defined in Section 1.5) (or on such other date as Parent and the Company may agree) with the Division as provided in the UBCA and the Secretary of State as provided in the DGCL, respectively. The Merger shall become effective on the date on which the Articles of Merger and the Certificate of Merger have been duly filed with the Division and the Secretary of State, respectively, or such time as is agreed upon by the parties and specified in the Articles of Merger and Certificate of Merger, and such time is hereinafter referred to as the "Effective Time".

Section 1.5 Closing. The closing of the Merger (the "Closing") will take place at 10:00 a.m., New York City time, on a date to be specified by the parties, which shall be no later than the third business day after satisfaction or waiver of all of the conditions set forth in Article VII hereof (the "Closing Date"), at the offices of Skadden, Arps, Slate, Meagher & Flom, 919 Third Avenue, New York, New York, unless another time, date or place is agreed to in writing by the parties hereto.

Section 1.6 Directors and Officers of Initial Surviving Corporation and the Surviving Corporation. (a) The directors and officers of UPRR at the Sub Merger Effective Time shall, from and after the Sub Merger Effective Time, be the initial directors and officers, respectively, of the Initial Surviving Corporation until their successors shall have been duly elected or appoint-

ed or qualified or until their earlier death, resignation or removal in accordance with the Initial Surviving Corporation's Certificate of Incorporation and By-laws.

(b) The directors and officers of the Initial Surviving Corporation at the Effective Time shall, from and after the Effective Time, be the initial directors and officers, respectively, of the Surviving Corporation until their successors shall have been duly elected or appointed or qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and By-laws.

Section 1.7 Stockholders' Meeting. In order to consummate the Merger, the Company, acting through its Board of Directors, shall, in accordance with applicable law duly call, give notice of, convene and hold a special meeting of its stockholders (the "Company Special Meeting"), as soon as practicable after the registration statement on Form S-4 (together with all amendments, schedules, and exhibits thereto) to be filed by Parent in connection with the registration of the Parent Common Stock to be issued by Parent in the Merger (the "Registration Statement") is declared effective, for the purpose of considering and taking action upon this Agreement. The Company shall include in the joint proxy statement/prospectus forming a part of the Registration Statement (the "Proxy Statement/Prospectus") the recommendation of the Board of Directors of the Company that stockholders of the Company vote in favor of the approval of the Merger and the adoption of this Agreement; provided that the Company may, at any time prior to the purchase of 39,034,471 Shares pursuant to the Offer, or if less than 39,034,471 Shares are tendered, the purchase of at least 15% of the outstanding Shares pursuant to the Offer, withdraw, modify or change such recommendation only to the extent that the Board of Directors determines, after having received the oral or written opinion of outside legal counsel to the Company, that the failure to so withdraw, modify or change such recommendation would result in a breach of the Board of Directors' fiduciary duties under applicable law.

Section 1.8 Voting Trust. The parties agree that simultaneously with the purchase by Parent, UPRR, Sub or their affiliates of Shares pursuant to the Offer,

such Shares shall be deposited in a voting trust (the "Voting Trust") in accordance with the terms and conditions of a voting trust agreement in the form attached hereto as Exhibit H. The Voting Trust may not be modified or amended without the prior written approval of the Company unless such modification or amendment is not inconsistent with this Agreement or the Ancillary Agreements and is not adverse to the Company or its shareholders.

ARTICLE II

CONVERSION OF SHARES

Section 2.1 Conversion of Shares. (a) Each share of Common Stock, par value $.01 per share, of UPRR issued and outstanding immediately prior to the Sub Merger Effective Time shall, at the Sub Merger Effective Time, be converted into and become one fully paid and nonassessable share of common stock of the Initial Surviving Corporation.

(b) Each share of Common Stock, par value $.01 per share, of Sub (the "Sub Common Stock"), issued and outstanding immediately prior to the Sub Merger Effective Time shall, at the Sub Merger Effective Time, by virtue of the Sub Merger and without any action on the part of UPRR, be cancelled and retired and cease to exist.

(c) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than Shares to be cancelled pursuant to Section 2.1(e) hereof) shall, at the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, be converted into the right to receive such number of duly authorized, validly issued, fully paid and nonassessable shares of Parent Common Stock or cash, without any interest thereon, as specified in Section 2.3 hereof.

(d) Each share of Common Stock, par value $.01 per share, of the Initial Surviving Corporation, issued and outstanding immediately prior to the Effective Time shall, at the Effective Time, by virtue of the Merger and without any action on the part of Parent, be

converted into one fully paid and nonassessable share of common stock, par value $.01 per share, of the Surviving Corporation.

(e) All shares of Company Common Stock that are owned by the Company as treasury stock and any shares of Company Common Stock owned by Parent, Sub, the Initial Surviving Corporation or any other direct or indirect wholly owned Subsidiary (as defined in Section 3.1 hereof) of Parent shall, at the Effective Time, be cancelled and retired and shall cease to exist and no Parent Common Stock or other consideration shall be delivered in exchange therefor.

(f) On and after the Effective Time, holders of certificates which immediately prior to the Effective Time represented outstanding Shares (the "Certificates") shall cease to have any rights as stockholders of the Company, except the right to receive the consideration set forth in this Article II (the "Merger Consideration") for each Share held by them.

Section 2.2 Election Procedure. Each holder of Shares (other than holders of Shares to be cancelled as set forth in Section 2.1(c)) shall have the right to submit a request specifying the number of Shares that such holder desires to have converted into shares of Common Stock, par value $2.50 per share, of Parent in the Merger and the number of Shares that such holder desires to have converted into the right to receive $25.00 per Share, without interest (the "Cash Consideration"), in the Merger in accordance with the following procedure:

(a) Each holder of Shares may specify in a request made in accordance with the provisions of this Section 2.2 (herein called an "Election") (i) the number of Shares owned by such holder that such holder desires to have converted into Parent Common Stock in the Merger (a "Stock Election") and (ii) the number of Shares owned by such holder that such holder desires to have converted into the right to receive the Cash Consideration in the Merger (a "Cash Election").

(b) Parent shall prepare a form reasonably acceptable to the Company (the "Form of Election") which shall be mailed to the Company's stockholders in accordance with Section 2.2(c) so as to permit the

Company's stockholders to exercise their right to make an Election prior to the Election Deadline (as defined in Section 2.2(d)).

(c) Parent shall use all reasonable efforts to make the Form of Election available to all stockholders of the Company at least ten business days prior to the Election Deadline.

(d) Any Election shall have been made properly only if the person authorized to receive Elections and to act as exchange agent under this Agreement (the "Exchange Agent") shall have received, by 5:00 p.m. local time in the city in which the principal office of such Exchange Agent is located, on the date of the Election Deadline, a Form of Election properly completed and signed and accompanied by certificates for the Shares to which such Form of Election relates (or by an appropriate guarantee of delivery of such certificates, as set forth in such Form of Election, from a member of any registered national securities exchange or of the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States provided such certificates are in fact delivered to the Exchange Agent by the time required in such guarantee of delivery). Failure to deliver Shares covered by such a guarantee of delivery within the time set forth on such guarantee shall be deemed to invalidate any otherwise properly made Election. As used herein, "Election Deadline" means the date announced by Parent, in a news release delivered to the Dow Jones News Service, as the last day on which Forms of Election will be accepted; provided, that such date shall be a business day no earlier than twenty business days prior to the Effective Time and no later than the date on which the Effective Time occurs and shall be at least five business days following the date of such news release; provided further, that Parent shall have the right to set a later date as the Election Deadline so long as such later date is no later than the date on which the Effective Time occurs.

(e) Any Company stockholder may at any time prior to the Election Deadline change his or her Election by written notice received by the Exchange Agent prior to the Election Deadline accompanied by a properly completed and signed, revised Form of Election.

(f) Any Company stockholder may, at any time prior to the Election Deadline, revoke his or her Election by written notice received by the Exchange Agent prior to the Election Deadline or by withdrawal prior to the Election Deadline of his or her certificates for Shares, or of the guarantee of delivery of such certificates, previously deposited with the Exchange Agent. All Elections shall be revoked automatically if the Exchange Agent is notified in writing by Parent or the Company that this Agreement has been terminated. Any Company stockholder who shall have deposited certificates for Shares with the Exchange Agent shall have the right to withdraw such certificates by written notice received by the Exchange Agent and thereby revoke his Election as of the Election Deadline if the Merger shall not have been consummated prior thereto.

(g) Parent shall have the right to make rules, not inconsistent with the terms of this Agreement, governing the validity of the Forms of Election, the manner and extent to which Elections are to be taken into account in making the determinations prescribed by Section 2.3, the issuance and delivery of certificates for Parent Common Stock into which Shares are converted in the Merger and the payment of cash for Shares converted into the right to receive the Cash Consideration in the Merger.

Section 2.3 Issuance of Parent Common Stock and Payment of Cash Consideration; Proration. The manner in which each Share (other than Shares to be cancelled as set forth in Section 2.1(c)) shall be converted into Parent Common Stock or the right to receive the Cash Consideration on the Effective Date shall be as set forth in this Section 2.3. All references to "outstanding" Shares in this Section 2.3 shall mean (i) all Shares outstanding immediately prior to the Effective Time, including, without limitation, all Shares acquired by Sub pursuant to the Offer (the "Tendered Shares") minus (ii) Shares owned by Parent or by any direct or indirect wholly-owned subsidiary of Parent (other than the Tendered Shares).

(a) As is more fully set forth below, the aggregate number of Shares to be converted into Parent Common Stock pursuant to the Merger, shall be equal as nearly as practicable to 60% of all outstanding Shares; and the number of Shares to be converted into the right

to receive the Cash Consideration in the Merger pursuant to this Agreement, together with the Tendered Shares, shall be equal as nearly as practicable to 40% of all outstanding Shares.

(b) If Stock Elections are received for a number of Shares that is 60% or less of the outstanding Shares, each Share covered by a Stock Election shall be converted in the Merger into .4065 of a share of Parent Common Stock (the "Conversion Fraction"). In the event that between the date of this Agreement and the Effective Time, the issued and outstanding shares of Parent Common Stock shall have been affected or changed into a different number of shares or a different class of shares as a result of a stock split, reverse stock split, stock dividend, spin-off, extraordinary dividend, recapitalization, reclassification or other similar transaction with a record date within such period, the Conversion Fraction shall be appropriately adjusted.

(c) If Stock Elections are received for more than 60% of the outstanding Shares, each Non-Electing Share (as defined in Section 2.3(g)) and each Share for which a Cash Election has been received shall be converted into the right to receive the Cash Consideration in the Merger, and the Shares for which Stock Elections have been received shall be converted into Parent Common Stock and the right to receive the Cash Consideration in the following manner:

(1) The Exchange Agent will distribute with respect to Shares as to which a Stock Election has been made a number of shares of Parent Common Stock equal to the Conversion Fraction with respect to a fraction of such Shares, the numerator of which fraction shall be 60% of the number of outstanding Shares and the denominator of which shall be the aggregate number of Shares covered by Stock Elections.

(2) Shares covered by a Stock Election and not fully converted into the right to receive Parent Common Stock as set forth in clause (1) above shall be converted in the Merger into the right to receive the Cash Consideration for each Share so converted.

(d) If the number of Tendered Shares and Shares for which Cash Elections are received in the aggregate is 40% or less of the outstanding Shares, each Share covered by a Cash Election shall be converted in the Merger into the right to receive the Cash Consideration.

(e) If the number of Tendered Shares and Shares for which Cash Elections are received in the aggregate is more than 40% of the outstanding Shares, each Non-Electing Share (as defined in Section 2.3(g)) and each Share for which a Stock Election has been received shall be converted in the Merger into a fraction of a share of Parent Common Stock equal to the Conversion Fraction, and, the Shares for which Cash Elections have been received shall be converted into the right to receive the Cash Consideration and Parent Common Stock in the following manner:

(1) The Exchange Agent will distribute with respect to Shares as to which a Cash Election has been made the Cash Consideration with respect to a fraction of such Shares, the numerator of which fraction shall be 40% of the number of outstanding Shares minus the number of Tender Shares and the denominator of which shall be the aggregate number of Shares covered by Cash Elections.

(2) Shares covered by a Cash Election and not fully converted into the right to receive the Cash Consideration as set forth in clause (1) above shall be converted in the Merger into the right to receive a number of shares of Parent Common Stock

equal to the Conversion Fraction for each Share so converted.

(f) If Non-Electing Shares are not converted under either Section 2.3(c) or Section 2.3(e), the Exchange Agent shall distribute with respect to each such Non-Electing Share, the Cash Consideration with respect to a fraction of such Non-Electing Share, where such fraction is calculated in a manner that will result in the sum of (i) the number of Shares converted into cash pursuant to this Section 2.3(f), (ii) the number of Shares for which Cash Elections have been received and (iii) the number of Shares purchased pursuant to the Offer being as close as practicable to 40% of the outstanding Shares. Each Non-Electing Share not converted into the right to receive the Cash Consideration as set forth in the preceding sentence shall be converted in the Merger into the right to receive a number of Shares of Parent Common Stock equal to the Conversion Fraction for each Non-Electing Share so converted.

(g) For the purposes of this Section 2.3, outstanding Shares as to which an Election is not in effect at the Election Deadline (other than Shares purchased pursuant to the Offer) shall be called "Non-Electing Shares". If Parent and the Company shall determine that any Election is not properly made with respect to any Shares, such Election shall be deemed to be not in effect, and the Shares covered by such Election shall, for purposes hereof, be deemed to be Non-Electing Shares.

(h) No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, no dividend or distribution with respect to shares shall be payable on or with respect to any fractional share and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a stockholder of Parent. In lieu of any such fractional share of Parent Common Stock, Parent shall pay to each former stockholder of the Company who otherwise would be entitled to receive a fractional share of Parent Common Stock an amount in cash determined by multiplying (i) the Average Parent Share Price (as defined below) on the date on which the Effective Time occurs by (ii) the fractional interest in a share of Parent Common Stock to which such holder would otherwise be entitled. For purposes hereof,

the "Average Parent Share Price" shall mean the average closing sales price, rounded to four decimal points, of the Parent Common Stock as reported on the New York Stock Exchange Composite Tape, for the twenty (20) consecutive trading days ending on the trading day which is five (5) trading days prior to the Effective Time.

Section 2.4 Issuance of Parent Common Stock. Immediately following the Effective Time, Parent shall deliver, in trust, to the Exchange Agent, for the benefit of the holders of Shares, certificates representing an aggregate number of shares of Parent Common Stock as nearly as practicable equal to the product of the Conversion Fraction and the number of Shares to be converted into Parent Common Stock as determined in Section 2.3. As soon as practicable after the Effective Time, each holder of Shares converted into Parent Common Stock pursuant to Section 2.1(a), upon surrender to the Exchange Agent (to the extent not previously surrendered with a Form of Election) of one or more certificates for such Shares for cancellation, shall be entitled to receive certificates representing the number of shares of Parent Common Stock into which such Shares shall have been converted in the Merger. No dividends or distributions that have been declared will be paid to persons entitled to receive certificates for shares of Parent Common Stock until such persons surrender their certificates for Shares, at which time all such dividends shall be paid. In no event shall the persons entitled to receive such dividends be entitled to receive interest on such dividends. If any certificate for such Parent Common Stock is to be issued in a name other than that in which the certificate for Shares surrendered in exchange therefor is registered, it shall be a condition of such exchange that the person requesting such exchange shall pay to the Exchange Agent any transfer or other taxes required by reason of issuance of certificates for such Parent Common Stock in a name other than the registered holder of the certificate surrendered, or shall establish to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable. Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto shall be liable to a holder of Shares for any Parent Common Stock or dividends thereon delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

Section 2.5 Payment of Cash Consideration. At the Closing, Parent shall deposit in trust with the Exchange Agent, for the benefit of the holders of Shares, an amount in cash equal to $25.00 multiplied by the number of Shares to be converted into the right to receive the Cash Consideration as determined in Section 2.3. As soon as practicable after the Effective Time, the Exchange Agent shall distribute to holders of Shares converted into the right to receive the Cash Consideration pursuant to Section 2.1(a), upon surrender to the Exchange Agent (to the extent not previously surrendered with a Form of Election) of one or more certificates for such Shares for cancellation, a bank check for an amount equal to $25.00 times the number of Shares so converted. In no event shall the holder of any such surrendered certificates be entitled to receive interest on any of the Cash Consideration to be received in the Merger. If such check is to be issued in the name of a person other than the person in whose name the certificates for the Shares surrendered for exchange therefor are registered, it shall be a condition of the exchange that the person requesting such exchange shall pay to the Exchange Agent any transfer or other taxes required by reason of issuance of such check to a person other than the registered holder of the certificates surrendered, or shall establish to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable. Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto shall be liable to a holder of Shares for any amount paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

Section 2.6 Equity Incentive Plan. Prior to the purchase of Shares pursuant to the Offer, the Board of Directors (or, if appropriate, any committee administering the Equity Incentive Plan) shall adopt such resolutions or take such other actions as are necessary to assure that no holder of an outstanding Award with respect to which Shares might otherwise be issued at or after the Effective Time shall have any right to receive equity securities of the Company, the Surviving Corporation or any Subsidiary at or after the Effective Time (any such right having been adjusted to be a right to receive other securities, property or cash in accordance with Section 5.2(b) of the Equity Incentive Plan). The Company shall also ensure that, following the Effective Time, no participant in any other stock-based plan,

agreement, program or arrangement (including, without limitation, the Employee Stock Purchase Plan) shall have any right thereunder to acquire equity securities of the Company, the Surviving Corporation, or any Subsidiary.

Section 2.7 Stock Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers of Shares on the records of the Company. If, after the Effective Time, certificates representing Shares are presented to the Surviving Corporation, they shall be cancelled and exchanged for cash and/or certificates representing Parent Common Stock pursuant to this Article II.

Section 2.8 No Dissenter's Rights. In accordance with Schwabacher v. United States, 334 U.S. 192 (1948), stockholders of the Company will not have any dissenter's rights, provided, however, that if the Interstate Commerce Commission (the "ICC") (or any successor agency) or a court of competent jurisdiction determines that dissenter's rights are available to holders of Shares, then holders of Shares shall be provided with dissenter's rights in accordance with the DGCL.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent, UPRR and Sub as follows:

Section 3.1 Organization. Each of the Company and its Subsidiaries is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and has all requisite corporate or other power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power, authority and governmental approvals would not have a material adverse effect on the Company and its Subsidiaries taken as a whole. Each of the Company and its Subsidiaries is duly qualified or licensed to do business and in good standing

in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not, in the aggregate, have a material adverse effect on the Company and its Subsidiaries taken as a whole. As used in this Agreement, the word "Subsidiary" means, with respect to any party, any corporation or other organization, whether incorporated or unincorporated, of which (i) such party or any other Subsidiary of such party is a general partner (excluding such partnerships where such party or any Subsidiary of such party do not have a majority of the voting interest in such partnership) or (ii) at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries. As used in this Agreement, (except to the extent used in Sections 6.1(c), 6.2(c) and 6.2(e) hereof and conditions (j) and (k) to the Offer set forth in Annex A hereto), any reference to any event, change or effect having a material adverse effect on or with respect to any entity (or group of entities taken as a whole) means such event, change or effect, individually or in the aggregate with such other events, changes, or effects, which is materially adverse to the financial condition, business, results of operations, assets, liabilities (after taking into account any corresponding increase in assets) or properties of such entity. If "material adverse effect" is used with respect to more than one entity, it shall mean such events, changes or effects with respect to all such entities taken as a whole. Section 3.1 of the Disclosure Schedule delivered by the Company to Parent on or prior to the date hereof (the "Disclosure Schedule") sets forth a complete list of the Company's Subsidiaries.

Section 3.2 Capitalization. (a) The authorized capital stock of the Company consists of 300,000,000 Shares and 10,000,000 preferred shares, par value $.01 per share (the "Preferred Stock"). As of the date hereof, (i) 156,137,884 shares of Company Common Stock are issued and outstanding and 2,178,514 shares of

Company Common Stock are reserved for issuance pursuant to awards previously granted pursuant to the Company's 1993 Equity Incentive Plan (the "Equity Incentive Plan"), (ii) no shares of Preferred Stock are issued and outstanding, and (iii) no Shares or shares of Preferred Stock are issued and held in the treasury of the Company. All the outstanding shares of the Company's capital stock are, and all shares which may be issued pursuant to the Equity Incentive Plan will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable. Except as disclosed in Section 3.2(a) of the Disclosure Schedule, there are no bonds, debentures, notes or other indebtedness having voting rights (or convertible into securities having such rights) ("Voting Debt") of the Company or any of its Subsidiaries issued and outstanding. Except as set forth above and except for the transactions contemplated by this Agreement, as of the date hereof, (i) there are no shares of capital stock of the Company authorized, issued or outstanding and (ii) there are no existing options, warrants, calls, pre-emptive rights, subscriptions or other rights, convertible securities, agreements, arrangements or commitments of any character, relating to the issued or unissued capital stock of the Company or any of its Subsidiaries, obligating the Company or any of its Subsidiaries to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock or Voting Debt of, or other equity interest in, the Company or any of its Subsidiaries or securities convertible into or exchangeable for such shares or equity interests or obligations of the Company or any of its Subsidiaries to grant, extend or enter into any such option, warrant, call, subscription or other right, convertible security, agreement, arrangement or commitment. Except as disclosed in Section 3.2(a) of the Disclosure Schedule, there are no outstanding contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any Shares or the capital stock of the Company or any subsidiary or affiliate of the Company or to provide funds to make any investment (in the form of a loan, capital contribution or otherwise) in any Subsidiary or any other entity. Except as permitted by this Agreement, following the Merger, neither the Company nor any of its Subsidiaries will have any obligation to issue, transfer or sell any shares of its capital stock pursuant to any employee benefit plan or otherwise.

(b) Except as disclosed in Section 3.2(b) of the Disclosure Schedule, all of the outstanding shares of capital stock of each of the Subsidiaries are beneficially owned by the Company, directly or indirectly, and all such shares have been validly issued and are fully paid and nonassessable and are owned by either the Company or one of its Subsidiaries free and clear of all liens, charges, security interests, options, claims or encumbrances of any nature whatsoever.

(c) Except for the Corporate Matters Agreement, dated as of August 1, 1993, among the Company, MSLEF, TAC and certain other parties referred to therein, and the Parent Stockholder Agreement, there are no voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of the capital stock of the Company or any of the Subsidiaries. None of the Company or its Subsidiaries is required to redeem, repurchase or otherwise acquire shares of capital stock of the Company, or any of its Subsidiaries, respectively, as a result of the transactions contemplated by this Agreement. The Company has delivered to Parent a letter agreement which causes the termination, as of the Effective Time, of the Corporate Matters Agreement.

(d) At the Effective Time, the number of shares of Company Common Stock outstanding shall not exceed 158,316,398.

Section 3.3 Corporate Authorization; Validity of Agreement; Company Action. (a) The Company has full corporate power and authority to execute and deliver this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement and, subject in the case of this Agreement to obtaining any necessary approval of its stockholders as contemplated by Section 1.7 hereof with respect to the Merger, to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement, and the consummation by it of the transactions contemplated hereby and thereby, have been duly and validly authorized by its Board of Directors and, except in the case of this Agreement for obtaining the approval of its stockholders as contemplated by Section 1.7 hereof with respect to the

Merger, no other corporate action or proceedings on the part of the Company is necessary to authorize the execution and delivery by the Company of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement and the consummation by it of the transactions contemplated hereby and thereby. Each of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement has been duly executed and delivered by the Company and, assuming this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement constitute valid and binding obligations of Parent, UPRR and Sub, constitute valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) The Board of Directors of the Company has duly and validly approved and taken all corporate action required to be taken by the Board of Directors for the consummation of the transactions contemplated by this Agreement (including, without limitation, the Offer, the acquisition of Shares pursuant to the Offer and the Merger, and the Ancillary Agreements to which it is a party), the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement, including, but not limited to, all actions necessary to render the provisions of Section 203 of the DGCL inapplicable to such transactions. The affirmative vote of the holders of a majority of the Shares is the only vote of the holders of any class or series of Company capital stock necessary to approve the Merger.

Section 3.4 Consents and Approvals; No Violations. Except as disclosed in Section 3.4 of the Disclosure Schedule, and except for all filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Exchange Act, the Interstate Commerce Act (the "ICA"), the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), if any, and for the approval of

this Agreement by the Company's stockholders and the filing and recordation of the Certificate of Merger as required by the DGCL, neither the execution, delivery or performance of this Agreement, the Parent Stockholder Agreement or the Parent/Company Registration Rights Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby or thereby nor compliance by the Company with any of the provisions hereof or thereof will (i) conflict with or result in any breach of any provision of the certificate of incorporation or by-laws or similar organizational documents of the Company or of any of its Subsidiaries, (ii) require any filing with, or permit, authorization, consent or approval of, any court, arbitral tribunal, administrative agency or commission or other governmental or other regulatory authority or agency (a "Governmental Entity"), except where the failure to obtain such permits, authorizations, consents or approvals or to make such filings would not have a material adverse effect on the Company and its Subsidiaries and would not, or would not be reasonably likely to, materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby, (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, guarantee, other evidence of indebtedness (collectively, the "Debt Instruments"), lease, license, contract, agreement or other instrument or obligation to which the Company or any of its Subsidiaries is a party or by which any of them or any of their properties or assets may be bound (a "Company Agreement") or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Company, any of its Subsidiaries or any of their properties or assets, except in the case of clause (iii) or (iv) for such violations, breaches or defaults which would not, individually or in the aggregate, have a material adverse effect on the Company and its Subsidiaries, and which would not, or would not be reasonably likely to, materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby.

Section 3.5 SEC Reports and Financial Statements. The Company has filed with the SEC, and has heretofore made available to Parent true and complete copies of, all forms, reports, schedules, statements and other documents required to be filed by it and its Subsidiaries since January 1, 1992 under the Exchange Act or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Company SEC Documents"). As of their respective dates or, if amended, as of the date of the last such amendment, the Company SEC Documents, including, without limitation, any financial statements or schedules included therein (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. Each of the consolidated financial statements included in the Company SEC Documents have been prepared from, and are in accordance with, the books and records of the Company and/or its consolidated Subsidiaries, comply in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position and the consolidated results of operations and cash flows (and changes in financial position, if any) of the Company and its consolidated Subsidiaries as at the dates thereof or for the periods presented therein.

Section 3.6 Absence of Certain Changes. Except to the extent disclosed in the Company SEC Documents filed prior to the date of this Agreement or as otherwise disclosed to Parent in Section 3.6 of the Disclosure Schedule, from June 30, 1995 through the date of this Agreement, the Company and its Subsidiaries have conducted their respective businesses and operations in the ordinary course of business consistent with past practice. From June 30, 1995 through the date of this Agreement, there has not occurred (i) any events, chang-

es, or effects (including the incurrence of any liabilities of any nature, whether or not accrued, contingent or otherwise) having or, which would be reasonably likely to have, individually or in the aggregate, a material adverse effect on the Company and its Subsidiaries; (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to the equity interests of the Company or of any of its Subsidiaries, other than regular quarterly cash dividends or dividends paid by wholly owned Subsidiaries; or (iii) any change by the Company or any of its Subsidiaries in accounting principles or methods, except insofar as may be required by a change in GAAP. Except as set forth on Schedule 3.6 of the Disclosure Schedule, from June 30, 1995 through the date of this Agreement, neither the Company nor any of its Subsidiaries has taken any of the actions prohibited by Section 5.1 hereof.

Section 3.7 No Undisclosed Liabilities. Except (a) to the extent disclosed in the Company SEC Documents filed prior to the date of this Agreement and (b) for liabilities and obligations incurred in the ordinary course of business consistent with past practice, during the period from June 30, 1995 through the date of this Agreement, neither the Company nor any of its Subsidiaries have incurred any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, that have, or would be reasonably likely to have, a material adverse effect on the Company and its Subsidiaries or would be required to be reflected or reserved against on a consolidated balance sheet of the Company and its Subsidiaries (including the notes thereto) prepared in accordance with GAAP as applied in preparing the June 30, 1995 consolidated balance sheet of the Company and its Subsidiaries. Section 3.7 of the Disclosure Schedule sets forth each instrument evidencing indebtedness of the Company and its Subsidiaries which will accelerate or become due or payable, or result in a right of redemption or repurchase on the part of the holder of such indebtedness, or with respect to which any other payment or amount will become due or payable, in any such case with or without due notice or lapse of time, as a result of this Agreement, the Merger, the Ancillary Agreements or the other transactions contemplated hereby and thereby.

Section 3.8 Information in Proxy Statement/Prospectus. The Proxy Statement/Prospectus (or any amendment thereof or supplement thereto), at the date mailed to Company Stockholders and at the time of the Special Meetings, on the date filed with the SEC and at the time of the Special Meetings, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, provided, however, that no representation is made by the Company with respect to statements made therein based on information supplied by Parent, UPRR or Sub for inclusion in the Proxy Statement/Prospectus. None of the information supplied by the Company for inclusion or incorporation by reference in the Registration Statement will, at the date it becomes effective and at the time of the Special Meetings contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Subject to the proviso set forth in the second preceding sentence, the Proxy Statement/Prospectus will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder.

Section 3.9 Employee Benefit Plans; ERISA. As of the date of this Agreement, except as set forth in Section 3.9 of the Disclosure Schedule: (a)(i) there are no material employee benefit plans, arrangements, practices, contracts or agreements (including, without limitation, employment agreements, change of control employment agreements and severance agreements, incentive compensation, bonus, stock option, stock appreciation rights and stock purchase plans) of any type (including but not limited to plans described in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), maintained by the Company, any of its Subsidiaries or any trade or business, whether or not incorporated (an "ERISA Affiliate"), that together with the Company would be deemed a "controlled group" within the meaning of section 4001(a)(14) of ERISA, or with respect to which the Company or any of its Subsidiaries has or may have a liability, other than those listed on Section 3.9(a) of the Disclosure Schedule (the "Benefit Plans"). Except as disclosed in Schedule 3.9(a)(ii) (or

as otherwise permitted by this Agreement) neither the Company nor any ERISA Affiliate has any formal plan or commitment, whether legally binding or not, to create any additional Benefit Plan or modify or change any existing Benefit Plan that would affect any employee or terminated employee of the Company or any ERISA Affiliate.

(b) Except as disclosed in Schedule 3.9(b), under the applicable laws of all jurisdictions within the United States of America and all foreign jurisdictions, with respect to any Benefit Plan, there are no material amounts accrued but unpaid as of the most recent balance sheet date that are not reflected on that balance sheet prepared in accordance with GAAP.

(c) With respect to each Benefit Plan except as disclosed on Schedule 3.9(c) and as would not have a Material Adverse Effect on the Company and its Subsidiaries: (i) if intended to qualify under section 401(a), 401(k) or 403(a) of the Code, such plan so qualifies, and its trust is exempt from taxation under section 501(a) of the Code; (ii) such plan has been administered in accordance with its terms and applicable law; (iii) no breaches of fiduciary duty have occurred; (iv) no disputes are pending, or, to the knowledge of the Company, threatened; (v) no prohibited transaction (within the meaning of Section 406 of ERISA) has occurred; and (vi) all contributions and premiums due (including any extensions for such contributions and premiums) have been made in full.

(d) Except as disclosed in Schedule 3.9(d), none of the Benefit Plans has incurred or will incur any "accumulated funding deficiency," as such term is defined in section 412 of the Code, whether or not waived.

(e) Except as disclosed on Schedule 3.9(e): (i) neither the Company nor any ERISA Affiliate has incurred any liability under Title IV of ERISA since the effective date of ERISA that has not been satisfied in full except as would not have or would not reasonably be likely to have a material adverse effect on the Company and its Subsidiaries (including sections 4063-4064 and 4069 of ERISA) and, to the knowledge of the Company, no basis for any such liability exists; (ii) neither the Company nor any ERISA Affiliate maintains (or contributes

to), or has maintained (or has contributed to) within the last six years, any employee benefit plan that is subject to Title IV of ERISA; and (iii) there is no pending dispute between the Company or any ERISA Affiliate concerning payment of contributions or payment of withdrawal liability payments.

(f) With respect to each Benefit Plan that is a "welfare plan" (as defined in section 3(1) of ERISA), except as specifically disclosed in Section 3.9(f) of the Disclosure Schedule, no such plan provides medical or death benefits with respect to current or former employees of the Company or any of its Subsidiaries beyond their termination of employment, other than on an employee-pay-all basis, and each such welfare plan may be amended or terminated by the Company or any of its Subsidiaries at any time with respect to such former or current employees.

(g) With respect to each Benefit Plan that is intended to provide special tax treatment to participants (including sections 79, 105, 106, 125, 127 and 129 of the Code), to the Company's knowledge, such Benefit Plan has satisfied all of the material requirements for the receipt of such special tax treatment since January 1, 1992.

(h) Except as specifically set forth in Section 3.9(h) of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not (i) entitle any individual to severance pay or accelerate the time of payment or vesting, or increase the amount, of compensation or benefits due to any individual with respect to any Benefit Plan, or (ii) constitute or result in a prohibited transaction under section 4975 of the Code or section 406 or 407 of ERISA with respect to any Benefit Plan.

(i) Except as disclosed on Schedule 3.9(i), neither the Company, any Benefits Affiliate nor any "administrator" as that term is defined in section 3(16) of ERISA, has any liability with respect to or connected with any Benefit Plan for excise taxes payable under the Code or civil penalties payable under ERISA and, to the Company's knowledge, no basis for any such liability exists.

(j) Except as disclosed on Schedule 3.9(j), there is no Benefit Plan that is a "multiemployer plan," as such term is defined in section 3(37) of ERISA, or which is covered by section 4063 or 4064 of ERISA.

(k) With respect to each Benefit Plan except Plans in which employees of Parent or its Affiliates participate and except Multiemployer Plans from which the Company has withdrawn, the Company has delivered or made available to Parent accurate and complete (with inadvertent or de minimis omissions) copies of all plan texts, summary plan descriptions, summaries of material modifications, trust agreements and other related agreements including all amendments to the foregoing; the two most recent annual reports; the most recent annual and periodic accounting of plan assets; the most recent determination letter received from the United States Internal Revenue Service (the "Service"); and the two most recent actuarial reports, to the extent any of the foregoing may be applicable to a particular Benefit Plan.

(l) With respect to each Benefit Plan that is a "group health plan" as such term is defined in section 5000(b) of the Code, except as specifically set forth in Section 3.9(l) of the Disclosure Schedule, to the Company's knowledge, each such Benefit Plan complies and has complied with the requirements of Part 6 of Title I of ERISA and Sections 4980B and 5000 of the Code except where the failure to so comply would not have a material adverse effect on the Company and its Subsidiaries.

(m) There are no material plans, arrangements, practices, contracts or agreements (including change of control agreements, severance agreements, retirement agreements, stock option or purchase agreements, medical or death benefit agreements) maintained by the Company or an ERISA Affiliate or with respect to which the Company or any of its Subsidiaries has a material liability to a director or former director (as a director) of the Company or an ERISA Affiliate other than those listed on Section 3.9(m) of the Disclosure Schedule or disclosed in the Company's most recent proxy statement (the "Director Plans"). Neither the Company nor any ERISA Affiliate has any formal plan or commitment, whether legally binding or not, to create any Director Plan or modify or change any existing Director Plan that would

affect any director or former director of the Company or any ERISA Affiliate.

Section 3.10 Litigation; Compliance with Law.

(a) Except to the extent disclosed in the Company SEC Documents filed prior to the date of this Agreement, as of the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the best knowledge of the Company, threatened against or affecting, the Company or any of its Subsidiaries which, individually or in the aggregate, is reasonably likely to have a material adverse effect on the Company and its Subsidiaries, or would, or would be reasonably likely to, materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby.

(b) The Company and its Subsidiaries have complied with all laws, statutes, regulations, rules, ordinances, and judgments, decrees, orders, writs and injunctions, of any court or governmental entity relating to any of the property owned, leased or used by them, or applicable to their business, including, but not limited to, equal employment opportunity, discrimination, occupational safety and health, environmental, interstate commerce, antitrust laws, ERISA and laws relating to Taxes (as defined in Section 3.12) except where the failure to so comply would not have a material adverse effect on the Company and its Subsidiaries.

Section 3.11 No Default. The business of the Company and each of its Subsidiaries is not being conducted in default or violation of any term, condition or provision of (a) its respective articles of incorporation or by-laws or similar organizational documents, (b) any Company Agreement or (c) except as disclosed in Section 3.11 of the Disclosure Schedule, any federal, state, local or foreign law, statute, regulation, rule, ordinance, judgment, decree, order, writ, injunction, concession, grant, franchise, permit or license or other governmental authorization or approval applicable to the Company or any of its Subsidiaries, excluding from the foregoing clauses (b) and (c), defaults or violations that would not have a material adverse effect on the Company and its Subsidiaries or would not, or would not

be reasonably likely to, materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby. No investigation or review by any Governmental Entity with respect to the Company or any of its Subsidiaries is pending or, to the best knowledge of the Company, threatened, nor to the best knowledge of the Company, has any Governmental Entity indicated an intention to conduct the same, except such investigation or review as would not reasonably be expected to have a material adverse effect on the Company and its Subsidiaries, or would not materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby.

Section 3.12 Taxes. (a) As of the date of this Agreement, except as set forth in Section 3.12 of the Disclosure Schedule and except as such failure of any representation or warranty made in this Section 3.12(a) to be true and correct which would not have a material adverse effect on the Company and its Subsidiaries:

(i) the Company and its Subsidiaries have (I) duly filed (or there have been filed on their behalf) with the appropriate governmental authorities all Tax Returns (as hereinafter defined) required to be filed by them and such Tax Returns are true, correct and complete, and (II) duly paid in full or made provision in accordance with GAAP (or there has been paid or provision has been made on their behalf) for the payment of all Taxes (as hereinafter defined) for all periods ending through the date hereof;

(ii) the Company and its Subsidiaries have complied in all respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes (including withholding of Taxes pursuant to Sections 1441 and 1442 of the Code or similar provisions under any foreign laws) and have, within the time and the manner prescribed by law, withheld from employee wages and paid over to the proper governmental authorities all amounts required to be so withheld and paid over under applicable laws;

(iii) no federal, state, local or foreign audits or other administrative proceedings or court proceedings are presently pending with regard to any Taxes or Tax Returns of the Company or its Subsidiaries and neither the Company nor its Subsidiaries has received a written notice of any pending audits or proceedings;

(iv) neither the Service nor any other taxing authority (whether domestic or foreign) has asserted, or to the best knowledge of the Company, is threatening to assert, against the Company or any of its Subsidiaries any deficiency or claim for Taxes; and

(v) all transactions that could give rise to an understatement of the federal income tax liability of the Company or any of its Subsidiaries within the meaning of Section 6662(d) of the Code are adequately disclosed on Tax Returns in accordance with Section 6662(d)(2)(B) of the Code if there is or was no substantial authority for the treatment giving rise to such understatement.

(b) As of the date of this Agreement, except as set forth in Section 3.12 of the Disclosure Schedule:

(i) there are no material liens for Taxes upon any property or assets of the Company or any Subsidiary thereof, except for liens for Taxes not yet due and payable and liens for Taxes that are being contested in good faith by appropriate proceedings;

(ii) neither the Company nor any of its Subsidiaries has agreed to or is required to make any adjustment under Section 481(a) of the Code;

(iii) the federal income Tax Returns of the Company and its Subsidiaries have been examined by the Service (or the applicable statutes of limitation for the assessment of federal income Taxes for such periods have expired) for all periods through and including December 31, 1990, except for the periods during which the Company or any Subsidiary was a member of the Santa Fe Pacific Corporation consolidated group;

(iv) neither the Company nor any of its Subsidiaries is a party to any material agreement providing for the allocation or sharing of Taxes;

(v) neither the Company nor any of its Subsidiaries has, with regard to any assets or property held or acquired by any of them, filed a consent to the application of Section 341(f) of the Code, or agreed to have Section 341(f)(2) of the Code apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by the Company or any of its Subsidiaries;

(c) The schedules attached to the copy of the 1993 consolidated federal income tax return of the Company provided to Parent accurately reflect the net operating loss carryovers, investment tax credit carryovers and other carryovers of the Company and its Subsidiaries as of the end of the 1993 taxable year, except to the extent such carryovers are subject to adjustment as a result of items reflected in the Revenue Agent's Report, Engineer's Report and Protest for the taxable periods ending July 31, 1989, December 31, 1989 and December 31, 1990 and any items raised in the audit currently being conducted by the Internal Revenue Service for the 1991 through 1993 taxable years. The Company will provide to Parent a copy of the similar schedules attached to the 1994 consolidated Federal income tax return of the Company within 45 days after the date such return is filed with the Internal Revenue Service. Except as set forth in Section 3.12 of the Disclosure Schedule such carryovers are not subject to limitations imposed by Sections 382, 383 or 384 of the Code (or any predecessor thereto) or otherwise (including under Sections 1.1502-21 and 1502-22 of the Treasury Regulations).

(d) "Taxes" shall mean any and all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, excise, real or personal property, sales, withholding, social security, railroad retirement, railroad unemployment, occupation, use, service, service use, license, net worth, payroll, franchise, transfer and recording taxes, fees and charges, imposed by the Service or any taxing authority (whether domestic or foreign including, without limitation, any state, county, local or foreign government or any subdivision or taxing agency thereof (includ-

ing a United States possession)), whether computed on a separate, consolidated, unitary, combined or any other basis; and such term shall include any interest whether paid or received, fines, penalties or additional amounts attributable to, or imposed upon, or with respect to, any such taxes, charges, fees, levies or other assessments. "Tax Return" shall mean any report, return, document, declaration or other information or filing required to be supplied to any taxing authority or jurisdiction (foreign or domestic) with respect to Taxes, including, without limitation, information returns, any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration or other information.

Section 3.13 Contracts. Each Company Agreement is valid, binding and enforceable and in full force and effect, except where failure to be valid, binding and enforceable and in full force and effect would not have a material adverse effect on the Company and its Subsidiaries, and there are no defaults thereunder, except those defaults that would not have a material adverse effect on the Company and its Subsidiaries. Neither the Company nor any Subsidiary is a party to any agreement that expressly limits the ability of the Company or any Subsidiary to compete in or conduct any line of business or compete with any person or in any geographic area or during any period of time, other than existing cooperative agreements or arrangements with other rail carriers or customers in the ordinary course of business consistent with past practice.

Section 3.14 Assets; Real Property. The assets, properties, rights and contracts, including, without limitation (as applicable), title thereto, of the Company and its Subsidiaries, taken as a whole, are sufficient to permit the Company and its Subsidiaries to conduct their business as it is currently being conducted, except where the failure to have such assets, properties, rights and contracts would not have a material adverse effect on the Company and its Subsidiaries. All material real property owned by the Company and its Subsidiaries (the "Real Property") is owned free and clear of all liens, charges, security interests, options, claims, mortgages, pledges, easements, rights-of-way or other encumbrances and restrictions of any nature whatso-

ever, except as described in Section 3.14(b) of the Disclosure Schedule and those that do not materially adversely interfere with the use of such Real Property as currently used.

Section 3.15 Environmental Matters. As of the date of this Agreement, except to the extent disclosed in the Company SEC Documents filed prior to the date hereof or as set forth in Section 3.15 of the Disclosure Schedule and except as would not have a material adverse effect on the Company and its Subsidiaries:

(a) The Company and its Subsidiaries have obtained all permits, licenses and other authorizations which are required under the Environmental Laws (as hereafter defined) for the ownership, use and operation of each location owned, operated or leased by the Company or its Subsidiaries (the "Property"), all such permits, licenses and authorizations are in effect, no appeal nor any other action is pending to revoke or modify in a manner adverse to the Company any such permit, license or authorization, and the Company and its Subsidiaries are in full compliance with all terms and conditions of all such permits, licenses and authorizations.

(b) The Company, its Subsidiaries and the Property are in compliance with all Environmental Laws including, without limitation, all restrictions, conditions, standards, limitations, prohibitions, requirements, obligations, schedules and timetables contained in the Environmental Laws or contained in any regulation, code, plan, code, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder.

(c) The Company has heretofore made available to Parent true and complete copies of (i) all environmental studies submitted to or issued by a governmental agency or made by or at the direction of the Company or its Subsidiaries relating to the Property or any other property or facility previously owned, operated or leased by the Company for which the Company reasonably would be expected to be exposed to material Environmental Liabilities and Costs and (ii) and all studies or reports relating to the health and welfare of employees of the Company and to the impact of any Hazardous Substances, Oils, Pollutants or Contaminants from any facility of the

Company upon residents in the area of the facilities and upon surrounding properties.

(d) There is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter which would reasonably be expected to result in liability existing or pending, or to the best knowledge of the Company threatened, relating to the Company, its Subsidiaries, the Property or any other property or facility owned, operated or leased, or previously owned operated or leased by the Company or its Subsidiaries relating in any way to the Environmental Laws or any regulations, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder.

(e) Neither the Company nor any of its Subsidiaries have, and to the best of the Company's knowledge, no other person has, Released, placed, stored, buried or dumped any Hazardous Substances, Oils, Pollutants or Contaminants or any other wastes produced by, or resulting from, any business, commercial or industrial activities, operations or processes, on or beneath the Property or any property formerly owned, operated or leased by the Company or its Subsidiaries except for inventories of such substances to be used, and wastes generated therefrom, in the ordinary course of business of the Company (which inventories and wastes, if any, were and are disposed of in accordance with applicable laws and regulations and in a manner such that there has been no Release of any such substances into the environment in violation of the Environmental Laws).

(f) No Release, or Cleanup has occurred at the Property which could result in the assertion or creation of a lien on the Property by any governmental body or agency with respect thereto, nor has any such assertion of a lien been made by any governmental body or agency with respect thereto.

(g) Neither the Company nor any of its Subsidiaries have received any written notice or order from any governmental agency or private or public entity advising it that it is responsible for or potentially responsible for paying for any material cost of Cleanup of any Hazardous Substances, Oils, Pollutants or Contami-

nants or any other waste or substance and neither the Company nor its Subsidiaries has entered into any such agreements concerning such Cleanup, nor is the Company aware of any facts which might reasonably give rise to such notice, order or agreement.

(h) Neither the Company nor any of its Subsidiaries are currently undertaking any Cleanup, removal, treatment or remediation of any Hazardous Substances, Oils, Pollutants or Contaminants which would, or would reasonably be expected to, expose the Company to Material Environmental Liabilities and Costs.

(i) With regard to the Company, its Subsidiaries and the Property, there are no past or present (or, to the best knowledge of the Company, future) events, conditions, circumstances, activities, practices, incidents, actions or plans which may interfere with or prevent compliance or continued compliance, with the Environmental Laws as in effect on the date hereof or with any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, or which may give rise to any common law or legal liability under the Environmental Laws, based on or related to the manufacture, generation, processing, distribution, use, treatment, storage, place of disposal, transport or handling, or the Release or threatened Release into the indoor or outdoor environment by the Company or its Subsidiaries or a facility of the Company or its Subsidiaries, of any Hazardous Substances, Oils, Pollutants or Contaminants.

(j) For purposes of this Section 3.15, the following definitions shall apply:

"Cleanup" means all actions required by Environmental Laws to: (1) clean up, remove, treat or remediate Hazardous Substances, Oils, Pollutants or Contaminants in the indoor or outdoor environment; (2) prevent the Release of Hazardous Substances, Oils, Pollutants or Contaminants so that they do not migrate, endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (3) perform studies and investigations and monitoring and care; or (4) respond to any government requests for information or documents in any way relating to clean up, removal, treatment or remediation or potential clean up, removal,

treatment or remediation of Hazardous Substances, Oils, Pollutants or Contaminants in the workplace or outdoor environment.

"Environmental Laws" means all applicable foreign, federal, state and local laws, common law, regulations, rules and ordinances relating to pollution or protection of health, safety and the environment, including, without limitation, laws relating to Releases or threatened Releases of Hazardous Substances, Oils, Pollutants or Contaminants into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater, land, surface and subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Substances, Oils, Pollutants or Contaminants, and all laws and regulations with regard to recordkeeping, notification, disclosure and reporting requirements respecting chemicals, Hazardous Substances, Oils, Pollutants or Contaminants, and all laws relating to endangered or threatened species of fish, wildlife and plants and the management or use of natural resources.

"Hazardous Substances, Oils, Pollutants or Contaminants" means all substances defined as such in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. (S) 300.5, or defined as such by, or regulated as such under, any Environmental Law.

"Environmental Liabilities and Costs" means all liabilities, obligations, responsibilities, obligations to conduct cleanup, losses, damages, deficiencies, punitive damages, consequential damages, treble damages, costs and expenses (including, without limitation, all reasonable fees, disbursements and expenses of counsel, expert and consulting fees and costs of investigations and feasibility studies and responding to government requests for information or documents), fines, penalties, restitution and monetary sanctions, interest, direct or indirect, known or unknown, absolute or contingent, past, present or future, resulting from any claim or demand, by any person or entity, whether based in contract, tort, implied or express warranty, strict liability, joint and several liability, criminal or civil statute, under any Environmental Law, or arising from environmental, health or safety conditions, or the Release or threatened Re-

lease of Hazardous Substances, Oils, Pollutants or Contaminants into the environment, as a result of past or present ownership, leasing or operation of any Properties, owned, leased or operated by the Company;

"Release" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater, and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Substances, Oils, Pollutants or Contaminants through or in the air, soil, surface water, groundwater or property.

Section 3.16 Transactions with Affiliates. Except to the extent disclosed in the Company SEC Documents filed prior to the date of this Agreement, continuing activities under the terms of the agreements listed in Section 3.16 of the Disclosure Schedule or as disclosed in writing to Parent and Sub on the date hereof, from January 1, 1992 through the date of this Agreement there have been no transactions, agreements, arrangements or understandings between the Company or its Subsidiaries, on the one hand, and the Company's affiliates (other than wholly-owned Subsidiaries of the Company) or other Persons, on the other hand, that would be required to be disclosed under Item 404 of Regulation S-K under the Securities Act.

Section 3.17 Opinion of Financial Advisor. The Company has received an opinion from Morgan Stanley to the effect that the consideration to be received by the stockholders of the Company pursuant to the Offer and Merger, taken together, as of the date of this Agreement, is fair from a financial point of view to such stockholders, a copy of which opinion has been delivered to Parent.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT, UPRR AND SUB

Parent, UPRR and Sub represent and warrant to the Company as follows:

Section 4.1 Organization. Each of Parent, UPRR and Sub is a corporation duly organized, validly existing and in good standing under the laws of Utah, Utah and Delaware respectively, and has all requisite corporate or other power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power, authority and governmental approvals would not have a material adverse effect on Parent and its Subsidiaries. Parent and each of its Subsidiaries is duly qualified or licensed to do business and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not have a material adverse effect on Parent and its Subsidiaries taken as a whole.

Section 4.2 Capitalization. (a) The authorized capital stock of Parent consists of 500,000,000 shares of Parent Common Stock and 20,000,000 preferred shares, no par value (the "Parent Preferred Stock"). As of the date hereof, (i) 205,359,000 shares of Parent Common Stock are issued and outstanding, (ii) no shares of Parent Preferred Stock are issued and outstanding, (iii) 26,593,616 shares of Parent Common Stock and no shares of Parent Preferred Stock are issued and held in the treasury of Parent,and (iv) 9,699,504 shares of Parent Common Stock are reserved for issuance upon exercise of then outstanding options and 9,914,320 shares of Parent Common Stock are reserved for issuance under Parent's 1993 Stock Option and Retention Stock Plan, the 1990 Retention Stock Plan and the 1988 Stock Option and Restricted Stock Plan (collectively, the "Parent Plans"). All of the outstanding shares of Parent's capital stock are, and all shares which may be issued pursuant to the exercise of outstanding options or pursuant to the Parent Plans will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable. Except for Parent's 4.75% Convertible Debentures due April 1, 1999 there are no bonds, debentures, notes or other indebtedness having voting rights (or convertible into securities having such rights) ("Parent Voting Debt") of Parent or any of its

Subsidiaries issued and outstanding. Except as set forth above, and except as set forth in Section 4.2 of the Disclosure Schedule delivered to the Company on or prior to the date hereof (the "Parent Disclosure Schedule") and except for transactions contemplated by this Agreement, as of the date hereof, (i) there are no shares of capital stock of Parent authorized, issued or outstanding and (ii) there are no existing options, warrants, calls, pre-emptive rights, subscriptions or other rights, convertible securities, agreements, arrangements or commitments of any character, relating to the issued or unissued capital stock of Parent or any of its Subsidiaries, obligating Parent or any of its Subsidiaries to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock or Parent Voting Debt of, or other equity interest in, Parent or any of its Subsidiaries or securities convertible into or exchangeable for such shares or equity interests or obligations of Parent or any of its Subsidiaries to grant, extend or enter into any such option, warrant, call, subscription or other right, convertible security, agreement, arrangement or commitment. There are no outstanding contractual obligations of Parent or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of Parent Common Stock or the capital stock of Parent or any subsidiary or affiliate of Parent or to provide funds to make any investment (in the form of a loan, capital contribution or otherwise) in any Subsidiary or any other entity.

(b) There are no voting trusts or other agreements or understandings to which Parent or any of its Subsidiaries is a party with respect to the voting of the capital stock of Parent or its Subsidiaries. None of Parent or its Subsidiaries is required to redeem, repurchase or otherwise acquire shares of capital stock of Parent, or any of its Subsidiaries, respectively, as a result of the transactions contemplated by this Agreement.

Section 4.3 Corporate Authorization; Validity of Agreement; Necessary Action. Each of Parent, UPRR and Sub has full corporate power and authority to execute and deliver this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement to which it is a party and, subject in the case of this Agreement to obtaining any necessary approval of Parent's

stockholders as contemplated by Section 1.7 hereof with respect to the Merger, to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Parent, UPRR and Sub of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement to which they are parties and the consummation by Parent, UPRR and Subof the transactions contemplated hereby and thereby have been duly and validly authorized by their respective Boards of Directors and, except in the case of this Agreement for obtaining any necessary approval of Parent's stockholders as contemplated by Section 1.7 hereof, no other corporate action or proceedings on the part of Parent, UPRR and Sub are necessary to authorize the execution and delivery by Parent, UPRR and Sub of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement to which they are parties and the consummation by Parent, UPRR and Sub of the transactions contemplated hereby and thereby. Each of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement has been duly executed and delivered by Parent, UPRR and Sub, as the case may be to the extent a party thereto, and, assuming this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement constitute valid and binding obligations of the Company, constitute valid and binding obligations of each of Parent, UPRR and Sub, as the case may be to the extent a party thereto, enforceable against them in accordance with their respective terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. The shares of Parent Common Stock to be issued pursuant to the Merger will be duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights.

Section 4.4 Consents and Approvals; No Violations. Except for filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Exchange Act, the Securities Act, the DGCL, the ICA, the HSR Act, if any, state blue sky laws and any applicable state takeover

laws and the approval by Parent's stockholders of the issuance of Parent Common Stock in the Merger, neither the execution, delivery or performance of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement by Parent, UPRR and Sub nor the consummation by Parent, UPRR and Sub of the transactions contemplated hereby or thereby nor compliance by Parent, UPRR and Sub with any of the provisions hereof or thereof will (i) conflict with or result in any breach of any provision of the certificate of incorporation or by-laws of Parent, UPRR and Sub, (ii) require any filing with, or permit, authorization, consent or approval of, any Governmental Entity (except where the failure to obtain such permits, authorizations, consents or approvals or to make such filings would not have a material adverse effect on Parent and its Subsidiaries or would not, or would not be reasonably likely to, materially impair the consummation of the Ancillary Agreements or the ability of Parent, UPRR and Sub to consummate the Offer, the Merger or the other transactions contemplated hereby or thereby), (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, guarantee, other evidence of indebtedness, lease, license, contract, agreement or other instrument or obligation to which Parent or any of its Subsidiaries is a party or by which any of them or any of their properties or assets may be bound or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Parent, any of its Subsidiaries or any of their properties or assets, except in the case of clauses (iii) and (iv) for violations, breaches or defaults which would not have a material adverse effect on Parent and its Subsidiaries or would not, or would not be reasonably likely to, materially impair the consummation of the Ancillary Agreements or the ability of Parent, UPRR or Sub to consummate the Offer, the Merger or the other transactions contemplated hereby or thereby.

Section 4.5 SEC Reports and Financial Statements. Parent has filed with the SEC, and has heretofore made available to the Company true and complete copies of, all forms, reports, schedules, statements and other documents required to be filed by it and its Sub-

sidiaries since January 1, 1992 under the Exchange Act or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Parent SEC Documents"). As of their respective dates or, if amended, as of the date of the last such amendment, the Parent SEC Documents, including, without limitation, any financial statements or schedules included therein (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. Each of the consolidated financial statements included in the Parent SEC Documents have been prepared from, and are in accordance with, the books and records of Parent and/or its consolidated Subsidiaries, comply in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position and the consolidated results of operations and cash flows (and changes in financial position, if any) of Parent and its consolidated Subsidiaries as at the dates thereof or for the periods presented therein.

Section 4.6 Absence of Certain Changes. Except as contemplated by
---

Section 5.4 hereof or to the extent disclosed in the Parent SEC Documents filed prior to the date of this Agreement, from June 30, 1995 through the date of this Agreement, Parent and its Subsidiaries have conducted their respective businesses in the ordinary course of business consistent with past practice. From June 30, 1995 through the date of this Agreement, there has not occurred (i) any events, changes, or effects (including the incurrence of any liabilities of any nature, whether or not accrued, contingent or otherwise) having or, which would be reasonably likely to have, individually or in the aggregate, a material adverse effect on Parent and its Subsidiaries; (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with

respect to the equity interests of Parent or of any of its Subsidiaries other than regular quarterly cash dividends or dividends paid by wholly owned Subsidiaries; or (iii) any change by Parent or any of its Subsidiaries in accounting principles or methods, except insofar as may be required by a change in GAAP.

Section 4.7 No Undisclosed Liabilities. Except (a) to the extent disclosed in the Parent SEC Documents filed prior to the date of this Agreement and (b) for liabilities and obligations incurred in the ordinary course of business consistent with past practice, during the period from June 30, 1995 through the date of this Agreement, neither Parent nor any of its Subsidiaries have incurred any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, that have, or would be reasonably likely to have, a material adverse effect on Parent and its Subsidiaries or would be required to be reflected or reserved against on a consolidated balance sheet of Parent and its Subsidiaries (including the notes thereto) prepared in accordance with GAAP as applied in preparing the June 30, 1995 consolidated balance sheet of Parent and its Subsidiaries.

Section 4.8 Information in Proxy Statement/Prospectus. The Registration Statement (or any amendment thereof or supplement thereto) will, at the date it becomes effective and at the time of the Company Special Meeting, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, provided, however, that no representation is made by Parent, UPRR or Sub with respect to statements made therein based on information supplied by the Company for inclusion in the Registration Statement. None of the information supplied by Parent, UPRR or Sub for inclusion or incorporation by reference in the Proxy Statement/Prospectus will, at the date mailed to stockholders and at the time of the Special Meetings, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Subject to the proviso set forth in the second preceding sentence, the Registra-

tion Statement will comply in all material respects with the provisions of the Securities Act and Exchange Act, respectively, and the rules and regulations thereunder.

Section 4.9 Litigation; Compliance with Law.

(a) Except to the extent disclosed in the Parent SEC Documents filed prior to the date of this Agreement, as of the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the best knowledge of Parent, threatened against or affecting, Parent or any of its Subsidiaries, which, individually or in the aggregate, is reasonably likely to have a material adverse effect on Parent and its Subsidiaries or would, or would be reasonably likely to, materially impair the consummation of the Ancillary Agreements or the ability of Parent to consummate the Offer, the Merger or the other transactions contemplated hereby or thereby.

(b) Parent and its Subsidiaries have complied with all laws, statutes, regulations, rules, ordinances, and judgments, decrees, orders, writs and injunctions, of any court or governmental entity relating to any of the property owned, leased or used by them, or applicable to their business, including, but not limited to, equal employment opportunity, discrimination, occupational safety and health, environmental, interstate commerce and antitrust laws, except where the failure to so comply would not have a material adverse effect on Parent and its Subsidiaries.

Section 4.10 Employee Benefit Plan; ERISA. As of the date of this Agreement, except as would not have a material adverse effect on Parent and its Subsidiaries, the material employee benefit plans, arrangements, practices, contracts and agreements (including, without limitation, employment agreements, change of control employment agreements and severance agreements, incentive compensation, bonus, stock option, stock appreciation rights and stock purchase plans, and including, but not limited to, plans described in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), maintained by Parent, any of its Subsidiaries or any trade or business, whether or not incorporated, that together with Parent would be deemed a "controlled group" within the meaning of section 4001(a)(14) of

ERISA, or with respect to which the Parent or any of its subsidiaries has or may have a liability (the "Parent Plans") are in substantial compliance with applicable laws, including ERISA and the Internal Revenue Code of 1986, as amended from time to time.

Section 4.11 Taxes. Except as set forth in Section 4.11(a) of the Parent Disclosure Schedule (which schedule shall be provided by Parent to Company within twenty (20) business days of the date of this Agreement) and except as such failure of any representation or warranty made in this Section 4.11(a) to be true and correct which would not have a material adverse effect on the Parent and its Subsidiaries:

(a) Parent and its Subsidiaries have (i) duly filed (or there have been filed on their behalf) with the appropriate governmental authorities all Tax Returns required to be filed by them and such Tax Returns are true, correct and complete, and (ii) duly paid in full or made provision in accordance with GAAP (or there has been paid or provision has been made on their behalf) for the payment of all Taxes for all periods ending through the date hereof; and

(b) Parent and its Subsidiaries have complied in all respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes (including withholding of Taxes pursuant to Sections 1441 and 1442 of the Code or similar provisions under any foreign laws) and have, within the time and the manner prescribed by law, withheld from employee wages and paid over to the proper governmental authorities all amounts required to be so withheld and paid over under applicable laws.

Section 4.12 Environmental. Except as set forth in the Parent SEC Documents, to the best knowledge of the Chief Executive Officer, Chief Financial Officer, the most senior officer, and the most senior legal officer directly in charge of environmental matters of Parent, there are no Environmental Liabilities and Costs of Parent and its Subsidiaries that would have or are reasonably likely to have a material adverse effect on Parent and its Subsidiaries.

Section 4.13 Financing. Either Parent, UPRR or Sub has, or will have prior to the consummation of the Offer or the satisfaction of the conditions to the Merger, as the case may be, sufficient funds available to purchase the Shares pursuant to the Offer and the Shares converted into the right to receive Cash Consideration in the Merger.

Section 4.14 Opinion of Financial Advisor. Parent has received an opinion from CS First Boston Corporation ("CS First Boston") dated the date of this Agreement to the effect that, as of such date, the consideration to be paid by Parent in the Offer and the Merger, taken together, is fair to Parent from a financial point of view, a copy of which opinion has been delivered to the Company.

ARTICLE V

COVENANTS

Section 5.1 Interim Operations of the Company. The Company covenants and agrees that, except (i) as expressly provided in this Agreement, or (ii) with the prior written consent of Parent, after the date hereof and prior to the Effective Time:

(a) the business of the Company and its Subsidiaries shall be conducted only in the ordinary course of business consistent with past practice or pursuant to Customary Actions and, to the extent consistent therewith, each of the Company and its Subsidiaries shall use its best efforts to preserve its business organization intact and maintain its existing relations with customers, suppliers, employees, creditors and business partners;

(b) except as disclosed in Section 5.1(b) of the Disclosure Schedule, the Company will not, directly or indirectly, split, combine or reclassify the outstanding Company Common Stock, or any outstanding capital stock of any of the Subsidiaries of the Company;

(c) neither the Company nor any of its Subsidiaries shall: (i) except as disclosed in Section 5.1(c) of the Disclosure Schedule, amend its articles of

incorporation or by-laws or similar organizational documents; (ii) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock other than dividends paid by the Company's Subsidiaries to the Company or its Subsidiaries; (iii) issue, sell, transfer, pledge, dispose of or encumber any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class of the Company or its Subsidiaries, other than issuances pursuant to exercise of stock-based awards outstanding on the date hereof as disclosed in Section 3.2 or in Section 5.1(c) of the Disclosure Schedule; (iv) transfer, lease, license, sell, mortgage, pledge, dispose of, or encumber any material assets other than (a) in the ordinary course of business consistent with past practice or (b) pursuant to existing agreements disclosed in Section 5.1(c) of the Disclosure Schedule; or (v) except as set forth on Section 5.1(c) of the Disclosure Schedule, redeem, purchase or otherwise acquire directly or indirectly any of its capital stock;

(d) neither the Company nor any of its Subsidiaries shall: (i) except as otherwise provided in this Agreement, grant any increase in the compensation payable or to become payable by the Company or any of its Subsidiaries to any officer or employee (including through any new award made under, or the exercise of any discretion under, the Southern Pacific Rail Corporation Equity Incentive Plan; however, Chairman's Circle Awards in accordance with past practice may be made payable in cash or, with the written consent of Parent, in Shares), provided, however, the Company may increase compensation (x) as required pursuant to collective bargaining agreements and (y) for employees who have merit promotions and/or industry-competitive salary adjustments in the ordinary course and consistent with past practice (ii) adopt any new, or (B) amend or otherwise increase, or accelerate the payment or vesting of the amounts payable or to become payable under any existing, bonus, incentive compensation, deferred compensation, severance, profit sharing, stock option, stock purchase, insurance, pension, retirement or other employee benefit plan agreement or arrangement; (iii) enter into any, or amend any existing, employment or severance agreement with or, except in accordance with the existing written policies of the

Company, grant any severance or termination pay to any officer, director or employee of the Company or any of its Subsidiaries; or (iv) make any additional contributions to any grantor trust created by the Company to provide funding for non-tax-qualified employee benefits or compensation; or (v) provide any severance program to any Subsidiary which does not have a severance program as of the date of this Agreement, other than a program which is substantially identical to the Southern Pacific Lines Non-Agreement Severance Benefit Plan as revised on August 25, 1993; provided, however, the foregoing clauses (i) and (iii) shall not apply with respect to the initial compensation package for any officer or employee hired after the date of this Agreement if such package is industry-competitive and conforms to past practice.

(e) neither the Company nor any of its Subsidiaries shall modify, amend or terminate any of the Company Agreements or waive, release or assign any material rights or claims, except in the ordinary course of business consistent with past practice and except for a Customary Action;

(f) neither the Company nor any of its Subsidiaries shall permit any material insurance policy naming it as a beneficiary or a loss payable payee to be cancelled or terminated without notice to Parent, except in the ordinary course of business consistent with past practice and except for a Customary Action;

(g) except as set forth in Section 5.1(g) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries shall: (i) incur or assume any debt except for (A) borrowings under existing credit facilities in an amount not to exceed $450 million and replacements therefor and refinancings thereof; provided, however, that the Company and its Subsidiaries shall not prepay or
-------- -------
call any long-term borrowings, (B) capital leases under the Company's existing program to finance the rebuilding of freight cars and to finance equipment under existing purchase commitments; and (C) borrowings in the ordinary course of business consistent with past practice that do not exceed $12.5 million in the fiscal year ending December 31, 1995, $25 million in the fiscal year ending December 31, 1996 and $12.5 million in the fiscal quarter ending March 31, 1997; (ii) assume, guarantee, endorse or otherwise become liable or responsible

(whether directly, contingently or otherwise) for the obligations of any other person, except in the ordinary course of business consistent with past practice; (iii) make any loans, advances or capital contributions to, or investments in, any other person (other than to wholly owned Subsidiaries of the Company or customary loans or advances to employees in accordance with past practice); or (iv) enter into any material commitment (including, but not limited to, any capital expenditure or purchase of assets) other than in the ordinary course of business consistent with past practice or, in the case of capital expenditures, pursuant to Customary Actions;

(h) neither the Company nor any of its Subsidiaries shall change any of the accounting principles used by it unless required by GAAP;

(i) neither the Company nor any of its Subsidiaries shall pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction of any such claims, liabilities or obligations, (x) reflected or reserved against in, or contemplated by, the consolidated financial statements (or the notes thereto) of the Company and its consolidated Subsidiaries, (y) incurred in the ordinary course of business consistent with past practice or which are Customary Actions or (z) which are legally required to be paid, discharged or satisfied;

(j) except as disclosed in Section 5.1(j) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries will adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization of the Company or any of its Subsidiaries or any agreement relating to a Takeover Proposal (as defined in Section 5.6) (other than the Merger);

(k) neither the Company nor any of its Subsidiaries knowingly will take, or agree to commit to take, any action that would make any representation or warranty of the Company contained herein inaccurate in any respect at, or as of any time prior to, the Effective Time;

(l) other than between or among wholly-owned Subsidiaries of the Company which remain wholly-owned or between the Company and its wholly-owned Subsidiaries which remain wholly-owned, neither the Company nor any of its Subsidiaries will engage in any transaction with, or enter into any agreement, arrangement, or understanding with, directly or indirectly, any of the Company's affiliates, including, without limitation, any transactions, agreements, arrangements or understandings with any affiliate or other Person covered under Item 404 of Regulation S-K under the Securities Act that would be required to be disclosed under such Item 404, other than pursuant to such agreements, arrangements, or understandings existing on the date of this Agreement (which are set forth on Section 5.1(l) of the Disclosure Schedule) or as disclosed in writing to Parent and Sub on the date hereof; provided, however, that any such agreement, arrangement or understanding disclosed in such writing shall be approved by at least two independent directors of the Company, after having received an appraisal or valuation from an independent appraiser or expert (reasonably acceptable to Parent) that the terms are fair to the Company and are no less favorable to the Company than could be obtained in an arms-length transaction with an unaffiliated party, and, provided, further, that the Company provides Parent with all information concerning any such agreement, arrangement or understanding that Parent may reasonably request; and

(m) neither the Company nor any of its Subsidiaries will enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

For the purposes of this Agreement, a "Customary Action" means an action taken which occurs in the ordinary course of the relevant person's business and where the taking of such action is generally recognized as being customary and prudent for other major enterprises in such person's line of business.

Section 5.2 Interim Operations of Parent. Parent covenants and agrees that, except (i) as expressly provided in this Agreement, or (ii) with the prior written consent of the Company, after the date hereof and prior to the Effective Time:

(a) Parent will not, directly or indirectly, split, combine or reclassify the outstanding Parent Common Stock;

(b) Parent shall not: (i) amend its articles of incorporation; or (ii) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock except for quarterly cash dividends consistent in amount with past practice, provided that Parent may increase its dividend rate consistent with the amount reflected in Parent's long-range plan previously furnished to the Company, and except for dividends paid by Parent's Subsidiaries to Parent or its Subsidiaries;

(c) neither Parent nor any of its Subsidiaries shall change any of the accounting principles used by it unless required by GAAP;

(d) Parent will not issue, sell, transfer, pledge or dispose of direct or indirect beneficial ownership of the capital stock of UPRR or permit UPRR to sell, transfer or dispose of any substantial portion of or all of the assets of UPRR; and

(e) neither Parent nor any of its Subsidiaries will enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

Section 5.3 Access to Information. (a) To the extent permitted by applicable law, the Company shall (and shall cause each of its Subsidiaries to) afford to the officers, employees, accountants, counsel, financing sources and other representatives of Parent, access, during normal business hours, during the period prior to the Effective Time, to all of its and its Subsidiaries' properties, books, contracts, commitments and records (including any Tax Returns or other Tax related information pertaining to the Company and its Subsidiaries) and, during such period, the Company shall (and shall cause each of its Subsidiaries to) furnish promptly to Parent (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws and (b) all other information concerning

its business, properties and personnel as Parent may reasonably request (including any Tax Returns or other Tax related information pertaining to the Company and its Subsidiaries); provided, however, that access to certain Company information may require the entry of a protective order by the ICC, after which date full access will be granted to such information consistent with this paragraph and subject to the terms of such order. Parent will hold any such information which is nonpublic in confidence in accordance with the provisions of the existing confidentiality agreement between the Company and Parent (the "Confidentiality Agreement").

(b) To the extent permitted by applicable law, Parent shall (and shall cause each of its Subsidiaries to) afford to the officers, employees, accountants, counsel, financing sources and other representatives of the Company, access, during normal business hours, during the period prior to the Effective Time, to all of its and its Subsidiaries' properties, books, contracts, commitments and records (including any Tax Returns or other Tax related information pertaining to Parent and its Subsidiaries) and, during such period, Parent shall (and shall cause each of its Subsidiaries to) furnish promptly to the Company (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of the federal securities laws and (b) all other information as the Company may reasonably request (including any Tax Returns or other Tax related information pertaining to Parent and its Subsidiaries); provided, however, that access to certain Parent information may require the entry of a protective order by the ICC, after which date full access will be granted to such information consistent with this paragraph and subject to the terms of such order. The Company will hold any such information which is nonpublic in confidence in accordance with the provisions of the Confidentiality Agreement.

Section 5.4 Spinco Spin-off. The Company acknowledges that Parent has announced its intention to effect an initial public offering of no more than 17.25% (not including employee shares or employee options) of, and to distribute to its stockholders, as a pro rata dividend, the remainder of, the shares of capital stock of Spinco. Parent agrees that no dividend shall be declared for any distribution of shares of capital stock

of Spinco or for the distribution to Parent's stockholders of any proceeds or any other disposition of Spinco or the assets thereof, and no declaration of or record date for any such distribution shall occur, until after the consummation of the Merger. If any tax opinion or IRS private letter ruling is requested by Parent and issued in connection with such distribution of shares of capital stock of Spinco, such tax opinion or IRS private letter ruling shall provide that no income, gain or loss will be recognized by Parent shareholders (including former Company shareholders who receive Parent stock in the Merger) upon the receipt of Spinco stock.

Section 5.5 Consents and Approvals. (a) Parent and the Company shall, and each shall cause each of its Subsidiaries to, subject to the following sentence, (i) cooperate with one another to prepare and present to the ICC, or any successor applying substantially similar standards of review and procedures (a "Similar Successor"), as soon as practicable all filings and other presentations in connection with seeking any ICC or Similar Successor approval, exemption or other authorization necessary to consummate the transactions contemplated by this Agreement (including, without limitation, the matters contemplated by Section 5.3 hereof) and the Ancillary Agreements, (ii) prosecute such filings and other presentations with diligence, (iii) diligently oppose any objections to, appeals from or petitions to reconsider or reopen any such ICC or Similar Successor approval by persons not party to this Agreement, and (iv) take all such further action as in Parent's and the Company's judgment reasonably may facilitate obtaining a final order or orders of the ICC or Similar Successor approving such transactions consistent with this Agreement and the Ancillary Agreements. Subject to consultation with the Company and after giving good faith consideration to the views of the Company, Parent shall have final authority over the development, presentation and conduct of the ICC or Similar Successor case, including over decisions as to whether to agree to or acquiesce in conditions.

(b) Each of the Company, Parent, UPRR and Sub will take all reasonable actions necessary to comply promptly with all legal requirements which may be imposed on it with respect to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and

thereby (which actions shall include, without limitation, furnishing all information in connection with approvals of or filings with any Governmental Entity, including, without limitation, any schedule, or reports required to be filed with the SEC, (other than the ICC or a Similar Successor which is covered by subsection (a) of this Section 5.5)), and will promptly cooperate with and furnish information to each other in connection with any such requirements imposed upon any of them or any of their Subsidiaries in connection with this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby. Each of the Company, Parent, UPRR and Sub will, and will cause its Subsidiaries to, take all reasonable actions necessary to obtain any consent, authorization, order or approval of, or any exemption by, any Governmental Entity or other public or private third party (other than the ICC or a Similar Successor which is covered by subsection (a) of this Section 5.5), required to be obtained or made by Parent, UPRR, Sub, the Company or any of their Subsidiaries in connection with the Offer, the Merger or the taking of any action contemplated thereby or by this Agreement or the Ancillary Agreements. Subject to consultation with the Company and after giving good faith consideration to the views of the Company, Parent shall have final authority over the development, presentation and conduct of any case before a Governmental Entity in connection with this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby.

Section 5.6 Employee Benefits. (a) Parent agrees to cause Surviving Corporation and its Subsidiaries to honor and assume, and Surviving Corporation agrees to honor and assume, the Employment Agreements, Contractual Supplemental Executive Retirement Agreements and Stock Bonus Agreements, all as listed under those categories on Section 3.9(a)(i) of the Disclosure Schedule, true and accurate copies of which have previously been made available to Parent. Notwithstanding the foregoing, nothing in this Section 5.6 shall be deemed to require the employment of any nonagreement employee to be continued for any particular period of time.

(b) Parent agrees to cause Surviving Corporation and its Subsidiaries to honor and assume, and Surviving Corporation agrees to honor and assume, the Company's employee benefit plans and employee programs,

arrangements and agreements listed on Section 3.9 of the Disclosure Schedule, true and accurate copies of which have previously been made available to Parent. Nothing in this Agreement shall prohibit Parent, Surviving Corporation or its Subsidiaries from amending or terminating any such plan, program, arrangement or agreement at any time in accordance with applicable law (except as to benefits already vested thereunder); provided that the severance plan for employees of the Company and its Subsidiaries who are terminated other than for cause, as in effect on the date of this Agreement, shall be continued in effect for at least one year following the Effective Time.

(c) Parent and Surviving Corporation agree to cause the Committee under the Southern Pacific Rail Corporation Equity Incentive Plan (the "EIP") to make adequate provision for the adjustment of outstanding Awards under the Stock Bonus Agreements issued under EIP, in accordance with Section 5.2(b) of EIP.

(d) Promptly after the completion of the purchase of Shares pursuant to the Offer, the Company and its Subsidiaries shall establish a "Management Continuity Plan (the 'MCP')" that will provide certain payments described in Section 5.6(d) of the Disclosure Schedule (the "MCP Awards") to certain nonagreement employees of the Company or its Subsidiaries (whether employed at the date of this Agreement or hired subsequently). Promptly after the later of (i) the establishment of the MCP or (ii) a nonagreement employee's date of hire (or promotion, if applicable), the Company will communicate in writing to each nonagreement employee who is eligible to participate in the MCP the amount of his or her potential MCP Award and its conditions of payment. Certain eligible nonagreement employees and their potential MCP Awards are listed in Section 5.6(d) of the Disclosure Schedule; other eligible employees will be designated at the later of the date the MCP is established or the respective employee's date of hire (or promotion, if applicable). In order to become an "MCP Participant", the eligible employee must waive, within 60 days of the later of completion of purchase of Shares pursuant to the Offer or his or her date of hire (or promotion, if applicable), any right to receive a payment from any other incentive plan, incentive program or incentive arrangement maintained by the Company (or its Subsidiaries) or the Surviving Corpo-

ration (or its Subsidiaries), except for rights under the two Stock Bonus Agreements listed in Section 3.9(a), Part I of the Stock Bonus Agreement category, of the Disclosure Schedule.

Payment of each MCP Award shall be made in two parts, subject to the respective MCP Participant's fulfilling certain conditions:

First Payment:

If the MCP Participant is employed by the Company or its Subsidiaries on December 25, 1995 and has not, prior to December 25, 1995, received a written notice from the employer that the MCP Participant is not fulfilling his or her work performance obligations, then, if the MCP Participant is a Group I Employee, sixty percent (60%) of the MCP Award shall be paid to such MCP Participant prior to December 31, 1995, or, if the MCP Participant is not a Group I Employee, fifty percent (50%) of the MCP Award shall be paid to such MCP Participant prior to December 31, 1995.

Second Payment:

If the MCP Participant is employed by the Company or its Subsidiaries at the Effective Time and has not, prior to the Effective Time, received a written notice from the employer that the MCP Participant is not fulfilling his or her work performance obligations, the MCP Participant becomes entitled to the remainder of his or her MCP Award (the "Second Payment"), subject to the further condition that the MCP Participant continue to be so employed for at least sixty (60) days immediately following the Effective Time, unless such employment is earlier terminated at the request of the Surviving Corporation or its Subsidiaries. The Second Payment shall be made at the earlier of the 60th day following the Effective Time or the day of such earlier termination.

(e) Promptly after completion of the purchase of Shares pursuant to the Offer, the Company and its Subsidiaries shall establish an enhanced severance program (the "Enhanced Severance Program") that will

provide certain additional severance amounts to terminated nonagreement employees who become entitled to severance pursuant to (i) the Southern Pacific Line Non-Agreement Severance Benefit Plan as revised August 25, 1993 (the "Severance Plan"), (ii) the substantially identical plans to be established for certain Subsidiaries which do not currently have a severance plan (the "New Identical Plans"), or (iii) the individual agreements in existence on the date of this Agreement which provide severance benefits. The payments to be made pursuant to this Section 5.6(e) are described in Section 5.6(e) of the Disclosure Schedule. The Parent agrees to cause the Surviving Corporation and its Subsidiaries to maintain and honor, and the Surviving Corporation agrees that it will maintain and honor, the Enhanced Severance Program, the Severance Plan and the New Identical Plans, without any amendment, for one year after the Effective Time. Parent and Surviving Corporation agree the Severance Plan and New Identical Plans may be amended to provide that the following events shall constitute a constructive termination thereunder which will entitle a Group A or Group B Employee to severance thereunder: (i) reduction in base salary, (ii) being required to work at a job which is not commensurate with the individual's skills, or (iii) being required to accept a new principal place of work which is at least fifty (50) miles farther from the individual's old residence than the individual's old residence was from the individual's former place of work. Parent and Surviving Corporation agree the Severance Plan and New Identical Plans may be amended to provide that the following event shall constitute a constructive termination thereunder which will entitle a Group C Employee to severance thereunder: reduction in base salary.

Section 5.7 No Solicitation. (a) The Company (and its Subsidiaries, and affiliates over which it exercises control) will not, and the Company (and its Subsidiaries, and affiliates over which it exercises control) will use their best efforts to ensure that their respective officers, directors, employees, investment bankers, attorneys, accountants and other agents do not, directly or indirectly: (i) initiate, solicit or encourage, or take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Takeover Proposal (as defined below) of the Company or any Subsidiary or an inquiry with respect

thereto, or, (ii) in the event of an unsolicited Takeover Proposal for the Company or any Subsidiary or affiliate of the Company, engage in negotiations or discussions with, or provide any information or data to, any corporation, partnership, person or other entity or group (other than Parent, any of its affiliates or representatives) ("Person") relating to any Takeover Proposal, except in the case of clause (ii) above to the extent that the Company's Board of Directors determines, after having received the oral or written opinion of outside legal counsel to the Company, that the failure to engage in such negotiation or discussions or provide such information would result in a breach of the Board of Directors' fiduciary duties under applicable law. The Company shall notify Parent, UPRR and Sub orally and in writing of any such offers, proposals, inquiries or Takeover Proposals (including, without limitation, the material terms and conditions thereof and the identity of the Person making it), within 24 hours of the receipt thereof, shall thereafter inform Parent on a reasonable basis of the status and content of any discussions or negotiations with such a third party, including any material changes to the terms and conditions thereof, and shall give Parent three days' advance notice of any information to be supplied to any Person making such offer, proposal, inquiry or Takeover Proposal. The Company shall, and shall cause its Subsidiaries and affiliates, and their respective officers, directors, employees, investment bankers, attorneys, accountants and other agents to, immediately cease and cause to be terminated all discussions and negotiations that have taken place prior to the date hereof, if any, with any parties conducted heretofore with respect to any Takeover Proposal relating to the Company.

(b) As used in this Agreement, "Takeover Proposal" when used in connection with any Person shall mean any tender or exchange offer involving the capital stock of such Person, any proposal for a merger, consolidation or other business combination involving such Person or any Subsidiary of such Person, any proposal or offer to acquire in any manner a substantial equity interest in, or a substantial portion of the business or assets of, such Person or any Subsidiary of such Person, any proposal or offer with respect to any recapitalization or restructuring with respect to such Person or any Subsidiary of such Person or any proposal or offer with

respect to any other transaction similar to any of the foregoing with respect to such Person or any Subsidiary of such Person other than pursuant to the transactions to be effected pursuant to this Agreement.

Section 5.8 Additional Agreements. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable, whether under applicable laws and regulations or otherwise, or to remove any injunctions or other impediments or delays, legal or otherwise, to consummate and make effective the Merger and the other transactions contemplated by this Agreement. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of the Company and Parent shall use their best efforts to take, or cause to be taken, all such necessary actions.

Section 5.9 Publicity. So long as this Agreement is in effect, neither the Company nor Parent nor affiliates which either of them control shall issue or cause the publication of any press release or other public statement or announcement with respect to this Agreement or the Ancillary Agreements or the transactions contemplated hereby or thereby without the prior consultation of the other party, except as may be required by law or by obligations pursuant to any listing agreement with a national securities exchange.

Section 5.10 Notification of Certain Matters. The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (a) the occurrence, or non-occurrence of any event the occurrence or non-occurrence of which would cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect at or prior to the Effective Time and (b) any material failure of the Company or Parent, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 5.10 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 5.11 Directors' and Officers' Insurance and Indemnification.

Parent agrees that at all times after the Effective Time, it shall indemnify, or shall cause the Surviving Corporation and its Subsidiaries to indemnify, each person who is now, or has been at any time prior to the date hereof, an employee, agent, director or officer of the Company or of any of the Company's Subsidiaries, successors and assigns (individually an "Indemnified Party" and collectively the "Indemnified Parties"), to the same extent and in the same manner as is now provided in the respective charters or by-laws of the Company and such Subsidiaries or otherwise in effect on the date hereof, with respect to any claim, liability, loss, damage, cost or expense (whenever asserted or claimed) ("Indemnified Liability") based in whole or in part on, or arising in whole or in part out of, any matter existing or occurring at or prior to the Effective Time. Parent shall, and shall cause the Surviving Corporation to, maintain in effect for not less than six (6) years after consummation of the Offer the current policies of directors' and officers' liability insurance maintained by the Company and its Subsidiaries on the date hereof (provided that Parent may substitute therefor policies having at least the same coverage and containing terms and conditions which are no less advantageous to the persons currently covered by such policies as insured) with respect to matters existing or occurring at or prior to the Effective Time; provided, however, that if the aggregate annual premiums for such insurance at any time during such period shall exceed 200% of the per annum rate of premium currently paid by the Company and its Subsidiaries for such insurance on the date of this Agreement, then Parent shall cause the Surviving Corporation to, and the Surviving Corporation shall, provide the maximum coverage that shall then be available at an annual premium equal to 200% of such rate, and Parent, in addition to the indemnification provided above in this Section 5.11, shall indemnify the Indemnified Parties for the balance of such insurance coverage on the same terms and conditions as though Parent were the insurer under those policies. Without limiting the foregoing, in the event any Indemnified Party becomes involved in any capacity in any action, proceeding or investigation based in whole or in part on, or arising in whole or in part out of, any matter, including the transactions contemplated hereby, existing or occurring at or prior to the Effective Time, then to the extent permitted

by law Parent shall, or shall cause the Surviving Corporation to, periodically advance to such Indemnified Party its legal and other expenses (including the cost of any investigation and preparation incurred in connection therewith), subject to the provision by such Indemnified Party of an undertaking to reimburse the amounts so advanced in the event of a final determination by a court of competent jurisdiction that such Indemnified Party is not entitled thereto. Promptly after receipt by an Indemnified Party of notice of the assertion (an "Assertion") of any claim or the commencement of any action against him in respect to which indemnity or reimbursement may be sought against Parent, the Company, the Surviving Corporation or a Subsidiary of the Company or the Surviving Corporation ("Indemnitors") hereunder, such Indemnified Party shall notify any Indemnitor in writing of the Assertion, but the failure to so notify any Indemnitor shall not relieve any Indemnitor of any liability it may have to such Indemnified Party hereunder except where such failure shall have materially and irreversibly prejudiced Indemnitor in defending against such Assertion. Indemnitors shall be entitled to participate in and, to the extent Indemnitors elect by written notice to such Indemnified Party within 30 days after receipt by any Indemnitor of notice of such Assertion, to assume the defense of such Assertion, at their own expense, with counsel chosen by Indemnitors and reasonably satisfactory to such Indemnified Party. Notwithstanding that Indemnitors shall have elected by such written notice to assume the defense of any Assertion, such Indemnified Party shall have the right to participate in the investigation and defense thereof, with separate counsel chosen by such Indemnified party, but in such event the fees and expenses of such counsel shall be paid by such Indemnified Party. No Indemnified Party shall settle any Assertion without the prior written consent of Parent, nor shall Parent settle any Assertion without either (i) the written consent of all Indemnified Parties against whom such Assertion was made, or (ii) obtaining a general release from the party making the Assertion for all Indemnified Parties as a condition of such settlement. The provisions of this Section 5.11 are intended for the benefit of, and shall be enforceable by, the respective Indemnified Parties.

Section 5.12 Rule 145 Affiliates. At least 40 days prior to the
---
Closing Date, the Company shall deliver

to Parent a letter identifying, to the best of the Company's knowledge, all persons who are, at the time of the Company Special Meeting, deemed to be "affiliates" of the Company for purposes of Rule 145 under the Securities Act ("Company Affiliates"). The Company shall use its best efforts to cause each Person who is identified as a Company Affiliate to deliver to Parent at least 30 days prior to the Closing Date an agreement substantially in the form of Exhibit I to this Agreement.

Section 5.13 Cooperation. Parent and the Company shall together, or pursuant to an allocation of responsibility to be agreed upon between them, coordinate and cooperate (a) with respect to the timing of the Company Special Meeting, (b) in determining whether any action by or in respect of, or filing with, any Governmental Entity (other than the ICC which is covered by Section 5.5(a) hereof) is required, or any actions, consents approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, and (c) in seeking any such actions, consents, approvals or waivers or making any such filings, furnishing information required in connection therewith and timely seeking to obtain any such actions, consents approvals or waivers. Subject to the terms and conditions of this Agreement, Parent and the Company will each use its best efforts to have the Registration Statement declared effective under the Securities Act as promptly as practicable after the Registration Statement is filed, and Parent and the Company shall, subject to applicable law, confer on a regular and frequent basis with one or more representatives of one another to report operational matters of significance to the Merger and the general status of ongoing operations insofar as relevant to the Merger, provided that the parties will not confer on any matter to the extent inconsistent with law.

Section 5.14. Proxy Statement/Prospectus. As soon as practicable following the consummation of the Offer, Parent and the Company shall prepare and file with the SEC the Proxy Statement/Prospectus and each shall use its best efforts to have the Proxy Statement/Prospectus cleared by the SEC as promptly as practicable. As soon as practicable following such clearance Parent shall prepare and file with the SEC the Registration Statement,

of which the Proxy Statement/Prospectus will form a part, and shall use its best efforts to have the Registration Statement declared effective by the SEC as promptly as practicable thereafter. Parent and the Company shall cooperate with each other in the preparation of the Proxy Statement/Prospectus, and each will provide to the other promptly copies of all correspondence between it or any of its representatives and the SEC. Each of the Company and Parent shall furnish all information concerning it required to be included in the Registration Statement and the Proxy Statement/Prospectus, and as promptly as practicable after the effectiveness of the Registration Statement, the Proxy Statement/Prospectus will be mailed to the stockholders of the Company. No amendment or supplement to the Registration Statement or the Proxy Statement/Prospectus will be made without the approval of each of the Company and Parent, which approval will not be unreasonably withheld or delayed. Each of the Company and Parent will advise the other promptly after it receives notice thereof, of the time when the Registration Statement has become effective or any amendment thereto or any supplement or amendment to the Proxy Statement/Prospectus has been filed, or the issuance of any stop order, or the suspension of the qualification of the Parent Common Stock to be issued in the Merger for offering or sale in any jurisdiction, or of any request by the SEC or the NYSE for amendment of the Registration Statement or the Proxy Statement/Prospectus.

Section 5.15 Tax-Free Reorganization. The parties intend the transaction to qualify as a reorganization under Sections 368(a)(1)(A) and 368(a)(2)(D) of the Code; each party and its affiliates shall use all reasonable efforts to cause the Merger to so qualify; neither party nor any affiliate shall take any action that would cause the Merger not to qualify as a reorganization under those Sections; and the parties will take the position for all purposes that the Merger qualifies as a reorganization under those Sections.

Section 5.16 Restructuring. Parent covenants and agrees that, no later than one day prior to the Effective Time, it shall cause (a) Union Pacific Holdings, Inc. ("Holdings") to distribute all of its assets and liabilities (by merger or otherwise) to Parent in a complete liquidation under Section 332 of the Code and (b) Sub to distribute all of its assets and liabilities

(by merger or otherwise) to UPRR in a complete liquidation under Section 332 of the Code.

ARTICLE VI

CONDITIONS

Section 6.1 Conditions to the Obligations of Each Party. The obligations of the Company, on the one hand, and Parent, UPRR and Sub, on the other hand, to consummate the Merger are subject to the satisfaction (or, if permissible, waiver by the party for whose benefit such conditions exist) of the following conditions:

(a) this Agreement shall have been adopted by the stockholders of the Company in accordance with the DGCL;

(b) if required by the rules of the New York Stock Exchange, Inc. ("NYSE") or by law, the issuance of Parent Common Stock in the Merger shall have been approved by the stockholders of Parent in accordance with the rules of the NYSE and applicable law;

(c) no court, arbitrator or governmental body, agency or official shall have issued any order, decree or ruling and there shall not be any statute, rule or regulation, restraining, enjoining or prohibiting the consummation of the Merger or which would materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by this Agreement; and

(d) the Registration Statement shall have become effective under the Securities Act and no stop order suspending effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the SEC.

Section 6.2 Conditions to the Obligations of Parent, UPRR and Sub. The obligations of Parent, UPRR and Sub to consummate the Merger are subject to the satisfaction (or waiver by Parent) of the following further conditions:

(a) the representations and warranties of the Company shall have been true and accurate both when made and (except for those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time which need only be true and accurate as of such date or with respect to such period) as of the Effective Time as if made at and as of such time, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), would not have and is not reasonably likely to have a material adverse effect on the Company and its Subsidiaries;

(b) the Company shall have performed in all material respects its obligations hereunder required to be performed by it at or prior to the Effective Time;

(c) (i) the ICC or any Similar Successor shall have issued a decision (which decision shall not have been stayed or enjoined) that (A) constitutes a final order approving, exempting or otherwise authorizing consummation of the Merger and all other transactions contemplated by this Agreement and the Ancillary Agreements (or subsequently presented to the ICC or a Similar Successor by agreement of Parent and the Company) as may require such authorization and (B) does not (1) change or disapprove of the Merger Consideration or other material provisions of Article II of this Agreement or (2) impose on Parent, the Company or any of their respective Subsidiaries any other terms or conditions (including, without limitation, labor protective provisions but excluding conditions heretofore imposed by the ICC in New York Dock Railway -- Control-- Brooklyn Eastern District, 360 I.C.C. 60 (1979)) that materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by this Agreement; or (ii) no successor to the ICC (other than a Similar Successor) shall have required any divestiture, hold separate, or other restriction or action in connection with the expiration or termination of any waiting period applicable to this Agreement and the transactions contemplated hereby, or in connection with any other action by or in respect of or filing with such

successor, that would materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by this Agreement;

(d) all actions by or in respect of or filings with any governmental body, agency official, or authority required to permit the consummation of the Merger (other than approval of the ICC or any Similar Successor, which is addressed in Section 6.2(c) hereof) shall have been obtained but excluding any consent, approval, clearance or confirmation the failure to obtain which would not have a material adverse effect on Parent, the Company or, after the Effective Time, the Surviving Corporation;

(e) each of the Ancillary Agreements shall be valid, in full force and effect and complied with in all material respects (including, without limitation, the absence of any challenge, change or disapproval of the Ancillary Agreements by the ICC or any successor), except for such failure to be in full force and effect and such non-compliance that does not materially and adversely affect the benefits expected to be received by Parent, UPRR and Sub under the Anschutz Stockholder Agreement, the Parent/Company Registration Rights Agreement, this Agreement and the Ancillary Agreements;

(f) since the date of this Agreement, there shall not have occurred any event, change or effect having, or which would be reasonably likely to have, individually or in the aggregate (after taking into account the proceeds of insurance coverage), a material adverse effect on the Company and its Subsidiaries, taken as a whole, as a result of or arising out of "force majeure" (where "force majeure" shall mean any act of God (including, without limitation, earthquake, hurricane, flood, tornado or fire)), accident, damage to or destruction of facilities, properties or assets (tangible or intangible), war, civil disturbance, national calamity (excluding an economic crisis in and of itself) or acts of terrorism; and

(g) Parent shall have received an opinion of nationally recognized tax counsel to Parent, to the effect that the Merger (whether or not the Offer is integrated with the Merger for federal income tax

purposes) will qualify as a reorganization within the meaning of Section 368 of the Code and in rendering such opinion tax counsel may rely upon representations provided by the parties hereto as well as certain stockholders of the parties.

Section 6.3 Conditions to the Obligations of the Company. The obligations of the Company to consummate the Merger are subject to the satisfaction (or waiver by the Company) of the following further conditions:

(a) the representations and warranties of Parent, UPRR and Sub (other than the representations and warranties set forth in Sections 4.7, 4.10, 4.11 and 4.12) shall have been true and accurate both when made and (except for those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time which need only be true and accurate as of such date or with respect to such period) as of the Effective Time as if made at and as of such time, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), would not have and is not reasonably likely to have, individually or in the aggregate, a material adverse effect on Parent and its Subsidiaries;

(b) each of Parent, UPRR and Sub shall have performed in all material respects all of the respective obligations hereunder required to be performed by Parent, UPRR or Sub, as the case may be, at or prior to the Effective Time;

(c) the Parent Common Stock to be issued in the Merger shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

(d) the ICC shall have issued a decision (which decision shall not have been stayed or enjoined) that (i) constitutes a final order approving, exempting or otherwise authorizing consummation of the Merger and all other transactions contemplated by this Agreement or subsequently presented to the ICC by agreement of the Company and Parent, as may require such authorization and (ii) does not

change or disapprove of the Merger Consideration or other material provisions of Article II of this Agreement;

(e) since the date of this Agreement, there shall not have occurred any event, change or effect having, or which would be reasonably likely to have, individually or in the aggregate (after taking into account the proceeds of insurance coverage), a material adverse effect on Parent and its Subsidiaries, taken as a whole, as a result of or arising out of "force majeure" (where "force majeure" shall mean any act of God (including, without limitation, earthquake, hurricane, flood, tornado or fire)), accident, damage to or destruction of facilities, properties or assets (tangible or intangible), war, civil disturbance, national calamity (excluding an economic crisis in and of itself) or acts of terrorism; and

(f) the Company shall have received an opinion of nationally recognized tax counsel to the Company, to the effect that the Merger (whether or not the Offer is integrated with the Merger for federal income tax purposes) will qualify as a reorganization within the meaning of Section 368(a) of the Code and in rendering such opinion tax counsel may rely upon representations provided by the parties hereto as well as certain stockholders of the parties.

ARTICLE VII

TERMINATION

Section 7.1 Termination. Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated and the Merger contemplated herein may be abandoned at any time prior to the Effective Time, whether before or after stockholder approval thereof:

(a) By the mutual consent of the Board of Directors of Parent and the Board of Directors of the Company.

(b) By either of the Board of Directors of the Company or the Board of Directors of Parent:

(i) if the Merger shall not have occurred on or prior to March 31, 1997; provided, however, that the right to terminate this Agreement
-------- -------
under this Section 7.1(b)(i) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Merger to occur on or prior to such date;

(ii) if any Governmental Entity shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties hereto shall use their best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable; or

(iii) if Parent or Sub has not purchased Shares in accordance with the terms of the Offer within 90 days following the commencement of the Offer; provided, however, that the right to terminate this Agreement
-------- -------
under this Section 7.1(b)(iii) shall not be available to any party whose failure to fulfill any obligations under this Agreement has been the cause of, or resulted in, the failure to satisfy the conditions to the Offer.

(c) By the Board of Directors of the Company:

(i) if, prior to the purchase of 39,034,471 Shares pursuant to the Offer, or if fewer than 39,034,471 Shares are tendered, the purchase of at least 15% of the outstanding Shares pursuant to the Offer, the Board of Directors of the Company shall have (A) withdrawn, or modified or changed in a manner adverse to Parent or Sub its approval or recommendation of this Agreement or the Merger in order to approve and permit the Company to execute a definitive agreement relating to a Takeover Proposal, and (B) determined, after having received the oral or written opinion of outside legal counsel to the Company, that the failure to take such action as set forth in the preceding clause (A) would result in a breach of the Board of Directors' fiduciary du-

ties under applicable law; provided, however, that (1) the Board of Directors of the Company shall have determined that notwithstanding a binding commitment to consummate an agreement of the nature of this Agreement entered into in the proper exercise of their applicable fiduciary duties, and notwithstanding all concessions which may be offered by Parent, UPRR or Sub in negotiations entered into pursuant to clause (2) below, such fiduciary duties would also require the directors to terminate this Agreement as a result of such Takeover Proposal; and (2) prior to any such termination, the Company shall, and shall cause its respective financial and legal advisors to, negotiate with Parent, UPRR or Sub to make such adjustments in the terms and conditions of this Agreement as would enable the Company to proceed with the transactions contemplated herein on such adjusted terms, and (3) the Company shall have given Parent and Sub three days' advance notice of any termination pursuant to this Section 7.1(c)(i); or

(ii) if Parent, UPRR or Sub (x) breaches or fails in any material respect to perform or comply with any of its material covenants and agreements contained herein or (y) breaches its representations and warranties in any material respect and such breach would have or would be reasonably likely to have a material adverse effect on Parent and its Subsidiaries, in each case such that the conditions set forth in Section 6.1 or Section 6.2 would not be satisfied; provided, however, that if any such breach is curable by the breaching party through the exercise of the breaching party's best efforts and for so long as the breaching party shall be so using its best efforts to cure such breach, the Company may not terminate this Agreement pursuant to this Section 7.1(c)(ii).

(d) By the Board of Directors of Parent:

(i) if the Company (x) breaches or fails in any material respect to perform or comply with any of its material covenants and agreements contained herein or (y) breaches its representations and warranties in any material respect and such breach would have or would be reasonably likely to have a material adverse effect on the Company and

its Subsidiaries, in each case such that the conditions set forth in Section 6.1 or Section 6.3 would not be satisfied; provided, however, that if any such breach is curable by the Company through the exercise of the Company's best efforts and for so long as the Company shall be so using its best efforts to cure such breach, Parent may not terminate this Agreement pursuant to this Section 7.1(d)(i); or

(ii) if (A) prior to the Effective Time, the Board of Directors of the Company shall have withdrawn, or modified or changed in a manner adverse to Parent, UPRR or Sub its approval or recommendation of this Agreement or the Offer or Merger or shall have recommended a Takeover Proposal or other business combination, or the Company shall have entered into an agreement in principle (or similar agreement) or definitive agreement providing for a Takeover Proposal or other business combination with a person or entity other than Parent, UPRR, Sub or their Subsidiaries (or the Board of Directors of the Company resolves to do any of the foregoing), or (B) prior to the certification of the vote of the Company's shareholders to approve the Merger at the Company Special Meeting, it shall have been publicly disclosed or Parent, UPRR or Sub shall have learned that (x) any person, entity or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act) (an "Acquiring Person"), other than Parent or its Subsidiaries, or the Anschutz Holders, shall have acquired beneficial ownership (determined pursuant to Rule 13d-3 promulgated under the Exchange Act) of more than 25% of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of more than 25% of any class or series of capital stock of the Company (including the Shares) other than as disclosed in a Schedule 13D on file with the SEC on the date hereof; or (y) any such person, entity or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act), other than Parent or its Subsidiaries, or the Anschutz Holders, which, prior to the date hereof, had filed a Schedule 13D with the

SEC, shall have acquired or proposed to acquire beneficial ownership (determined pursuant to Rule 13d-3 promulgated under the Exchange Act) of additional shares of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, constituting 1% or more of any such class or series, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of additional shares of any class or series of capital stock of the Company (including the Shares) constituting 1% or more of any such class or series.

Section 7.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 7.1, written notice thereof shall forthwith be given to the other party or parties specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become null and void, and there shall be no liability on the part of the Parent, UPRR, Sub or the Company except (A) for fraud or for material breach of this Agreement and (B) as set forth in Sections 8.1 and 8.2 hereof.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Fees and Expenses. Except for expenses incurred in connection with printing the Offer Documents, Schedule 14D-9, Proxy/Prospectus and the Registration Statement, as well as the filing fees relating thereto, which costs shall be shared equally by Parent and the Company, all costs and expenses incurred in connection with this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby shall be paid by the party incurring such expenses.

Section 8.2 Finders' Fees. (a) Except for Morgan Stanley, a copy of whose engagement agreement has been or will be provided to Parent and whose fees will be paid by the Company, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of the

Company or any of its Subsidiaries who might be entitled to any fee or commission from the Company or any of its Subsidiaries upon consummation of the transactions contemplated by this Agreement.

(b) Except for CS First Boston, a copy of whose engagement agreement has been or will be provided to the Company and whose fees will be paid by Parent, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Parent or any of its Subsidiaries who might be entitled to any fee or commission from Parent or any of its Subsidiaries upon consummation of the transactions contemplated by this Agreement.

Section 8.3 Amendment and Modification. Subject to applicable law, this Agreement may be amended, modified and supplemented in any and all respects, whether before or after any vote of the stockholders of the Company contemplated hereby, by written agreement of the parties hereto, pursuant to action taken by their respective Boards of Directors, at any time prior to the Closing Date with respect to any of the terms contained herein; provided, however, that after the approval of this Agreement by the stockholders of the Company, no such amendment, modification or supplement shall reduce or change the consideration to be received by the Company's stockholders in the Merger.

Section 8.4 Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or in any schedule, instrument or other document delivered pursuant to this Agreement shall survive the Effective Time.

Section 8.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by an overnight courier service, such as FedEx, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent, UPRR or Sub, to:

Union Pacific Corporation
Martin Tower

Eighth & Eaton Avenues
Bethlehem, Pennsylvania 18018
Attention: Carl W. von Bernuth, Esq.
Telephone No.: (610) 861-3200
Telecopy No.: (610) 861-3111

with a copy to:

Paul T. Schnell, Esq.
Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2001

and

(b) if to the Company, to:

Southern Pacific Rail Corporation
Southern Pacific Building
One Market Plaza
San Francisco, California 94105
Attention: Cannon Y. Harvey, Esq.
Telephone No.: (415) 541-1000
Telecopy No.: (415) 541-1881

with a copy to:

Joseph W. Morrisey, Jr., Esq.
Holme Roberts & Owen LLC
1700 Lincoln
Suite 4100
Denver, Colorado 80203
Telephone No.: (303) 861-7000
Telecopy No.: (303) 866-0200

and

Peter D. Lyons, Esq.
Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Telephone No.: (212) 848-4000
Telecopy No.: (212) 848-7179

Section 8.6 Interpretation. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include", "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation". The phrase "made available" in this Agreement shall mean that the information referred to has been made available if requested by the party to whom such information is to be made available. The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to August 3, 1995. As used in this Agreement, the term "affiliate(s)" shall have the meaning set forth in Rule l2b-2 of the Exchange Act.

Section 8.7 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 8.8 Entire Agreement; No Third Party Beneficiaries; Rights of Ownership. This Agreement, the Ancillary Agreements and the Confidentiality Agreement (including the exhibits hereto and the documents and the instruments referred to herein and therein): (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, and (b) except as provided in Section 5.6 with respect to the obligations of the Company thereunder and Section 5.11, are not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

Section 8.9 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 8.10 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to the remedy of specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 8.11 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law thereof.

Section 8.12 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties, except that Sub may assign, in its sole discretion, any or all of its rights, interests and obligations hereunder to Parent or to any direct or indirect wholly owned Subsidiary of Parent; provided, however, that no such assignment shall relieve Parent from any of its obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

IN WITNESS WHEREOF, Parent, UPRR, Sub and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

UNION PACIFIC CORPORATION

By: /s/ Drew Lewis

Name: Drew Lewis
Title: Chairman and Chief Executive Officer

UP ACQUISITION CORPORATION

By: /s/ L. White Matthews, III

Name: L. White Matthews, III
Title: Executive Vice President - Finance

UNION PACIFIC RAILROAD COMPANY

By: /s/ R.K. Davidson

Name: R.K. Davidson
Title: Chairman and Chief Executive Officer

SOUTHERN PACIFIC RAIL CORPORATION

By: /s/ Cannon Y. Harvey

Name: Cannon Y. Harvey
Title: Executive Vice President

CONDITIONS TO THE OFFER

Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) Sub's rights to extend and amend the Offer at any time in its sole discretion (subject to the provisions of the Merger Agreement), Sub shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to Sub's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction referred to above, the payment for, any tendered Shares, and may terminate the Offer as to any Shares not then paid for, if (1) Sub does not receive prior to the expiration of the Offer an informal written opinion in form and substance satisfactory to Sub from the staff of the ICC, without the imposition of any conditions unacceptable to Sub, that the use of a voting trust (the "Voting Trust") is consistent with the policies of the ICC against unauthorized acquisitions of control of a regulated carrier, or (2) Sub does not receive prior to the expiration of the Offer an informal statement from the Premerger Notification Office either that (i) no review of the Offer, the Merger and the transactions contemplated by the Ancillary Agreements will be undertaken pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), or (ii) the transactions contemplated by the Offer, the Merger and the transactions contemplated by the Ancillary Agreements are not subject to the HSR Act, or in the absence of the receipt of such informal statement referred to in clause (i) or (ii) above, any applicable waiting period under the HSR Act shall have expired or been terminated prior to the expiration of the Offer, (3) at any time on or after August 3, 1995 and prior to the acceptance for payment of Shares, any of the following events shall occur or shall be determined by Sub to have occurred:

(a) there shall be instituted, pending or threatened any action or proceeding by any government or governmental authority or agency, domestic or foreign, (i) challenging or seeking to make illegal, to delay materially or otherwise directly or indirectly to restrain or prohibit the making of the Offer, the acceptance for payment of or payment for some of or all the Shares by Parent, UPRR or Sub or the consummation by Parent, UPRR or Sub of the Merger, seeking to obtain material damages relating to the Merger Agreement, the Ancillary Agreement or any

of the transactions contemplated thereby or otherwise seeking to prohibit directly or indirectly the transactions contemplated by the Offer or the Merger, or challenging or seeking to make illegal the transactions contemplated by the Ancillary Agreements or otherwise directly or indirectly to restrain, prohibit or delay the transactions contemplated by the Ancillary Agreements, (ii) except for the Voting Trust, seeking to restrain, prohibit or delay Parent's, UPRR's, Sub's or any of their subsidiaries' ownership or operation of all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, or to compel Parent or any of its subsidiaries to dispose of or hold separate all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, (iii) except for the Voting Trust, seeking to impose or confirm material limitations on the ability of Parent, UPRR, Sub or any of their subsidiaries or affiliates effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote any Shares acquired or owned by Parent, UPRR, Sub or any of their subsidiaries on all matters properly presented to the Company's stockholders in accordance with the terms of the Parent Stockholder Agreement, or (iv) seeking to require divestiture by Parent, or Sub or any of their subsidiaries of any Shares; or

(b) there shall be any action taken, or any statute, rule, regulation, injunction, order or decree enacted, enforced, promulgated, issued or deemed applicable to the Offer or the Merger, by or before any court, government or governmental authority or agency, domestic or foreign to the Offer or the Merger, that, directly or indirectly, results in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above; or

(c) there shall have occurred (i) any general suspension of trading in securities on any national securities exchange or in the over-the-counter market, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (iii) any limitation (whether or not mandatory) by any United States governmental authority or agency on the extension of credit by banks or other financial institutions or (iv) in the case of any of the situations described in clauses (i) through (iii) inclusive, existing at the date of the commencement of the Offer, a material acceleration or worsening thereof; or

(d) there shall have occurred any event, change or effect which has, or would be reasonably likely to have, individually

or in the aggregate (after taking into account the proceeds of insurance coverage), a material adverse effect on the financial condition, businesses, results of operations, assets, liabilities or properties of the Company and its Subsidiaries taken as a whole as a result of or arising out of "force majeure" (where "force majeure" shall mean any act of God (including, without limitation, earthquake, hurricane, flood, tornado or fire)), accident, damage to or destruction of facilities, properties or assets (tangible or intangible), war, civil disturbance, national calamity (excluding an economic crisis in and of itself) or acts of terrorism; or

(e) Parent, UPRR or Sub shall have otherwise learned that (i) any person, entity or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act), other than Parent or its Subsidiaries, the Anschutz Holders, or any group of which any of them is a member, shall have acquired beneficial ownership (determined pursuant to Rule 13d-3 promulgated under the Exchange Act) of more than 25% of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of more than 25% of any class or series of capital stock of the Company (including the Shares) other than as disclosed in a Schedule 13D on file with the SEC on August 3, 1995; or (ii) any such person, entity or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act), other than Parent or its Subsidiaries, or the Anschutz Holders, which, prior to August 3, 1995, had filed a Schedule 13D with the SEC, shall have acquired or proposed to acquire beneficial ownership of additional shares of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, constituting 1% or more of any such class or series, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of additional shares of any class or series of capital stock of the Company (including the Shares) constituting 1% or more of any such class or series; or

(f) a tender or exchange offer for some or all of the Shares shall have been publicly proposed to be made or shall have been made by another person and prior to the expiration of the Offer there shall not have been validly tendered and not withdrawn at least 39,034,471 Shares; or

(g) the Board of Directors of the Company shall have withdrawn, modified or changed in a manner adverse to Parent or Sub its approval or recommendation of the Merger Agreement, the Offer or the Merger or shall have recommended a Takeover Proposal or other business combination, or the Company shall have entered into an agreement in principle (or similar agreement) or definitive agreement providing for a Takeover Proposal (as defined in the Merger Agreement) or other business combination with a person or entity other than Parent, Sub or their Subsidiaries (or the Board of Directors of the Company resolves to do any of the foregoing); or

(h) the Company shall have breached or failed to observe or perform in any material respect any of its covenants or agreements under the Merger Agreement, or any of the representations and warranties of the Company set forth in the Merger Agreement shall not be true and accurate both when made and, in the case of the representations set forth in Sections 3.10(b) and 3.11 of the Merger Agreement at any time prior to consummation of the Offer, as if made at and as of such time, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), does not have, and is not likely to have, individually or in the aggregate, a material adverse effect on the Company and its Subsidiaries taken as a whole; or

(i) the Merger Agreement shall have been terminated in accordance with its terms; or

(j) any party to the Ancillary Agreements other than Sub and Parent shall have breached or failed to perform any of its agreements under such agreements or breached any of its representations and warranties in such agreements or any such agreement shall not be valid, binding and enforceable, except for such breaches or failures or failures to be valid, binding and enforceable that do not materially and adversely affect the benefits expected to be received by Parent and Sub under the Anschutz Stockholder Agreement, the Parent/Company Registration Rights Agreement, the Merger Agreement and the Ancillary Agreements; or

(k) Sub or Parent shall have breached or failed to perform any of its agreements under the Parent Stockholders Agreement or breached any of its representations and warranties in such agreement or such agreement shall not be valid, binding and enforceable, except for such breaches or failures or failures to

be valid, binding and enforceable that do not materially and adversely affect the benefits expected to be received by the Company under such agreement;

which, in the sole judgment of Parent or Sub in any such case, and regardless of the circumstances (including any action or omission by Parent or Sub) giving rise to any such condition, makes it inadvisable to proceed with such acceptance for payment or payment.

The foregoing conditions are for the sole benefit of Parent and Sub and may be asserted by Parent or Sub regardless of the circumstances giving rise to any such condition or may be waived by Parent or Sub in whole or in part at any time and from time to time in their reasonable discretion. The failure by Parent or Sub at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right that may be asserted at any time and from time to time.

EXHIBIT 99(c)(2)

ANSCHUTZ SHAREHOLDERS AGREEMENT

AGREEMENT, dated as of August 3, 1995, by and among Union Pacific Corporation, a Utah corporation ("Parent"), UP Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Purchaser"), The Anschutz Corporation, a Kansas corporation ("TAC"), Anschutz Foundation, a Colorado not-for-profit corporation (the "Foundation"), and Mr. Philip F. Anschutz ("Mr. Anschutz" and, collectively with TAC and the Foundation, the "Shareholders").

W I T N E S S E T H:

WHEREAS, simultaneously with the execution of this Agreement, Parent, Purchaser, Union Pacific Railroad Company, a Utah corporation ("UPRR"), and Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such Agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which Purchaser has agreed, among other things, to commence a cash tender offer (the "Offer") to purchase up to 39,034,471 shares of common stock, $.001 par value, of the Company (the "Company Common Stock") and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, as of the date hereof, Shareholders are the record and beneficial owner of, and have the sole right to vote and dispose of, an aggregate of 49,643,008 shares (the "Shares") of Company Common Stock; and

WHEREAS, as an inducement and a condition to its entering into the Merger Agreement and the Ancillary Agreements (as defined in the Merger Agreement), and incurring the obligations set forth therein, including the Offer and the Merger, Parent has required that Shareholders agree, and Shareholders have agreed, to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual premises, representations, warranties, covenants and agreements contained herein and in the Merger Agreement and the Ancillary Agreements, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Certain Definitions. Capitalized terms used and not defined herein have the respective meanings

ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For purposes of this Agreement, with respect to any Shareholder, "Affiliate" shall not include the Company or Parent and the Persons that directly, or indirectly through one or more intermediaries, are controlled by the Company or Parent, as the case may be.

(b) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all Affiliates of such Person and all other Persons with whom such Person would constitute a "group" within the meaning of Section 13(d) of the Exchange Act and the rules promulgated thereunder.

(c) "Company Voting Securities" shall mean any securities of the Company entitled, or which may be entitled, to vote generally in the election of directors and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of the Company). For purposes of determining the percentage of Company Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of the Company entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(d) "Current Market Price" shall mean, as applied to any class of stock on any date, the average of the daily "Closing Prices" (as hereinafter defined) for

the 20 consecutive trading days immediately prior to the date in question. The term "Closing Price" on any day shall mean the last sales price, regular way, per share of such stock on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if shares of such stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of such stock are listed or admitted to trading, or, if the shares of such stock are not listed or admitted to trading on any national securities exchange on the NASDAQ National Market System or, if the shares of such stock are not quoted on the NASDAQ National Market System, the average of the high bid and low asked prices in the over-the-counter market as reported by the National Association of Securities Dealers Inc.'s Automated Quotation System.

(e) "including" shall mean including without limitation.

(f) "Parent Voting Securities" shall mean any securities of Parent entitled, or which may be entitled, to vote generally in the election of directors and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of Parent). For purposes of this Agreement, Parent Voting Securities shall not include Company Voting Securities. For purposes of determining the percentage of Parent Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of Parent entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(g) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(h) "Transfer" shall mean, with respect to a security, the sale, transfer, pledge, hypothecation, encumbrance, assignment or disposition of such security or the Beneficial Ownership thereof, the offer to make such a sale, transfer or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. As a verb, "Transfer" shall have a correlative meaning.

2. Tender of Shares; Pledge. (a) The parties agree that Shareholders may, but shall have no obligation to, tender (or cause the record owner of the Shares to tender), pursuant to and in accordance with the terms of the Offer, any or all of the Shares and any other shares of Company Common Stock hereafter Beneficially Owned by Shareholders. Shareholders hereby acknowledge and agree that Parent's and Purchaser's obligation to accept for payment and pay for Shares in the Offer, including any Shares tendered by Shareholders, is subject to the terms and conditions of the Offer. The parties agree that Shareholders will, for all Shares tendered by Shareholders in the Offer and accepted for payment and paid for by Purchaser, receive the same per Share consideration paid to other shareholders who have tendered into the Offer.

(b) TAC has advised Parent that shares of Company Common Stock Beneficially Owned by TAC are or may be pledged to Bank of America National Trust and Savings Association or Citibank, N.A., respectively (collectively, the "Banks") pursuant to pledge agreements (substantially in the forms reviewed by Parent, collectively, the "Existing Pledge Agreements") to secure indebtedness borrowed from the Banks. TAC represents and warrants that the Existing Pledge Agreements do not or, before indebtedness borrowed therefrom is secured by any such shares, will not prevent, limit or interfere with TAC's compliance with, or performance of its obligations under, this Agreement, absent a default under the applicable Existing Pledge Agreements. TAC represents and warrants that it is not in default under the Existing Pledge Agreements. TAC has heretofore delivered to Parent a letter from Bank of America National Trust and Savings Association acknowledging this Agreement and agreeing in effect that, notwithstanding any default under the Existing Pledge Agreement, TAC (and Purchaser with respect to the proxy

described in Section 3(b) hereof) shall have the right to exercise all voting rights with respect to the Company Common Stock pledged thereunder as set forth in Section 3 of this Agreement and the proxy described in Section 3(b) hereof. TAC shall deliver to Parent a similar letter from Citibank, N.A. before shares of Company Common Stock shall be pledged under the applicable Existing Pledge Agreement to secure any indebtedness. Shareholders may hereafter effect one or more pledges of Company Voting Securities or Parent Voting Securities to be received pursuant to the Merger or otherwise, or grants of security interests therein, to one or more financial institutions (other than the Banks) that are not Affiliates of any Shareholder (collectively, "Other Financial Institutions") as security for the payment of bona fide indebtedness owed by one or more of the Shareholders or their Affiliates to such Other Financial Institutions. Except as set forth in the proviso below, neither the Bank nor any Other Financial Institution which hereafter becomes a pledgee of Company Voting Securities or Parent Voting Securities shall incur any obligations under this Agreement with respect to such Company Voting Securities or such Parent Voting Securities, as the case may be, or shall be restricted from exercising any right of enforcement or foreclosure with respect to any related security interest or lien; provided, --------
however, that it shall be a condition to any such pledge to any Other Financial -------
Institution that, in the case of Company Voting Securities, the pledgee shall agree that TAC (and Purchaser with respect to the proxy described in Section 3(b) hereof) shall have the right to exercise all voting rights with respect to the Company Voting Securities pledged thereunder as set forth in Section 3 of this Agreement and the proxy described in Section 3(b) hereof and, in the case of Company Voting Securities or Parent Voting Securities, no such pledge shall prevent, limit or interfere with Shareholders' compliance with, or performance of their obligations under, this Agreement, absent a default under such pledge agreement. The obligations of the Banks and the Other Financial Institutions under or with respect to Section 3 hereof and such proxy shall terminate on the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement in accordance with Article VII thereof.

3. Voting of Company Common Stock; Irrevocable Proxy.

(a) Shareholders hereby agree that during the period commencing on the date hereof and continuing until the earlier of (x) the consummation of the Merger and (y) six months following the termination of the Merger Agreement in accordance with Section 7.1(c)(i) or 7.1(d)(ii) thereof, and (z) upon the termination of the Merger Agreement in accordance with any provision of Section 7.1 other than Section 7.1(c)(i) or 7.1(d)(ii) (such period being referred to as the "Voting Period"), at any meeting (whether annual or special, and whether or not an adjourned or postponed meeting) of the Company's shareholders, however called, or in connection with any written consent of the Company's shareholders, subject to the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Shareholders shall vote (or cause to be voted) the Shares and all other Company Voting Securities that they Beneficially Own, whether owned on the date hereof or hereafter acquired: (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval and adoption of the Merger Agreement and the terms thereof and each of the other actions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements and any actions required in furtherance thereof and hereof; (ii) against any action or agreement that would (A) result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or any of the Ancillary Agreements to which it is a party or of Shareholders under this Agreement or (B) impede, interfere with, delay, postpone, or adversely affect the Offer, the Merger or the transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements; and (iii) except as otherwise agreed to in writing in advance by Parent, against the following actions (other than the Merger and the transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements): (A) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving the Company or any of its subsidiaries; (B) any sale, lease or transfer of a substantial portion of the assets or business of the Company or its subsidiaries, or reorganization, restructuring, recapitalization, special dividend, dissolution or liquidation of the Company or its subsidiaries; or (C) any change in the present capi-

talization of the Company including any proposal to sell a substantial equity interest in the Company or any of its subsidiaries. Shareholders shall not enter into any agreement, arrangement or understanding with any Person the effect of which would be inconsistent or violative of the provisions and agreements contained in this Section 3.

(b) At the request of Parent, each Shareholder, in furtherance of the transactions contemplated hereby and by the Merger Agreement and the Ancillary Agreements, and in order to secure the performance by Shareholders of their duties under this Agreement, shall promptly execute and deliver to Purchaser an irrevocable proxy, in the form of Exhibit A hereto. Shareholders acknowledge and agree that the proxy executed and delivered pursuant to this Section 3(b) shall be coupled with an interest, shall constitute, among other things, an inducement for Parent to enter into this Agreement, the Merger Agreement and the Ancillary Agreements to which it is a party, shall be irrevocable during the Voting Period and shall not be terminated by operation of law upon the occurrence of any event.

4. Restrictions on Transfer, Proxies; No Solicitation. (a) Shareholders shall not, during the Voting Period, directly or indirectly: (i) except as provided in Section 2 hereof, Transfer (including but not limited to the Transfer of any securities of an Affiliate which is the record holder or Beneficial Owner of Company Voting Securities if, as the result of such Transfer, such Person would cease to be an Affiliate of a Shareholder) to any Person any or all of the Company Voting Securities Beneficially Owned by Shareholders, provided that a Shareholder may Transfer Company Voting Securities to any other Shareholder, (ii) except as provided in Sections 2(b) and 3(b) of this Agreement, grant any proxies or powers of attorney, deposit any such Company Voting Securities into a voting trust or enter into a voting agreement, understanding or arrangement with respect to the Company Voting Securities; or (iii) take any action that would make any representation or warranty of Shareholders contained herein untrue or incorrect or would result in a breach by Shareholders of their obligations under this Agreement or a breach by the Company of its obligations under the Merger Agreement or any of the Ancillary Agreements to which it is a party. Notwithstanding any provisions of this Agreement to the contrary, Shareholders may Transfer in the aggregate, fol-

lowing the consummation of the Offer and prior to the Effective Time, a number of Shares in the aggregate not greater than 10% of the Shares Beneficially Owned by Shareholders immediately following the consummation of the Offer; and provided, further, that any such Shares which are so Transferred by TAC, or Transferred by the Foundation in an amount in excess of 1,558,254 Shares, prior to the Company Special Meeting, shall continue to be subject to the voting agreement in Section 3(a) hereof and the proxy referred to in Section 3(b) hereof, and, as a condition to any such Transfer of Shares, Shareholders shall enter into a written agreement with the transferee of such Shares, in form and substance satisfactory to Parent, granting Shareholders the right to vote such Shares in accordance with the Voting Agreement in Section 3(a) hereof and the proxy referred to in Section 3(b) hereof.

(b) During the Voting Period, Shareholders shall not, and shall cause their respective Affiliates and the respective officers, directors, employees, partners, investment bankers, attorneys, accountants and other agents and representatives of Shareholders and such Affiliates (such Affiliates, officers, directors, employees, partners, investment bankers, attorneys, accountants, agents and representatives of any Person are hereinafter collectively referred to as the "Representatives" of such Person) not to, directly or indirectly, (i) initiate, solicit or encourage, or take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Takeover Proposal (as defined in the Merger Agreement) of the Company or any Affiliate or any inquiry with respect thereto, or (ii) in the event of an unsolicited Takeover Proposal for the Company or any Affiliate of the Company, engage in negotiations or discussions with, or provide any information or data to, any Person (other than Parent, any of its Affiliates or representatives) relating to any Takeover Proposal. Shareholders shall notify Parent and the Purchaser orally and in writing of any such offers, proposals, or inquiries relating to the purchase or acquisition by any Person of the Shares Beneficially Owned by the Shareholders (including, without limitation, the terms and conditions thereof and the identity of the Person making it), within 24 hours of the receipt thereof; provided that Shareholders shall have no such notification
----
obligation with respect to any proposal, offer or inquiry relating to any Takeover Proposal (which Takeover Proposal notification shall be reported

to the Board of Directors of the Company) other than to the extent that such proposal contemplates treating Shareholders, as shareholders of the Company, in any manner different than or inconsistent with the treatment of other shareholders of the Company, whether as to terms, the entering into of separate agreements or otherwise. Shareholders shall, and shall cause their Representatives to, immediately cease and cause to be terminated all existing activities, discussions and negotiations, if any, with any parties conducted heretofore with respect to any Takeover Proposal relating to the Company, other than discussions or negotiations with Parent and its Affiliates.

(c) During the Voting Period, Shareholders will not, and will cause their Affiliates not to, directly or indirectly, make any public comment, statement or communication, or take any action that would otherwise require any public disclosure by Shareholders, Parent or any other Person, concerning the Merger, the Offer, the Spin-off (as described in Section 5.4 of the Merger Agreement) and the other transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements, except for any disclosure (i) concerning the status of Shareholders as parties to such agreements the terms thereof, and their beneficial ownership of Shares required pursuant to Section 13d of the Exchange Act or (ii) required in the Schedule 14D-9 or the Proxy Statement/Prospectus.

(d) Notwithstanding the restrictions set forth in Section 4(b), any Person who is a director or officer of the Company may exercise his fiduciary duties in his capacity as a director or officer with respect to the Company, as opposed to taking action with respect to the direct or indirect ownership of any Shares, and no such exercise of fiduciary duties shall be deemed to be a breach of, or a violation of the restrictions set forth in, Section 4(b) and none of the Shareholders shall have any liability hereunder for any such exercise of fiduciary duties by such Person in his capacity as a director and officer of the Company. Nothing in this Section 4(d) shall relieve or affect any of the Company's or its Affiliates' obligations under the Merger Agreement.

5. Standstill and Related Provisions.

(a) Subject to the paragraph at the end of this Subsection 5(a), Shareholders agree that for a period commencing on the date hereof and terminating on the seventh anniversary of the Effective Time or, if earlier, the termination of this Agreement in accordance with the terms of Section 13 hereof (the "Standstill Period"), without the prior written consent of the Board of Directors of Parent (the "Board") specifically expressed in a resolution adopted by a majority of the directors of Parent, Shareholders will not, and Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others:

(i) acquire, offer or propose to acquire, or agree to acquire (except, in any case, by way of (A) following consummation of the Merger, stock dividends or other distributions or rights offerings made available to holders of any shares of Parent Common Stock generally, share-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Parent, (B) following consummation of the Merger, the conversion, exercise or exchange of Parent Voting Securities in accordance with the terms thereof and (C) the issuance and delivery of Parent Voting Securities pursuant to the Merger Agreement, provided, that any such securities shall be subject to the provisions hereof), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) (other than groups consisting solely of Shareholders and their Affiliates, all of which are or, prior to the formation of such group, become, parties to this Agreement) or otherwise, any Parent Voting Securities; provided, however, that if Parent shall issue additional Parent Voting Securities following consummation of the Merger, Shareholders and their Affiliates may purchase or acquire additional Parent Voting Securities to bring their Beneficial Ownership up to the greater of 5.5% and the percentage of outstanding Parent Voting Securities Beneficially Owned by the Shareholders immediately prior to such issuance by Parent; provided, further, without limiting the immediately preceding proviso, if as a result of Transfers of Parent Voting Securities, Shareholders Beneficially Own less than 5.5% of the then out-

standing shares of Parent Voting Securities, Shareholders may purchase or acquire additional Parent Voting Securities to bring their Beneficial Ownership up to, but not in excess of, 5.5% of the then outstanding shares of Parent Voting Securities. In addition, in the event that a Shareholder or an Affiliate thereof inadvertently and without knowledge (an "Inadvertent Acquisition") indirectly acquires Beneficial Ownership of not more than one-quarter of one percent of the Parent Voting Securities in excess of the amount permitted to be owned by the Shareholders pursuant to this Section 5(a) pursuant to a transaction by which a Person (that was not then an Affiliate of a Shareholder before the consummation of such transaction) owning Parent Voting Securities becomes an Affiliate of such Shareholder, then all Parent Voting Securities so acquired shall thereupon become subject to this Agreement and such Shareholder shall be deemed not to have breached this Agreement provided that such Shareholder, within 120 days thereafter, causes a number of such Parent Voting Securities in excess of the amount permitted to be so owned (or, at the election of such Shareholder, an equal number of the other Parent Voting Securities that are Beneficially Owned by a Shareholder) to be Transferred, in a transaction subject to Section 6 hereof, to a transferee that is not a Shareholder, an Affiliate thereof or a member of a "group" in which a Shareholder or an Affiliate is included (or, if Parent or its assignee shall exercise any purchase rights under Section 6(b) hereof, to Parent or its assignee);

(ii) make, or in any way participate, directly or indirectly, in any "solicitation" (as such term is used in the proxy rules of the Securities and Exchange Commission as in effect on the date hereof) of proxies or consents (whether or not relating to the election or removal of directors), seek to advise, encourage or influence any Person with respect to the voting of any Parent Voting Securities, initiate, propose or otherwise "solicit" (as such term is used in the proxy rules of the Securities and Exchange Commission as in effect on the date hereof) shareholders of Parent for the approval of shareholder proposals, whether made pursuant to Rule 14a-8 of the Exchange Act or otherwise, or induce or attempt to induce any other Person to initiate any such shareholder proposal or otherwise communicate with the Parent's shareholders or others pursuant to Rule 14a-1(2)(iv) under the Exchange Act or otherwise;

(iii) seek, propose, or make any statement with respect to, any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, reorganization, restructuring, recapitalization, change in capitalization, change in corporate structure or business or similar transaction involving Parent or its subsidiaries (including Spinco)(any of the foregoing being referred to herein as a "Specified Parent Transaction"); provided that the foregoing shall not prevent (A) voting in accordance with Section 5(c) hereof (but shall prevent any public comment, statement or communication, and any action that would otherwise require any public disclosure by Shareholders, Parent or any other Person, concerning such voting) or (B) the Shareholder Designee (as defined in Section 7 hereof) from exercising his fiduciary duties in his capacity as a director by participating in any Board deliberations or vote of the Board of Directors of Parent with respect to a Specified Parent Transaction;

(iv) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Parent Voting Securities, other than groups consisting solely of Shareholders and their Affiliates;

(v) deposit any Parent Voting Securities in any voting trust or subject any Parent Voting Securities to any arrangement or agreement with respect to the voting of any Parent Voting Securities except as set forth in this Agreement;

(vi) call or seek to have called any meeting of the stockholders of Parent or execute any written consent with respect to Parent or Parent Voting Securities; provided that the foregoing shall not prevent the Shareholder Designee from exercising his fiduciary duties in his capacity as a director by participating in any Board deliberations or vote of the Board of Directors of Parent with respect to the calling of any annual meeting of shareholders of Parent;

(vii) otherwise act, alone or in concert with others, to control or seek to control or influence or seek to influence the management, Board of Directors or policies of Parent (except to the extent the actions by a Shareholder Designee relating to Parent's Board of Directors in the exercise of his fiduciary

duties in his capacity as a director may be viewed as influencing or seeking to influence the management, Board of Directors or policies of Parent);

(viii) seek, alone or in concert with others, representation on the Board of Directors of Parent (except as provided in Section 7 of this Agreement), or seek the removal of any member of such Board or a change in the composition or size of such Board;

(ix) make any publicly disclosed proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 5(a)), or make any proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 5(a)) in a manner that would require any public disclosure by Shareholders, Parent or any other Person, or enter into any discussion with any Person (other than directors and officers of Parent), regarding any of the foregoing;

(x) make or disclose any request to amend, waive or terminate any provision of Section 5(a) of this Agreement; or

(xi) have any discussions or communications, or enter into any arrangements, understandings or agreements (whether written or oral) with, or advise, finance, assist or encourage, any other Person in connection with any of the foregoing, or take any action inconsistent with the foregoing, or make any investment in or enter into any arrangement with, any other Person that engages, or offers or proposes to engage, in any of the foregoing.

The restrictions set forth in this Section 5(a) shall not prevent Shareholders from (A) performing their obligations and exercising their rights under this Agreement, including, without limitation, (w) Transferring any Company Voting Securities or Parent Voting Securities in accordance with Sections 2(b), 4 and 6 hereof, (x) selecting the Shareholder Designee, (y) serving in the positions described in or resigning from such positions as described in Section 7(a) hereof, and (z) voting in accordance with Sections 3(a) and 5(b) hereof and granting a proxy to Purchaser in accordance with Section 3(b) hereof; (B) communicating in a non-public manner with any

other Shareholder or their Affiliates; and (C) complying with the requirements of Sections 13(d) and 16(a) of the Exchange Act and the rules and regulations thereunder, in each case, as from time to time in effect, or any successor provisions or rules with respect thereto, or any other applicable law, rule, regulation, judgment, decree, ruling, order, award, injunction, or other official action of any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government (whether federal, state, county or local, domestic or foreign).

(b) Shareholders agree that during the period commencing on the date hereof and continuing until the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement, Shareholders will not, and Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others, acquire, offer or propose to acquire, or agree to acquire, whether by purchase, tender or exchange offer, though the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" or otherwise, any Company Voting Securities (except by way of stock dividends or other distributions or rights offerings made available to holders of any shares of Company Common Stock generally, stock-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Company).

(c) Subject to the receipt of proper notice and the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Shareholders agree that during the Standstill Period Shareholders will, and will cause their Affiliates to, (i) be present, in person or represented by proxy, at all annual and special meetings of shareholders of Parent so that all Parent Common Stock Beneficially Owned by Shareholders and their Affiliates and then entitled to vote may be counted for the purposes of determining the presence of a quorum at such meetings, and (ii) vote in accordance with the recommendation of the Board of Directors of Parent in the election of directors and as directed by the Persons acting as Proxies in respect of proxies solicited by the Board of Directors of Parent (including the manner in which such Parent Common Stock shall be cumulated). On all other matters presented for a vote of shareholders of Parent, Shareholders may vote in their discretion.

6. Limitations on Disposition. (a) Shareholders agree that during the Standstill Period they will not, and will cause their Affiliates not to, directly or indirectly, without the prior written consent of the Board of Directors of Parent specifically expressed in a resolution adopted by a majority of the directors of Parent, Transfer to any Person any Parent Voting Securities (including but not limited to the Transfer of any securities of an Affiliate which is the record holder or Beneficial Owner of Parent Voting Securities, if (as the result of such Transfer, such Person would cease to be an Affiliate of a Shareholder), if, to the knowledge of the Shareholders or any of their Affiliates, after due inquiry which is reasonable in the circumstances (and which shall include, with respect to the Transfer of 1% or more of the Parent Voting Securities then outstanding in one transaction, or a series of related transactions, specific inquiry which respect to the identity of the acquiror of such Parent Voting Securities and the number of Parent Voting Securities that, immediately following such transaction or transactions, would be Beneficially Owned by such acquiror, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of which such acquiror is a member), immediately following such transaction the acquiror of such Parent Voting Securities, together with its Affiliates and any members of such a group, would Beneficially Own in the aggregate 4% or more of the Parent Voting Securities then outstanding; provided that, without the prior written consent of the Board of Directors of Parent, (i) Shareholders and their Affiliates may Transfer any number of Parent Voting Securities to any other Shareholder, any Affiliate of a Shareholder or to any heirs, distributees, guardians, administrators, executors, legal representatives or similar successors in interest of any Shareholder, provided that (A) such transferee, if not then a Shareholder, shall become a party to this Agreement and agree in writing to perform and comply with all of the obligations of such transferor Shareholder under this Agreement, and thereupon such transferee shall be deemed to be a Shareholder party hereto for all purposes of this Agreement, and (B) if the transferee is not prior thereto a Shareholder, the transferor shall remain liable for such transferee's performance of and compliance with the obligations of the transferor under this Agreement, (ii) Shareholders and their Affiliates may Transfer Parent Voting Securities in a tender offer, merger, or other similar business combination transaction approved by the Board of Directors of

Parent, and (iii) Shareholders may pledge their Parent Voting Securities as provided in Section 2(b) hereof and the pledgee may Transfer such Parent Voting Securities in connection with the enforcement or foreclosure of any related security interest or lien following a default.

(b) During the Standstill Period, if to the knowledge of the Shareholders after making due inquiry which is reasonable under the circumstances, immediately following the Transfer of any Parent Voting Securities the acquiror thereof, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act), would Beneficially Own in the aggregate 2% or more of the outstanding Parent Voting Securities (a "2% Sale"), Shareholders shall, prior to effecting any such Transfer, offer Parent a right of first refusal to purchase the shares proposed to be Transferred on the following terms. Shareholders shall provide Parent with written notice (the "2% Sale Notice") of any proposed 2% Sale, which 2% Sale Notice shall contain the identity of the purchaser, the number of shares of Parent Voting Securities proposed to be Transferred to such purchaser, the purchase price for such shares and the form of consideration payable for such shares. The 2% Sale Notice shall also contain an irrevocable offer to sell the shares subject to such 2% Sale Notice to Parent for cash at a price equal to the price contained in such 2% Sale Notice. Parent shall have the right and option, by written notice delivered to such Shareholder (the "Purchase Notice") within 15 days of receipt of the 2% Sale Notice, to accept such offer as to all, but not less than all, of the Parent Voting Securities subject to such 2% Sale Notice. Parent shall have the right to assign to any Person such right to purchase the shares subject to the 2% Sale Notice. In the event Parent (or its assignee) elects to purchase the shares subject to the 2% Sale Notice, the closing of the purchase of the Parent Voting Securities shall occur at the principal office of Parent (or its assignee) on or before the 30th day following such Shareholder's receipt of the Purchase Notice. In the event Parent does not elect to purchase the shares subject to the 2% Sale Notice, such Shareholder shall be free, for a period of 30 days following the receipt of notice from Parent of its election not to purchase such shares or, in the absence of any such notice, for a period of 30 days following the 15th day after receipt by Parent of the 2% Sale Notice, to sell the shares subject to the 2% Sale Notice in accordance with the terms of, and to the person identified in, the 2% Sale Notice. If

such sale is not effected within such 30 day period such shares shall remain subject to the provisions of this Agreement. Notwithstanding the foregoing, the right of first refusal set forth in this Subsection (b) shall not apply to the sale by Shareholders of Parent Voting Securities (i) made in an underwritten public offering pursuant to an effective registration statement under the Securities Act, or (ii) made in a transaction permitted pursuant to, and made in compliance with, clauses (i) or (iii) of the proviso to Section 6(a) hereof, or (iii) made in a tender offer, merger or other similar business combination transaction approved by the Board of Directors of Parent. Any proposed sale by Shareholders of Parent Voting Securities shall be subject to the restrictions on sales to an acquiror which would Beneficially Own 4% or more of the outstanding Parent Voting Securities, set forth in the proviso in Section 6(a) hereof, whether or not Parent exercises its right of first refusal and consummates the purchase of Parent Voting Securities. If Parent (or its assignee) exercises its right to purchase any Parent Voting Securities but fails to complete the purchase thereof for any reason other than the failure of such Shareholder to perform its obligations hereunder with respect to such purchase, then, on the 30th day following such Shareholder's receipt of the Purchase Notice, such Parent Voting Securities shall cease to be subject to Sections 5(c), 6 and 12 hereof for any purpose whatsoever. If the purchase price described in any 2% Sale Notice is not solely made up of cash or marketable securities, the 2% Sale Notice shall include a good faith estimate of the cash equivalent of such other consideration, and the consideration payable by Parent or its assignee (if Parent elects to purchase (or to have assignee purchase) the Parent Voting Securities described in the 2% Sale Notice) in place of such other consideration shall be cash equal to the amount of such estimate; provided, however, that if
-------- -------
Parent in good faith disagrees with such estimate and states a different good faith estimate in the Purchase Notice, and if Parent and such Shareholder cannot agree on the cash equivalent of such other (i.e., other than cash or marketable
----
securities) consideration, such cash equivalent shall be determined by a reputable investment banking firm without material connections with either party. Such investment banking firm shall be selected by both parties or, if they shall be unable to agree, by an arbitrator appointed by the American Arbitration Association. The fees and expenses of any such investment banking firm and/or arbitrator shall be shared equally by Parent and such Shareholder,

unless otherwise determined by such firm or arbitrator. In the event of such differing estimates by Parent and such Shareholder, periods of time which would otherwise run under this Section 6(b) from the date of such Shareholder's receipt of the Purchase Notice shall run instead from the date on which the parties agree on such cash equivalent or, in the absence of such agreement, the date on which such cash equivalent is determined by such investment banking firm. If the purchase price described in any 2% Sale Notice shall include marketable securities, the purchase price payable by Parent (or its designee) shall include, to the extent marketable securities were included as a portion of the consideration provided for in the 2% Sale Notice, an amount in cash determined by reference to the Current Market Price of such securities on the day the Purchase Notice is received by such Shareholder.

(c) Not later than the tenth day following the end of any calendar month during the Standstill Period in which one or more dispositions of Parent Voting Securities by Shareholders or any of their Affiliates shall have occurred, the relevant Shareholder shall give written notice to Parent of all such dispositions. Such notice shall state the date upon which each such disposition was effected, the price and other terms of each such disposition, the number and type of Parent Voting Securities involved in each such disposition, the means by which each such disposition was effected and, to the extent known, the identity of the Persons acquiring such Parent Voting Securities.

(d) In connection with any proposed privately negotiated sale by any Shareholders of Parent Voting Securities representing in excess of 3.9% of the then outstanding shares of Parent Voting Securities, Parent will cooperate with and permit the proposed purchaser to conduct a due diligence review reasonable under the circumstances of Parent and its Subsidiaries and their respective business and operations, including, without limitation, reasonable access during normal business hours to their executive officers, and, if reasonable under the circumstances, their properties subject to execution by such purchaser of a customary confidentiality agreement; provided that Parent shall not be required to permit more than two such due diligence reviews in any twelve-month period.

7. Parent Covenants. (a) On or prior to the Effective Time, the
---

Board of Directors of Parent will take all action necessary to elect Mr. Anschutz, or another individual selected by TAC and reasonably acceptable to the Board of Directors of Parent (such director being referred to as the "Shareholder Designee") as a director of Parent's Board of Directors and to appoint Mr. Anschutz, but not any other Shareholder Designee, as Vice Chairman of the Board of Directors as of the Effective Time. Subject to the following sentence of this Section 7, after the Effective Time and during the Standstill Period, Parent shall include the Shareholder Designee in the Board of Directors' slate of nominees for election as directors at Parent's annual meeting of shareholders and shall recommend that the Shareholder Designee be elected as a director of Parent. The Shareholder Designee, if requested by Parent, shall resign from Parent's Board of Directors (a) effective not later than the next annual meeting of shareholders of Parent, if Shareholders and their Affiliates Beneficially Own less than 4% of the Parent Voting Securities then outstanding, provided, however that this Agreement shall continue in full force and effect
-------- -------

until the date of such resignation, or (b) immediately if the Shareholders violate or breach any of the material terms or provisions of this Agreement. Notwithstanding any resignation pursuant to clause (b) of the preceding sentence, all of the provisions of this Agreement other than this Section 7 shall continue in full force and effect. The duties and responsibilities of the Vice Chairman shall be as assigned by the Board of Directors of Parent or by the Chairman of the Board, and the Vice Chairman shall receive no additional compensation for serving in such position. So long as a Shareholder Designee serves as a member of the Board of Directors of Parent, Parent agrees that the Shareholder Designee shall serve (subject to the applicable requirements of the New York Stock Exchange or any other security exchange on which the Parent Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers) as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees of the Board. Except as otherwise provided in this Section 7, upon the termination of this Agreement, if so requested by Parent, the Shareholder Designee shall resign as a director of the Parent's Board of Directors.

(b) In the event that any Shareholder Designee shall cease to be a member of the Board of Directors by reason of death, disability or resignation (other than resignations required pursuant to the provisions of this Section 7), Parent shall replace such Shareholder Designee with another Shareholder Designee at the next meeting of the Board of Directors.

(c) The Shareholder Designee, upon nomination or appointment as a director of Parent, shall agree in writing to comply with the obligations of the Shareholders under Section 5(a) hereof and the obligation of such Shareholder Designee under this Section 7(c).

(d) Without the prior written consent of Shareholders, Parent shall not take or recommend to its shareholders any action which would impose limitations, not imposed on other Shareholders of Parent, on the enjoyment by any of Shareholders and their Affiliates of the legal rights generally enjoyed by shareholders of Parent, other than those imposed by the terms of this Agreement, the Merger Agreement and the Ancillary Agreements; provided, however, that the foregoing shall not prevent Parent from implementing or adopting a Shareholder Rights Plan or issuing a similar security which has a "trigger" threshold of not less than the greater of 10% of the outstanding shares of Parent Common Stock or the amount then Beneficially Owned by Shareholders not in violation of this Agreement.

8. Additional Limitation on Dispositions. (a) Notwithstanding any other provision of this Agreement, TAC agrees that it will not, and will cause its Affiliates not to, for a period of two years commencing as of the Effective Time (the "Reorganization Continuity Period"), enter into any transaction or arrangement to the extent such transaction or arrangement (combined with any other transactions or arrangements entered into by TAC or its Affiliates) would result in TAC having entered into an Economic Disposition with respect to an amount of Parent Voting Securities received by TAC in the Merger that exceeds the Threshold Amount unless the condition described in Section 8(b) is satisfied, regardless of whether such transaction or arrangement would be treated as a sale, exchange or other taxable disposition of such Parent Voting Securities for United States federal income tax purposes. For purposes of this Section 8, the "Threshold Amount" equals the number of Parent Voting Securities received by TAC in the Merger multiplied by

the following fraction: the numerator is 20 per cent and the denominator is (A) the percentage of outstanding Company Common Stock currently held by TAC minus (B) the percentage of outstanding Company Common Stock that TAC exchanges for cash in the Offer or the Merger. For purposes of this Section 8, an "Economic Disposition" of shares of Parent Voting Securities shall mean (i) any transaction or arrangement (including an outright sale) that would be treated as a sale, exchange or other taxable disposition for United States federal income tax purposes of shares of Parent Voting Securities received in the Merger and (ii) any transaction or arrangement (or combination of transactions or arrangements) entered into by or on behalf of TAC or its Affiliates that reduces the economic benefits and burdens to TAC of owning shares of Parent Voting Securities (including any swap transaction, notional principal contract or the acquisition or grant of any calls, puts or other options, whether or not cash settlement is permitted or required) to such an extent that such transaction or arrangement causes TAC not to satisfy the "continuity of proprietary interest" requirement under Section 368 of the Internal Revenue Code of 1986, as amended (the "Code") with respect to such shares.

(b) During the Reorganization Continuity Period, at least thirty (30) business days prior to entering into any proposed transaction or arrangement (combined with any other transactions or arrangements entered into by TAC) relating to or involving any shares of Parent Voting Securities in excess of the Threshold Amount (a "Proposed Transaction"), TAC must provide at its expense a written opinion of nationally recognized tax counsel, in form and substance reasonably acceptable to Parent, that the Proposed Transaction will not adversely affect the treatment of the Merger as a reorganization within the meaning of Section 368 of the Code.

(c) The bona fide pledge of any Parent Voting Securities, or the bona fide grant of a security interest therein, to secure the payment of bona fide indebtedness owed by TAC or any of its Affiliates, and the sale, exchange or disposition, or Economic Disposition, at the direction of the pledgee or holder of a security interest, of any of such Parent Voting Securities in connection with the exercise of any right of enforcement or foreclosure in respect thereof, shall not be subject to or prevented by this Section 8.

(d) The Threshold Amount and the number of shares of Parent Voting Securities that are or have been subject to an Economic Disposition shall be adjusted, as of any date of determination, to give effect to any stock dividends, share-splits, reclassifications, recapitalizations, reorganizations or other similar actions that shall have been taken by Parent as of such date with respect to the Parent Voting Securities.

9. Representations and Warranties of Shareholders. Shareholders hereby represent and warrant to Parent and Purchaser as follows:

(a) TAC is a corporation duly organized and validly existing under the laws of the State of Kansas and is in good standing under the laws of the State of Kansas. The Foundation is a not-for-profit corporation duly organized and existing under the laws of the State of Colorado. Shareholders have all necessary power and authority to execute and deliver this Agreement and perform their obligations hereunder. The execution and delivery by TAC and the Foundation of this Agreement and the performance by TAC and the Foundation of their obligations hereunder have been duly and validly authorized by the Board of Directors of TAC and the Foundation, and by the sole stockholder of TAC, and no other proceedings or actions on the part of any Shareholder are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Shareholders and constitutes the valid and binding agreement of Shareholders, enforceable against Shareholders in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Each Shareholder is the sole record holder and Beneficial Owner of the number of Share listed opposite such Shareholder's name on the signature page hereof, and , except as provided in Section 2(b) hereof and to the extent created by either or both of the Corporate Matters Agreement (the "Corporate Matters Agreement") and

the Shareholder Agreement, each dated as of August 1, 1993 and among Company, MSLEF and certain other parties, TAC and certain other parties thereto, each of which the Shareholders agree to terminate as of the Effective Time, has good and marketable title to all of such Shares, free and clear of all liens, claims, options, proxies, voting agreements, security interests, charges and encumbrances. The Shares constitute all of the capital stock of the Company Beneficially Owned by Shareholders, and except for the Shares, neither Shareholders nor any of their Affiliates Beneficially Owns or has any right to acquire (whether currently, upon lapse of time, following the satisfaction of any conditions, upon the occurrence of any event or any combination of the foregoing) any Company Voting Securities. Except as provided in Section 2(b) hereof and in this Section 9(c), each Shareholder has sole power to vote and to dispose of the Shares Beneficially Owned by such Shareholder, and sole power to issue instructions with respect to such Shares to the extent appropriate in respect of the matters set forth in this Agreement, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of such Shares, with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws and the terms of this Agreement. Shareholders do not beneficially own or have any right to acquire (whether currently, upon lapse of time, following the satisfaction of any conditions, upon the occurrence of any event or any combination of the foregoing), except pursuant to the Merger, any Parent Voting Securities.

(d) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Hart-Scott Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), with respect to the acquisition by Shareholders of Parent Voting Securities in the Merger, the Securities Exchange Act of 1934, and the ICA, in each case as amended, (i) no filing with, and no permit, authorization, consent or approval of, any state or federal governmental body or authority is necessary for the execution of this Agreement by Shareholders and the consummation by Shareholders of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Shareholders, the consummation by Shareholders of the transactions contemplated hereby or compliance by Shareholders with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate or incorpora-

tion or by-laws or other organizational documents of TAC or the Foundation, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which any Shareholder is a party or by which any Shareholder or any of its properties or assets (including the Shares) may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to any Shareholder or any of its properties or assets. To the best knowledge of Shareholders, no litigation is pending or threatened involving Shareholders or the Company relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(e) Shareholders understand and acknowledge that Parent is entering into, and causing the Purchaser to enter into, the Merger Agreement and the Ancillary Agreements, and is incurring the obligations set forth therein, in reliance upon Shareholders' execution and delivery of this Agreement.

(f) Except for Morgan Stanley & Co. Incorporated, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Shareholders.

(g) Shareholders have no plan or intention, and as of the Effective Time will have no plan or intention to sell, exchange or otherwise dispose of any of the shares of Parent Voting Securities that they receive in the Merger.

(h) Shareholders have no plan or intention and, provided the IRS requests such a representation, will represent (in the form requested by Parent) that as of the effective date of the distribution of the shares of Spinco capital stock (the "Spin-off") they will have no plan or intention, to sell, exchange, transfer by

gift, or otherwise dispose of any of the shares of Spinco capital stock they receive in the Spin-off.

(i) Shareholders will make such representations as may reasonably be requested by Parent (provided such representations are true at the time given), and in such form as may reasonably be requested by Parent, for use in connection with the request by Parent that the Internal Revenue Service issue a private letter ruling with respect to the tax consequences of the Spin-off.

10. Representations and Warranties of Parent and Purchaser. Parent and Purchaser hereby represent and warrant to Shareholders as follows:

(a) Parent is a corporation duly organized and validly existing under the laws of the State of Utah, and Purchaser is a corporation duly organized and validly existing under the laws of the State of Delaware and each of them is in good standing under the laws of the state of its incorporation. Parent and Purchaser have all necessary corporate power and authority to execute and deliver this Agreement and perform their respective obligations hereunder. The execution and delivery by Parent and Purchaser of this Agreement and the performance by Parent and Purchaser of their respective obligations hereunder have been duly and validly authorized by the Board of Directors of each of Parent and Purchaser and no other corporate proceedings on the part of Parent or Purchaser are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Parent and Purchaser and constitutes a valid and binding agreement each of Parent and Purchaser, enforceable against each of them in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the ICA, the HSR Act, with respect to the sale of Parent Voting Securities to Share-

holders in the Merger, and the ICA (i) no filing with, and no permit, authorization, consent or approval of, any state or federal public body or authority is necessary for the execution of this Agreement by Parent or Purchaser and the consummation by Parent or Purchaser of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Parent or Purchaser, the consummation by Parent or Purchaser of the transactions contemplated hereby or compliance by Parent or Purchaser with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate of incorporation or by-laws of Parent or Purchaser, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which Parent or Purchaser is a party or by which Parent or Purchaser or any of their respective properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to Parent or Purchaser or any of their respective properties or assets. To the best knowledge of Parent, no litigation is pending or threatened involving Parent or Purchaser relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(d) Except for CS First Boston Corporation, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Parent or Purchaser.

11. Further Assurances. (a) From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

(b) Shareholders agree that, prior to the consummation of the Offer, they will enter into an amend-

ment to the existing Registration Rights Agreement, forming Exhibit A to the Corporate Matters Agreement, by and among the Company and the parties named therein, which amendment shall be reasonably satisfactory to Parent, in order to permit Parent to freely exercise its "piggyback" registration rights in accordance with terms and provisions of the Registration Rights Agreement being entered into by the Company, Parent and Purchaser in connection with the execution of the Merger Agreement.

12. Stop Transfer; Legend.

(a) Shareholders agree with and covenant to Parent that Shareholders shall not request that the Company or Parent, as the case may be, register the transfer (book-entry or otherwise) of any certificated or uncertificated interest representing any of the securities of the Company or of Parent, as the case may be, unless such transfer is made in compliance with this Agreement.

(b) During the Standstill Period, Shareholders shall promptly surrender to the Company all certificates representing the Shares, and other Company Voting Securities acquired by Shareholders or their Affiliates after the date hereof, and the Company shall place the following legend on such certificates:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS AGREEMENT, DATED AS OF AUGUST 3, 1995 BY AND AMONG UP ACQUISITION CORPORATION, UNION PACIFIC CORPORATION AND PHILIP F. ANSCHUTZ, THE ANSCHUTZ CORPORATION, ANSCHUTZ FOUNDATION WHICH, AMONG OTHER THINGS, RESTRICTS THE TRANSFER AND VOTING THEREOF."

(c) During the Standstill Period, each certificate representing Parent Voting Securities the Beneficial Ownership of which is acquired by any Shareholder shall bear the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN AGREEMENTS BETWEEN PHILIP F. ANSCHUTZ, THE ANSCHUTZ CORPORATION, ANSCHUTZ FOUNDATION AND UNION PACIFIC CORPORATION, COPIES OF WHICH MAY BE OBTAINED FROM UNION PACIFIC CORPORATION WHICH, AMONG OTHER THINGS, RESTRICT THE TRANSFER AND VOTING THEREOF."

(d) In connection with any Transfer of Company Voting Securities or Parent Voting Securities to any Person, other than a Shareholder, an Affiliate of a Shareholder, any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder or an Affiliate thereof or such other Person is included, pursuant to, and made in compliance with, Section 6 hereof, and from and after the termination of the Standstill Period, the Company may and Parent shall, upon surrender thereto of any certificates representing Company Voting Securities or Parent Voting Securities, as the case may be, that bear a legend required by this Section 12, issue and deliver to the record owner of the securities represented thereby, or to its registered transferee, certificates representing such securities without such legend.

13. Termination. Except as otherwise provided in this Agreement, this Agreement shall terminate (a) if the Effective Time does not occur, upon the termination of the Merger Agreement, provided, however, that if the Merger Agreement shall have been terminated pursuant to Section 7.1(c)(i) or 7.1(d)(ii) thereof, the provisions of Sections 3 and 4 hereof shall survive the termination of this Agreement for a period of six months, or (b) if the Effective Time does occur, on the earliest to occur of (1) the seventh anniversary of the Effective Time, (2) at such time that the Shareholders Beneficially Own, and continue to Beneficially Own, in the aggregate, less than 4% of the Parent Voting Securities then outstanding, it being understood,however, that if the Shareholders at any time Beneficially Own in the aggregate less than 4% of the Parent Voting Securities then outstanding but, prior to the seventh anniversary of the Effective Time, subsequently acquire Beneficial Ownership of any Parent Voting Securities (except pursuant to clauses (A), (B) or (C) of the parenthetical exception to the first sentence in Section 5(a)(i) hereof or in an Inadvertent Acquisition) such that immediately following such acquisition Shareholders become Beneficial Owners in the aggregate of more than 4% of the Parent Voting Securities then outstanding, the provisions of Sections 5, 6, 9, 11, 12, 13 and 14 of this Agreement shall be effective and in full force again as if no such termination had occurred, and (3) if at any time that the Shareholders Beneficially Own in the aggregate more than 4% of the Parent Voting Securities then outstanding (i) the Shareholder Designee

shall not be elected as a director of Parent as provided in this Agreement, (ii) if and so long as Mr. Anschutz shall be a director of Parent, Mr. Anschutz (but not any other Shareholder Designee) shall not be appointed Vice Chairman of the Board of Directors, (iii) subject to applicable requirements of the New York Stock Exchange or any other security exchange on which the Parent Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers, a Shareholder Designee who is then a director shall not be appointed as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees, respectively, of the Board of Directors of Parent (or committees having similar functions) or (iv) Parent shall have breached its covenant in Section 7(b) hereof; provided that TAC, for itself and on behalf of all other Shareholders, may by written notice to Parent irrevocably elect that, from and after the delivery thereof, the references in this Section 13 and in Section 7 hereof to "4%" be deleted and replaced by references to "3%." Notwithstanding anything to the contrary, any agreements or covenants which by their terms require action or performance following termination of this Agreement shall survive such termination.

14. Miscellaneous.

(a) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Shareholders agree that this Agreement and the respective rights and obligations of Shareholders hereunder shall attach to any Company Voting Securities or Parent Voting Securities that may become Beneficially Owned by Shareholders. The obligations of Shareholders under Sections 5(c), 6 and 12 hereof shall terminate with respect to Company Voting Securities and Parent Voting Securities that shall cease to be Beneficially Owned by a Shareholder, an Affiliate thereof or any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, pursuant to a Transfer thereof to any Person other than a Shareholder, an Affiliate of a Shareholder, such other Person or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder, an

Affiliate thereof or such other person is included; provided that such Transfer
shall be permitted by, and made in accordance with Section 2(b) hereof, Section 4(a) hereof or Section 6 hereof, as the case may be, and such termination shall be effective upon the Transfer of such securities; such transferees of such securities shall have no obligations or rights under or with respect to this Agreement and, except as otherwise provided herein, shall not be deemed to be Shareholders for any purposes of this Agreement; and thereafter such securities shall not be subject to Sections 5(c), 6 and 12 hereof for any purpose whatsoever. The representations, warranties, covenants, obligations and other agreements of Shareholders made or undertaken in this Agreement are made or undertaken by each Shareholder with respect to itself alone, severally and not jointly, and, no Shareholder shall have any responsibility with respect to the representations, warranties, covenants, obligations and other agreements made or undertaken by any other Shareholder in this Agreement or any liability with respect to the breach thereof by any other Shareholder.

(c) Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, and each of Parent and Purchaser, on the one hand, and Shareholders, on the other hand, shall indemnify and hold the other harmless from and against any and all claims, liabilities or obligations with respect to any brokerage fees, commissions or finders' fees asserted by any person on the basis of any act or statement alleged to have been made by such party or its Affiliates.

(d) Except as provided in the Agreement, this Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other party, provided that Parent may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Parent of its obligations hereunder if such assignee does not perform such obligations.

(e) This Agreement may not be amended, changed, supplemented, or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by each of the parties hereto. The parties may waive compliance by the other parties hereto with any

representation, agreement or condition otherwise required to be complied with by such other party hereunder, but any such waiver shall be effective only if in writing executed by the waiving party.

(f) All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as Federal Express), or by any courier service, such as Federal Express, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to Shareholders:

The Anschutz Corporation
Suite 2400
555 Seventeenth Street
Denver, Colorado 80202

Anschutz Foundation
Suite 2400
555 Seventeenth Street
Denver, Colorado 80202

Philip F. Anschutz
Suite 2400
555 Seventeenth Street
Denver, Colorado 80202

copy to:
and, in either case, with a copy to:

O'Melveny & Myers
153 East 53rd Street
New York, New York 10022
Telephone No.: (212) 326-2000
Telecopy No.: (212) 326-2091
Attention: Drake S. Tempest, Esq.

If to Parent or
Purchaser: Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018
Telephone No.: (610) 861-3200

Telecopy No.: (610) 861-3111
Attention: Carl W. von Bernuth

copy to: Skadden, Arps, Slate,
Meagher & Flom
919 Third Avenue
New York, New York 10022
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2001
Attention: Paul T. Schnell, Esq.

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(g) Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(h) Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(i) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise

available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

(l) The representations and warranties made herein shall survive through the term of this Agreement.

(m) Each party hereby irrevocably submits to the nonexclusive jurisdiction of the Supreme Court in the State of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding may be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue
-----
therein); provided, however, that such consent to jurisdiction is solely for the
----
purpose referred to in this paragraph (m) and shall not be deemed to be a general submission to the jurisdiction of said Court or in the State of New York other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(n) The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(o) This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Parent, Purchaser and Shareholders have caused this Agreement to be duly executed as of the day and year first above written.

UNION PACIFIC CORPORATION

By:/s/ Drew Lewis

Name: Drew Lewis
Title: Chairman and Chief Executive Officer

UP ACQUISITION CORPORATION

By:/s/ L. White Matthews,III

Name: L. White Matthews,III
Title: Executive Vice President-Finance

No. of Shares: 48,084,754

THE ANSCHUTZ CORPORATION

By:/s/ Phillip F. Anschutz

Name: Phillip F. Anshutz
Title:

No. of Shares: 1,558,254

ANSCHUTZ FOUNDATION

By:/s/ Phillip F. Anschutz

Name: Phillip F. Anschutz
Title:

/s/ Phillip F. Anschutz

No. of Shares: 48,084,754 [by reason of ownership of TAC]

Philip F. Anschutz

The undersigned agrees to be bound by and comply with the provisions of Section 12(b) of this Agreement.

SOUTHERN PACIFIC RAIL CORPORATION

/s/ Cannon Y. Harvey

Name: Cannon Y. Harvey
Title:

EXHIBIT A

IRREVOCABLE PROXY

The undersigned hereby revokes any previous proxies and appoints Union Pacific Corporation ("Parent"), Drew Lewis and Richard K. Davidson, and each of them, with full power of substitution, as attorney and proxy of the undersigned to attend any and all meetings of shareholders of Southern Pacific Rail Corporation, a Delaware corporation (the "Company") (and any adjournments or postponements thereof), to vote all shares of Common Stock, $.001 par value, of the Company that the undersigned is then entitled to vote, and to represent and otherwise to act for the undersigned in the same manner and with the same effect as if the undersigned were personally present, with respect to all matters specified in Section 3(a) of the Shareholders Agreement (the "Shareholders Agreement"), dated as of August 3, 1995, by and among Parent, UP Acquisition Corporation, the undersigned and [other Shareholders]. Capitalized terms used and not defined herein have the respective meanings ascribed to them in, or as prescribed by, the Shareholders Agreement.

This proxy shall be deemed to be a proxy coupled with an interest and is irrevocable during the Voting Period

and has been granted pursuant to Section 3(b) of the Shareholders Agreement.

The undersigned authorizes such attorney and proxy to substitute any other person to act hereunder, to revoke any substitution and to file this proxy and any substitution or revocation with the Secretary of the Company.

Dated: _____, 1995

[Shareholder]

By:_____
Name:
Title:

EXHIBIT 99(c)(3)

MSLEF SHAREHOLDER AGREEMENT

AGREEMENT, dated as of August 3, 1995, by and among Union Pacific Corporation, a Utah corporation ("Parent"), UP Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Purchaser"), and The Morgan Stanley Leveraged Equity Fund II, L.P., a Delaware limited partnership (the "Shareholder").

W I T N E S S E T H:

WHEREAS, simultaneously with the execution of this Agreement, Parent, Purchaser, Union Pacific Railroad Company, a Utah corporation ("UPRR"), and Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such Agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which Purchaser has agreed, among other things, to commence a cash tender offer (the "Offer") to purchase up to 39,034,471 shares of common stock, $.001 par value, of the Company (the "Company Common Stock") and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, as of the date hereof, Shareholder is the record and beneficial owner of, and has the sole right to vote and dispose of, an aggregate of 13,341,580 shares (the "Shares") of Company Common Stock; and

WHEREAS, as an inducement and a condition to its entering into the Merger Agreement and the Ancillary Agreements (as defined in the Merger Agreement), and incurring the obligations set forth therein, including the Offer and the Merger, Parent has required that Shareholder agree, and Shareholder has agreed, to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual premises, representations, warranties, covenants and agreements contained herein and in the Merger Agreement and the Ancillary Agreements, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Certain Definitions. Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For purposes of this Agreement, with respect to the Shareholder, "Affiliate" shall not include the Company and the Persons that directly, or indirectly through one or more intermediaries, are controlled by the Company.

(b) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that securities Beneficially Owned by the Shareholder shall include only those securities (including, without limitation, the Shares) with respect to which the Shareholder exercises direct voting and investment control and shall not include securities (other than those securities (including, without limitation, the Shares) with respect to which the Shareholder exercises direct voting and investment control) Beneficially Owned by any Affiliates of the Shareholder or any other Persons with whom the Shareholder would constitute a "group" within the meaning of Section 13(d) of the Exchange Act and the rules promulgated thereunder.

(c) "Company Voting Securities" shall mean any securities of the Company entitled, or which may be entitled, to vote generally in the election of directors and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of the Company). For purposes of determining the percentage of Company Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of the Company entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(d) "including" shall mean including without limitation.

(e) "Parent Voting Securities" shall mean any securities of Parent entitled, or which may be entitled, to vote generally in the election of directors and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of Parent). For purposes of this Agreement, Parent Voting Securities shall not include Company Voting Securities. For purposes of determining the percentage of Parent Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of Parent entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(f) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(g) "Transfer" shall mean, with respect to a security, the sale, transfer, pledge, hypothecation, encumbrance, assignment or disposition of such security or the Beneficial Ownership thereof, the offer to make such a sale, transfer or other disposition, and each agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. As a verb, "Transfer" shall have a correlative meaning.

2. Tender of Shares. The parties agree that Shareholder may, but shall have no obligation to, tender (or cause the record owner of the Shares to tender), pursuant to and in accordance with the terms of the Offer, any or all of the Shares and any other shares of Company Common Stock hereafter Beneficially Owned by Shareholder. Shareholder hereby acknowledges and agrees that Parent's and Purchaser's obligation to accept for payment and pay for Shares in the Offer, including any Shares tendered by Shareholder, is subject to the terms and conditions of the Offer. The parties agree that Shareholder will, for all Shares tendered by Shareholder

in the Offer and accepted for payment and paid for by Purchaser, receive the same per Share consideration paid to other shareholders who have tendered into the Offer.

3. Voting of Company Common Stock; Irrevocable Proxy; No Acquisition of Additional Company Voting Securities.

(a) Shareholder hereby agrees that during the period commencing on the date hereof and continuing until the earlier of (x) the consummation of the Merger and (y) six months following the termination of the Merger Agreement in accordance with Section 7.1(c)(i) or 7.1(d)(i) thereof, and (z) upon the termination of the Merger Agreement in accordance with any provision of Section 7.1 other than Section 7.1(c)(i) or 7.1(d)(ii) (such period being referred to as the "Voting Period") at any meeting (whether annual or special, and whether or not an adjourned or postponed meeting) of the Company's shareholders, however called, or in connection with any written consent of the Company's shareholders, subject to the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Shareholder shall vote (or cause to be voted) the Shares and all other Company Voting Securities that it Beneficially Owns, whether owned on the date hereof or hereafter acquired, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval and adoption of the Merger Agreement and the terms thereof and each of the other actions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements and any actions required in furtherance thereof and hereof; (ii) against any action or agreement that would (A) result in a material breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or any of the Ancillary Agreements to which it is a party or of Shareholder under this Agreement or (B) in the judgement of Parent as communicated in writing to the Shareholder, impede, interfere with, delay, postpone, or adversely affect the Offer, the Merger or the transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements; and (iii) except as otherwise agreed to in writing in advance by Parent, against the following actions (other than the Merger and the transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements): (A) any extraordinary corporate transaction, such as a merger, consolidation or

other business combination involving the Company or any of its subsidiaries; (B) any sale, lease or transfer of a substantial portion of the assets or business of the Company or its subsidiaries, or reorganization, restructuring, recapitalization, special dividend, dissolution or liquidation of the Company or its subsidiaries; or (C) any change in the present capitalization of the Company including any proposal to sell a substantial equity interest in the Company or any of its subsidiaries. Shareholder shall not enter into any agreement, arrangement or understanding with any Person the effect of which would be inconsistent or violative of the provisions and agreements contained in this Section 3.

(b) At the request of Parent, Shareholder, in furtherance of the transactions contemplated hereby and by the Merger Agreement and the Ancillary Agreements, and in order to secure the performance by Shareholder of its duties under this Agreement, shall promptly execute and deliver to Purchaser an irrevocable proxy, in the form of Exhibit A hereto. Shareholder acknowledges and agrees that the proxy executed and delivered pursuant to this Section 3(b) shall be coupled with an interest, shall constitute, among other things, an inducement for Parent to enter into this Agreement, the Merger Agreement and the Ancillary Agreements to which it is a party, shall be irrevocable during the Voting Period and shall not be terminated by operation of law upon the occurrence of any event.

(c) Shareholder agrees that during the period commencing on the date hereof and continuing until the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement, Shareholder will not, and will cause its general partner not to, acquire, offer or propose to acquire, or agree to acquire, whether by purchase, tender or exchange offer, any Company Voting Securities.

4. Restrictions on Transfer, Proxies; No Solicitation.

(a) Shareholder shall not, during the Voting Period, directly or indirectly: (i) except as provided in Section 2 or this Section 4(a), Transfer to any Person any or all of the Company Voting Securities Beneficially Owned by the Shareholder; (ii) except as provided in Section 3(b) of this Agreement, grant any proxies or powers of attorney, deposit any such Company Voting Securities

into a voting trust or enter into a voting agreement, understanding or arrangement with respect to the Company Voting Securities; or (iii) take any action that would make any representation or warranty of Shareholder contained herein untrue or incorrect or would result in a breach by the Shareholder of its obligations under this Agreement or a breach by the Company of its obligations under the Merger Agreement or any of the Ancillary Agreements to which it is a party. Notwithstanding any provisions of this Agreement to the contrary, Shareholder may Transfer in the aggregate, following the consummation of the Offer and prior to the Effective Time, a portion of the Shares in the aggregate not greater than 10% of the Shares Beneficially Owned by the Shareholder immediately following the consummation of the Offer.

(b) Shareholder shall not, and shall cause its general partner not to, directly or indirectly, (i) initiate, solicit or encourage, or take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Takeover Proposal (as defined in the Merger Agreement) of the Company or any Affiliate or any inquiry with respect thereto, or (ii) in the event of an unsolicited written Takeover Proposal for the Company or any Affiliate of the Company, engage in negotiations or discussions with, or provide any information or data to, any Person (other than Parent, any of its Affiliates or representatives) relating to any Takeover Proposal. Shareholder shall notify Parent and Purchaser orally and in writing of any such offers, proposals or inquiries relating to the purchase or acquisition by any Person of the Shares Beneficially Owned by the Shareholder (including, without limitation, the terms and conditions thereof and the identity of the Person making it), within 24 hours of the receipt thereof. Shareholder shall, and shall cause its general partner to, immediately cease and cause to be terminated all existing activities, discussions and negotiations, if any, with any parties conducted heretofore with respect to any Takeover Proposal relating to the Company, other than discussions or negotiations with Parent and its Affiliates.

(c) Shareholder will not, and will cause its general partner not to, directly or indirectly, make any public comment, statement or communication, or take any action that would otherwise require any public disclosure by Shareholder, Parent or any other Person, concerning the Merger, the Offer, the Spin-off (as described in

Section 5.4 of the Merger Agreement) and the other transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements, except for any disclosure (i) concerning the status of Shareholder as a party to such agreement, the terms thereof, and its beneficial ownership of Shares, required pursuant to Section 13(d) or Section 16 of the Exchange Act or (ii) required in the Schedule 14D-9 or the Proxy Statement/Prospectus.

(d) Notwithstanding the restrictions set forth in Section 4(b), any Person who is a director or officer of the Company may exercise his fiduciary duties in his capacity as a director or officer with respect to the Company, as opposed to taking action with respect to the direct or indirect ownership of any Shares, and no such exercise of fiduciary duties shall be deemed to be a breach of, or a violation of the restrictions set forth in, Section 4(b) and the Shareholder shall not have any liability hereunder for any such exercise of fiduciary duties by such Person in his capacity as a director and officer of the Company. Nothing in this Section 4(d) shall relieve or affect any of the Company's or its Affiliates' obligations under the Merger Agreement.

5. Representations and Warranties of Shareholder. Shareholder hereby represents and warrants to Parent and Purchaser as follows:

(a) Shareholder is a limited partnership duly organized and validly existing under the laws of the State of Delaware. Shareholder has all necessary power and authority to execute and deliver this Agreement and perform its obligations hereunder. The execution and delivery by Shareholder of this Agreement and the performance by Shareholder of its obligations hereunder have been duly and validly authorized by all required partnership action, and no other proceedings or actions on the part of Shareholder are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Shareholder and constitutes the valid and binding agreement of Shareholder, enforceable against Shareholder in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights and (ii) the remedy of specific performance and injunctive and other forms of equitable

relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Shareholder is the sole record holder and Beneficial Owner of 13,341,580 Shares, and has good and marketable title to all of such Shares, free and clear of all choate liens, claims, options, proxies, voting agreements and perfected security interests (other than to the extent created by either or both of the Corporate Matters Agreement (the "Corporate Matters Agreement") and the Shareholder Agreement, each dated as of August 1, 1993, among the Company, TAC, the Shareholder and certain other parties thereto, each of which Shareholder agrees to terminate as of the Effective Time). The Shares constitute all of the capital stock of the Company Beneficially Owned by Shareholder, and except for the Shares, Shareholder does not Beneficially Own or have any right to acquire (whether currently, upon lapse of time, following the satisfaction of any conditions, upon the occurrence of any event or any combination of the foregoing) any Company Voting Securities. Shareholder has sole power to vote and to dispose of the Shares, and sole power to issue instructions with respect to the Shares to the extent appropriate in respect of the matters set forth in this Agreement, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the Shares, with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws and the terms of this Agreement. Shareholder does not beneficially own or have any right to acquire (whether currently, upon lapse of time, following the satisfaction of any conditions, upon the occurrence of any event or any combination of the foregoing), except pursuant to the Merger, any Parent Voting Securities.

(d) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the ICA, the HSR Act and the Exchange Act (i) no filing with, and no permit, authorization, consent or approval of, any state or federal governmental body or authority is necessary for the execution of this Agreement by Shareholder and the consummation by Shareholder of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Shareholder, the consummation by Shareholder of the transactions contemplated hereby or compliance by Shareholder with any of the provisions hereof

shall (A) conflict with or result in any breach of Shareholder's agreement of limited partnership or any agreement of partnership of the general partner, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third-party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which Shareholder is a party or by which Shareholder or any of its properties or assets (including the Shares) may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to Shareholder or any of its properties or assets. To the best knowledge of Shareholder, no litigation is pending or threatened involving Shareholder or the Company relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(e) Shareholder understands and acknowledges that Parent is entering into, and causing the Purchaser to enter into, the Merger Agreement and the Ancillary Agreements, and is incurring the obligations set forth therein, in reliance upon Shareholder's execution and delivery of this Agreement.

(f) Except for Morgan Stanley & Co. Incorporated, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Shareholder.

(g) Shareholder will make such representations as may reasonably be requested by Parent, and in such form as may reasonably be requested by Parent, for use in connection with the request by Parent that the Internal Revenue Service issue a private letter ruling with respect to the tax consequences of the Spin-off.

6. Representations and Warranties of Parent and Purchaser. Parent and Purchaser hereby represent and warrant to Shareholder as follows:

(a) Parent is a corporation duly organized and validly existing under the laws of the State of Utah, and Purchaser is a corporation duly organized and validly existing under the laws of the State of Delaware and each of them is in good standing under the laws of the state of its incorporation. Parent and Purchaser have all necessary corporate power and authority to execute and deliver this Agreement and perform their respective obligations hereunder. The execution and delivery by Parent and Purchaser of this Agreement and the performance by Parent and Purchaser of their respective obligations hereunder have been duly and validly authorized by the Board of Directors of each of Parent and Purchaser and no other corporate proceedings on the part of Parent or Purchaser are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Parent and Purchaser and constitutes a valid and binding agreement of each of Parent and Purchaser, enforceable against each of them in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the ICA (i), no filing with, and no permit, authorization, consent or approval of, any state or federal public body or authority is necessary for the execution of this Agreement by Parent or Purchaser and the consummation by Parent or Purchaser of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Parent or Purchaser, the consummation by Parent or Purchaser of the transactions contemplated hereby or compliance by Parent or Purchaser with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate of incorporation or by-laws of Parent or Purchaser, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note,

loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which Parent or Purchaser is a party or by which Parent or Purchaser or any of their respective properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to Parent or Purchaser or any of their respective properties or assets. To the best knowledge of Parent, no litigation is pending or threatened involving Parent or Purchaser relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(d) Except for CS First Boston Corporation, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Parent or Purchaser.

7. Further Assurances.

(a) From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

(b) Shareholder agrees that, prior to the consummation of the Offer, it will enter into an amendment to the existing Registration Rights Agreement, forming Exhibit A to the Corporate Matters Agreement, by and among the Company and the parties named therein, which amendment shall be reasonably satisfactory to Parent and Shareholder, in order to permit Parent to freely exercise its "piggyback" registration rights in accordance with the terms and provisions of the Registration Rights Agreement being entered into by the Company, Parent and Purchaser in connection with the execution of the Merger Agreement.

8. Stop Transfer; Legend.

(a) Shareholder agrees with and covenants to Parent that Shareholder shall not request that the Company or Parent, as the case may be, register the transfer

(book-entry or otherwise) of any certificated or uncertificated interest representing any of the securities of the Company or of Parent, as the case may be, unless the Shareholder represents to the Company that such transfer is made in compliance with this Agreement.

(b) Shareholder shall promptly surrender to the Company all certificates representing the Shares, and other Company Voting Securities acquired by Shareholder or its Affiliates after the date hereof, and the Company shall place the following legend on such certificates:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDER AGREEMENT, DATED AS OF AUGUST 3, 1995 BY AND AMONG UP ACQUISITION CORPORATION, UNION PACIFIC CORPORATION AND THE MORGAN STANLEY LEVERAGED EQUITY FUND II, L.P. WHICH, AMONG OTHER THINGS, RESTRICTS THE TRANSFER AND VOTING THEREOF."

9. Termination. Except as otherwise provided in this Agreement, this Agreement shall terminate at the end of the Voting Period.

10. Miscellaneous.

(a) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Shareholder agrees that this Agreement and the obligations hereunder shall attach to any Company Voting Securities that may become Beneficially Owned by Shareholder.

(c) All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, and each of Parent and Purchaser, on the one hand, and Shareholder, on the other hand, shall indemnify and hold the other harmless from and against any and all claims, liabilities or obligations with respect to any brokerage fees, commissions or finders' fees asserted by any person on the basis of any act or statement alleged to have been made by such party or its Affiliates.

(d) Except as provided in the Agreement, this Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other party, provided that Parent may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Parent of its obligations hereunder if such assignee does not perform such obligations.

(e) This Agreement may not be amended, changed, supplemented, or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by each of the parties hereto. The parties may waive compliance by the other parties hereto with any representation, agreement or condition otherwise required to be complied with by such other party hereunder, but any such waiver shall be effective only if in writing executed by the waiving party.

(f) All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as FedEx), or by any courier service, such as FedEx, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to Shareholder:

The Morgan Stanley Leveraged
Equity Fund II, L.P.
1221 Avenue of the Americas
New York, New York 10024
Attn: Frank V. Sica
Telephone: 212-703-7761
Telecopy: 212-703-6422

copy to: Peter R. Vogelsang, Vice President
Morgan Stanley & Co. Incorporated
1221 Avenue of the Americas
New York, New York 10024
Telephone: 212-703-5792
Telecopy: 212-703-6422

If to Parent or
Purchaser:

Union Pacific Corporation
Martin Tower
Eighth & Eaton Avenue
Bethlehem, Pennsylvania 18018
Attn: Carl. W. von Bernuth
Telephone: (610) 861-3200
Telecopy: (610) 861-3111

copy to: Skadden, Arps, Slate,
Meagher & Flom
919 Third Avenue
New York, New York 10022
Attention: Paul T. Schnell, Esq.
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2001

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(g) Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(h) Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(i) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

(l) The representations and warranties made herein shall survive through the term of this Agreement.

(m) Each party hereby irrevocably submits to the non-exclusive original jurisdiction of the Supreme Court in the State of New York or the Federal District Court for the Southern District of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding may be brought in such court (and waives any objection based on forum non conveniens or any other objection to venue
-----
therein); provided, however, that such consent to jurisdiction is solely for the
----
purpose referred to in this paragraph (m) and shall not be deemed to be a general submission to the jurisdiction of said Courts or in the State of New York other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(n) The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(o) This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Parent, Purchaser and Shareholder have caused this Agreement to be duly executed as of the day and year first above written.

UNION PACIFIC CORPORATION

By:/s/ Drew Lewis

Name: Drew Lewis
Title: Chairman and Chief Executive Officer

UP ACQUISITION CORPORATION

By:/s/ L. White Matthews, III

Name: L. White Matthews, III
Title: Executive Vice President-Fincance

THE MORGAN STANLEY LEVERAGED EQUITY FUND II, L.P.

By: MORGAN STANLEY LEVERAGED EQUITY FUND II, INC.

By:/s/ Kenneth F. Clifford

Name: Kenneth F. Clifford
Title: Vice President

The undersigned agrees to be bound by and comply with the provisions of Section 8(b) of this Agreement.

SOUTHERN PACIFIC RAIL CORPORATION

By:/s/ Cannon Y. Harvey

Name: Cannon Y. Harvey
Title:

EXHIBIT A

IRREVOCABLE PROXY

The undersigned hereby revokes any previous proxies and appoints Union Pacific Corporation ("Parent"), Drew Lewis and Richard K. Davidson, and each of them, with full power of substitution, as attorney and proxy of the undersigned to attend any and all meetings of shareholders of Southern Pacific Rail Corporation, a Delaware corporation (the "Company") (and any adjournments or postponements thereof), to vote all shares of Common Stock, $.001 par value, of the Company that the undersigned is then entitled to vote, and to represent and otherwise to act for the undersigned in the same manner and with the same effect as if the undersigned were personally present, with respect to all matters specified in Section 3(a) of the Shareholder Agreement (the "Shareholder Agreement"), dated as of August 3, 1995, by and among Parent, UP Acquisition Corporation, and the undersigned. Capitalized terms used and not defined herein have the respective meanings ascribed to them in, or as prescribed by, the Shareholder Agreement.

This proxy shall be deemed to be a proxy coupled with an interest and is irrevocable during the

Voting Period and has been granted pursuant to Section 3(b) of the Shareholder Agreement.

The undersigned authorizes such attorney and proxy to substitute any other person to act hereunder, to revoke any substitution and to file this proxy and any substitution or revocation with the Secretary of the Company.

Dated: _____

THE MORGAN STANLEY LEVERAGED
EQUITY FUND II, L.P.

By: MORGAN STANLEY LEVERAGED
EQUITY FUND II, INC.

By:_____
Name:
Title:

PARENT SHAREHOLDERS AGREEMENT

AGREEMENT, dated as of August 3, 1995, by and among Union Pacific Corporation, a Utah corporation ("Parent"), UP Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Purchaser" and, together with Parent, the "Shareholders"), and Southern Pacific Rail Corporation, a Delaware corporation (the "Company").

W I T N E S S E T H:

WHEREAS, simultaneously with the execution of this Agreement, Parent, Union Pacific Railroad Company, a Utah corporation ("UPRR") and an indirect wholly owned subsidiary of Parent, Purchaser, a direct wholly owned subsidiary of UPRR, and the Company have entered into an Agreement and Plan of Merger (as such Agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which, among other things, Purchaser has agreed to commence a tender offer (the "Offer") to purchase up to 39,034,471 shares (the "Shares") of common stock, $0.001 par value, of the Company (the "Company Common Stock") and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, as an inducement and a condition to its entering into the Merger Agreement and incurring the obligations set forth therein, the Company has required that Shareholders agree, and Shareholders have agreed, to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual premises, representations, warranties, covenants and agreements contained herein and in the Merger Agreement, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Certain Definitions. Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For purposes of this Agreement, with respect to any Shareholder, "Affiliate" shall not include

the Company and the Persons that directly, or indirectly through one or more intermediaries, are controlled by the Company.

(b) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all Affiliates of such Person and all other Persons with whom such Person would constitute a "group" within the meaning of Section 13(d) of the Exchange Act and the rules promulgated thereunder.

(c) "Company Voting Securities" shall mean any securities of the Company entitled, or which may be entitled, to vote (whether or not entitled to vote generally in the election of directors) and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of the Company). For purposes of determining the percentage of Company Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of the Company entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(d) "Current Market Price" shall mean, as applied to any class of stock on any date, the average of the daily "Closing Prices" (as hereinafter defined) for the 20 consecutive trading days immediately prior to the date in question. The term "Closing Price" on any day shall mean the last sales price, regular way, per share of such stock on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York

Stock Exchange or, if shares of such stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of such stock are listed or admitted to trading, or, if the shares of such stock are not listed or admitted to trading on any national securities exchange on the NASDAQ National Market System or, if the shares of such stock are not quoted on the NASDAQ National Market System, the average of the high bid and low asked prices in the over-the-counter market as reported by the National Association of Securities Dealers Inc.'s Automated Quotation System.

(e) "including" shall mean including without limitation.

(f) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(g) "Transfer" shall mean, with respect to a security, the sale, transfer, pledge, hypothecation, encumbrance, assignment or disposition of such security or the Beneficial Ownership thereof, the offer to make such a sale, transfer or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. As a verb, "Transfer" shall have a correlative meaning.

(h) "Trustee" shall mean the trustee of the Voting Trust.

(i) "Voting Trust" shall mean the Voting Trust into which Shares acquired by the Purchaser are to be deposited as described in Section 1.8 of the Merger Agreement.

2. Voting of Company Common Stock; Irrevocable Proxy.

(a) Shareholders hereby agree that during the period commencing on the date hereof and continuing until the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement in accordance with Article VII thereof, at any meeting (whether annual or special, and whether or not an adjourned or postponed meeting) of the Company's shareholders, however called,

or in connection with any written consent of the Company's shareholders, subject to the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Shareholders shall vote (or cause to be voted) the Shares purchased pursuant to the Offer and all other Company Voting Securities that they Beneficially Own, whether owned on the date hereof or hereafter acquired, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval and adoption of the Merger Agreement and the terms thereof and each of the other actions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements and any actions required in furtherance thereof and hereof; (ii) with respect to the election or removal of directors, in the same proportion as all Company Voting Securities that are not Beneficially Owned by Shareholders that vote with respect to such matter ("Voted Non-Shareholder Securities") have been voted with respect to such matter; (iii) with respect to any other proposed merger, business combination, or similar transaction (including, without limitation, any consolidation, sale of all or substantially all the assets, recapitalization, liquidation or winding up or other Specified Company Transaction) involving the Company (other than the transactions contemplated by the Merger Agreement), as the Shareholders may determine, in their sole discretion; and (iv) unless either (A) one of the transactions described in clause (iii) above has been proposed or (B) the matter being proposed would impose on Shareholders limitations not imposed on other shareholders of the Company, on the enjoyment of any of Shareholders and their Affiliates of the legal rights generally enjoyed by shareholders of the Company, with respect to all matters submitted to a vote of the Company's stockholders not specified in (i), (ii) or (iii) above, in the same proportion as all Voted Non-Shareholder Securities have been voted with respect to such matter. Shareholders shall not enter into any agreement or understanding with any Person the effect of which would be inconsistent or violative of the provisions and agreements contained in this Section 2.

(b) Shareholders (or the Trustee, if the Shares are held in the Voting Trust), in furtherance of the transactions contemplated hereby and by the Merger Agreement and the Ancillary Agreements, and in order to secure the performance by Shareholders of their duties under this Agreement, shall following consummation of the Offer execute and deliver to the Company an irrevocable

proxy, in the form of Exhibit A hereto. Shareholders acknowledge and agree that the proxy executed and delivered pursuant to this Section 2(b) shall be coupled with an interest, shall constitute, among other things, an inducement for the Company to enter into this Agreement, the Merger Agreement and the Ancillary Agreements to which it is a party, shall be irrevocable until the earlier of the Company Special Meeting or the termination of the Merger Agreement in accordance with its terms and shall not be terminated by operation of law upon the occurrence of any event.

3. Restrictions on Transfer, Proxies; Pledges. (a) Shareholders shall not, during the period commencing on the date hereof and continuing until the first to occur of (x) the consummation of the Merger or (y) the termination of the Merger Agreement in accordance with Article VII thereof, directly or indirectly: (i) Transfer (including but not limited to the Transfer by Parent of any securities of Purchaser or any Affiliate of Parent controlling Purchaser) to any Person (other than to the Voting Trust) any or all of the Company Voting Securities (or any interest therein) which it may hereafter acquire in the Offer or otherwise; (ii) except as provided in Sections 2(b) and 4(b) of this Agreement and except for the Voting Trust, grant any proxies or powers of attorney, deposit any Company Voting Securities into a voting trust or enter into a voting agreement, understanding or arrangement with respect to the Company Voting Securities; (iii) take any action that would make any representation or warranty of Shareholders contained herein untrue or incorrect or would result in a breach by Shareholders of their respective obligations under this Agreement or would result in a breach by Shareholders of their respective obligations under the Merger Agreement or any of the Ancillary Agreements to which it is a party; or (iv) take any action covered by Section 4(a)(ii), (iv), (vi) and (viii) hereof, provided, however, in the event a bona fide proposal for a Specified Company Transaction is made by any Person (other than the Shareholders and their Affiliates) only the restrictions set forth in Section 4(a)(viii) shall be applicable.

(b) Following termination of the Merger Agreement in accordance with its terms, Shareholders may effect one or more pledges of Company Voting Securities or grants of security interests therein, to one or more banks or other financial institutions that are not Affiliates of any Shareholder as security for the payment of

bona fide full recourse indebtedness owed by Parent or UPRR to such banks or financial institutions. Except as set forth in the proviso below, such banks and financial institutions shall not incur any obligations under this Agreement with respect to such Company Voting Securities or shall be restricted from exercising any right of enforcement or foreclosure with respect to any related security interest or lien; provided, however, that it shall be a condition to
-------- -------
any such pledge that the pledgee shall agree to be bound by the provisions of Sections 4(b) and 5 of this Agreement, except that following an event of default or foreclosure, the pledgee shall be permitted to sell, subject only to the right of first refusal set forth in Section 5(b) hereof, (x) an unlimited number of Voting Company Securities to any Person that is not, and does not control, a Class I Railroad and (y) up to 4% of the then outstanding shares of Company Voting Securities to a Class I Railroad.

4. Standstill and Related Provisions.

(a) Subject to the final paragraph of this Subsection 4(a), in the event that the Merger Agreement is terminated in accordance with Article VII thereof other than Section 7.1(c)(i) or 7.1(d)(ii) thereof, but only in such event, Shareholders agree that for a period commencing on the date of such termination and continuing until the termination of this Agreement in accordance with the terms of Section 12 hereof (any such period being hereafter referred to as the "Standstill Period"), without the prior written consent of the Board of Directors of the Company (the "Board") specifically expressed in a resolution adopted by a majority of the directors of the Company, Shareholders will not, and Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others:

(i) acquire, offer or propose to acquire, or agree to acquire (except, in any case, by way of (A) stock dividends or other distributions or rights offerings made available to holders of any shares of Company Common Stock generally, share-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Company, and (B) the conversion, exercise or exchange of Company Voting Securities in accordance with the terms thereof, provided, that any such securities shall be subject to the provisions hereof), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition

of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) (other than groups consisting solely of Shareholders and their Affiliates, all of which are or, prior to the formation of such group, become parties to this Agreement) or otherwise, any Company Voting Securities; provided, however, that if, solely as a result of the issuance by the Company of additional Company Voting Securities, Shareholders and their Affiliates Beneficially Own less than the amount of shares of Company Voting Securities Beneficially Owned immediately following the consummation of the Offer (the "Ownership Limit"), Shareholders may purchase or acquire additional Company Voting Securities to bring their Beneficial Ownership up to the greater of 5.5% and the percentage of outstanding Company Voting Securities Beneficially Owned by the Shareholders immediately prior to such issuance by the Company; provided, further, if as a result of Transfers of Company Voting Securities, Shareholders Beneficially Own less than 5.5% of the then outstanding Company Voting Securities, Shareholders may purchase or acquire additional Company Voting Securities to bring their Beneficial Ownership up to, but not in excess of, 5.5% of the then outstanding shares of Company Voting Securities. In addition, in the event that a Shareholder or an Affiliate thereof inadvertently and without knowledge indirectly acquires Beneficial Ownership of not more than one-quarter of one percent of the Company Voting Securities in excess of the amount permitted to be owned by the Shareholders pursuant to this Section 5(a) pursuant to a transaction by which a Person (that was not then an Affiliate of a Shareholder before the consummation of such transaction) owning Company Voting Securities becomes an Affiliate of such Shareholder, then all Company Voting Securities so acquired shall thereupon become subject to this Agreement and such Shareholder shall be deemed not to have breached this Agreement provided that such Shareholder, within 120 days thereafter, causes a number of such Company Voting Securities in excess of the amount permitted to be so owned (or, at the election of such Shareholder, an equal number of the other Company Voting Securities that are Beneficially Owned by a Shareholder) to be Transferred, in a transaction subject to Section 5 hereof, to a transferee that is not a Shareholder, an Affiliate thereof or a member of a "group" in which a Shareholder or an Affiliate is included (or, if Parent or its assignee shall exercise any purchase rights

under Section 5(b) hereof, to the Company or its assignee);

(ii) make, or in any way participate, directly or indirectly, in any "solicitation" (as such term is used in the proxy rules of the Securities and Exchange Commission as in effect on the date hereof) of proxies or consents (whether or not relating to the election or removal of directors), seek to advise, encourage or influence any Person with respect to the voting of any Company Voting Securities, initiate, propose or otherwise "solicit" (as such term is used in the proxy rules of the Securities and Exchange Commission as in effect on the date hereof) shareholders of the Company for the approval of shareholder proposals, whether made pursuant to Rule 14a-8 of the Exchange Act or otherwise, or induce or attempt to induce any other Person to initiate any such shareholder proposal or otherwise communicate with the Parent's shareholders or others pursuant to Rule 14a-1(2)(iv) under the Exchange Act or otherwise;

(iii) seek, propose, or make any statement with respect to, any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, reorganization, restructuring, recapitalization, change in capitalization, change in corporate structure or business or similar transaction involving the Company or its subsidiaries (any of the foregoing being referred to herein as a "Specified Company Transaction"); provided that the foregoing shall not prevent
---
voting in accordance with Section 4(b) hereof (but shall prevent any public comment, statement or communication, and any action that would otherwise require any public disclosure by Shareholders, the Company or any other Person, concerning such voting);

(iv) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Company Voting Securities, other than groups consisting solely of Shareholders and their Affiliates;

(v) except for the Voting Trust, deposit any Company Voting Securities in any voting trust or subject any Company Voting Securities to any arrangement or agreement with respect to the voting of any Company Voting Securities, other than this Agreement;

(vi) call or seek to have called any meeting of the stockholders of the Company or execute any written consent with respect to the Company or Company Voting Securities;

(vii) otherwise act, alone or in concert with others, to control or seek to control or influence or seek to influence the management, Board of Directors or policies of the Company;

(viii) seek, alone or in concert with others, representation on the Board of Directors of the Company, or seek the removal of any member of such Board or a change in the composition or size of such Board;

(ix) make any publicly disclosed proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 4(a)), or make any proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 4(a)) in a manner that would require any public disclosure by Shareholders or any other Person, or enter into any discussion with any Person (other than directors and officers of the Company), regarding any of the foregoing;

(x) make or disclose any request to amend, waive or terminate any provision of Section 4(a) of this Agreement; or

(xi) have any discussions or communications, or enter into any arrangements, understandings or agreements (whether written or oral) with, or advise, finance, assist or encourage, any other Person in connection with any of the foregoing, or take any action inconsistent with the foregoing, or make any investment in or enter into any arrangement with, any other Person that engages, or offers or proposes to engage, in any of the foregoing.

The restrictions set forth in this Section 4(a) shall not prevent Shareholders from (A) performing their obligations and exercising their rights under this Agreement, including, without limitation, (x) Transferring any Company Voting Securities in accordance with Sections 3 and 5 hereof or to the Voting Trust, and (y) voting in

accordance with Sections 2(a) and 4(b) hereof and granting a proxy to the Company in accordance with Section 2(b) hereof; (B) communicating in a non-public manner with any other Shareholder or their Affiliates; and (C) complying with the requirements of Sections 13(d) and 16(a) of the Exchange Act and the rules and regulations thereunder, in each case, as from time to time in effect, or any successor provisions or rules with respect thereto, or any other applicable law, rule, regulation, judgment, decree, ruling, order, award, injunction, or other official action of any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government (whether federal, state, county or local, domestic or foreign).

(b) Subject to the receipt of proper notice and the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Shareholders agree that during any Standstill Period Shareholders will, and will cause their Affiliates to, (i) be present, in person or represented by proxy, at all annual and special meetings of shareholders of the Company so that all Company Common Stock Beneficially Owned by Shareholders and their Affiliates and then entitled to vote may be counted for the purposes of determining the presence of a quorum at such meetings; and (ii) with respect to the election or removal of directors, in the same proportion as all Voted Non-Shareholder Securities have been voted with respect to such matter; and (iii) with respect to any proposed merger, business combination, or similar transaction (including, without limitation, any consolidation, sale of all or substantially all the assets, recapitalization, liquidation or winding up or other Specified Company Transaction) involving the Company, as the Shareholders may determine, in their sole discretion; and (iv) unless the matter being proposed would impose on Shareholders limitations, not imposed on other shareholders of the Company, on the enjoyment of any of Shareholders and their Affiliates of the legal rights generally enjoyed by shareholders of the Company with respect to all matters submitted to a vote of the Company's stockholders not specified in (ii) or (iii) above, in the same proportion as all Voted Non-Shareholder Securities have been voted with respect to such matter.

5. Limitations on Disposition. (a) Shareholders agree that during
---
the Standstill Period they will not, and will cause their Affiliates not to, directly or

indirectly, without the prior written consent of the Board of Directors of the Company specifically expressed in a resolution adopted by a majority of the directors of the Company, Transfer to any Person any Company Voting Securities (including but not limited to the Transfer of any securities of an Affiliate which is the record holder or Beneficial Owner of Parent Voting Securities, if, (as the result of such Transfer, such Person would cease to be an Affiliate of a Shareholder), if, to the knowledge of the Shareholders or any of their Affiliates, after due inquiry which is reasonable in the circumstances (and which shall include, with respect to the Transfer of 1% or more of the Company Voting Securities then outstanding in one transaction, or a series of related transactions, specific inquiry which respect to the identity of the acquiror of such Company Voting Securities and the number of Company Voting Securities that, immediately following such transaction or transactions, would be Beneficially Owned by such acquiror, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of which such acquiror is a member), immediately following such transaction the acquiror of such Company Voting Securities, together with its Affiliates and any members of such a group, would Beneficially Own in the aggregate 6% (or 4% in the event that the purchaser is or controls a Class I Railroad) or more of the Company Voting Securities then outstanding; provided that, without the prior written

----

consent of the Board of Directors of the Company, (i) Shareholders and their Affiliates may Transfer any number of Company Voting Securities to any other Shareholder or any Affiliate of a Shareholder, provided that (A) such

----

transferee, if not then a Shareholder, shall become a party to this Agreement and agree in writing to perform and comply with all of the obligations of such transferor Shareholder under this Agreement, and thereupon such transferee shall be deemed to be a Shareholder party hereto for all purposes of this Agreement, and (B) if the transferee is not prior thereto a Shareholder, the transferor shall remain liable for such transferee's performance of and compliance with the obligations of the transferor under this Agreement, (ii) Shareholders and their Affiliates may Transfer Company Voting Securities in a tender offer, merger, or other similar business combination transaction approved by the Board of Directors of the Company, and (iii) Shareholders may pledge their Parent Voting Securities as provided in Section 3(b) hereof and the pledgee may Transfer such Company Voting Securities as contemplated by the proviso in Section 3(b).

(b) During the Standstill Period, if to the knowledge of the Shareholders after making due inquiry which is reasonable under the circumstances, immediately following the Transfer of any Company Voting Securities the acquiror thereof, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act), would Beneficially Own in the aggregate 2% or more of the outstanding Parent Voting Securities (a "2% Sale"), Shareholders shall, prior to effecting any such Transfer, offer the Company a right of first refusal to purchase the shares proposed to be Transferred on the following terms. Shareholders shall provide the Company with written notice (the "2% Sale Notice") of any proposed 2% Sale, which 2% Sale Notice shall contain the identity of the purchaser, the number of shares of Company Voting Securities proposed to be Transferred to such purchaser, the purchase price for such shares and the form of consideration payable for such shares. The 2% Sale Notice shall also contain an irrevocable offer to sell the shares subject to such 2% Sale Notice to the Company for cash at a price equal to the price contained in such 2% Sale Notice. The Company shall have the right and option, by written notice delivered to such Shareholder (the "Purchase Notice") within 15 days of receipt of the 2% Sale Notice, to accept such offer as to all, but not less than all, of the Company Voting Securities subject to such 2% Sale Notice. The Company shall have the right to assign to any Person such right to purchase the Company Voting Securities subject to the 2% Sale Notice. In the event the Company (or its assignee) elects to purchase the Company Voting Securities subject to the 2% Sale Notice, the closing of the purchase of the Company Voting Securities shall occur at the principal office of the Company (or its assignee) on or before the 30th day following such Shareholder's receipt of the Purchase Notice. In the event the Company does not elect to purchase the shares subject to the 2% Sale Notice, such Shareholder shall be free, for a period of 30 days following the receipt of notice from Parent of its election not to purchase such Company Voting Securities or, in the absence of any such notice, for a period of 30 days following the 15th day after receipt by the Company of the 2% Sale Notice, to sell the Company Voting Securities subject to the 2% Sale Notice in accordance with the terms of, and to the person identified in, the 2% Sale Notice. If such sale is not effected within such 30 day period such Company Voting Securities shall remain subject to the provisions of this Agreement. Notwithstanding the foregoing, the right of first refusal set

forth in this Subsection (b) shall not apply to the Transfer by Shareholders of Company Voting Securities (i) made in an underwritten public offering pursuant to an effective registration statement under the Securities Act, or (ii) made in a transaction permitted pursuant to, and made in compliance with, clauses (i) or (iii) of the proviso to Section 5(a) hereof, or (iii) made in a tender offer, merger or other similar business combination transaction approved by the Board of Directors of the Company. Any proposed sale by Shareholders of Company Voting Securities shall be subject to the restrictions on sales to an acquiror which would Beneficially Own 6% (or 4%, in the event that the purchaser is or controls a Class I Railroad) or more of the outstanding Company Voting Securities, set forth in the proviso in Section 6(a) hereof, whether or not the Company exercises its right of first refusal and consummates the purchase of Parent Voting Securities. If the Company (or its assignee) exercises its right to purchase any Company Voting Securities but fails to complete the purchase thereof for any reason other than the failure of such Shareholder to perform its obligations hereunder with respect to such purchase, then, on the 30th day following such Shareholder's receipt of the Purchase Notice, such Company Voting Securities shall cease to be subject to Sections 4(b), 5 and 11 hereof for any purpose whatsoever. If the purchase price described in any 2% Sale Notice is not solely made up of cash or marketable securities, the 2% Sale Notice shall include a good faith estimate of the cash equivalent of such other consideration, and the consideration payable by the Company or its assignee (if the Company elects to purchase (or to have assignee purchase) the Company Voting Securities described in the 2% Sale Notice) in place of such other consideration shall be cash equal to the amount of such estimate; provided, however, that if
-------- -------
Parent in good faith disagrees with such estimate and states a different good faith estimate in the Purchase Notice, and if the Company and such Shareholder cannot agree on the cash equivalent of such other (i.e., other than cash or
----
marketable securities) consideration, such cash equivalent shall be determined by a reputable investment banking firm without material connections with either party. Such investment banking firm shall be selected by both parties or, if they shall be unable to agree, by an arbitrator appointed by the American Arbitration Association. The fees and expenses of any such investment banking firm and/or arbitrator shall be shared equally by the Company and such Shareholder, unless otherwise determined by such firm or arbitrator.

In the event of such differing estimates by the Company and such Shareholder, periods of time which would otherwise run under this Section 5(b) from the date of such Shareholder's receipt of the Purchase Notice shall run instead from the date on which the parties agree on such cash equivalent or, in the absence of such agreement, the date on which such cash equivalent is determined by such investment banking firm. If the purchase price described in any 2% Sale Notice shall include marketable securities, the purchase price payable by the Company (or its designee) shall include, to the extent marketable securities were included as a portion of the consideration provided for in the 2% Sale Notice, an amount in cash determined by reference to the Current Market Price of such securities on the day the Purchase Notice is received by such Shareholder.

(c) Not later than the tenth day following the end of any calendar month during the Standstill Period in which one or more dispositions of Company Voting Securities by Shareholders or any of their Affiliates shall have occurred, the relevant Shareholder shall give written notice to the Company of all such dispositions. Such notice shall state the date upon which each such disposition was effected, the price and other terms of each such disposition, the number and type of the Company Voting Securities involved in each such disposition, the means by which each such disposition was effected and, to the extent known, the identity of the Persons acquiring such Company Voting Securities.

(d) In connection with any proposed privately negotiated sale by any Shareholders of Company Voting Securities representing in excess of 3.9% of the then outstanding Company Voting Securities, the Company will cooperate with and permit the proposed purchaser to conduct a due diligence review that is reasonable under the circumstances of the Company and its Subsidiaries and their respective business and operations, including, without limitation, reasonable access during normal business hours to their executive officers and, if reasonable under the circumstances, their properties, subject to execution by such purchaser of a customary confidentiality agreement; provided that the Company shall not be required to permit more than two such due diligence reviews in any twelve-month period.

(e) Notwithstanding any provision to the contrary contained in this Agreement, and without being

subject to any of the restrictions set forth in this Agreement, Shareholders and their Affiliates may (i) transfer or distribute, by means of dividend, exchange offer or other distribution, any shares of Company Voting Securities to Parent's shareholders and (ii) transfer or dispose of the Company Voting Securities in connection with an underwritten public offering of debt or equity securities of Parent which are convertible or exchangeable into Company Voting Securities, it being agreed that the Company shall fully cooperate with Parent in connection with any such disposition, including by filing any necessary registration statement with the Securities and Exchange Commission and entering into a customary underwriting agreement, if necessary.

6. Limitation on Company Action. Without the prior written consent of Shareholders, the Company shall not take or recommend to its shareholders any action which would impose limitations, not imposed on other shareholders of Parent, on the enjoyment by any of the Shareholders and their Affiliates of the legal rights generally enjoyed by shareholders of the Company, other than those imposed by the terms of this Agreement, the Merger Agreement, and the Ancillary Agreements; provided, however, that the foregoing shall not prevent the Company from implementing or adopting a Shareholder Rights Plan or issuing a similar security which has a "trigger" threshold of not less than two percentage points greater than the percentage of outstanding shares of Company Common Stock then Beneficially Owned by the Shareholders.

7. Access to Information. The Company shall (and shall cause each of its subsidiaries to) afford to the officers, employees, accountants, counsel, financing sources and other representatives of Shareholders, access, during normal business hours, during the term of this Agreement, to all of its and its subsidiaries' properties, books, contracts, commitments and records and, during such period, the Company shall (and shall cause each of its subsidiaries to) furnish promptly to Shareholders (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws and (b) all other information concerning its business, properties and personnel as Shareholders may reasonably request; provided, however, that access to certain Company information may require the entry of a protective order by the ICC, after which date full access will be granted to such information consis-

tent with this paragraph and subject to the terms of such order. Unless otherwise required by law, Shareholders will hold any such information which is nonpublic in confidence in accordance with the provisions of the existing confidentiality agreement between the Company and Parent, subject to the requirements of applicable law.

8. Representations and Warranties of Shareholders. Shareholders hereby represent and warrant to the Company as follows:

(a) Purchaser is a corporation duly organized and validly existing under the laws of the State of Delaware and is in good standing under the laws of the State of Delaware. Parent is a corporation duly organized and validly existing under the laws of the State of Utah and is in good standing under the laws of the State of Utah. Shareholders have all necessary corporate power and authority to execute and deliver this Agreement and perform their obligations hereunder. The execution and delivery by Parent and Purchaser of this Agreement and the performance by Parent and Purchaser of their obligations hereunder have been duly and validly authorized by the Board of Directors of Parent and Purchaser, and by the sole stockholder of Purchaser, and no other corporate proceedings on the part of either Shareholder are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Shareholders and constitutes the valid and binding agreement of Shareholders, enforceable against Shareholders in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") with respect to the acquisition of Company Voting Securities in the Offer or the Merger, if applicable, the Exchange Act

and the ICA, (i) no filing with, and no permit, authorization, consent or approval of, any state or federal governmental body or authority is necessary for the execution of this Agreement by Shareholders and the consummation by Shareholders of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Shareholders, the consummation by Shareholders of the transactions contemplated hereby or compliance by Shareholders with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate or incorporation or by-laws of Parent or Purchaser, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which any Shareholder is a party or by which any Shareholder or any of its properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to any Shareholder or any of their respective properties or assets. To the best knowledge of Shareholders, no litigation is pending or threatened involving Shareholders or the Company relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(d) Shareholders understand and acknowledge that the Company is entering into the Merger Agreement and is incurring the obligations set forth therein, in reliance upon Shareholders' execution and delivery of this Agreement.

(e) Except for CS First Boston Corporation, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Shareholders.

9. Representations and Warranties of the Company. The Company hereby represents and warrants to Shareholders as follows:

(a) The Company is a corporation duly organized and validly existing under the laws of the State of Delaware, and is in good standing under the laws of the state of its incorporation. The Company has all necessary corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder. The execution and delivery by the Company of this Agreement and the performance by the Company of its obligations hereunder have been duly and validly authorized by the Board of Directors of the Company and no other corporate proceedings on the part of the Company are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable against it in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the ICA, (i) no filing with, and no permit, authorization, consent or approval of, any state or federal public body or authority is necessary for the execution of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by the Company, the consummation by the Company contemplated hereby or compliance by the Company with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate of incorporation or by-laws of the Company, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which the Company is a party or by which the Company or any of its

properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to the Company or any of its properties or assets. To the best knowledge of the Company, no litigation is pending or threatened involving the Company or Shareholders relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(d) Except for Morgan Stanley & Co. Incorporated, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Company.

10. Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

11. Stop Transfer; Legend.

(a) Shareholders agree with and covenant to the Company that Shareholders shall not request that the Company register the transfer (book-entry or otherwise) of any certificated or uncertificated interest representing any of the securities of the Company as the case may be, unless such transfer is made in compliance with this Agreement.

(b) Shareholders shall promptly surrender to the Company all certificates representing Company Voting Securities hereafter acquired by Shareholders or their Affiliates after the date hereof pursuant to the Offer or otherwise, and instruct the Company to place the following legend on such certificates:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS AGREEMENT, DATED AS OF AUGUST 3, 1995 BY AND AMONG SOUTHERN PACIFIC RAIL CORPORATION, UNION PACIFIC CORPORATION AND UP ACQUISITION CORPORATION WHICH, AMONG OTHER THINGS, RESTRICTS THE TRANSFER AND VOTING THEREOF."

(c) Each certificate representing Company Voting Securities the Beneficial Ownership of which is acquired by Shareholders during the term of this Agreement shall bear the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN AGREEMENTS BETWEEN UNION PACIFIC CORPORATION, UP ACQUISITION CORPORATION AND SOUTHERN PACIFIC RAIL CORPORATION, COPIES OF WHICH MAY BE OBTAINED FROM SOUTHERN PACIFIC RAIL CORPORATION WHICH, AMONG OTHER THINGS, RESTRICT THE TRANSFER AND VOTING THEREOF."

(d) In connection with any Transfer of Company Voting Securities to any Person, other than a Shareholder or an Affiliate of a Shareholder, pursuant to, and made in compliance with, Section 5 hereof, and from and after the termination of the Standstill Period, the Company shall, upon surrender thereto of any certificates representing Company Voting Securities, as the case may be, that bear a legend required by this Section 11, issue and deliver to the record owner of the securities represented thereby, or to its registered transferee, certificates representing such securities without such legend.

12. Termination. Except as otherwise provided in this Agreement, this Agreement shall terminate (i) if the Offer is not consummated, upon the termination of the Merger Agreement in accordance with its terms, (ii) if the Effective Time does occur, on the Effective Time or (iii) if the Offer is consummated but the Effective Time does not occur, at such time that Shareholders Beneficially Own, and continues to Beneficially Own, in the aggregate less than 4% of the Company Voting Securities then outstanding, it being understood that if, under the circumstances of this clause (iii), the Shareholders Beneficially Own less than 4% of the Company Voting Securities then outstanding but prior to the seventh anniversary of the Effective Time, subsequently become Beneficial Owners of more than 4% of the Company Voting Securities then outstanding, the provisions of Sections 4, 5, 6, 7, 10, 11, 12, 13 and 14 of this Agreement shall become effective and in full force again as if no such termination had occurred.

13. Voting Trust. The parties hereto acknowledge and agree that the Trustee shall be entitled to exercise any and all rights, and shall be subject to any and all obligations, of Shareholders under this Agreement (as if a Shareholder party hereto) it being understood that Section 4(a) shall not be applicable to the Trustee or the Voting Trust (other than the provisions incorporated by reference into Section 3(a)).

14. Miscellaneous.

(a) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Shareholders agree that this Agreement and the obligations hereunder shall attach to any Company Voting Securities that may become Beneficially Owned by Shareholders. The obligations of Shareholders under Sections 4(b), 5 and 11 hereof shall terminate with respect to Company Voting Securities that shall cease to be Beneficially Owned by a Shareholder, an Affiliate thereof or any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, pursuant to a Transfer thereof to any Person other than a Shareholder, an Affiliate of a Shareholder, such other Person or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder, an Affiliate thereof or such other person is included; provided that such Transfer shall be permitted by, and made in accordance with Section 3(b) hereof, or Section 5 hereof, as the case may be, and such termination shall be effective upon the Transfer of such securities; such transferees of such securities shall have no obligations or rights under or with respect to this Agreement and, except as otherwise provided herein, shall not be deemed to be Shareholders for any purposes of this Agreement; and thereafter such securities shall not be subject to Sections 4(b), 5 and 11 hereof for any purpose whatsoever.

(c) Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, and each of Shareholders, on the one hand, and the Company, on the other hand, shall indemnify and hold the

other harmless from and against any and all claims, liabilities or obligations with respect to any brokerage fees, commissions or finders' fees asserted by any person on the basis of any act or statement alleged to have been made by such party or its Affiliates.

(d) Except as provided in the Agreement, this Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other party, provided that the Company may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of the Company, but no such assignment shall relieve the Company of its obligations hereunder if such assignee does not perform such obligations.

(e) This Agreement may not be amended, changed, supplemented, or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by each of the parties hereto. The parties may waive compliance by the other parties hereto with any representation, agreement or condition otherwise required to be complied with by such other party hereunder, but any such waiver shall be effective only if in writing executed by the waiving party.

(f) All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as Federal Express), or by any courier service, such as Federal Express, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to the Company: Southern Pacific Rail Corporation
Southern Pacific Building
One Market Plaza
San Francisco, California
Attention: Cannon Y. Harvey, Esq.
Telephone No.: (415) 541-1200
Telecopy No.: (415) 541-1881

copy to: Joseph W. Morrisey, Jr., Esq.
Holme Roberts & Owen LLC
1700 Lincoln
Suite 4100
Denver, Colorado 80203
Telephone No.: (303) 861-7000
Telecopy No.: (303) 866-0200

and

Peter D. Lyons, Esq.
Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Telephone No.: (212) 848-4000
Telecopy No.: (212) 848-7179

If to Shareholders: Union Pacific Corporation
Martin Tower
Eighth & Eaton Avenues
Bethlehem, Pennsylvania 18018
Attention: Carl W. von Bernuth, Esq.
Telephone No.: (610) 861-3200
Telecopy No.: (610) 861-3111

copy to: Skadden, Arps, Slate,
Meagher & Flom
919 Third Avenue
New York, New York 10022
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2001
Attention: Paul T. Schnell, Esq.

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(g) Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal

or unenforceable provision or portion of any provision had never been contained herein.

(h) Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(i) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

(l) The representations and warranties made herein shall survive through the term of this Agreement.

(m) Each party hereby irrevocably submits to the nonexclusive jurisdiction of the Supreme Court in the State of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding shall be brought only in such court (and waives any objection based on forum

non conveniens or any other objection to venue therein); provided, however, that such consent to jurisdiction is solely for the purpose referred to in this paragraph (m) and shall not be deemed to be a general submission to the jurisdiction of said Court or in the State of New York other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(n) The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(o) This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Shareholders and the Company have caused this Agreement to be duly executed as of the day and year first above written.

UNION PACIFIC CORPORATION

By:

Name:
Title:

UP ACQUISITION CORPORATION

By:

Name:
Title:

SOUTHERN PACIFIC RAIL CORPORATION

By:

Name:
Title:

EXHIBIT A

IRREVOCABLE PROXY

The undersigned hereby revokes any previous proxies and appoints Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), _____ and _____, and each of them, with full power of substitution, as attorney and proxy of the undersigned to attend any and all meetings of shareholders of the Company (and any adjournments or postponements thereof), to vote all shares of Common Stock, $.001 par value, of the Company that the undersigned is entitled to vote, and to represent and otherwise to act for the undersigned in the same manner and with the same effect as if the undersigned were personally present, with respect to all matters specified in Section 2(a) of the Shareholders Agreement (the "Shareholders Agreement") dated as of August 3, 1995, by and among Union Pacific Corporation, UP Acquisition Corporation and Southern Pacific Rail Corporation. Capitalized terms used and not defined herein have the respective meanings ascribed to them in, or as prescribed by, the Shareholders Agreement.

This proxy shall be deemed to be a proxy coupled with an interest and is irrevocable until the earli-

er to occur of the special meeting of the Company's shareholders to consider and vote upon the Merger and the termination of the Merger Agreement in accordance with its terms, and has been granted pursuant to Section 2(b) of the Shareholders Agreement.

The undersigned authorizes such attorney and proxy to substitute any other person to act hereunder, to revoke any substitution and to file this proxy and any substitution or revocation with the Secretary of the Company.

Dated: _____, 1995

UP ACQUISITION CORPORATION

By:

Name:
Title:

EXHIBIT 99(c)(5)

ANSCHUTZ/SPINCO SHAREHOLDERS AGREEMENT

AGREEMENT, dated as of August 3, 1995, by and among Union Pacific Resources Group Inc., a corporation ("Spinco") and an indirect wholly owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), The Anschutz Corporation, a Kansas corporation ("TAC"), Anschutz Foundation, a Colorado not-for-profit corporation (the "Foundation"), and Mr. Philip F. Anschutz ("Mr. Anschutz" and, collectively with TAC and the Foundation, the "Shareholders").

W I T N E S S E T H:

WHEREAS, simultaneously with the execution of this Agreement, Parent, Union Pacific Railroad Company, a Utah corporation and an indirect wholly owned subsidiary of Parent ("UPRR"), UP Acquisition Corporation, a Delaware corporation and a direct wholly owned subsidiary of UPRR (the "Purchaser"), and Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such Agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which Purchaser has agreed, among other things, to commence a cash tender offer (the "Offer") to purchase up to 39,034,471 shares of common stock, $.001 par value, of the Company (the "Company Common Stock") and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, pursuant to the Merger, the Shareholders will receive shares of Common Stock, par value $2.50 per share, of Parent;

WHEREAS, Parent intends to effect an initial public offering of no more than 17.25% (not including employee shares or employee options) of, and to distribute to its shareholders as a pro rata dividend (the "Spin-off") the remainder of, the shares of capital stock of Spinco;

WHEREAS, the Shareholders, as a result of the Merger and the Spin-off, may beneficially own certain shares of capital stock of Spinco (the "Spinco Shares"); and

WHEREAS, as an inducement and a condition to Parent, UPRR and the Purchaser entering into the Merger

Agreement and incurring the obligations set forth therein, Parent has required that the Shareholders agree, and the Shareholders have agreed, to enter into this Shareholders' Agreement, pursuant to which, among other things, the Shareholders have agreed to abide by certain agreements relating to the Spinco Shares.

NOW, THEREFORE, in consideration of the foregoing and the mutual premises, representations, warranties, covenants and agreements contained herein and in the Merger Agreement and the Ancillary Agreements, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Certain Definitions. Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For purposes of this Agreement, with respect to any Shareholder, "Affiliate" shall not include Spinco and the Persons that directly, or indirectly through one or more intermediaries, are controlled by Spinco.

(b) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all Affiliates of such Person and all other Persons with whom such Person would constitute a "group" within the meaning of Section 13(d) of the Exchange Act and the rules promulgated thereunder.

(c) "Company Voting Securities" shall mean any securities of the Company entitled, or which may be entitled, to vote generally in the election of directors and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal

submitted for the vote or consent of shareholders of the Company). For purposes of determining the percentage of Company Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of the Company entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(d) "Spinco Voting Securities" shall mean any securities of Spinco entitled, or which may be entitled, to vote generally in the election of directors and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of Spinco). For purposes of this Agreement, Spinco Voting Securities shall not include Parent Voting Securities or Company Voting Securities. For purposes of determining the percentage of Spinco Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of Spinco entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(e) "Current Market Price" shall mean, as applied to any class of stock on any date, the average of the daily "Closing Prices" (as hereinafter defined) for the 20 consecutive trading days immediately prior to the date in question. The term "Closing Price" on any day shall mean the last sales price, regular way, per share of such stock on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if shares of such stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the

principal national securities exchange on which the shares of such stock are listed or admitted to trading, or, if the shares of such stock are not listed or admitted to trading on any national securities exchange on the NASDAQ National Market System or, if the shares of such stock are not quoted on the NASDAQ National Market System, the average of the high bid and low asked prices in the over-the-counter market as reported by the National Association of Securities Dealers Inc.'s Automated Quotation System.

(f) "including" shall mean including without limitation.

(g) "Parent Voting Securities" shall mean any securities of Parent entitled, or which may be entitled, to vote generally in the election of directors and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of Parent). For purposes of this Agreement, Parent Voting Securities shall not include Company Voting Securities. For purposes of determining the percentage of Parent Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of Parent entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(h) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(i) "Transfer" shall mean, with respect to a security, the sale, transfer, pledge, hypothecation, encumbrance, assignment or disposition of such security or the Beneficial Ownership thereof, the offer to make such a sale, transfer or other disposition, and each agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. As a verb, "Transfer" shall have a correlative meaning.

2. Effectiveness. This Agreement shall become effective only upon consummation of the Spin-off and shall terminate and be void and of no further force or effect if the Merger Agreement is terminated in accordance with Article VII thereof.

3. Pledge. TAC has advised Parent that shares of Company Common Stock Beneficially Owned by TAC are or may be pledged to Bank of America National Trust and Savings Association or Citibank, N.A., respectively (collectively, the "Banks") pursuant to pledge agreements (substantially in the forms reviewed by Parent, collectively, the "Existing Pledge Agreements") to secure indebtedness borrowed from the Banks. TAC represents and warrants that the Existing Pledge Agreements do not or, before indebtedness borrowed therefrom is secured by any such shares, will not prevent, limit or interfere with TAC's compliance with, or performance of its obligations under, this Agreement, absent a default under the applicable Existing Pledge Agreements. TAC represents and warrants that it is not in default under the Existing Pledge Agreements. Before Spinco Voting Securities shall be pledged to secure indebtedness owed under an Existing Pledge Agreement, TAC shall deliver to Parent a letter from Bank of America National Trust and Savings Association or Citibank, N.A., as the case may be, acknowledging this Agreement and agreeing that, notwithstanding any default under the Existing Pledge Agreement, TAC shall have the right to exercise all voting rights with respect to the Company Common Stock pledged thereunder. Shareholders may hereafter effect one or more pledges of Company Voting Securities, or grants of security interests therein, to one or more financial institutions (other than the Banks) that are not Affiliates of any Shareholder (collectively, "Other Financial Institutions") as security for the payment of bona fide indebtedness owed by one or more of the Shareholders or their Affiliates to such financial institutions. Except as set forth in the proviso below, neither the Bank nor any financial institution which hereafter becomes a pledgee of Company Voting Securities shall incur any obligations under this Agreement with respect to such Company Voting Securities or shall be restricted from exercising any right of enforcement or foreclosure with respect to any related security interest or lien; provided, however, that it shall be a condition to any such pledge to any Other Financial Institution that the pledgee shall agree that TAC shall have the right to exercise all voting rights with respect to the Company Voting Securities

pledged thereunder no such pledge shall prevent, limit or interfere with Shareholders' compliance with, or performance of their obligations under, this Agreement, absent a default under such pledge agreement.

4. Public Comments; Fiduciary Duties.

(a) During the Standstill Period (as defined below), Shareholders will not, and will cause their Affiliates not to, directly or indirectly, make any public comment, statement or communication, or take any action that would otherwise require any public disclosure by Shareholders, Parent, Spinco or any other Person, concerning the Merger, the Offer, the Spin-off (as described in Section 5.4 of the Merger Agreement) and the other transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements, except for any disclosure (i) concerning the status of Shareholders as parties to such agreements the terms thereof, and their beneficial ownership of Shares required pursuant to Section 13d of the Exchange Act or (ii) required in the Schedule 14D-9 or the Proxy Statement/Prospectus.

(b) It is hereby acknowledged that any Person who is a director or officer of the Company may exercise his fiduciary duties in his capacity as a director or officer with respect to the Company, as opposed to taking action with respect to the direct or indirect ownership of any Shares, and no such exercise of fiduciary duties shall be deemed to be a breach of, or a violation of the restrictions set forth in, this Agreement and none of the Shareholders shall have any liability hereunder for any such exercise of fiduciary duties by such Person in his capacity as a director and officer of the Company. Nothing in this Section 4(b) shall relieve or affect any of the Company's or its Affiliates' obligations under the Merger Agreement.

5. Standstill and Related Provisions.

(a) Subject to the paragraph at the end of this Subsection 5(a), Shareholders agree that for a period commencing on the date hereof and terminating on the seventh anniversary of the Effective Time or, if earlier, the termination of this Agreement in accordance with the terms of Section 13 hereof (the "Standstill Period"), without the prior written consent of the Board of Directors of Spinco (the "Board") specifically expressed in a resolution adopted by a majority of the

directors of Spinco, Shareholders will not, and Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others:

(i) acquire, offer or propose to acquire, or agree to acquire (except, in any case, by way of (A) following consummation of the Spin-off, stock dividends or other distributions or rights offerings made available to holders of any shares of common stock of Spinco ("Spinco Common Stock") generally, share-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Spinco, (B) following consummation of the Spin-off, the conversion, exercise or exchange of Spinco Voting Securities in accordance with the terms thereof and (C) the issuance and delivery of Spinco Voting Securities pursuant to the Spin-off, provided, that any such securities shall be subject to the provisions hereof), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) (other than groups consisting solely of Shareholders and their Affiliates, all of which are or, prior to the formation of such group, become, parties to this Agreement) or otherwise, any Spinco Voting Securities; provided, however, that
-------- -------
if Spinco shall issue additional Spinco Voting Securities following consummation of the Spin-off, Shareholders and their Affiliates may purchase or acquire additional Spinco Voting Securities to bring their Beneficial Ownership up to the greater of 5.5% and the percentage of outstanding Spinco Voting Securities Beneficially Owned by the Shareholders immediately prior to such issuance by Spinco; provided, further, without limiting the immediately preceding proviso,
-------- -------
if as a result of Transfers of Spinco Voting Securities, Shareholders Beneficially Own less than 5.5% of the then outstanding shares of Spinco Voting Securities, Shareholders may purchase or acquire additional Spinco Voting Securities to bring their Beneficial Ownership up to, but not in excess of, 5.5% of the then outstanding shares of Spinco Voting Securities. In addition, in the event that a Shareholder or an Affiliate thereof inadvertently and without knowledge (an "Inadvertent Acquisition") indirectly acquires Beneficial Ownership of not more than one-quarter of one percent of the Spinco Voting Securities in excess of the amount permitted to be owned by the Shareholders pursuant to this Section 5(a) pursuant to a

transaction by which a Person (that was not then an Affiliate of a Shareholder before the consummation of such transaction) owning Spinco Voting Securities becomes an Affiliate of such Shareholder, then all Spinco Voting Securities so acquired shall thereupon become subject to this Agreement and such Shareholder shall be deemed not to have breached this Agreement provided that such Shareholder, within 120 days thereafter, causes a number of such Spinco Voting Securities in excess of the amount permitted to be so owned (or, at the election of such Shareholder, an equal number of the other Spinco Voting Securities that are Beneficially Owned by a Shareholder) to be Transferred, in a transaction subject to Section 6 hereof, to a transferee that is not a Shareholder, an Affiliate thereof or a member of a "group" in which a Shareholder or an Affiliate is included (or, if Spinco or its assignee shall exercise any purchase rights under Section 6(b) hereof, to Spinco or its assignee);

(ii) make, or in any way participate, directly or indirectly, in any "solicitation" (as such term is used in the proxy rules of the Securities and Exchange Commission as in effect on the date hereof) of proxies or consents (whether or not relating to the election or removal of directors), seek to advise, encourage or influence any Person with respect to the voting of any Spinco Voting Securities, initiate, propose or otherwise "solicit" (as such term is used in the proxy rules of the Securities and Exchange Commission as in effect on the date hereof) shareholders of Spinco for the approval of shareholder proposals, whether made pursuant to Rule 14a-8 of the Exchange Act or otherwise, or induce or attempt to induce any other Person to initiate any such shareholder proposal or otherwise communicate with the Spinco's shareholders or others pursuant to Rule 14a-1(2)(iv) under the Exchange Act or otherwise;

(iii) seek, propose, or make any statement with respect to, any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, reorganization, restructuring, recapitalization, change in capitalization, change in corporate structure or business or similar transaction involving Spinco or its subsidiaries (any of the foregoing being referred to herein as a "Specified Spinco Transaction"); provided that the foregoing shall not prevent
----
(A) voting in accordance with Section 5(c) hereof (but shall prevent any public comment, statement or

communication, and any action that would otherwise require any public disclosure by Shareholders, Spinco or any other Person, concerning such voting) or (B) the Shareholder Designee (as defined in Section 7 hereof) from exercising his fiduciary duties in his capacity as a director by participating in any Board deliberations or vote of the Board of Directors of Spinco with respect to a Specified Spinco Transaction;

(iv) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Spinco Voting Securities, other than groups consisting solely of Shareholders and their Affiliates;

(v) deposit any Spinco Voting Securities in any voting trust or subject any Spinco Voting Securities to any arrangement or agreement with respect to the voting of any Spinco Voting Securities except as set forth in this Agreement;

(vi) call or seek to have called any meeting of the stockholders of Spinco or execute any written consent with respect to Spinco or Spinco Voting Securities; provided that the foregoing shall not prevent the Shareholder
----
Designee from exercising his fiduciary duties in his capacity as a director by participating in any Board deliberations or vote of the Board of Directors of Spinco with respect to the calling of any annual meeting of shareholders of Spinco;

(vii) otherwise act, alone or in concert with others, to control or seek to control or influence or seek to influence the management, Board of Directors or policies of Spinco (except to the extent the actions by a Shareholder Designee relating to Spinco's Board of Directors in the exercise of his fiduciary duties in his capacity as a director may be viewed as influencing or seeking to influence the management, Board of Directors or policies of Spinco);

(viii) seek, alone or in concert with others, representation on the Board of Directors of Spinco (except as provided in Section 7 of this Agreement), or seek the removal of any member of such Board or a change in the composition or size of such Board;

(ix) make any publicly disclosed proposal, comment, statement or communication (including,

without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 5(a)), or make any proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 5(a)) in a manner that would require any public disclosure by Shareholders, Spinco or any other Person, or enter into any discussion with any Person (other than directors and officers of Spinco), regarding any of the foregoing;

(x) make or disclose any request to amend, waive or terminate any provision of Section 5(a) of this Agreement; or

(xi) have any discussions or communications, or enter into any arrangements, understandings or agreements (whether written or oral) with, or advise, finance, assist or encourage, any other Person in connection with any of the foregoing, or take any action inconsistent with the foregoing, or make any investment in or enter into any arrangement with, any other Person that engages, or offers or proposes to engage, in any of the foregoing.

The restrictions set forth in this Section 5(a) shall not prevent Shareholders from (A) performing their obligations and exercising their rights under this Agreement, including, without limitation, (w) Transferring any Company Voting Securities or Spinco Voting Securities in accordance with Sections 3, 4 and 6 hereof, (x) selecting the Shareholder Designee, (y) serving in the positions described in or resigning from such positions as described in Section 7(a) hereof, and (z) voting in accordance with Section 5(b) hereof; (B) communicating in a non-public manner with any other Shareholder or their Affiliates; and (C) complying with the requirements of Sections 13(d) and 16(a) of the Exchange Act and the rules and regulations thereunder, in each case, as from time to time in effect, or any successor provisions or rules with respect thereto, or any other applicable law, rule, regulation, judgment, decree, ruling, order, award, injunction, or other official action of any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government (whether federal, state, county or local, domestic or foreign).

(b) Shareholders agree that during the period commencing on the date hereof and continuing until the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement, Shareholders will not, and Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others, acquire, offer or propose to acquire, or agree to acquire, whether by purchase, tender or exchange offer, though the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" or otherwise, any Company Voting Securities (except by way of stock dividends or other distributions or rights offerings made available to holders of any shares of Company Common Stock generally, stock-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Company).

(c) Subject to the receipt of proper notice and the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Shareholders agree that during the Standstill Period Shareholders will, and will cause their Affiliates to, (i) be present, in person or represented by proxy, at all annual and special meetings of shareholders of Spinco so that all Spinco Common Stock Beneficially Owned by Shareholders and their Affiliates and then entitled to vote may be counted for the purposes of determining the presence of a quorum at such meetings, and (ii) vote in accordance with the recommendation of the Board of Directors of Spinco in the election of directors and as directed by the Persons acting as Proxies in respect of proxies solicited by the Board of Directors of Spinco (including the manner in which such Spinco Common Stock shall be cumulated). On all other matters presented for a vote of shareholders of Spinco, Shareholders may vote in their discretion.

6. Limitations on Disposition.

(a) Shareholders agree that during the Standstill Period they will not, and will cause their Affiliates not to, directly or indirectly, without the prior written consent of the Board of Directors of Spinco specifically expressed in a resolution adopted by a majority of the directors of Spinco, Transfer to any Person any Spinco Voting Securities (including but not limited to the Transfer of any securities of an Affiliate which is the record holder or Beneficial Owner of Spinco

Voting Securities if, as the result of such Transfer, such Person would cease to be an Affiliate of a Shareholder), if, to the knowledge of the Shareholders or any of their Affiliates, after due inquiry which is reasonable in the circumstances (and which shall include, with respect to the Transfer of 1% or more of the Spinco Voting Securities then outstanding in one transaction, or a series of related transactions, specific inquiry which respect to the identity of the acquiror of such Spinco Voting Securities and the number of Spinco Voting Securities that, immediately following such transaction or transactions, would be Beneficially Owned by such acquiror, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) of which such acquiror is a member), immediately following such transaction the acquiror of such Spinco Voting Securities, together with its Affiliates and any members of such a group, would Beneficially Own in the aggregate 4% or more of the Spinco Voting Securities then outstanding; provided that, without the
----
prior written consent of the Board of Directors of Spinco, (i) Shareholders and their Affiliates may Transfer any number of Spinco Voting Securities to any other Shareholder, any Affiliate of a Shareholder or to any heirs, distributees, guardians, administrators, executors, legal representatives or similar successors in interest of any Shareholder, provided that (A) such transferee, if
----
not then a Shareholder, shall become a party to this Agreement and agree in writing to perform and comply with all of the obligations of such transferor Shareholder under this Agreement, and thereupon such transferee shall be deemed to be a Shareholder party hereto for all purposes of this Agreement, and (B) if the transferee is not prior thereto a Shareholder, the transferor shall remain liable for such transferee's performance of and compliance with the obligations of the transferor under this Agreement, (ii) Shareholders and their Affiliates may Transfer Spinco Voting Securities in a tender offer, merger, or other similar business combination transaction approved by the Board of Directors of Spinco, and (iii) Shareholders may pledge their Spinco Voting Securities as provided in Section 3 hereof and the pledgee may Transfer such Spinco Voting Securities in connection with the enforcement or foreclosure of any related security interest or lien following a default.

(b) During the Standstill Period, if to the knowledge of the Shareholders after making due inquiry which is reasonable under the circumstances, immediately

following the Transfer of any Spinco Voting Securities the acquiror thereof, together with its Affiliates and any members of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act), would Beneficially Own in the aggregate 2% or more of the outstanding Spinco Voting Securities (a "2% Sale"), Shareholders shall, prior to effecting any such Transfer, offer Spinco a right of first refusal to purchase the shares proposed to be Transferred on the following terms. Shareholders shall provide Spinco with written notice (the "2% Sale Notice") of any proposed 2% Sale, which 2% Sale Notice shall contain the identity of the purchaser, the number of shares of Spinco Voting Securities proposed to be Transferred to such purchaser, the purchase price for such shares and the form of consideration payable for such shares. The 2% Sale Notice shall also contain an irrevocable offer to sell the shares subject to such 2% Sale Notice to Spinco for cash at a price equal to the price contained in such 2% Sale Notice. Spinco shall have the right and option, by written notice delivered to such Shareholder (the "Purchase Notice") within 15 days of receipt of the 2% Sale Notice, to accept such offer as to all, but not less than all, of the Spinco Voting Securities subject to such 2% Sale Notice. Spinco shall have the right to assign to any Person such right to purchase the shares subject to the 2% Sale Notice. In the event Spinco (or its assignee) elects to purchase the shares subject to the 2% Sale Notice, the closing of the purchase of the Spinco Voting Securities shall occur at the principal office of Spinco (or its assignee) on or before the 30th day following such Shareholder's receipt of the Purchase Notice. In the event Spinco does not elect to purchase the shares subject to the 2% Sale Notice, such Shareholder shall be free, for a period of 30 days following the receipt of notice from Spinco of its election not to purchase such shares or, in the absence of any such notice, for a period of 30 days following the 15th day after receipt by Spinco of the 2% Sale Notice, to sell the shares subject to the 2% Sale Notice in accordance with the terms of, and to the person identified in, the 2% Sale Notice. If such sale is not effected within such 30 day period such shares shall remain subject to the provisions of this Agreement. Notwithstanding the foregoing, the right of first refusal set forth in this Subsection (b) shall not apply to the sale by Shareholders of Spinco Voting Securities (i) made in an underwritten public offering pursuant to an effective registration statement under the Securities Act, or (ii) made in a transaction permitted pursuant to, and made in compliance with, clauses (i) or

(iii) of the proviso to Section 6(a) hereof, or (iii) made in a tender offer, merger or other similar business combination transaction approved by the Board of Directors of Spinco. Any proposed sale by Shareholders of Spinco Voting Securities shall be subject to the restrictions on sales to an acquiror which would Beneficially Own 4% or more of the outstanding Spinco Voting Securities, set forth in the proviso in Section 6(a) hereof, whether or not Spinco exercises its right of first refusal and consummates the purchase of Spinco Voting Securities. If Spinco (or its assignee) exercises its right to purchase any Spinco Voting Securities but fails to complete the purchase thereof for any reason other than the failure of such Shareholder to perform its obligations hereunder with respect to such purchase, then, on the 30th day following such Shareholder's receipt of the Purchase Notice, such Spinco Voting Securities shall cease to be subject to Sections 5(c), 6 and 12 hereof for any purpose whatsoever. If the purchase price described in any 2% Sale Notice is not solely made up of cash or marketable securities, the 2% Sale Notice shall include a good faith estimate of the cash equivalent of such other consideration, and the consideration payable by Spinco or its assignee (if Spinco elects to purchase (or to have assignee purchase) the Spinco Voting Securities described in the 2% Sale Notice) in place of such other consideration shall be cash equal to the amount of such estimate; provided, however, that if Spinco in good faith
-------- -------
disagrees with such estimate and states a different good faith estimate in the Purchase Notice, and if Spinco and such Shareholder cannot agree on the cash equivalent of such other (i.e., other than cash or marketable securities)
----
consideration, such cash equivalent shall be determined by a reputable investment

banking firm without material connections with either party. Such investment banking firm shall be selected by both parties or, if they shall be unable to agree, by an arbitrator appointed by the American Arbitration Association. The fees and expenses of any such investment banking firm and/or arbitrator shall be shared equally by Spinco and such Shareholder, unless otherwise determined by such firm or arbitrator. In the event of such differing estimates by Spinco and such Shareholder, periods of time which would otherwise run under this Section 6(b) from the date of such Shareholder's receipt of the Purchase Notice shall run instead from the date on which the parties agree on such cash equivalent or, in the absence of such agreement, the date on which such cash equivalent is determined by such investment banking firm. If the purchase price described

in any 2% Sale Notice shall include marketable securities, the purchase price payable by Spinco (or its designee) shall include, to the extent marketable securities were included as a portion of the consideration provided for in the 2% Sale Notice, an amount in cash determined by reference to the Current Market Price of such securities on the day the Purchase Notice is received by such Shareholder.

(c) Not later than the tenth day following the end of any calendar month during the Standstill Period in which one or more dispositions of Spinco Voting Securities by Shareholders or any of their Affiliates shall have occurred, the relevant Shareholder shall give written notice to Spinco of all such dispositions. Such notice shall state the date upon which each such disposition was effected, the price and other terms of each such disposition, the number and type of Spinco Voting Securities involved in each such disposition, the means by which each such disposition was effected and, to the extent known, the identity of the Persons acquiring such Spinco Voting Securities.

(d) In connection with any proposed privately negotiated sale by any Shareholders of Spinco Voting Securities representing in excess of 3.9% of the then outstanding Spinco Voting Securities, Spinco will cooperate with and permit the proposed purchaser to conduct a due diligence review reasonable under the circumstances of Spinco and its Subsidiaries and their respective business and operations, including, without limitation, reasonable access during normal business hours to their executive officers, and, if reasonable under the circumstances, their properties, subject to execution by such purchaser of a customary confidentiality agreement; provided that Spinco shall not be required to permit more than two such due diligence reviews in any twelve-month period.

7. Spinco Covenants.

(a) On or prior to the consummation of the Spin-off, the Board of Directors of Spinco will take all action necessary to elect a designee of TAC who is not an Affiliate of, does not have any business relationship with, any of the Shareholders or their Affiliates, and is reasonably acceptable to the Board of Directors of Spinco (the "Shareholder Designee") as a director of Spinco's Board of Directors. In the event that the Shareholder

Designee shall resign, become disabled or be removed as a member of Spinco's Board of Directors (except in circumstances, other than Section 7(a)(vi) hereof, in which the Shareholder Designee was required (including if requested by Spinco) to resign as a director pursuant to the terms of this Agreement) TAC shall have the right to select a new Shareholder Designee. Shareholders acknowledge that as a condition precedent to the appointment of the Shareholder Designee to Spinco's Board of Directors, the Shareholder Designee shall enter into an agreement (the "SD Agreement"), in form and substance satisfactory to Spinco and its counsel, to the effect that:

(i) the Shareholder Designee agrees that he will not provide, disclose, or otherwise make available, directly or indirectly, any confidential or non-public information relating to Spinco or its subsidiaries, including competitively sensitive information, to the Shareholders, or their Affiliates or Representatives;

(ii) the Shareholder Designee will not voluntarily receive, directly or indirectly, any confidential or non-public information relating to any business, company or entity affiliated with any of the Shareholders which competes in any way with, or is a potential competitor of, Spinco (a "Competing Business"), and, in the event the Shareholder Designee involuntarily receives, or receives on an unsolicited basis, such confidential or non-public information, the Shareholder Designee agrees to report to Spinco the fact that the Shareholder Designee received such information;

(iii) in connection with actions taken as a director of Spinco, the Shareholder Designee will not take into account or consider the impact or effect of such actions on the Shareholders (other than in their capacity as shareholders of Spinco), their Affiliates or on any Competing Business;

(iv) the Shareholder Designee will not serve as an officer, director or employee of, or become a shareholder, partner or equity investor in, any Competing Business so long as

such Shareholder Designee serves as a director of Spinco;

(v) none of the Shareholder Designee, any family member of the Shareholder Designee or any person controlled by the Shareholder Designee will have any business relationship with, enter into any arrangements or understandings relating to such business relationship with, or receive any compensation, gifts or other forms of consideration from, the Shareholders or their Affiliates so long as the Shareholder Designee is a director of Spinco; and

(vi) the Shareholder Designee, if requested by Spinco (A) will immediately resign as a director of Spinco in the event that the Federal Trade Commission (the "FTC") shall institute, commence, or threaten any action, proceeding or inquiry relating to the Shareholder Designee's position as a director of Spinco, provided, that in the event of one or more resignations pursuant to this clause (A), the Shareholders shall have the right in each such event to designate a new Shareholder Designee in accordance with the terms hereof; (B) will resign as a director of Spinco not later than the next annual meeting of Shareholders of Spinco in the event that the Shareholders and their Affiliates Beneficially Own less than 4% of Spinco's Voting Securities then outstanding, provided, however that
-------- -------
this Agreement shall continue in full force and effect until the date of such resignation and (C) will immediately resign if the Shareholders violate or breach any of the material terms or provisions of this Agreement. Notwithstanding any resignation pursuant to clause (C) of the preceding sentence, all of the provisions of this Agreement other than this Section 7 shall continue in full force and effect.

So long as Shareholders and their Affiliates continue to Beneficially Own in excess of 4% of the Spinco Voting Securities then outstanding or until the termination of this Agreement, Spinco shall include the Shareholder Designee in the Board of Directors' slate of nominees for election as directors at Spinco's annual meeting of shareholders and shall recommend that the Shareholder Designee be elected as a director of Spinco.

So long as a Shareholder Designee serves as a member of the Board of Directors of Spinco, Spinco agrees that the Shareholder Designee shall serve (subject to the applicable requirements of the FTC, the New York Stock Exchange or any other security exchange on which the Spinco Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers) as a member of the Executive, Finance and Corporate Development, and Compensation Benefits and Nominating Committees of the Board (or the three committees having similar functions). Except as otherwise provided in this Section 7, upon the termination of this Agreement, if requested by Spinco, the Shareholder Designee shall resign as a director of Spinco's Board of Directors.

(b) In the event that any Shareholder Designee shall cease to be a member of the Board of Directors by reason of death, disability or resignation (except in circumstances in which TAC shall not have the right under the first paragraph of Section 7(a) hereof to select a new Shareholder Designee), Spinco shall replace such Shareholder Designee with another Shareholder Designee at the next meeting of the Board of Directors.

(c) The Shareholder Designee, upon nomination or appointment as a director of Spinco, shall agree in writing to comply with the obligations of the Shareholders under Section 5(a) hereof and the obligation of such Shareholder Designee under this Section 7(c).

(d) Without the prior written consent of Shareholders, Spinco shall not take or recommend to its shareholders any action which would impose limitations, not imposed on other Shareholders of Spinco, on the enjoyment by any of Shareholders and their Affiliates of the legal rights generally enjoyed by shareholders of Spinco, other than those imposed by the terms of this Agreement, the Merger Agreement and the Ancillary Agreements; provided, however, that the foregoing shall not prevent Spinco from implementing or adopting a Shareholder Rights Plan or issuing a similar security which has a "trigger" threshold of not less than the greater of 10% of the outstanding shares of Spinco Common Stock or the amount then Beneficially Owned by Shareholders not in violation of this Agreement.

8. Intentionally Omitted
---

9. Representations and Warranties of Shareholders. Shareholders hereby represent and warrant to Spinco as follows:

(a) TAC is a corporation duly organized and validly existing under the laws of the State of Kansas and is in good standing under the laws of the State of Kansas. The Foundation is a not-for-profit corporation duly organized and validly existing under the laws of the State of Colorado. Shareholders have all necessary power and authority to execute and deliver this Agreement and perform their obligations hereunder. The execution and delivery by TAC and the Foundation of this Agreement and the performance by TAC and the Foundation of their obligations hereunder have been duly and validly authorized by the Board of Directors of TAC and the Foundation, and by the sole stockholder of TAC, and no other proceedings or actions on the part of any Shareholder are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Shareholders and constitutes the valid and binding agreement of Shareholders, enforceable against Shareholders in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Each Shareholder is the sole record holder and Beneficial Owner of the number of shares of Company Common Stock ("Company Shares") listed opposite such Shareholder's name on the signature page hereof, and, except as provided in Section 3 hereof and to the extent created by either or both of the Corporate Matters Agreement and the Registration Rights Agreement, each dated as of August 1, 1993 and among the Company, The Morgan Stanley Leveraged Equity Fund II, L.P., a Delaware limited partnership, TAC and certain other parties thereto, each of which the Shareholders agree to terminate as of the Effective Time, has good and marketable title to all of such Company Shares, free and clear of all liens, claims, options, proxies, voting agreements, security interests, charges and encumbrances. The Company Shares

constitute all of the capital stock of the Company Beneficially Owned by Shareholders, and except for the Company Shares, neither Shareholders nor any of their Affiliates Beneficially Owns or has any right to acquire (whether currently, upon lapse of time, following the satisfaction of any conditions, upon the occurrence of any event or any combination of the foregoing) any Company Voting Securities. Except as provided in Section 3 hereof and in this Section 9(c), each Shareholder has sole power to vote and to dispose of the Company Shares Beneficially Owned by such Shareholder, and sole power to issue instructions with respect to such Company Shares to the extent appropriate in respect of the matters set forth in this Agreement, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of such Company Shares, with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws and the terms of this Agreement. Shareholders do not beneficially own or have any right to acquire (whether currently, upon lapse of time, following the satisfaction of any conditions, upon the occurrence of any event or any combination of the foregoing), except pursuant to the Merger, any Parent Voting Securities.

(d) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the ICA, the Securities Exchange Act of 1934, each as amended, (i) no filing with, and no permit, authorization, consent or approval of, any state or federal governmental body or authority is necessary for the execution of this Agreement by Shareholders and the consummation by Shareholders of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Shareholders, the consummation by Shareholders of the transactions contemplated hereby or compliance by Shareholders with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate or incorporation or by-laws or other organizational documents of TAC or the Foundation, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which any Shareholder is a party or

by which any Shareholder or any of its properties or assets (including the Company Shares) may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to any Shareholder or any of its properties or assets. To the best knowledge of Shareholders, no litigation is pending or threatened involving Shareholders or the Company relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(e) Shareholders understand and acknowledge that Parent is entering into, and causing the Purchaser to enter into, the Merger Agreement and the Ancillary Agreements, and is incurring the obligations set forth therein, in reliance upon Shareholders' execution and delivery of this Agreement.

(f) Except for Morgan Stanley & Co. Incorporated, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Shareholders.

(g) Shareholders have no plan or intention, and as of the Effective Time will have no plan or intention to sell, exchange or otherwise dispose of any of the shares of Parent Voting Securities that they receive in the Merger.

(h) Shareholders have no plan or intention and, as of the effective date of the Spin-off, will have no plan or intention, to sell, exchange or otherwise dispose of any of the Spinco Shares that they receive in such Spin-off (including by inter vivos gift).

(i) Shareholders will make such representations as may reasonably be requested by Parent (provided such representations are true at the time given), and in such form as may reasonably be requested by Parent, for use in connection with the request by Parent that the Internal Revenue Service issue a private letter ruling with respect to the tax consequences of the Spin-off, including the representation made in Section 9(h) hereof.

10. Representations and Warranties of Spinco. Spinco hereby represents and warrants to Shareholders as follows:

(a) Spinco is a corporation duly organized and validly existing under the laws of the State of Delaware, and is in good standing under the laws of the state of its incorporation. Spinco has all necessary corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder. The execution and delivery by Spinco of this Agreement and the performance by Spinco of its obligations hereunder have been duly and validly authorized by the Board of Directors of Spinco and no other corporate proceedings on the part of Spinco are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Spinco and constitutes a valid and binding agreement of Spinco, enforceable against Spinco in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the ICA, (i) no filing with, and no permit, authorization, consent or approval of, any state or federal public body or authority is necessary for the execution of this Agreement by Spinco and the consummation by Spinco of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Spinco, the consummation by Spinco of the transactions contemplated hereby or compliance by Spinco with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate of incorporation or by-laws of Spinco, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract,

commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which Spinco is a party or by which Spinco or any of its properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to Spinco or any of its properties or assets. To the best knowledge of Spinco, no litigation is pending or threatened involving Spinco relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements or any transactions contemplated hereby or thereby.

(d) Except for CS First Boston Corporation, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Spinco.

11. Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

12. Stop Transfer; Legend.

(a) Shareholders agree with and covenant to Spinco that Shareholders shall not request that Spinco register the transfer (book-entry or otherwise) of any certificated or uncertificated interest representing any of the securities of Spinco unless such transfer is made in compliance with this Agreement.

(b) During the Standstill Period, Shareholders shall promptly surrender to Spinco all certificates representing the Spinco Shares, and other Spinco Voting Securities acquired by Shareholders or their Affiliates after the date hereof, and Spinco shall place the following legend on such certificates:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS AGREEMENT, DATED AS OF AUGUST 3, 1995 BY AND AMONG UNION PACIFIC RESOURCES GROUP INC., THE ANSCHUTZ CORPORATION, ANSCHUTZ FOUNDATION AND MR. PHILIP F. ANSCHUTZ WHICH, AMONG

OTHER THINGS, RESTRICTS THE TRANSFER AND VOTING THEREOF."

(c) In connection with any Transfer of Spinco Voting Securities to any Person, other than a Shareholder, an Affiliate of a Shareholder, any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder or an Affiliate thereof or such other Person is included, pursuant to, and made in compliance with, Section 6 hereof, and from and after the termination of the Standstill Period, Spinco shall, upon surrender thereto of any certificates representing Spinco Voting Securities that bear a legend required by this Section 12, issue and deliver to the record owner of the securities represented thereby, or to its registered transferee, certificates representing such securities without such legend.

13. Termination. Except as otherwise provided in this Agreement, this Agreement shall terminate on the earliest to occur of (1) the seventh anniversary of the Effective Time, (2) following consummation of the Spin-off, at such time that the Shareholders Beneficially Own, and continue to Beneficially Own, in the aggregate, less than 4% of the Spinco Voting Securities then outstanding, it being understood, however, that if the Shareholders at any time Beneficially Own in the aggregate less than 4% of the Spinco Voting Securities then outstanding but, prior to the seventh anniversary of the Effective Time, subsequently acquire Beneficial Ownership of any Spinco Voting Securities (except pursuant to clauses (A), (B) or (C) of the parenthetical exception to the first sentence in Section 5(a)(i) hereof or in an Inadvertent Acquisition) if immediately following such acquisition Shareholders become Beneficial Owners in the aggregate of more than 4% of the Spinco Voting Securities then outstanding, the provisions of Sections 5, 6, 9, 11, 12, 13 and 14 of this Agreement shall be effective and in full force again as if no such termination had occurred and (3) if at any time that the Shareholders Beneficially Own in the aggregate more than 4% of the Spinco Voting Securities then outstanding (i) the Shareholder Designee shall not be elected as a director of Parent (other than as a result of a resignation or non-election referred to in Section 7(a)(vi)(A) or 7(a)(vi)(C) hereof), (ii) subject to applicable requirements of the FTC, the New York Stock Exchange or any other security exchange on which the

Spinco Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers, the Shareholder Designee who is then a director shall not be appointed as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees, respectively, of the Board of Directors of Parent (or committees having similar functions) or (iv) Parent shall have breached its covenant in Section 7(b) hereof; provided that TAC, for itself and on behalf of
----
all other Shareholders, may by written notice to Parent irrevocably elect that, from and after the delivery thereof, the references in this Section 13 and in Section 7 hereof to "4%" be deleted and replaced by references to "3%". Notwithstanding anything herein to the contrary, any agreements or covenants contained herein which by their terms require action or performance following termination of this Agreement shall survive such termination.

14. Miscellaneous.

(a) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Shareholders agree that this Agreement and the respective rights and obligations of Shareholders hereunder shall attach to any Spinco Voting Securities that may become Beneficially Owned by Shareholders. The obligations of Shareholders under Sections 5(c), 6 and 12 hereof shall terminate with respect to Spinco Voting Securities that shall cease to be Beneficially Owned by a Shareholder, an Affiliate thereof or any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, pursuant to a Transfer thereof to any Person other than a Shareholder, an Affiliate of a Shareholder, such other Person or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder, an Affiliate thereof or such other person is included; provided that such Transfer
----
shall be permitted by, and made in accordance with Section 3 hereof or Section 6 hereof, as the case may be, and such termination shall be effective upon the Transfer of such securities; such transferees of such securities shall have no obligations or rights under or with respect to this Agreement and, except as otherwise provided herein, shall not be deemed

to be Shareholders for any purposes of this Agreement; and thereafter such securities shall not be subject to Sections 5(c), 6 and 12 hereof for any purpose whatsoever. The representations, warranties, covenants, obligations and other agreements of Shareholders made or undertaken in this Agreement are made or undertaken by each Shareholder with respect to itself alone, severally and not jointly, and, no Shareholder shall have any responsibility with respect to the representations, warranties, covenants, obligations and other agreements made or undertaken by any other Shareholder in this Agreement or any liability with respect to the breach thereof by any other Shareholder.

(c) Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, and each of Spinco, on the one hand, and Shareholders, on the other hand, shall indemnify and hold the other harmless from and against any and all claims, liabilities or obligations with respect to any brokerage fees, commissions or finders' fees asserted by any person on the basis of any act or statement alleged to have been made by such party or its Affiliates.

(d) Except as provided in the Agreement, this Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other party, provided that Spinco may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Spinco no such assignment shall relieve Spinco of its obligations hereunder if such assignee does not perform such obligations.

(e) This Agreement may not be amended, changed, supplemented, or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by each of the parties hereto. The parties may waive compliance by the other parties hereto with any representation, agreement or condition otherwise required to be complied with by such other party hereunder, but any such waiver shall be effective only if in writing executed by the waiving party.

(f) All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly

received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as FedEx), or by any courier service, such as FedEx, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to Shareholders:

The Anschutz Corporation
Suite 2400
555 Seventeenth Street
Denver, Colorado 80202

Anschutz Foundation
Suite 2400
555 Seventeenth Street
Denver, Colorado 80202

Philip F. Anschutz
Suite 2400
555 Seventeenth Street
Denver, Colorado 80202

and, in either case, with a copy to:

O'Melveny & Myers
153 East 53rd Street
New York, New York 10022
Telephone No.: (212) 326-2000
Telecopy No.: (212) 326-2091
Attention: Drake S. Tempest, Esq.

If to Spinco:

Union Pacific Resources Group Inc.
P.O. Box 7, 801 Cherry Street
Fort Worth, Texas 76101
Telephone No.: (817) 877-6000
Telecopy No.: (817) 877-7522
Attention: B. J. Zimmerman, Esq.

copy to:

Skadden, Arps, Slate,
Meagher & Flom
919 Third Avenue
New York, New York 10022
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2001
Attention: Paul T. Schnell, Esq.

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(g) Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(h) Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(i) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to

insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

(l) The representations and warranties made herein shall survive through the term of this Agreement.

(m) Each party hereby irrevocably submits to the nonexclusive jurisdiction of the Supreme Court in the State of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding may be brought in such court (and waives any objection based on forum non conveniens or any other objection to venue
-----
therein); provided, however, that such consent to jurisdiction is solely for the
----
purpose referred to in this paragraph (m) and shall not be deemed to be a general submission to the jurisdiction of said Court or in the State of New York other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(n) The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(o) This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Spinco and Shareholders have caused this Agreement to be duly executed as of the day and year first above written.

UNION PACIFIC RESOURCES GROUP INC.

By:_____
Name:
Title:

No. of Shares: 48,084,754

THE ANSCHUTZ CORPORATION

By:_____
Name:
Title:

No. of Shares: 1,558,254

ANSCHUTZ FOUNDATION

By:_____
Name:
Title:

No. of Shares: 48,084,754 [by reason of ownership of TAC]

_____
Philip F. Anschutz

EXHIBIT 99(c)(6)

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of August 3, 1995, by and among Union Pacific Corporation, a Utah corporation ("Parent"), The Anschutz Corporation, a Kansas corporation ("TAC"), and Anschutz Foundation, a Colorado not-for-profit corporation (the "Foundation" and, together with TAC, the "Holders").

W I T N E S S E T H:
- - - - - - - - - - -

WHEREAS, simultaneously with the execution of this Agreement, Parent, Union Pacific Railroad Company, a Utah corporation and an indirect wholly owned subsidiary of Parent ("UPRR"), UP Acquisition Corporation, a Delaware corporation and a direct wholly owned subsidiary of UPRR ("Purchaser"), and Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such Agreement may be amended from time to time, the "Merger Agreement"), pursuant to which, among other things, Purchaser has agreed to commence a cash tender offer (the "Offer") to purchase up to 39,034,471 shares of common stock, $.001 par value, of the Company ("Company Common Stock") and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, pursuant to the Merger, the Holders will receive shares of Common Stock, par value $2.50 per share, of Parent ("Parent Common Stock");

WHEREAS, Parent, Purchaser and the Holders are simultaneously herewith entering into a Shareholders Agreement (the "Shareholders Agreement"), pursuant to which, among other things, the Holders have agreed to vote their shares of Company Common Stock in favor of the Merger and to abide by certain agreements relating to the shares of Parent Common Stock to be received in the Merger;

WHEREAS, as an inducement and a condition to their entering into the Shareholders Agreement and voting for the Merger, the Holders have required that Parent agree, and Parent has agreed, to enter into this Registration Rights Agreement providing, among other things, for the registration under the Securities Act of 1933, as

amended (the "Securities Act"), of shares of Parent Common Stock to be disposed of by the Holders;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations, warranties, covenants and agreements contained herein and in the Shareholders Agreement, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Definitions. Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that, directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For the purposes of this definition, "control" (including, with correlative meanings, the term "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Commission" shall mean the Securities and Exchange Commission.

(c) "Demand Registration" shall mean a Demand Registration as defined in Section 2.1.

(d) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(e) "Piggy-Back Registration" shall mean a Piggy-Back Registration as defined in Section 2.2.

(f) "Registrable Securities" shall mean the Parent Common Stock received by the Holders pursuant to

the Merger until (i) a registration statement covering such security has been declared effective by the Commission and it has been disposed of pursuant to such effective registration statement, (ii) it has been sold under circumstances in which all of the applicable conditions of Rules 145 and 144 or Rule 144A (or any similar provisions then in force) under the Securities Act are met, or (iii) it has been otherwise transferred and Parent has delivered a new certificate or other evidence of ownership for it not bearing a restrictive legend and it may be resold without subsequent registration under the Securities Act.

(g) "Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement under the Securities Act.

(h) "Termination Date" means the seventh anniversary of the Closing Date (as defined in the Merger Agreement).

(i) "Underwriter" means a securities dealer which purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

ARTICLE II

REGISTRATION RIGHTS

SECTION 2.1. Demand Registrations. (a) Request for Registration. Any Holder may make, at any time or from time to time after the Closing Date, subject to the terms herein and until and including the Termination Date of this Agreement, a written request for registration under the Securities Act of all or part of the Registrable Securities then held by such Holder (a "Demand Registration"); provided, that Parent shall not be obligated to effect more than three Demand Registrations for the Holders in total pursuant to this Agreement. Such request will specify the number of Registrable Securities proposed to be sold by the Holder(s) and will also specify the intended method of disposition thereof. Parent will give written notice of such registration request to all the Holders of the Registrable Securities and, subject to Section 2.3, include in such registration

all such Registrable Securities with respect to which Parent has received written requests for inclusion therein within 20 business days after receipt by the Holders of Parent's notice. Each request will also specify the number of Registrable Securities to be registered and the intended disposition thereof.

(b) Effective Registration. A Demand Registration will not count as a Demand Registration unless and until it has become effective.

(c) Underwriting of Demand Registrations. At the election of the Holders, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. The Holder requesting the Demand Registration (with the consent of Parent, not to be unreasonably withheld) shall select the book-running managing Underwriter in connection with such offering and any additional investment bankers and managers to be used in connection with the offering. To the extent 10% or more of the Registrable Securities so requested to be registered in a Demand Registration are excluded from the offering in accordance with Section 2.3, there shall be provided one additional Demand Registration under Section 2.1(a).

SECTION 2.2. Piggy-Back Registration. If Parent proposes to file a registration statement under the Securities Act with respect to an offering by Parent for its own account or for the account of any of its respective securityholders of any class of equity security (other than a registration statement on Form S-4 or S-8 (or any substitute form that may be adopted by the Commission) or filed in connection with an exchange offer or offering of securities solely to Parent's existing securityholders or a registration statement filed by Parent to comply with its obligations under Demand Registrations pursuant to Section 2.1 hereof), then Parent shall give written notice of such proposed filing to the Holders of Registrable Securities as soon as practicable (but in no event less than 10 days before the anticipated filing date), and such notice shall offer such Holders the opportunity to register such number of shares of Registrable Securities as each such Holder may request (a "Piggy-Back Registration"). Parent shall use its best efforts to cause the managing Underwriter or Underwriters of a proposed underwritten offering to permit the Regis-

trable Securities requested to be included in a Piggy-Back Registration to be included on the same terms and conditions as any similar securities of Parent included therein.

SECTION 2.3. Reduction of Offering. Notwithstanding anything contained in this Registration Rights Agreement, if the managing Underwriter or Underwriters of an offering described in Section 2.1 or 2.2 delivers a written opinion to the Holders of the Registrable Securities to be included in such offering that the success of the offering would be materially and adversely affected by inclusion of all the Registrable Securities requested to be included either because of (a) the size of the offering that the Holders, Parent and such other persons intend to make or (b) the kind of securities that the Holders, Parent and any other persons or entities intend to include in such offering, then (A) in the event that the size of the offering is the basis of such Underwriter's opinion, the amount of securities to be offered for the accounts of Holders shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter or Underwriters and Parent will include in the registration the maximum number of securities which it is so advised can be sold without such adverse effect, allocated, on a pro-rata basis within each following order of priority, as follows:

(i) FIRST, any securities proposed to be registered by Holder(s) exercising a Demand Registration right pursuant to this Agreement or any securities proposed to be included in such Demand Registration by other Holder(s) as contemplated by Section 2.1(a);

(ii) SECOND, any securities proposed to be registered by Parent for its own account; and

(iii) THIRD, any other securities proposed to be registered for the account of the Holders in a Piggy-Back Registration or any securities proposed to be registered by another holder(s) pursuant to a registration rights agreement entered into between such other holder(s) and Parent who are exercising "piggy-back" registration rights;

and (B) in the event that the kind of securities to be offered is the basis of such Underwriter's opinion, (x) the Registrable Securities to be included in such offering shall be reduced as described in clause (A) above or (y) if the actions described in the immediately preceding clause (x) would, in the judgment of the managing Underwriter, be insufficient to eliminate substantially the material and adverse effect that inclusion of the Registration Securities requested to be included would have on such offering, such Registrable Securities will be excluded from such offering.

ARTICLE III

REGISTRATION PROCEDURES

SECTION 3.1. Filings; Information. Whenever the Holders have requested that any Registrable Securities be registered pursuant to Section 2.1 hereof, Parent will use its best efforts to effect the registration and facilitate the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as practicable, and in connection with any such request:

(a) Parent will as expeditiously as possible prepare and file with the Commission a registration statement on any form for which Parent then qualifies or which counsel for Parent shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its best efforts to cause such filed registration statement to become and remain effective for a period of not less than 180 days (90 days in the case of a fully underwritten offering other than pursuant to Rule 415 under the Securities Act); provided that if Parent shall furnish to the Holders making a request pursuant to Section 2.1 a certificate signed by either its Chairman or President stating that in his good faith judgment it would be significantly disadvantageous to Parent or its shareholders for such a registration statement to be filed as expeditiously

as possible, Parent shall have a period of not more than 90 days within which to file such registration statement measured from the date of receipt of the request in accordance with Section 2.1.

(b) Parent will, if requested, prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish and allow a reasonable time for review and comment to each Selling Holder and each Underwriter, if any, of the Registrable Securities covered by such registration statement copies of such registration statement as proposed to be filed, and thereafter furnish to such Selling Holder and Underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Selling Holder or Underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder.

(c) After the filing of the registration statement, Parent will promptly notify each Selling Holder of Registrable Securities covered by such registration statement of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) Parent will use its best efforts to (i) register or qualify the Registrable Securities under such other securities or blue sky laws of such jurisdictions in the United States as any Selling Holder reasonably (in light of such Selling Holder's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of Parent and do

any and all other acts and things that may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition of the Registrable Securities owned by such Selling Holder; provided that Parent will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (d), (B) subject itself to taxation in any such jurisdiction, (C) consent to general service of process in any such jurisdiction or (D) consent to any material restrictions on the conduct of its business or any restrictions on payments to any stockholders of Parent; and provided further that the Holders will not be required to take any action pursuant to this paragraph (d).

(e) Parent will promptly notify each Selling Holder of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and promptly make available to each Selling Holder any such supplement or amendment.

(f) Parent and each Selling Holder will enter into customary agreements (including an underwriting agreement in customary form containing customary representations, warranties, covenants, opinions, certificates, cross-indemnification and contribution provisions) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities.

(g) Parent will make available for inspection by any Selling Holder of such Registrable Securities, any Underwriter participat-

ing in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any such Selling Holder or Underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of Parent (collectively, the "Records") as shall be reasonably necessary to conduct due diligence, and cause Parent's officers, directors and employees to supply all information reasonably requested by any Inspectors in connection with such registration statement. The Selling Holders shall cause such Records which Parent determines, in good faith, to be confidential and which Parent notifies the Inspectors are confidential to be kept confidential by the Inspectors and not used for any purpose other than such registration of Registrable Securities, and the Selling Holders shall cause the Inspectors not to disclose the Records unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in such registration statement or (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction. Information obtained by any Selling Holder hereunder as a result of such inspections shall be deemed confidential and shall be kept confidential by the Selling Holders and may not be used by any Selling Holder for any purpose other than such registration of Registrable Securities. Each Selling Holder will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to Parent and allow Parent, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential.

(h) Parent will furnish to each Selling Holder and to each Underwriter, if any, a signed counterpart, addressed to such Selling Holder or Underwriter, of (i) an opinion or opinions of counsel to Parent and (ii) a comfort letter or comfort letters from Parent's independent public accountants, each in custom-

ary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the Holders of a majority of the Registrable Securities included in such offering or the managing Underwriter therefor reasonably requests.

(i) Parent will otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security-holders, as soon as reasonably practicable, an earnings statement covering a period of 12 months, beginning within three months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act.

(j) Parent will use its best efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by Parent are then listed.

Each Selling Holder of Registrable Securities agrees to promptly furnish in writing to Parent such information regarding the distribution of the Registrable Securities as Parent may from time to time reasonably request and such other information as may be legally required in connection with such registration.

Upon receipt of any notice from Parent of the happening of any event of the kind described in Section 3.1(e) hereof, each Selling Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.1(e) hereof, and, if so directed by Parent, such Selling Holder will deliver to Parent all copies, other than permanent file copies then in such Selling Holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. In the event Parent shall give such notice, Parent shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 3.1(a)

hereof) by the number of days during the period from and including the date of the giving of notice pursuant to Section 3.1(e) hereof to the date when Parent shall make available to the Selling Holders of Registrable Securities covered by such registration statement a prospectus supplemented or amended to conform with the requirements of Section 3.1(e) hereof.

The procedures set forth in this Section 3.1 shall apply to Piggy-Back Registrations pursuant to Section 2.2.

SECTION 3.2. Registration Expenses. In connection with any registration statement required to be filed hereunder, Parent shall pay the following Registration expenses incurred in connection with the registration hereunder (the "Registration Expenses"): (i) all registration and filing fees, (ii) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (iii) printing expenses, (iv) internal expenses (including without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities, and (vi) reasonable fees and disbursements of counsel for Parent and customary fees and expenses for independent certified public accountants retained by Parent (including the expenses of any comfort letters or costs associated with the delivery by independent certified public accountants of a comfort letter or comfort letters requested pursuant to Section 3.1(h) hereof). Parent shall have no obligation to pay any underwriting fees, discounts, commissions or expenses attributable to the sale of Registrable Securities, including, without limitation, the fees and expenses of any Underwriters and such Underwriters' counsel, or any out-of-pocket expenses of the Holders (or the agents who manage their accounts), including, without limitation, the fees and expenses of any counsel retained by the Holders. Such Holders' fees, discounts, commissions and expenses shall be paid promptly by the Holders.

ARTICLE IV

INDEMNIFICATION AND CONTRIBUTION

SECTION 4.1. Indemnification by Parent. Parent agrees to indemnify and hold harmless each Selling Holder of Registrable Securities, its officers, directors and agents, and each Person, if any, who controls such Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) caused by any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities or in any amendment or supplement thereto or in any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished in writing to Parent by such Selling Holder or on such Selling Holder's behalf expressly for the use therein; provided, that with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus, the indemnity agreement contained in this paragraph shall not apply to the extent that any such loss, claim, damage, liability or expense results from the fact that a current copy of the prospectus was not sent or given to the person asserting any such loss, claim, damage, liability or expense at or prior to the written confirmation of the sale of the Registrable Securities concerned to such person if it is determined that it was the responsibility of such Selling Holder to provide such person with a current copy of the prospectus and such current copy of the prospectus would have cured the defect giving rise to such loss, claim, damage, liability or expense. Parent also agrees to indemnify any Underwriters of the Registrable Securities, their officers and directors and each person who controls such underwriters on substantially the same basis as that of the indemnification of the Selling Holders provided in this Section 4.1.

SECTION 4.2. Indemnification by Holders of Registrable Securities.

Each Selling Holder agrees, severally but not jointly, to indemnify and hold harmless Parent, its officers, directors and agents and each Person, if any, who controls Parent within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from Parent to such Selling Holder, but only with respect to information furnished in writing by such Selling Holder or on such Selling Holder's behalf expressly for use in any registration statement or prospectus relating to the Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus; and provided that the liability of each Selling Holder under the foregoing indemnity shall be limited to an amount equal to the public offering price of the Registrable Securities sold by such Selling Holder, less the applicable underwriting discounts and commissions. Each Selling Holder also agrees to indemnify and hold harmless Underwriters of the Registrable Securities, their officers and directors and each person who controls such Underwriters on substantially the same basis as that of the indemnification of Parent provided in this Section 4.2.

SECTION 4.3. Conduct of Indemnification Proceeding. If any action or proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 4.1 or 4.2, such person (an "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (an "Indemnifying Party") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all expenses. Such Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (a) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (b) the named parties to any such action or proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing inter-

ests between them. It is understood that the Indemnifying Party shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by the Indemnified Parties and shall, in the case of a Demand Registration, be reasonably satisfactory to the Indemnifying Party. The Indemnifying Party shall not be liable for any settlement of any such action or proceeding effected without its written consent, but if settled with its written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of with any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding.

SECTION 4.4. Contribution. If the indemnification provided for in this Article IV is unavailable to the Indemnified Parties in respect of any losses, claims, damages or liabilities referred to herein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (a) as between Parent and the Selling Holders on the one hand and the Underwriters on the other, in such proportion as is appropriate to reflect the relative benefits received by Parent and the Selling Holders on the one hand and the Underwriters on the other from the offering of the securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of

Parent and the Selling Holders on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations and (b) as between Parent on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of Parent and of each Selling Holder in connection with such statements or omissions, as well as any other relevant equitable considerations. The relative benefits received by Parent and the Selling Holders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by Parent and the Selling Holders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of Parent and the Selling Holders on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by Parent and the Selling Holders or by the Underwriters. The relative fault of Parent on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

Parent and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 4.4 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitation set forth above, any legal or other expenses

reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 4.4, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Securities of such Selling Holder were offered to the public exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

ARTICLE V

EFFECTIVENESS

SECTION 5.1. Effectiveness. This Agreement shall become effective only upon the consummation of the Merger and shall terminate and be void and of no force or effect if the Merger Agreement is terminated in accordance with its terms.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1. Participation in Underwritten Registrations. No Person may participate in any underwritten registration hereunder unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of

such underwriting arrangements and these Registration Rights.

SECTION 6.2. Merger, Consolidation, Exchange, Recapitalization etc.

In the event, directly or indirectly, (a) Parent shall merge with and into, or consolidate with, or consummate a share exchange with, any other person, or (b) any person shall merge with and into, or consolidate, Parent and Parent shall be the surviving corporation of such merger or consolidation and, in connection with such merger or consolidation, all or part of the Registrable Securities shall be changed into or exchanged for stock or other securities of any person, or (c) any capital stock or other securities are issued in respect of, in exchange for, or in substitution of, any Parent equity securities by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, split-off, sale of assets, distribution to stockholders or combination of the shares of Parent equity securities or any Parent's capital structure, then, in each such case, appropriate adjustments shall be made so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the parties hereto under this Registration Rights Agreement.

SECTION 6.3. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by an overnight courier service, such as FedEx, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent, to:

Union Pacific Corporation
Martin Towers
Eighth & Eaton Avenues
Bethlehem, Pennsylvania 18018
Attention: Carl W. von Bernuth, Esq.
Telephone No.: (610) 861-3200
Telecopy No.: (610) 861-3111

with a copy to:

Paul T. Schnell, Esq.
Skadden, Arps, Slate, Meagher, & Flom
919 Third Avenue
New York, New York 10022
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2001

and

(b) if to the Holders to:

The Anschutz Corporation
Anschutz Foundation
Suite 2400
555 Seventeenth Street
Denver, Colorado 80202
Attention: Philip F. Anschutz
Telephone No.: (303) 298-1000
Telecopy No.: (303) 298-8881

with a copy to:

O'Melveny & Myers
153 East 53rd Street
New York, New York 10022
Attention: Drake S. Tempest, Esq.
Telephone No.: (212) 326-2000
Telecopy No.: (212) 326-2091

SECTION 6.4. No Waivers; Remedies. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver of the right, power or privilege. A single or partial exercise of any right, power or privilege shall not preclude any other or further exercise of the right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 6.5. Amendments, etc. No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by a party to this Agreement from any provision of this Agreement, shall be effective unless it shall be in writing and signed and delivered by the other party to this Agreement, and then it shall be effective only in the specific instance and for the specific purpose for which it is given.

SECTION 6.6. Assignment. The provisions of this Agreement shall not be assignable and any transfer of Registrable Securities shall not transfer any rights under this Agreement to the transferee; provided, however, that (a) either Holder shall have the right to assign its rights under this Agreement to any Person who or which (i) acquires at least 20% of the Parent Common Stock then Beneficially Owned by such Holder, (ii) would then be eligible to report its ownership of Parent Common Stock (assuming ownership by such Person of a sufficient number of shares of Parent Common Stock to require such reporting) on a Schedule 13G, (iii) shall have agreed in writing (which agreement shall be addressed, and shall be reasonably satisfactory in form and substance, to Parent) to be bound by and comply with this Agreement with the same force and effect as if all references herein to the Holders were references to such Person and (iv) is reasonably acceptable to Parent, and (b) without the consent of Parent, but subject to clauses (i) and (iii) of subsection (a) above, either Holder shall have the right to assign its rights under this Agreement to (x) any financial institution to which such Holder has, in accordance with Section 2(b) of the Shareholders Agreement, pledged shares of Parent Common Stock, provided that such assignment shall not be effective until following a default by Holder under such pledge, or (y) any Affiliate of Mr. Philip F. Anschutz (it being understood and agreed that any such rights transferred to any such Affiliate shall terminate if such Affiliate ceases to be an Affiliate of Mr. Philip F. Anschutz).

SECTION 6.7. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof. All rights and obligations of Parent and Holders shall be

in addition to and not in limitation of those provided by applicable law.

SECTION 6.8. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were on the same instrument.

SECTION 6.9. Severability of Provisions. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of the provision in any other jurisdiction.

SECTION 6.10. Headings and References. Section headings in this Agreement are included for the convenience of reference only and do not constitute a part of this Agreement for any other purpose. Reference to parties and sections in this Agreement are references to the parties to or the sections of this Agreement, as the case may be, unless the context shall require otherwise.

SECTION 6.11. Entire Agreement. This Agreement embodies the entire agreement and understanding of the respective parties with respect to the Holders' registration rights and supersedes all prior agreements or understandings with respect to such rights.

SECTION 6.12. Survival. Except as otherwise specifically provided in this Agreement, each representation, warranty or covenant of each party to this Agreement contained in or made pursuant to this Agreement shall survive and remain in full force and effect, notwithstanding any investigation or notice to the contrary or any waiver by any other party of a related condition precedent to the performance by the other party of an obligation under this Agreement.

SECTION 6.13. Non-Exclusive Jurisdiction. Each party hereto (a) agrees that any action, suit or proceeding (collectively, an "Action") with respect to this Agreement may be brought in the courts of the United States of America for the Southern District of New York, (b) accepts for itself and in respect of its property,

generally and unconditionally, the jurisdiction of those courts and (c) irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of FORUM NON CONVENIENS, which it may now or hereafter have to the bringing of any Action in those jurisdictions.

SECTION 6.14. Waiver of Jury Trial. Each party waives any right to a trial by jury in any Action to enforce or defend any right under this Agreement or any amendment, instrument, document or agreement delivered, or which in the future may be delivered, in connection with this Agreement and agrees that any Action shall be tried before a court and not before a jury.

SECTION 6.15. Specific Performance. Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

SECTION 6.16. No Inconsistent Agreements. Parent is not as of the date hereof subject to any agreement with respect to the registration under the Securities Act of any securities of Parent or otherwise, and prior to the Termination Date shall not enter into any such agreement that is inconsistent with the provisions of this Agreement, including, without limitation, the order of priority by which the total amount of securities of Parent to be included in any offering subject to Article II hereof shall be reduced pursuant to Section 2.3 hereof.

IN WITNESS WHEREOF, Parent and the Holders have caused this Agreement to be duly executed as of the date first above written.

UNION PACIFIC CORPORATION

By:

Name:
Title:

THE ANSCHUTZ CORPORATION

By:

Name:
Title:

ANSCHUTZ FOUNDATION

By:

Name:
Title:

EXHIBIT 99(c)(7)

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of August 3, 1995, between UP Acquisition Corporation, a Delaware corporation (the "Holder" and, collectively with any of its successors and permitted assigns hereunder, the "Holders") and Southern Pacific Rail Corporation, a Delaware corporation (the "Company").

W I T N E S S E T H:
- - - - - - - - - - -

WHEREAS, simultaneously with the execution of this Agreement, Union Pacific Corporation, a Utah corporation ("Parent"), Union Pacific Railroad Company, a Utah corporation and an indirect wholly owned subsidiary of Parent ("UPRR"), the Holder, a direct wholly owned subsidiary of UPRR, and the Company have entered into an Agreement and Plan of Merger (as such Agreement may be amended from time to time, the "Merger Agreement"), pursuant to which, among other things, the Holder has agreed to commence a cash tender offer (the "Offer") to purchase up to 39,034,471 shares of common stock, $.001 par value, of the Company ("Company Common Stock") and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, Parent, the Company and the Holder are simultaneously herewith entering into a Shareholders Agreement (the "Shareholders Agreement"), pursuant to which, among other things, the Holder has agreed to vote its shares of Company Common Stock in favor of the Merger and to abide by certain agreements relating to the shares of Company Common Stock to be purchased in the Offer;

WHEREAS, as an inducement and a condition to its entering into the Shareholders Agreement and the Merger Agreement and commencing the Offer, the Holder has required that the Company agree, and the Company has agreed, to enter into this Registration Rights Agreement providing, among other things, for the registration under the Securities Act of 1933, as amended (the "Securities Act"), of shares of Company Common Stock to be disposed of by the Holder;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations, warranties,

covenants and agreements contained herein and in the Shareholders Agreement and the Merger Agreement, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Definitions. Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that, directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For the purposes of this definition, "control" (including, with correlative meanings, the term "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Commission" shall mean the Securities and Exchange Commission.

(c) "Demand Registration" shall mean a Demand Registration as defined in Section 2.1.

(d) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(e) "Piggy-Back Registration" shall mean a Piggy-Back Registration as defined in Section 2.2.

(f) "Registrable Securities" shall mean the Company Common Stock purchased by the Holder pursuant to the Offer until (i) a registration statement covering such security has been declared effective by the Commission and it has been disposed of pursuant to such effective registration statement, (ii) it has been sold under

circumstances in which all of the applicable conditions of Rules 145 and 144 or Rule 144A (or any similar provisions then in force) under the Securities Act are met, or (iii) it has been otherwise transferred and the Company has delivered a new certificate or other evidence of ownership for it not bearing a restrictive legend and it may be resold without subsequent registration under the Securities Act.

(g) "Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement under the Securities Act.

(h) "Termination Date" means the seventh anniversary of the date on which the Holder accepts shares of Company Common Stock for payment pursuant to the Offer.

(i) "Underwriter" means a securities dealer which purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

ARTICLE II

REGISTRATION RIGHTS

SECTION 2.1. Demand Registrations. (a) Request for Registration. Any Holder may make, at any time or from time to time after the date on which the Holder accepts shares of Company Common Stock for payment pursuant to the Offer, subject to the terms herein and until and including the Termination Date of this Agreement, a written request for registration under the Securities Act of all or part of the Registrable Securities then held by such Holder (a "Demand Registration"); provided, that the Company shall not be obligated to effect more than six Demand Registrations for the Holders in total pursuant to this Agreement. Such request will specify the number of Registrable Securities proposed to be sold by the Holder(s) and will also specify the intended method of disposition thereof. The Company will give written notice of such registration request to all the Holders of the Registrable Securities and, subject to Section 2.3, include in such registration all such Registrable Securities with respect to which the Company has received written requests for inclusion therein within 20 business

days after receipt by the Holders of the Company's notice. Each request will also specify the number of Registrable Securities to be registered and the intended disposition thereof.

(b) Effective Registration. A Demand Registration will not count as a Demand Registration unless and until it has become effective.

(c) Underwriting of Demand Registrations. At the election of the Holders, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. The Holder requesting the Demand Registration (with the consent of the Company, not to be unreasonably withheld) shall select the book-running managing Underwriter in connection with such offering and any additional investment bankers and managers to be used in connection with the offering. To the extent 10% or more of the Registrable Securities so requested to be registered in a Demand Registration are excluded from the offering in accordance with Section 2.3, there shall be provided one additional Demand Registration under Section 2.1(a).

SECTION 2.2. Piggy-Back Registration. If the Company proposes to file a registration statement under the Securities Act with respect to an offering by the Company for its own account or for the account of any of its respective securityholders of any class of equity security (other than a registration statement on Form S-4 or S-8 (or any substitute form that may be adopted by the Commission) or filed in connection with an exchange offer or offering of securities solely to the Company's existing securityholders or a registration statement filed by the Company to comply with its obligations under Demand Registrations pursuant to Section 2.1 hereof), then the Company shall give written notice of such proposed filing to the Holders of Registrable Securities as soon as practicable (but in no event less than 10 days before the anticipated filing date), and such notice shall offer such Holders the opportunity to register such number of shares of Registrable Securities as each such Holder may request (a "Piggy-Back Registration"). The Company shall use its best efforts to cause the managing Underwriter or Underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggy-Back Registration to be included on the

same terms and conditions as any similar securities of the Company included therein.

SECTION 2.3. Reduction of Offering. Notwithstanding anything contained in this Registration Rights Agreement, if the managing Underwriter or Underwriters of an offering described in Section 2.1 or 2.2 delivers a written opinion to the Holders of the Registrable Securities to be included in such offering that the success of the offering would be materially and adversely affected by inclusion of all the Registrable Securities requested to be included either because of (a) the size of the offering that the Holders, Parent and such other persons intend to make or (b) the kind of securities that the Holders, Parent and any other persons or entities intend to include in such offering, then (A) in the event that the size of the offering is the basis of such Underwriter's opinion, the amount of securities to be offered for the accounts of Holders shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter or Underwriters and the Company will include in the registration the maximum number of securities which it is so advised can be sold without such adverse effect, allocated, on a pro-rata basis within each following order of priority, as follows:

(i) FIRST, any securities proposed to be registered by Holder(s) exercising a Demand Registration right pursuant to this Agreement or any securities proposed to be included in such Demand Registration by other Holder(s) as contemplated by Section 2.1(a);

(ii) SECOND, any securities proposed to be registered by the Company for its own account; and

(iii) THIRD, any other securities proposed to be registered for the account of the Holders in a Piggy-Back Registration or any securities proposed to be registered by another holder(s) pursuant to a registration rights agreement entered into between such other holder(s) and the Company who are exercising "piggy-back" registration rights;

and (B) in the event that the kind of securities to be offered is the basis of such Underwriter's opinion, (x) the Registrable Securities to be included in such offering shall be reduced as described in clause (A) above or (y) if the actions described in the immediately preceding clause (x) would, in the judgment of the managing Underwriter, be insufficient to eliminate substantially the material and adverse effect that inclusion of the Registration Securities requested to be included would have on such offering, such Registrable Securities will be excluded from such offering.

ARTICLE III

REGISTRATION PROCEDURES

SECTION 3.1. Filings; Information. Whenever the Holders have requested that any Registrable Securities be registered pursuant to Section 2.1 hereof, the Company will use its best efforts to effect the registration and facilitate the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as practicable, and in connection with any such request:

(a) The Company will as expeditiously as possible prepare and file with the Commission a registration statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its best efforts to cause such filed registration statement to become and remain effective for a period of not less than 180 days (90 days in the case of a fully underwritten offering other than pursuant to Rule 415 under the Securities Act); provided that if the Company shall furnish to the Holders making a request pursuant to Section 2.1 a certificate signed by either its Chairman or President stating that in his good faith judgment it would be significantly disadvantageous to the Company or its shareholders for such a registration statement to be filed as expedi-

tiously as possible, the Company shall have a period of not more than 90 days within which to file such registration statement measured from the date of receipt of the request in accordance with Section 2.1.

(b) The Company will, if requested, prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish and allow a reasonable time for review and comment to each Selling Holder and each Underwriter, if any, of the Registrable Securities covered by such registration statement copies of such registration statement as proposed to be filed, and thereafter furnish to such Selling Holder and Underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Selling Holder or Underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder.

(c) After the filing of the registration statement, the Company will promptly notify each Selling Holder of Registrable Securities covered by such registration statement of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) The Company will use its best efforts to (i) register or qualify the Registrable Securities under such other securities or blue sky laws of such jurisdictions in the United States as any Selling Holder reasonably (in light of such Selling Holder's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of

the business and operations of the Company and do any and all other acts and things that may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition of the Registrable Securities owned by such Selling Holder; provided that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (d), (B) subject itself to taxation in any such jurisdiction, (C) consent to general service of process in any such jurisdiction or (D) consent to any material restrictions on the conduct of its business or any restrictions on payments to any stockholders of the Company; and provided further that the Holders will not be required to take any action pursuant to this paragraph (d).

(e) The Company will promptly notify each Selling Holder of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and promptly make available to each Selling Holder any such supplement or amendment.

(f) The Company and each Selling Holder will enter into customary agreements (including an underwriting agreement in customary form containing customary representations, warranties, covenants, opinions, certificates, cross-indemnification and contribution provisions) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities.

(g) The Company will make available for inspection by any Selling Holder of such Regis-

trable Securities, any Underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any such Selling Holder or Underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records") as shall be reasonably necessary to conduct due diligence, and cause the Company's officers, directors and employees to supply all information reasonably requested by any Inspectors in connection with such registration statement. The Selling Holders shall cause such Records which the Company determines, in good faith, to be confidential and which the Company notifies the Inspectors are confidential to be kept confidential by the Inspectors and not used for any purpose other than such registration of Registrable Securities, and the Selling Holders shall cause the Inspectors not to disclose the Records unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in such registration statement or (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction. Information obtained by any Selling Holder hereunder as a result of such inspections shall be deemed confidential and shall be kept confidential by the Selling Holders and may not be used by any Selling Holder for any purpose other than such registration of Registrable Securities. Each Selling Holder will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential.

(h) The Company will furnish to each Selling Holder and to each Underwriter, if any, a signed counterpart, addressed to such Selling Holder or Underwriter, of (i) an opinion or opinions of counsel to the Company and (ii) a comfort letter or comfort letters from the

Company's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the Holders of a majority of the Registrable Securities included in such offering or the managing Underwriter therefor reasonably requests.

(i) The Company will otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security-holders, as soon as reasonably practicable, an earnings statement covering a period of 12 months, beginning within three months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act.

(j) The Company will use its best efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed.

Each Selling Holder of Registrable Securities agrees to promptly furnish in writing to the Company such information regarding the distribution of the Registrable Securities as the Company may from time to time reasonably request and such other information as may be legally required in connection with such registration.

Upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.1(e) hereof, each Selling Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.1(e) hereof, and, if so directed by the Company, such Selling Holder will deliver to the Company all copies, other than permanent file copies then in such Selling Holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. In the event the Company shall give such notice, the Company shall extend the period during which such registration statement shall be

maintained effective (including the period referred to in Section 3.1(a) hereof) by the number of days during the period from and including the date of the giving of notice pursuant to Section 3.1(e) hereof to the date when the Company shall make available to the Selling Holders of Registrable Securities covered by such registration statement a prospectus supplemented or amended to conform with the requirements of Section 3.1(e) hereof.

The procedures set forth in this Section 3.1 shall apply to Piggy-Back Registrations pursuant to Section 2.2.

SECTION 3.2. Registration Expenses. In connection with any registration statement required to be filed hereunder, the Company shall pay the following Registration expenses incurred in connection with the registration hereunder (the "Registration Expenses"): (i) all registration and filing fees, (ii) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (iii) printing expenses, (iv) internal expenses (including without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities, and (vi) reasonable fees and disbursements of counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company (including the expenses of any comfort letters or costs associated with the delivery by independent certified public accountants of a comfort letter or comfort letters requested pursuant to Section 3.1(h) hereof). The Company shall have no obligation to pay any underwriting fees, discounts, commissions or expenses attributable to the sale of Registrable Securities, including, without limitation, the fees and expenses of any Underwriters and such Underwriters' counsel, or any out-of-pocket expenses of the Holders (or the agents who manage their accounts), including, without limitation, the fees and expenses of any counsel retained by the Holders. Such Holders' fees, discounts, commissions and expenses shall be paid promptly by the Holders.

ARTICLE IV

INDEMNIFICATION AND CONTRIBUTION

SECTION 4.1. Indemnification by the Company. The Company agrees to indemnify and hold harmless each Selling Holder of Registrable Securities, its officers, directors and agents, and each Person, if any, who controls such Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) caused by any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities or in any amendment or supplement thereto or in any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished in writing to the Company by such Selling Holder or on such Selling Holder's behalf expressly for the use therein; provided, that with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus, the indemnity agreement contained in this paragraph shall not apply to the extent that any such loss, claim, damage, liability or expense results from the fact that a current copy of the prospectus was not sent or given to the person asserting any such loss, claim, damage, liability or expense at or prior to the written confirmation of the sale of the Registrable Securities concerned to such person if it is determined that it was the responsibility of such Selling Holder to provide such person with a current copy of the prospectus and such current copy of the prospectus would have cured the defect giving rise to such loss, claim, damage, liability or expense. The Company also agrees to indemnify any Underwriters of the Registrable Securities, their officers and directors and each person who controls such underwriters on substantially the same basis as that of the indemnification of the Selling Holders provided in this Section 4.1.

SECTION 4.2. Indemnification by Holders of Registrable Securities.

Each Selling Holder agrees, severally but not jointly, to indemnify and hold harmless the Company, its officers, directors and agents and each Person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Selling Holder, but only with respect to information furnished in writing by such Selling Holder or on such Selling Holder's behalf expressly for use in any registration statement or prospectus relating to the Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus; and provided that the liability of each Selling Holder under the foregoing indemnity shall be limited to an amount equal to the public offering price of the Registrable Securities sold by such Selling Holder, less the applicable underwriting discounts and commissions. Each Selling Holder also agrees to indemnify and hold harmless Underwriters of the Registrable Securities, their officers and directors and each person who controls such Underwriters on substantially the same basis as that of the indemnification of the Company provided in this Section 4.2.

SECTION 4.3. Conduct of Indemnification Proceeding. If any action or proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 4.1 or 4.2, such person (an "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (an "Indemnifying Party") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all expenses. Such Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (a) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (b) the named parties to any such action or proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing inter-

ests between them. It is understood that the Indemnifying Party shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by the Indemnified Parties and shall, in the case of a Demand Registration, be reasonably satisfactory to the Indemnifying Party. The Indemnifying Party shall not be liable for any settlement of any such action or proceeding effected without its written consent, but if settled with its written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of with any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding.

SECTION 4.4. Contribution. If the indemnification provided for in this Article IV is unavailable to the Indemnified Parties in respect of any losses, claims, damages or liabilities referred to herein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (a) as between the Company and the Selling Holders on the one hand and the Underwriters on the other, in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Holders on the one hand and the Underwriters on the other from the offering of the securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only such relative benefits but also the

relative fault of the Company and the Selling Holders on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations and (b) as between the Company on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of the Company and of each Selling Holder in connection with such statements or omissions, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Holders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company and the Selling Holders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of the Company and the Selling Holders on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Selling Holders or by the Underwriters. The relative fault of the Company on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 4.4 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the

limitation set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 4.4, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Securities of such Selling Holder were offered to the public exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

ARTICLE V

EFFECTIVENESS

SECTION 5.1. Effectiveness. This Agreement shall become effective only upon the consummation of the Offer and shall terminate and be void and of no force or effect if the Merger Agreement is terminated in accordance with its terms prior to the consummation of the Offer.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1. Participation in Underwritten Registrations. No Person may participate in any underwritten registration hereunder unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers

of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and these Registration Rights.

SECTION 6.2. Merger, Consolidation, Exchange, Recapitalization etc.

In the event, directly or indirectly, (a) the Company shall merge with and into, or consolidate with, or consummate a share exchange with, any other person, or (b) any person shall merge with and into, or consolidate, the Company and the Company shall be the surviving corporation of such merger or consolidation and, in connection with such merger or consolidation, all or part of the Registrable Securities shall be changed into or exchanged for stock or other securities of any person, or (c) any capital stock or other securities are issued in respect of, in exchange for, or in substitution of, any Company equity securities by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, split-off, sale of assets, distribution to stockholders or combination of the shares of the Company equity securities or any other alteration of the Company's capital structure, then, in each such case, appropriate adjustments shall be made so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the parties hereto under this Registration Rights Agreement.

SECTION 6.3. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by an overnight courier service, such as FedEx, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to the Holder, to:

UP Acquisition Corporation
Martin Tower
Eighth & Eaton Avenues
Bethlehem, Pennsylvania 18018
Attention: Carl W. von Bernuth, Esq.
Telephone No.: (610) 861-3200
Telecopy No.: (610) 861-3111

with a copy to:

Paul T. Schnell, Esq.
Skadden, Arps, Slate, Meagher, & Flom
919 Third Avenue
New York, New York 10022
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2001

and

(b) if to the Company to:

Southern Pacific Rail Corporation
Southern Pacific Building
One Market Plaza
San Francisco, California 94015
Attention: Cannon Y. Harvey, Esq.
Telephone No.: (415) 541-1000
Telecopy No.: (415) 541-1881

with a copy to:

Joseph W. Morrisey, Jr., Esq.
Holme Roberts & Owen LLC
1700 Lincoln
Suite 4100
Denver, Colorado 80203
Telephone No.: (303) 861-7000
Telecopy No.: (303) 866-0200

and

Peter D. Lyons, Esq.
Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Telephone No.: (212) 848-4000
Telecopy No.: (212) 848-7179

SECTION 6.4. No Waivers; Remedies. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver of the right, power or privilege. A single or partial exercise of any right, power or privilege shall not preclude any other or further exercise of the right,

power or privilege or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 6.5. Amendments, etc. No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by a party to this Agreement from any provision of this Agreement, shall be effective unless it shall be in writing and signed and delivered by the other party to this Agreement, and then it shall be effective only in the specific instance and for the specific purpose for which it is given.

SECTION 6.6. Assignment. The provisions of this Agreement shall not be assignable and any transfer of Registrable Securities shall not transfer any rights under this Agreement to the transferee; provided, however, that (a) the Holder shall have the right to assign its rights under this Agreement to any Person who or which (i) acquires at least 20% of the Company Common Stock purchased by the Holder in the Offer, (ii) would be eligible to report its ownership of the Company Common Stock (assuming ownership by such Person of a sufficient number of shares of the Company Common Stock to require such reporting) on a Schedule 13G, (iii) shall have agreed in writing (which agreement shall be addressed, and shall be reasonably satisfactory in form and substance, to the Company) to be bound by and comply with this Agreement with the same force and effect as if all references herein to the Holder were references to such Person, and (iv) is reasonably acceptable to the Company, and (b) without the consent of the Company, but subject to clauses (i) and (iii) of subsection (a) above, the Holder shall have the right to assign its rights under this Agreement to (x) any financial institution to which such Holder has, in accordance with Section 3(b) of the Shareholders Agreement, pledged shares of the Company Common Stock, provided that such assignment shall not be effective until following a default by Holder under such pledge, (y) any Affiliate of the Holder or Parent (it being understood and agreed that any such rights transferred to any such Affiliate shall terminate if such Affiliate ceases to be an Affiliate of the Holder or Parent) or (z) the Trustee under the Voting Trust (as such terms are defined in the Merger Agreement).

SECTION 6.7. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof. All rights and obligations of the Company and Holders shall be in addition to and not in limitation of those provided by applicable law.

SECTION 6.8. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were on the same instrument.

SECTION 6.9. Severability of Provisions. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of the provision in any other jurisdiction.

SECTION 6.10. Headings and References. Section headings in this Agreement are included for the convenience of reference only and do not constitute a part of this Agreement for any other purpose. Reference to parties and sections in this Agreement are references to the parties to or the sections of this Agreement, as the case may be, unless the context shall require otherwise.

SECTION 6.11. Entire Agreement. This Agreement embodies the entire agreement and understanding of the respective parties with respect to the Holders' registration rights and supersedes all prior agreements or understandings with respect to such rights.

SECTION 6.12. Survival. Except as otherwise specifically provided in this Agreement, each representation, warranty or covenant of each party to this Agreement contained in or made pursuant to this Agreement shall survive and remain in full force and effect, notwithstanding any investigation or notice to the contrary or any waiver by any other party of a related condition precedent to the performance by the other party of an obligation under this Agreement.

SECTION 6.13. Non-Exclusive Jurisdiction. Each party hereto (a) agrees that any action, suit or proceeding (collectively, an "Action") with respect to this Agreement may be brought in the courts of the United States of America for the Southern District of New York, (b) accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts and (c) irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of FORUM NON CONVENIENS, which it may now or hereafter have to the bringing of any Action in those jurisdictions.

SECTION 6.14. Waiver of Jury Trial. Each party waives any right to a trial by jury in any Action to enforce or defend any right under this Agreement or any amendment, instrument, document or agreement delivered, or which in the future may be delivered, in connection with this Agreement and agrees that any Action shall be tried before a court and not before a jury.

SECTION 6.15. Specific Performance. Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

SECTION 6.16. No Inconsistent Agreements. The Company is not as of the date hereof subject to any agreement with respect to the registration under the Securities Act of any securities of the Company or otherwise, and prior to the Termination Date shall not enter into any such agreement that is inconsistent with the provisions of this Agreement, including, without limitation, the order of priority by which the total amount of securities of the Company to be included in any offering subject to Article II shall be reduced pursuant to Section 2.3.

IN WITNESS WHEREOF, the Company and the Holder have caused this Agreement to be duly executed as of the date first above written.

SOUTHERN PACIFIC RAIL CORPORATION

By:_____
Name:
Title:

UP ACQUISITION CORPORATION

By:_____
Name:
Title:

EXHIBIT 99(c)(8)

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of August 3, 1995, among Union Pacific Resources Group Inc., a Utah corporation ("Spinco"), The Anschutz Corporation, a Kansas corporation ("TAC"), and Anschutz Foundation, a Colorado not-for-profit corporation (the "Foundation" and, together with TAC, the "Holders").

W I T N E S S E T H:
- - - - - - - - - - -

WHEREAS, simultaneously with the execution of this Agreement, Union Pacific Corporation, a Utah corporation ("Parent"), Union Pacific Railroad Company, a Utah corporation and an indirect wholly owned subsidiary of Parent ("UPRR"), UP Acquisition Corporation, a Delaware corporation and a direct wholly owned subsidiary of UPRR ("Purchaser"), and Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such Agreement may be amended from time to time, the "Merger Agreement"), pursuant to which, among other things, Purchaser has agreed to commence a cash tender offer (the "Offer") to purchase up to 39,034,471 shares of common stock, $.001 par value, of the Company and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, pursuant to the Merger, the Holders will receive shares of Common Stock, par value $2.50 per share, of Parent;

WHEREAS, Parent intends to effect an initial public offering of no more than 17.25% (not including employee shares or employee options) of, and to distribute to its shareholders as a pro rata dividend (the "Spin-off") the remainder of the shares of capital stock of Spinco;

WHEREAS, the Holders, as a result of the Merger and the Spin-off, may beneficially own certain shares of capital stock of Spinco (the "Spinco Shares");

WHEREAS, Spinco and the Holders are simultaneously herewith entering into a Shareholders Agreement

(the "Shareholders Agreement"), pursuant to which, among other things, the Holders have agreed to abide by certain agreements relating to the Spinco Shares;

WHEREAS, as an inducement and a condition to their entering into the Shareholders Agreement and voting for the Merger, the Holders have required that Parent agree, and Parent has agreed, to cause Spinco to enter into this Registration Rights Agreement providing, among other things, for the registration under the Securities Act of 1933, as amended (the "Securities Act"), of Spinco Shares to be disposed of by the Holders;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations, warranties, covenants and agreements contained herein and in the Shareholders Agreement, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Definitions. Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that, directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For the purposes of this definition, "control" (including, with correlative meanings, the term "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Commission" shall mean the Securities and Exchange Commission.

(c) "Demand Registration" shall mean a Demand Registration as defined in Section 2.1.

(d) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(e) "Piggy-Back Registration" shall mean a Piggy-Back Registration as defined in Section 2.2.

(f) "Registrable Securities" shall mean any Spinco Shares received by the Holders pursuant to the Spin-off until (i) a registration statement covering such security has been declared effective by the Commission and it has been disposed of pursuant to such effective registration statement, (ii) it has been sold under circumstances in which all of the applicable conditions of Rules 145 and 144 or Rule 144A (or any similar provisions then in force) under the Securities Act are met, or (iii) it has been otherwise transferred and Spinco has delivered a new certificate or other evidence of ownership for it not bearing a restrictive legend and it may be resold without subsequent registration under the Securities Act.

(g) "Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement under the Securities Act.

(h) "Termination Date" means the seventh anniversary of the date on which the Spin-off is consummated.

(i) "Underwriter" means a securities dealer which purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

ARTICLE II

REGISTRATION RIGHTS

SECTION 2.1. Demand Registrations. (a) Request for Registration. Any Holder may make, at any time or from time to time after the date on which the Spin-off is consummated, subject to the terms herein and until and including the Termination Date of this Agreement, a written request for registration under the Securities Act of all or part of the Registrable Securities then held by such Holder (a "Demand Registration"); provided, that

Spinco shall not be obligated to effect more than three Demand Registrations for the Holders in total pursuant to this Agreement. Such request will specify the number of Registrable Securities proposed to be sold by the Holder(s) and will also specify the intended method of disposition thereof. Spinco will give written notice of such registration request to all the Holders of the Registrable Securities and, subject to Section 2.3, include in such registration all such Registrable Securities with respect to which Spinco has received written requests for inclusion therein within 20 business days after receipt by the Holders of Spinco's notice. Each request will also specify the number of Registrable Securities to be registered and the intended disposition thereof.

(b) Effective Registration. A Demand Registration will not count as a Demand Registration unless and until it has become effective.

(c) Underwriting of Demand Registrations. At the election of the Holders, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. The Holder requesting the Demand Registration (with the consent of Spinco, not to be unreasonably withheld) shall select the book-running managing Underwriter in connection with such offering and any additional investment bankers and managers to be used in connection with the offering. To the extent 10% or more of the Registrable Securities so requested to be registered in a Demand Registration are excluded from the offering in accordance with Section 2.3, there shall be provided one additional Demand Registration under Section 2.1(a).

SECTION 2.2. Piggy-Back Registration. If Spinco proposes to file a registration statement under the Securities Act with respect to an offering by Spinco for its own account or for the account of any of its respective securityholders of any class of equity security (other than a registration statement on Form S-4 or S-8 (or any substitute form that may be adopted by the Commission) or filed in connection with an exchange offer or offering of securities solely to Spinco's existing securityholders or a registration statement filed by Spinco to comply with its obligations under Demand Registrations pursuant to Section 2.1 hereof), then Spinco shall give written notice of such proposed filing to the

Holders of Registrable Securities as soon as practicable (but in no event less than 10 days before the anticipated filing date), and such notice shall offer such Holders the opportunity to register such number of shares of Registrable Securities as each such Holder may request (a "Piggy-Back Registration"). Spinco shall use its best efforts to cause the managing Underwriter or Underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggy-Back Registration to be included on the same terms and conditions as any similar securities of Spinco included therein.

SECTION 2.3. Reduction of Offering. Notwithstanding anything contained in this Registration Rights Agreement, if the managing Underwriter or Underwriters of an offering described in Section 2.1 or 2.2 delivers a written opinion to the Holders of the Registrable Securities to be included in such offering that the success of the offering would be materially and adversely affected by inclusion of all the Registrable Securities requested to be included either because of (a) the size of the offering that the Holders, Spinco and such other persons intend to make or (b) the kind of securities that the Holders, Spinco and any other persons or entities intend to include in such offering, then (A) in the event that the size of the offering is the basis of such Underwriter's opinion, the amount of securities to be offered for the accounts of Holders shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter or Underwriters and Spinco will include in the registration the maximum number of securities which it is so advised can be sold without such adverse effect, allocated, on a pro-rata basis within each following order of priority, as follows:

(i) FIRST, any securities proposed to be registered by Holder(s) exercising a Demand Registration right pursuant to this Agreement or any securities proposed to be included in such Demand Registration by other Holder(s) as contemplated by Section 2.1(a);

(ii) SECOND, any securities proposed to be registered by Spinco for its own account; and

(iii) THIRD, any other securities proposed to be registered for the account of the Holders in a Piggy-Back Registration or any securities proposed to be registered by another holder(s) pursuant to a registration rights agreement entered into between such other holder(s) and Spinco who are exercising "piggy-back" registration rights;

and (B) in the event that the kind of securities to be offered is the basis of such Underwriter's opinion, (x) the Registrable Securities to be included in such offering shall be reduced as described in clause (A) above or (y) if the actions described in the immediately preceding clause (x) would, in the judgment of the managing Underwriter, be insufficient to eliminate substantially the material and adverse effect that inclusion of the Registration Securities requested to be included would have on such offering, such Registrable Securities will be excluded from such offering.

ARTICLE III

REGISTRATION PROCEDURES

SECTION 3.1. Filings; Information. Whenever the Holders have requested that any Registrable Securities be registered pursuant to Section 2.1 hereof, Spinco will use its best efforts to effect the registration and facilitate the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as practicable, and in connection with any such request:

(a) Spinco will as expeditiously as possible prepare and file with the Commission a registration statement on any form for which Spinco then qualifies or which counsel for Spinco shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its best efforts to cause such filed registration statement to become and remain effective for a period of not less than 180 days (90 days in the case of a fully underwritten offering other than pursuant

to Rule 415 under the Securities Act); provided that if Spinco shall furnish to the Holders making a request pursuant to Section 2.1 a certificate signed by either its Chairman or President stating that in his good faith judgment it would be significantly disadvantageous to Spinco or its shareholders for such a registration statement to be filed as expeditiously as possible, Spinco shall have a period of not more than 90 days within which to file such registration statement measured from the date of receipt of the request in accordance with Section 2.1.

(b) Spinco will, if requested, prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish and allow a reasonable time for review and comment to each Selling Holder and each Underwriter, if any, of the Registrable Securities covered by such registration statement copies of such registration statement as proposed to be filed, and thereafter furnish to such Selling Holder and Underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Selling Holder or Underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder.

(c) After the filing of the registration statement, Spinco will promptly notify each Selling Holder of Registrable Securities covered by such registration statement of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) Spinco will use its best efforts to (i) register or qualify the Registrable Securities under such other securities or blue sky

laws of such jurisdictions in the United States as any Selling Holder reasonably (in light of such Selling Holder's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of Spinco and do any and all other acts and things that may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition of the Registrable Securities owned by such Selling Holder; provided that Spinco will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (d), (B) subject itself to taxation in any such jurisdiction, (C) consent to general service of process in any such jurisdiction or (D) consent to any material restrictions on the conduct of its business or any restrictions on payments to any stockholders of Spinco; and provided further that the Holders will not be required to take any action pursuant to this paragraph (d).

(e) Spinco will promptly notify each Selling Holder of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and promptly make available to each Selling Holder any such supplement or amendment.

(f) Spinco and each Selling Holder will enter into customary agreements (including an underwriting agreement in customary form containing customary representations, warranties, covenants, opinions, certificates, cross-indem-

nification and contribution provisions) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities.

(g) Spinco will make available for inspection by any Selling Holder of such Registrable Securities, any Underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any such Selling Holder or Underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of Spinco (collectively, the "Records") as shall be reasonably necessary to conduct due diligence, and cause Spinco's officers, directors and employees to supply all information reasonably requested by any Inspectors in connection with such registration statement. The Selling Holders shall cause such Records which Spinco determines, in good faith, to be confidential and which Spinco notifies the Inspectors are confidential to be kept confidential by the Inspectors and not used for any purpose other than such registration of Registrable Securities, and the Selling Holders shall cause the Inspectors not to disclose the Records unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in such registration statement or (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction. Information obtained by any Selling Holder hereunder as a result of such inspections shall be deemed confidential and shall be kept confidential by the Selling Holders and may not be used by any Selling Holder for any purpose other than such registration of Registrable Securities. Each Selling Holder will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to Spinco and allow Spinco, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential.

(h) Spinco will furnish to each Selling Holder and to each Underwriter, if any, a signed counterpart, addressed to such Selling Holder or Underwriter, of (i) an opinion or opinions of counsel to Spinco and (ii) a comfort letter or comfort letters from Spinco's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the Holders of a majority of the Registrable Securities included in such offering or the managing Underwriter therefor reasonably requests.

(i) Spinco will otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security-holders, as soon as reasonably practicable, an earnings statement covering a period of 12 months, beginning within three months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act.

(j) Spinco will use its best efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by Spinco are then listed.

Each Selling Holder of Registrable Securities agrees to promptly furnish in writing to Spinco such information regarding the distribution of the Registrable Securities as Spinco may from time to time reasonably request and such other information as may be legally required in connection with such registration.

Upon receipt of any notice from Spinco of the happening of any event of the kind described in Section 3.1(e) hereof, each Selling Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.1(e) hereof, and, if so directed by Spinco, such Selling Holder will deliver to Spinco all

copies, other than permanent file copies then in such Selling Holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. In the event Spinco shall give such notice, Spinco shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 3.1(a) hereof) by the number of days during the period from and including the date of the giving of notice pursuant to Section 3.1(e) hereof to the date when Spinco shall make available to the Selling Holders of Registrable Securities covered by such registration statement a prospectus supplemented or amended to conform with the requirements of Section 3.1(e) hereof.

The procedures set forth in this Section 3.1 shall apply to Piggy-Back Registrations pursuant to Section 2.2.

SECTION 3.2. Registration Expenses. In connection with any registration statement required to be filed hereunder, Spinco shall pay the following Registration expenses incurred in connection with the registration hereunder (the "Registration Expenses"): (i) all registration and filing fees, (ii) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (iii) printing expenses, (iv) internal expenses (including without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities, and (vi) reasonable fees and disbursements of counsel for Spinco and customary fees and expenses for independent certified public accountants retained by Spinco (including the expenses of any comfort letters or costs associated with the delivery by independent certified public accountants of a comfort letter or comfort letters requested pursuant to Section 3.1(h) hereof). Spinco shall have no obligation to pay any underwriting fees, discounts, commissions or expenses attributable to the sale of Registrable Securities, including, without limitation, the fees and expenses of any Underwriters and such Underwriters' counsel, or any out-of-pocket expenses of the Holders (or the agents who manage their accounts), including, without limitation, the fees and expenses of

any counsel retained by the Holders. Such Holders' fees, discounts, commissions and expenses shall be paid promptly by the Holders.

ARTICLE IV

INDEMNIFICATION AND CONTRIBUTION

SECTION 4.1. Indemnification by Spinco. Spinco agrees to indemnify and hold harmless each Selling Holder of Registrable Securities, its officers, directors and agents, and each Person, if any, who controls such Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) caused by any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities or in any amendment or supplement thereto or in any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished in writing to Spinco by such Selling Holder or on such Selling Holder's behalf expressly for the use therein; provided, that with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus, the indemnity agreement contained in this paragraph shall not apply to the extent that any such loss, claim, damage, liability or expense results from the fact that a current copy of the prospectus was not sent or given to the person asserting any such loss, claim, damage, liability or expense at or prior to the written confirmation of the sale of the Registrable Securities concerned to such person if it is determined that it was the responsibility of such Selling Holder to provide such person with a current copy of the prospectus and such current copy of the prospectus would have cured the defect giving rise to such loss, claim, damage, liability or expense. Spinco also agrees to indemnify any Underwriters of the Registrable Securities, their officers and directors and each person who controls

such underwriters on substantially the same basis as that of the indemnification of the Selling Holders provided in this Section 4.1.

SECTION 4.2. Indemnification by Holders of Registrable Securities.

Each Selling Holder agrees, severally but not jointly, to indemnify and hold harmless Spinco, its officers, directors and agents and each Person, if any, who controls Spinco within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from Spinco to such Selling Holder, but only with respect to information furnished in writing by such Selling Holder or on such Selling Holder's behalf expressly for use in any registration statement or prospectus relating to the Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus; and provided that the liability of each Selling Holder under the foregoing indemnity shall be limited to an amount equal to the public offering price of the Registrable Securities sold by such Selling Holder, less the applicable underwriting discounts and commissions. Each Selling Holder also agrees to indemnify and hold harmless Underwriters of the Registrable Securities, their officers and directors and each person who controls such Underwriters on substantially the same basis as that of the indemnification of Spinco provided in this Section 4.2.

SECTION 4.3. Conduct of Indemnification Proceeding. If any action or proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 4.1 or 4.2, such person (an "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (an "Indemnifying Party") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all expenses. Such Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (a) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (b) the named parties to any such action or proceeding

(including any impleaded parties) include both such Indemnified Party and the Indemnifying Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by the Indemnified Parties and shall, in the case of a Demand Registration, be reasonably satisfactory to the Indemnifying Party. The Indemnifying Party shall not be liable for any settlement of any such action or proceeding effected without its written consent, but if settled with its written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of with any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding.

SECTION 4.4. Contribution. If the indemnification provided for in this Article IV is unavailable to the Indemnified Parties in respect of any losses, claims, damages or liabilities referred to herein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (a) as between Spinco and the Selling Holders on the one hand and the Underwriters on the other, in such proportion as is appropriate to reflect the relative benefits received by Spinco and the Selling Holders on the one hand and the Under-

writers on the other from the offering of the securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of Spinco and the Selling Holders on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations and (b) as between Spinco on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of Spinco and of each Selling Holder in connection with such statements or omissions, as well as any other relevant equitable considerations. The relative benefits received by Spinco and the Selling Holders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by Spinco and the Selling Holders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of Spinco and the Selling Holders on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by Spinco and the Selling Holders or by the Underwriters. The relative fault of Spinco on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

Spinco and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 4.4 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified

Party as a result of the losses, claims, damages or liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitation set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 4.4, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Securities of such Selling Holder were offered to the public exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

ARTICLE V

EFFECTIVENESS

SECTION 5.1. Effectiveness. This Agreement shall become effective only upon the consummation of the Spin-off and shall terminate and be void and of no force or effect if the Merger Agreement is terminated in accordance with Article VII thereof.

ARTICLE VI

MISCELLANEOUS

SECTION 6.1. Participation in Underwritten Registrations. No Person may participate in any underwritten registration hereunder unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the

Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and these Registration Rights.

SECTION 6.2. Merger, Consolidation, Exchange, Recapitalization etc.

In the event, directly or indirectly, (a) Spinco shall merge with and into, or consolidate with, or consummate a share exchange with, any other person, or (b) any person shall merge with and into, or consolidate, Spinco and Spinco shall be the surviving corporation of such merger or consolidation and, in connection with such merger or consolidation, all or part of the Registrable Securities shall be changed into or exchanged for stock or other securities of any person, or (c) any capital stock or other securities are issued in respect of, in exchange for, or in substitution of, any Spinco equity securities by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, split-off, sale of assets, distribution to stockholders or combination of the shares of Spinco equity securities or any Spinco's capital structure, then, in each such case, appropriate adjustments shall be made so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the parties hereto under this Registration Rights Agreement.

SECTION 6.3. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by an overnight courier service, such as FedEx, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Spinco, to:
Union Pacific Resources Group Inc.
P.O. Box 7
801 Cherry Street
Forth Worth, Texas 76101
Attention: B.J. Zimmerman, Esq.
Telephone No.: (817) 877-6000
Telecopy No.: (817) 877-7522

with a copy to:

Paul T. Schnell, Esq.
Skadden, Arps, Slate, Meagher, & Flom
919 Third Avenue
New York, New York 10022
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2001

and

(b) if to the Holders, to:

The Anschutz Corporation
Anschutz Foundation
Suite 2400
555 Seventeenth Street
Denver, Colorado 80202
Attention: Philip F. Anschutz
Telephone No.: (303) 298-1000
Telecopy No.: (303) 298-8881

with a copy to:

O'Melveny & Myers
153 East 53rd Street
New York, New York 10022
Attention: Drake S. Tempest, Esq.
Telephone No.: (212) 326-2000
Telecopy No.: (212) 326-2091

SECTION 6.4. No Waivers; Remedies. No failure or delay by any party
in exercising any right, power or privilege under this Agreement shall operate as a waiver of the right, power or privilege. A single or partial exercise of any right, power or privilege shall not preclude any other or further exercise of the right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 6.5. Amendments, etc. No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by a party to this Agreement from any provision of this Agreement, shall be effective unless it shall be in writing and signed and delivered by the other party to this Agreement, and then it shall be effective only in the specific instance and for the specific purpose for which it is given.

SECTION 6.6. Assignment. The provisions of this Agreement shall not be assignable and any transfer of Registrable Securities shall not transfer any rights under this Agreement to the transferee; provided, however, that (a) either Holder shall have the right to assign its rights under this Agreement to any Person who or which (i) acquires at least 20% of the Spinco Shares then Beneficially Owned by such Holder, (ii) would then be eligible to report its ownership of Spinco Shares (assuming ownership by such Person of a sufficient number of Spinco Shares to require such reporting) on a Schedule 13G, (iii) shall have agreed in writing (which agreement shall be addressed, and shall be reasonably satisfactory in form and substance, to Spinco) to be bound by and comply with this Agreement with the same force and effect as if all references herein to the Holder were references to such Person, and (iv) is reasonably acceptable to Spinco and (b) without the consent of Spinco, but subject to clauses (i) and (iii) of subsection (a) above, either Holder shall have the right to assign its rights under this Agreement to (x) any financial institution to which such Holder has, in accordance with Section 3 of the Shareholders Agreement, pledged Spinco Shares, provided that such assignment shall not be effective until following a default by Holder under such pledge, or (y) any Affiliate of Mr. Philip F. Anschutz (it being understood and agreed that any such rights transferred to any such Affiliate shall terminate if such Affiliate ceases to be an Affiliate of Mr. Philip F. Anschutz).

SECTION 6.7. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof. All rights and obligations of Spinco and Holders shall be in addition to and not in limitation of those provided by applicable law.

SECTION 6.8. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were on the same instrument.

SECTION 6.9. Severability of Provisions. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of the provision in any other jurisdiction.

SECTION 6.10. Headings and References. Section headings in this Agreement are included for the convenience of reference only and do not constitute a part of this Agreement for any other purpose. Reference to parties and sections in this Agreement are references to the parties to or the sections of this Agreement, as the case may be, unless the context shall require otherwise.

SECTION 6.11. Entire Agreement. This Agreement embodies the entire agreement and understanding of the respective parties with respect to the Holders' registration rights and supersedes all prior agreements or understandings with respect to such rights.

SECTION 6.12. Survival. Except as otherwise specifically provided in this Agreement, each representation, warranty or covenant of each party to this Agreement contained in or made pursuant to this Agreement shall survive and remain in full force and effect, notwithstanding any investigation or notice to the contrary or any waiver by any other party of a related condition precedent to the performance by the other party of an obligation under this Agreement.

SECTION 6.13. Non-Exclusive Jurisdiction. Each party hereto (a) agrees that any action, suit or proceeding (collectively, an "Action") with respect to this Agreement may be brought in the courts of the United States of America for the Southern District of New York, (b) accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts and (c) irrevocably waives any objection, including, without limitation, any objection to the laying of

venue or based on the grounds of FORUM NON CONVENIENS, which it may now or hereafter have to the bringing of any Action in those jurisdictions.

SECTION 6.14. Waiver of Jury Trial. Each party waives any right to a trial by jury in any Action to enforce or defend any right under this Agreement or any amendment, instrument, document or agreement delivered, or which in the future may be delivered, in connection with this Agreement and agrees that any Action shall be tried before a court and not before a jury.

SECTION 6.15. Specific Performance. Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

SECTION 6.16. No Inconsistent Agreements. Spinco is not as of the date hereof subject to any agreement with respect to the registration under the Securities Act of any securities of Spinco or otherwise, and prior to the Termination Date shall not enter into any such agreement that is inconsistent with the provisions of this Agreement, including, without limitation, the order of priority by which the total amount of securities of Spinco to be included in any offering subject to Article II hereof shall be reduced pursuant to Section 2.3 hereof.

IN WITNESS WHEREOF, Spinco and the Holders have caused this Agreement to be duly executed as of the date first above written.

UNION PACIFIC RESOURCES GROUP INC.

By:_____
Name:
Title:

THE ANSCHUTZ CORPORATION

By:_____
Name:
Title:

ANSCHUTZ FOUNDATION

By:_____
Name:
Title:

EXHIBIT 99(c)(9)

THIS VOTING TRUST AGREEMENT, dated as of August 3, 1995, by and among UNION PACIFIC CORPORATION, a Utah corporation ("Parent"), UP ACQUISITION CORPORATION, a Delaware corporation and an indirect wholly-owned subsidiary of Parent (the "Purchaser"), and SOUTHWEST BANK OF ST. LOUIS, a Missouri banking corporation (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Purchaser has agreed to commence a tender offer (the "Tender Offer") to acquire up to 39,034,471 shares of common stock, $0.001 par value ("Common Stock"), of Southern Pacific Rail Corporation, a Delaware corporation (the "Company");

WHEREAS, the Purchaser intends, simultaneously with the acceptance for payment of such tendered shares pursuant to the Tender Offer, to deposit such shares of Common Stock in an independent, irrevocable voting trust, pursuant to the rules of the Interstate Commerce Commission (the "ICC"), in order to avoid any allegation or assertion that Parent or the Purchaser is controlling or has the power to control the Company prior to the receipt of approval by the ICC of the merger (the "Merger") of the Company with and into Union Pacific Railroad Company ("UPRR") pursuant to the Agreement and Plan of Merger

dated as of August 3, 1995 by and among Parent, UPRR, the Purchaser and the Company, as it may be amended from time to time (the "Merger Agreement") (a copy of which is attached hereto as Exhibit A);

WHEREAS, Parent, Purchaser and the Company have entered into a Shareholders Agreement dated as of August 3, 1995 (the "Shareholders Agreement") (a copy of which is attached hereto as Exhibit B), with respect to the Common Stock and any other voting securities of the Company that are or come to be beneficially owned by Parent, Purchaser or any of their affiliates during the term of the Shareholders Agreement;

WHEREAS, neither the Trustee nor any of its affiliates has any officers or board members in common or any direct or indirect business arrangements or dealings (as described in Paragraph 9 hereof) with Parent or the Purchaser or any of their affiliates; and

WHEREAS, the Trustee is willing to act as voting trustee pursuant to the terms of this Trust Agreement and the rules of the ICC,

NOW THEREFORE, the Parties hereto agree as follows:

1. Parent and the Purchaser hereby appoint Southwest Bank of St. Louis as Trustee hereunder, and Southwest Bank of St. Louis hereby accepts said appointment and agrees to act as Trustee under this Trust Agreement as provided herein.

2. Parent and the Purchaser agree that, prior to acceptance of the tendered shares of Common Stock pursuant to the Tender Offer, (i) the Purchaser will direct the depositary for the Tender Offer to transfer to the Trustee any shares accepted for payment pursuant to the Tender Offer, and (ii) Parent and the Purchaser will transfer or cause to be transferred to the Trustee all certificates representing shares of Common Stock owned as of the date hereof by Parent, the Purchaser or any affiliate of either of them. Parent and the Purchaser also agree that immediately upon receipt, acquisition or purchase by either of them or by any of their affiliates of any additional shares of Common Stock, or any other voting securities of the Company, they will transfer or cause to be transferred to the Trustee the certificate or certificates representing such additional shares. All such certificates shall be duly endorsed or accompanied by proper instruments duly executed for transfer thereof to the Trustee,

and shall be exchanged for one or more Voting Trust Certificates substantially in the form attached hereto as Exhibit C (the "Trust Certificates"), with the blanks therein appropriately filled. All shares of Common Stock and other voting securities of the Company at any time delivered to the Trustee hereunder are hereinafter called the "Company Trust Stock." The Trustee shall present to the Company all certificates representing Company Trust Stock for surrender and cancellation and for the issuance and delivery to the Trustee of new certificates (the "Trust Stock") registered in the name of the Trustee or its nominee.

3. The Trustee shall be present, in person or represented by proxy, at all annual and special meetings of shareholders of the Company so that all Trust Stock may be counted for the purposes of determining the presence of a quorum at such meetings. The Trustee shall be entitled and it shall be its duty to exercise any and all voting rights in respect of the Trust Stock either in person or by proxy or consent, as hereinafter provided, unless otherwise directed by an order of the ICC or a court of competent jurisdiction. Parent and Purchaser agree, and the Trustee acknowledges, that the Trustee shall not participate in or interfere with the

management of the Company and shall take no other actions with respect to the Company except in accordance with the terms hereof and the terms of the Shareholders Agreement. The Trustee shall vote all shares of the Trust Stock to approve and effect the Merger, and in favor of any proposal necessary to effectuate Parent's acquisition of the Company pursuant to the Merger Agreement. For so long as the Merger Agreement is in effect, the Trustee shall vote all shares of Trust Stock against any other proposed merger, business combination or similar transaction (including, without limitation, any consolidation, sale of all or substantially all the assets, reorganization, recapitalization, liquidation or winding up of or by the Company) involving the Company, but not involving Parent or one of its subsidiaries or affiliates, other than in connection with a disposition pursuant to Paragraph 8. The Trustee shall vote all shares of Trust Stock in favor of any proposal or action necessary or desirable to dispose of Trust Stock in accordance with Paragraph 8 hereof. Except as otherwise expressly provided in the three immediately preceding sentences, the Trustee shall vote all shares of Trust Stock with respect to all matters, including without limitation the election or removal of directors, voted on by the

shareholders of the Company (whether at a regular or special meeting or pursuant to a unanimous written consent) in the same proportion as all shares of Common Stock (other than Trust Stock) are voted with respect to such matters. In exercising its voting rights in accordance with this Paragraph 3, the Trustee shall take such actions at all annual, special or other meetings of stockholders of the Company or in connection with any action by consent in lieu of a meeting.

4. This Trust Agreement and the nomination of the Trustee during the term of the trust shall be irrevocable by Parent and the Purchaser and their affiliates and shall terminate only in accordance with the provisions of Paragraphs 8 and 14 hereof.

5. Except as provided in Paragraph 3, the Trustee shall not exercise the voting powers of the Trust Stock in any way so as to create any dependence or intercorporate relationship between (i) Parent, the Purchaser and their affiliates, on the one hand, and (ii) the Company or its affiliates, on the other hand. The term "affiliate" or "affiliates" wherever used in this Trust Agreement shall have the meaning specified in Section 11343(c) of Title 49 of the United States Code, as amended. The Trustee shall not, without the prior approval of

the ICC, vote the Trust Stock to elect any officer, director, nominee or representative of Parent, the Purchaser or any affiliate of either of them as an officer or director of the Company or of any affiliate of the Company. The Trustee shall be kept informed respecting the business operations of the Company by means of the financial statements and other public disclosure documents periodically filed by the Company and affiliates of the Company with the Securities and Exchange Commission (the "SEC") and the ICC, and by means of information respecting the Company contained in such statements and other documents filed by Parent with the SEC and the ICC, copies of which shall be promptly furnished to the Trustee by the Company or Parent, as the case may be, and the Trustee shall be fully protected in relying upon such information. The Trustee shall not be liable for any mistakes of fact or law or any error of judgment, or for any act or omission, except as a result of the Trustee's willful misconduct or gross negligence.

6. All Trust Certificates shall be transferable on the books of the Trustee by the registered holder upon the surrender thereof properly assigned, in accordance with rules from time to time established for the purpose by the Trustee.

Until so transferred, the Trustee may treat the registered holder as owner for all purposes. Each transferee of a Trust Certificate issued hereunder shall, by his acceptance thereof, assent to and become a party to this Trust Agreement, and shall assume all attendant rights and obligations.

7. Pending the termination of this Trust as hereinafter provided, the Trustee shall, immediately following the receipt of each cash dividend or cash distribution as may be declared and paid upon the Trust Stock, pay the same over to or as directed by the Purchaser or to or as directed by the holder of Trust Certificates hereunder as then known to the Trustee. The Trustee shall receive and hold dividends and distributions other than cash upon the same terms and conditions as the Trust Stock and shall issue Trust Certificates representing any new or additional securities that may be paid as dividends upon the Trust Stock or distributed to the registered holders of Trust Certificates in proportion to their respective interests.

8. (a) This Trust is accepted by the Trustee subject to the right hereby reserved in Parent at any time to sell or make any other disposition of the whole or any part of the Trust Stock in accordance with the terms of the Sharehold-

ers Agreement, whether or not an event described in subparagraph (b) below has occurred. The Trustee shall take all actions reasonably requested by Parent with respect to (including, without limitation, exercising all voting rights in respect of Trust Stock in favor of any proposal or action necessary or desirable to effect, or consistent with the effectuation of) any proposed sale or other disposition of the whole or any part of the Trust Stock by the Purchaser or Parent, including, without limitation, in connection with the exercise by Parent of any rights under the Merger Agreement, the Registration Rights Agreement dated as of August 3, 1995 between the Purchaser and the Company (the "Registration Rights Agreement") (a copy of which is attached hereto as Exhibit D), and the Shareholders Agreement to cause Trust Stock to be offered and sold pursuant to a registration statement under the Securities Act of 1933 (an "Offering") or distributed to shareholders of Parent (the "Distribution"). The Trustee shall at any time upon the receipt of a direction from Parent, signed by its President or one of its Vice Presidents and under its corporate seal designating the person or entity to whom Parent has directly or indirectly sold or otherwise disposed of the whole or any part of the Trust Stock

and certifying that such disposition will be in compliance with all applicable requirements of the Shareholders Agreement and that such person or entity is not an affiliate of Parent and has all necessary regulatory authority, if any, to purchase the Trust Stock (upon which certification the Trustee shall be entitled to rely), immediately transfer to the person or entity therein named all of the Trustee's right, title and interest in such amount of the Trust Stock as may be set forth in said direction. If the foregoing direction shall specify all of the Trust Stock, then following transfer of the Trustee's right, title and interest therein, and in the event of a sale thereof, upon delivery to or upon the order of the Purchaser of the proceeds of such sale, this Trust shall cease and come to an end. If the foregoing direction is as to only a part of the Trust Stock, then this Trust shall cease as to said part upon such transfer, and receipt of proceeds in the event of sale, but shall remain in full force and effect as to the remaining part of the Trust Stock, provided, however, that upon
-------- -------
the receipt of a written opinion of counsel for Parent, a copy of which is submitted to the ICC, stating that the transfer of voting rights in all the remaining Trust Stock to the Purchaser would not give Parent or the Purchaser control

of the Company within the meaning of 49 U.S.C. (S) 11343, and absent any contrary direction of the ICC, this Trust shall cease and come to an end and all Trust Stock and other property then held by the Trustee shall be distributed to or upon the order of the Purchaser or the holder or holders of Trust Certificates. In the event of a sale of Trust Stock by the Purchaser, the Trustee shall, to the extent the consideration therefor is payable to or controllable by the Trustee, promptly pay, or cause to be paid, upon the order of the Purchaser the net proceeds of such sale to the registered holders of the Trust Certificates in proportion to their respective interests. It is the intention of this paragraph that no violations of 49 U.S.C. (S) 11343 will result from a termination of this Trust.

(b) In the event the ICC by final order shall (i) approve or exempt the acquisition of control of the Company by the Purchaser, Parent or any of their affiliates or (ii) approve or exempt a merger between the Company and UPRR, Parent or any of their affiliates, then immediately upon the direction of Parent and the delivery of a certified copy of such order of the ICC or other governmental authority with respect thereof, or, in the event that Subtitle IV of Title 49

of the United States Code, or other controlling law, is amended to allow the Purchaser, UPRR, Parent or their affiliates to acquire control of the Company without obtaining ICC or other governmental approval, upon delivery of an opinion of independent counsel selected by the Trustee that no order of the ICC or other governmental authority is required, the Trustee shall either (i) transfer to or upon the order of the Purchaser, Parent or the holder or holders of Trust Certificates hereunder as then known to the Trustee, its right, title and interest in and to all of the Trust Stock then held by it in accordance with the terms, conditions and agreements of this Trust Agreement and not theretofore transferred by it as provided in subparagraph (a) hereof, or (ii) if shareholder approval has not previously been obtained, vote the Trust Stock with respect to any such merger between the Company and UPRR, Parent or any affiliate of either as directed by the holder or holders of the Trust Certificates, and upon any such transfer or merger this Trust shall cease and come to an end.

(c) In the event that the Merger Agreement terminates in accordance with its terms or the condition set forth in Section 6.2(c) of the Merger Agreement is not satisfied and is not waived by Parent and the Purchaser, Parent

shall use its best efforts, consistent with its rights under and subject to the terms of the Shareholders Agreement and the Registration Rights Agreement, to sell the Trust Stock to one or more eligible purchasers, to sell or distribute the Trust Stock in one Offering or Distribution, or otherwise to dispose of the Trust Stock, during a period of two years after such order becomes final after judicial review or failure to appeal or such extension of that period as the ICC shall approve. Such disposition shall be subject to any jurisdiction of the ICC to oversee Parent's divestiture of Trust Stock. At all times, the Trustee shall continue to perform its duties under this Trust Agreement and, should Parent be unsuccessful in its efforts to sell or distribute the Trust Stock during the period referred to, the Trustee, subject to the terms of the Shareholders Agreement, shall as soon as practicable sell the Trust Stock for cash to one or more eligible purchasers in such manner and for such price as the Trustee in its discretion shall deem reasonable after consultation with Parent. (An "eligible purchaser" hereunder shall be a person or entity that is not affiliated with Parent and which has all necessary regulatory authority, if any, to purchase the Trust Stock.) Parent agrees to cooperate with the Trustee in effecting such

disposition and the Trustee agrees to act in accordance with any direction made by Parent as to any specific terms or method of disposition, to the extent not inconsistent with the requirements of the terms of any ICC or court order. The proceeds of the sale shall be distributed to or upon the order of Parent or, on a pro rata basis, to the holder or holders of the Trust Certificates hereunder as then known to the Trustee. The Trustee may, in its reasonable discretion, require the surrender to it of the Trust Certificates hereunder before paying to the holder his share of the proceeds. Upon disposition of the Trust Stock pursuant to this paragraph 8(c), this Trust shall cease and come to an end.

(d) Unless sooner terminated pursuant to any other provision herein contained, this Trust Agreement shall terminate on August 3, 2000, and may be extended by the parties hereto, so long as no violation of 49 U.S.C. (S) 11343 will result from such termination or extension. All Trust Stock and any other property held by the Trustee hereunder upon such termination shall be distributed to or upon the order of the Purchaser or the holder or holders of Trust Certificates hereunder as then known to the Trustee. The Trustee may, in its reasonable discretion, require the surren-

der to it of the Trust Certificates hereunder before the release or transfer of the stock interests evidenced thereby.

(e) The Trustee shall promptly inform the ICC of any transfer or disposition of Trust Stock pursuant to this Paragraph 8.

(f) The Trustee shall, upon direction by Parent, take all actions that are necessary, appropriate or desirable to permit a registration statement for the Trust Stock under the Securities Act of 1933, as amended, and/or an information statement for the Trust Stock under the Securities Exchange Act of 1934, as amended, and, in either case, a registration statement, information statement, exchange offer or other documents under any other applicable securities laws, to be filed and to become effective in connection with any disposition of the Trust Stock permitted by the Shareholders Agreement. To the extent that registration is required under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any other applicable securities laws in respect of any distribution of Trust Stock as contemplated herein, the Purchaser or Parent shall reimburse the Trustee for any expenses incurred by it and indemnify and hold the Trustee harmless from and against any loss,

liability, cost or expense related thereto or arising therefrom.

(g) Except as provided in this Paragraph 8, the Trustee shall not dispose of, or in any way encumber, the Trust Stock.

(h) Notwithstanding the foregoing, if the ICC issues a declaratory order that the termination of the Trust will not cause Parent, the Purchaser or their affiliates to have control of the Company, the Trustee shall transfer to or upon the order of the Purchaser, Parent or the holder or holders of Trust Certificates hereunder as then known to the Trustee, its right, title and interest in and to all of the Trust Stock then held by it in accordance with the terms, conditions and agreements of this Trust Agreement and not theretofore transferred by it as provided in subparagraph (a) hereof, and this Trust shall cease and come to an end.

9. Neither the Trustee nor any affiliate of the Trustee may have (i) any officers, or members of their respective boards of directors, in common with the Purchaser, Parent, or any affiliate of either, or (ii) any direct or indirect business arrangements or dealings, financial or otherwise, with the Purchaser, Parent or any affiliate of

either, other than dealings pertaining to establishment and carrying out of this voting trust. Mere investment in the stock or securities of the Purchaser or Parent or any affiliate of either by the Trustee, short of obtaining a controlling interest, will not be considered a proscribed business arrangement or dealing, but in no event shall any such investment by the Trustee in voting securities of the Purchaser, Parent or their affiliates exceed 5 percent of their outstanding voting securities and in no event shall the Trustee hold a proportion of such voting securities so substantial as to permit the Trustee in any way to control or direct the affairs of the Purchaser, Parent or their affiliates. Neither the Purchaser, Parent nor their affiliates shall purchase the stock or securities of the Trustee or any affiliate of the Trustee.

10. The Trustee shall be entitled to receive reasonable and customary compensation for all services rendered by it as Trustee under the terms hereof and said compensation to the Trustee, together with all counsel fees, taxes, or other expenses reasonably incurred hereunder, shall be promptly paid by the Purchaser or Parent, who shall be jointly and severally liable for the same.

11. The Trustee may at any time or from time to time appoint an agent or agents and may delegate to such agent or agents the performance of any administrative duty of the Trustee and be entitled to reimbursement for the fees and expenses of such agents.

12. The Trustee shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof if such agent or attorney shall have been selected with reasonable care. The duties and responsibilities of the Trustee shall be limited to those expressly set forth in this Trust Agreement. The Trustee shall be fully protected by acting in reliance upon any notice, advice, direction or other document or signature believed by the Trustee to be genuine. The Trustee shall not be responsible for the sufficiency or accuracy of the form, execution, validity or genuineness of the Trust Stock, or of any other documents, or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall the Trustee be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such Trust Stock or other document or endorsement or this Trust

Agreement, except for the execution and delivery of this Trust Agreement by this Trustee. The Purchaser and Parent agree that they will at all times jointly and severally protect, indemnify and save harmless the Trustee from any loss, damages, liability, cost or expense of any kind or character whatsoever in connection with this Trust except those, if any, resulting from the gross negligence or willful misconduct of the Trustee, and will at all times themselves undertake, assume full responsibility for, and pay on a current bases, but at least quarterly, all cost and expense of any suit or litigation of any character, whether or not involving a third party, including any proceedings before the ICC, with respect to the Trust Stock or this Trust Agreement, and if the Trustee shall be made a party thereto, or be the subject of any investigation or proceeding (whether formal or informal), the Purchaser or Parent will pay all costs, damages and expenses, including reasonable counsel fees, to which the Trustee may be subject by reason thereof; provided, however, -------- -------

that the Purchaser and Parent shall not be responsible for the cost and expense of any suit that the Trustee shall settle without first obtaining Parent's written consent. The indemnification obligations of the Purchaser and Parent shall survive any

termination of this Trust Agreement or the removal, resignation or other replacement of the Trustee. The Trustee may consult with counsel selected by it and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted or suffered by the Trustee hereunder in good faith and in accordance with such opinion.

13. To the extent requested to do so by the Purchaser or any registered holder of a Trust Certificate, the Trustee shall furnish to the party making such request full information with respect to (i) all property theretofore delivered to it as Trustee, (ii) all Property then held by it as Trustee, and (iii) all action theretofore taken by it as Trustee.

14. The Trustee, or any trustee hereafter appointed, may at any time resign by giving sixty days' written notice of resignation to Parent and the ICC. Parent shall at least fifteen days prior to the effective date of such notice appoint a successor trustee which shall (i) satisfy the requirements of Paragraph 9 hereof and (ii) be a corporation organized and doing business under the laws of the United States or of any State thereof and authorized under such laws

to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by federal or state authority. If no successor trustee shall have been appointed and shall have accepted appointment at least fifteen days prior to the effective date of such notice of resignation, the resigning Trustee may petition any authority or court of competent jurisdiction for the appointment of a successor trustee. Upon written assumption by the successor trustee of the Trustee's powers and duties hereunder, a copy of the assumption shall be delivered by the Trustee to Parent and the ICC and all registered holders of Trust Certificates shall be notified of such assumption, whereupon the Trustee shall be discharged of its powers and duties hereunder and the successor trustee shall become vested therewith. In the event of any material violation by the Trustee of the terms and conditions of this Trust Agreement, the Trustee shall become disqualified from acting as trustee hereunder as soon as a successor trustee shall have been selected in the manner provided by this paragraph.

15. Subject to the terms of the Shareholders Agreement, this Trust Agreement may from time to time be modified or amended by agreement executed by the Trustee, the

Purchaser, Parent and all registered holders of the Trust Certificates (i) pursuant to an order of the ICC, (ii) with the prior approval of the ICC, (iii) in order to comply with any order of the ICC or (iv) upon receipt of an opinion of counsel satisfactory to the Trustee and the holders of Trust Certificates that an order of the ICC approving such modification or amendment is not required and that the amendment is consistent with the regulations of the ICC regarding voting trusts.

16. The provisions of this Trust Agreement and of the rights and obligations of the parties hereunder shall be governed by the laws of the State of Delaware, except that to the extent any provision hereof may be found inconsistent with the Interstate Commerce Act or regulations promulgated thereunder by the ICC, such Act and regulations shall control and such provision hereof shall be given effect only to the extent permitted by such Act and regulations. In the event that the ICC shall, at any time hereafter by final order, find that compliance with law requires any other or different action by the Trustee than is provided herein, the Trustee shall act in accordance with such final order instead of the provisions of this Trust Agreement.

17. This Trust Agreement is executed in duplicate, each of which shall constitute an original, and one of which shall be retained by Parent and the other shall be held by the Trustee.

18. A copy of this Agreement and any amendments or modifications thereto shall be filed with the ICC by the Purchaser.

19. This Trust Agreement shall be binding upon the successors and assigns to the parties hereto, including without limitation successors to the Purchaser and Parent by merger, consolidation or otherwise.

20. The term "ICC" includes any successor agency or governmental department that is authorized to carry out the responsibilities now carried out by the ICC with respect to voting trusts and control of common carriers.

21. (a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be mailed by U.S. mail, certified mail, return receipt requested or by Federal Express, Express Mail, or similar overnight delivery or courier service or delivered (in person or by telecopy) against receipt to the party to whom it is to be given at the address of such party set forth below (or to

such other address as the party shall have given notice of) with a copy to each of the other parties hereto:

To the Trustee: Southwest Bank of St. Louis
2301 South Kingshighway
St. Louis, Missouri 63110
Attention: Linn H. Bealke
Vice Chairman

To Parent: Union Pacific Corporation
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018
Attention: Carl W. von Bernuth, Esq.
Senior Vice President

To the Purchaser: UP Acquisition Corporation
c/o Union Pacific Corporation
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018
Attention: Carl W. von Bernuth, Esq.
Vice President

(b) Unless otherwise specifically provided herein, any notice to or communication with the holders of the Trust Certificates hereunder shall be deemed to be sufficiently given or made if enclosed in postpaid envelopes (regular not registered mail) addressed to such holders at their respective addresses appearing on the Trustee's transfer books, and deposited in any post office or post office box. The addresses of the holders of Trust Certificates, as shown on the Trustee's transfer books, shall in all cases be deemed to be the addresses of Trust Certificate holders for all

purposes under this Trust Agreement, without regard to what other or different addresses the Trustee may have for any Trust Certificate holder on any other books or records of the Trustee. Every notice so given of mailing shall be the date such notice is deemed given for all purposes.

22. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, each non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) will waive, in any action for specific performance, the defense of adequacy of a remedy at law and (b) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to compel specific performance of this Agreement in any action instituted in any state or federal court sitting in Wilmington, Delaware. Each party hereto consents to personal jurisdiction in any such action brought in any state or federal court sitting in Wilmington, Delaware.

IN WITNESS WHEREOF, Union Pacific Corporation and UP Acquisition Corporation have caused this Trust Agreement to be executed by their Treasurers and their corporate seals to be affixed, attested by their Secretaries, and Southwest Bank of

St. Louis has caused this Trust Agreement to be executed by one of its duly authorized corporate officers and its corporate seal to be affixed, attested to by its Corporate Secretary or one of its Assistant Corporate Secretaries, the day and year first above written.

Attest: UNION PACIFIC CORPORATION

_____ By_____
Secretary Treasurer

Attest: UP ACQUISITION CORPORATION

_____ By_____
Secretary Treasurer

Attest: SOUTHWEST BANK OF ST. LOUIS

_____ By_____

EXHIBIT C

No._____ _____ Shares

VOTING TRUST CERTIFICATE

for

COMMON STOCK,

$0.001 PAR VALUE

of

SOUTHERN PACIFIC RAIL CORPORATION

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS IS TO CERTIFY that _____ will be entitled, on the surrender of this Certificate, to receive on the termination of the Voting Trust Agreement hereinafter referred to, or otherwise as provided in Paragraph 7 of said Voting Trust Agreement, a certificate or certificates for _____ shares of the Common Stock, $0.001 par value, of Southern Pacific Rail Corporation, a Delaware corporation (the "Company"). This Certificate is issued pursuant to, and the rights of the holder hereof are subject to and limited by, the terms of a Voting Trust Agreement, dated as of August 3, 1995, executed by Union Pacific Corporation, a Utah corporation, UP Acquisition Corporation, a Delaware corporation, and Southwest Bank of St. Louis, as Voting Trustee, a copy of which Voting Trust Agreement is on file in the registered office of said corporation at The Corporation Trust Co., 100 West Tenth Street, Wilmington, Delaware 19801, and open to inspection of any stockholder of the Company and the holder hereof. The Voting Trust Agreement, unless earlier terminated (or extended) pursuant to the terms thereof, will terminate on August 3, 2000, so long as no violation of 49 U.S.C. (S) 11343 will result from such termination.

The holder of this Certificate shall be entitled to the benefits of said Voting Trust Agreement, including the right to receive payment equal to the cash dividends, if any, paid by the Company with respect to the number of shares represented by this Certificate.

This Certificate shall be transferable only on the books of the undersigned Voting Trustee or any successor, to be kept by it, on surrender hereof by the registered holder in person or by attorney duly authorized in accordance with the provisions of said Voting Trust Agreement, and until so

transferred, the Voting Trustee may treat the registered holder as the owner of this Voting Trust Certificate for all purposes whatsoever, unaffected by any notice to the contrary.

By accepting this Certificate, the holder hereof assents to all the provisions of, and becomes a party to, said Voting Trust Agreement.

IN WITNESS WHEREOF, the Voting Trustee has caused this Certificate to be signed by its officer duly authorized.

Dated:

By_____
Authorized Officer