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

SANTA FE PACIFIC CORPORATION
(NAME OF SUBJECT COMPANY)

UNION PACIFIC CORPORATION
UP ACQUISITION CORPORATION
(BIDDERS)

COMMON STOCK, PAR VALUE $1.00 PER SHARE
(TITLE OF CLASS OF SECURITIES)

802183 1 03
(CUSIP NUMBER OF CLASS OF SECURITIES)

RICHARD J. RESSLER
ASSISTANT GENERAL COUNSEL
UNION PACIFIC CORPORATION
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**
2,028,304,723	405,660.94

* For purposes of calculating the filing fee only. This calculation assumes the purchase of 115,903,127 shares of Common Stock, par value $1.00 per share, of Santa Fe Pacific Corporation $17.50 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.

Exhibit Index is located on page 9.

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) / / (b)
3.	SEC USE ONLY	
4.	SOURCE OF FUNDS BK, WC	
5.	/ / CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT OT ITEMS 2(e) or 2(f)	
6.	CITIZENSHIP OR PLACE OF ORGANIZATION UTAH	
7.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 200 shares	
8.	/ / CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (7) EXCLUDES CERTAIN SHARES	
9.	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (7)	*
10.	TYPE OF REPORTING PERSON CO	

* Less than 1%.

14D-1

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) / / (b)
3.	SEC USE ONLY	
4.	SOURCE OF FUNDS AF	
5.	/ / CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT OT ITEMS 2(e) or 2(f)	
6.	CITIZENSHIP OR PLACE OF ORGANIZATION UTAH	
7.	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 0 shares	
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 CO	

* Has not yet received I.R.S. Identification Number.

ITEM 1. SECURITY AND SUBJECT COMPANY.

(a) The name of the subject company is Santa Fe Pacific Corporation, a Delaware corporation (the "Company"). The address of the Company's principal executive offices is 1700 East Golf Road, Schaumburg, Illinois 60173-5860.

(b) This Statement on Schedule 14D-1 relates to the offer by UP Acquisition Corporation (the "Purchaser"), a Utah corporation and a wholly-owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), to purchase 115,903,127 shares of Common Stock, par value $1.00 per share (the "Common Stock"), of Santa Fe Pacific Corporation, a Delaware corporation, or such greater number of shares of Common Stock as equals 57.1% of the shares of Common Stock outstanding on a fully diluted basis as of the expiration of the Offer, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 9, 1994, and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer"), at a purchase price of $17.50 per share, net to the tendering stockholder in cash. At October 10, 1994, 202,830,822 shares of the Common Stock were outstanding on a fully diluted basis. The information set forth in the Introduction of the Offer to Purchase annexed hereto as Exhibit (a)(1) is incorporated herein by reference.

(c) The information set forth in Section 6 ("Price Range of the Shares; Dividends") of the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

(a)-(d); (g) This Statement is being filed by the Purchaser and Parent. The information set forth in Section 8 ("Certain Information Concerning the Purchaser and Parent") of the Offer to Purchase and Schedule I thereto is incorporated herein by reference.

(e) and (f) During the last five years, neither the Purchaser, Parent, nor any persons controlling the Purchaser, nor, to the best knowledge of the Purchaser 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 in the Introduction, Section 8 ("Certain Information Concerning the Purchaser and Parent"), Section 10 ("Background of the Offer; Contacts with the Company") and Section 11 ("Purpose of the Offer and the Proposed Merger") of 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 in Section 9 ("Source and Amount of Funds") of 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 in the Introduction and Sections 10 ("Background of the Offer; Contacts with the Company") and 11 ("Purpose of the Offer and the Proposed Merger") of the Offer to Purchase is incorporated herein by reference.

(f)-(g) The information set forth in Section 13 ("Effect of the Offer on the Market for the Shares; Exchange Listing and Exchange Act Registration") of the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) The information set forth in the Introduction and Section 8 ("Certain Information Concerning the Purchaser and Parent") of the Offer to Purchase is incorporated herein by reference.

(b) The information set forth in Section 8 ("Certain Information Concerning the Purchaser and Parent") of the Offer to Purchase and Schedule II thereto is incorporated herein by reference.

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

The information set forth in the Introduction and Sections 8 ("Certain Information Concerning the Purchaser and Parent"), 10 ("Background of the Offer; Contacts with the Company") and 11 ("Purpose of the Offer and the Proposed Merger") of the Offer to Purchase is incorporated herein by reference.

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

The information set forth in the Introduction and Section 16 ("Fees and Expenses") of the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

The information set forth in Section 8 ("Certain Information Concerning the Purchaser and Parent") of the Offer to Purchase is incorporated herein by reference.

ITEM 10. ADDITIONAL INFORMATION.

(a) Not applicable.

(b)-(c) The information set forth in the Introduction and Sections 11 ("Purpose of the Offer and the Proposed Merger") and 15 ("Certain Legal Matters; Regulatory Approvals") of the Offer to Purchase is incorporated herein by reference.

(d) The information set forth in Sections 13 ("Effect of the Offer on the Market for Shares; Exchange Listing and Exchange Act Registration") and 15 ("Certain Legal Matters; Regulatory Approvals") of the Offer to Purchase is incorporated herein by reference.

(e) The information set forth in Section 15 ("Certain Legal Matters; Regulatory Approvals") of 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 November 9, 1994.
(2) Letter of Transmittal.
(3) Notice of Guaranteed Delivery.
(4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(7) Letter to Participants in the Dividend Reinvestment Plan of Santa Fe Pacific Corporation, dated November 9, 1994.
(8) Text of Press Release, dated November 8, 1994, issued by Parent.

(b) Not applicable.
(c) Not applicable.
(d) Not applicable.
(e) Not applicable.
(f) None.
(g) (1) Consolidated and Amended Complaint ("Consolidated and Amended Complaint") in connection with In re Santa Fe Pacific Shareholder Litigation, filed in the Court of Chancery in Delaware on October 14, 1994.
(2) First Amended and Supplemental Complaint ("First Amended and Supplemental Complaint") in connection with Union Pacific Corporation and James A. Shattuck v. Santa Fe Pacific Corporation, et. al., filed in the Court of Chancery in Delaware on October 19, 1994.
(3) Answer of Santa Fe Pacific Corporation defendants to Consolidated and Amended Complaint.
(4) Answer of Santa Fe Pacific Corporation defendants to First Amended and Supplemental Complaint.
(5) Order of the Court of Chancery in Delaware, dated October 18, 1994, denying Union Pacific Corporation's application for expedited discovery.
(6) Motion to Dismiss First Amended and Supplemental Complaint, filed by Burlington Northern Inc.
(7) Proxy Statement, dated October 28, 1994 of Parent.
(8) Supplement to Proxy Statement, dated November 9, 1994 of Parent.

SIGNATURE

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

Dated: November 9, 1994

UNION PACIFIC CORPORATION

By: /s/ GARY M. STUART

SIGNATURE

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

Dated: November 9, 1994

UP ACQUISITION CORPORATION

By: /s/ GARY M. STUART

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
(a) (1)	Offer to Purchase, dated November 9, 1994.....	
(2)	Letter of Transmittal.....	
(3)	Notice of Guaranteed Delivery.....	
(4)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.....	
(5)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.....	
(6)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.....	
(7)	Letter to Participants in the Dividend Reinvestment Plan of Santa Fe Pacific Corporation, dated November 9, 1994.....	
(8)	Text of Press Release, dated November 8, 1994, issued by Parent.....	
(b)	Not applicable.....	
(c)	Not applicable.....	
(d)	Not applicable.....	
(e)	Not applicable.....	
(f)	None.....	
(g) (1)	Consolidated and Amended Complaint ("Consolidated and Amended Complaint") in connection with In re Santa Fe Pacific Shareholder Litigation, filed in the Court of Chancery in Delaware on October 14, 1994.....	
(2)	First Amended and Supplemental Complaint ("First Amended and Supplemental Complaint") in connection with Union Pacific Corporation and James A. Shattuck v. Santa Fe Pacific Corporation, et. al., filed in the Court of Chancery in Delaware on October 19, 1994.....	
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(6)	Motion to Dismiss First Amended and Supplemental Complaint, filed by Burlington Northern Inc.	
(7)	Proxy Statement, dated October 28, 1994, of the Parent.....	
(8)	Supplement to Proxy Statement, dated November 9, 1994, of the Parent.....	

Offer to Purchase for Cash

115,903,127 Shares of Common Stock
of
SANTA FE PACIFIC CORPORATION
at
$17.50 NET PER SHARE IN CASH
by
UP ACQUISITION CORPORATION
a 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 THURSDAY, DECEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES WHICH, WHEN ADDED TO THE SHARES BENEFICIALLY OWNED BY UP ACQUISITION CORPORATION (THE "PURCHASER") AND ITS AFFILIATES, CONSTITUTES AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS, (2) SANTA FE PACIFIC CORPORATION (THE "COMPANY") HAVING ENTERED INTO A DEFINITIVE MERGER AGREEMENT WITH UNION PACIFIC CORPORATION ("PARENT") AND THE PURCHASER TO PROVIDE FOR THE ACQUISITION OF THE COMPANY PURSUANT TO THE OFFER AND THE PROPOSED MERGER DESCRIBED HEREIN, (3) THE STOCKHOLDERS OF THE COMPANY NOT HAVING APPROVED THE AGREEMENT AND PLAN OF MERGER BETWEEN THE COMPANY AND BURLINGTON NORTHERN INC. (THE "BNI/SFP AGREEMENT"), (4) THE PURCHASER BEING SATISFIED THAT SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW HAS BEEN COMPLIED WITH OR IS INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER, (5) THE PURCHASER BEING SATISFIED THAT THE BNI/SFP AGREEMENT HAS BEEN TERMINATED IN ACCORDANCE WITH ITS TERMS AND (6) RECEIPT OF AN INFORMAL WRITTEN OPINION IN FORM AND SUBSTANCE SATISFACTORY TO THE PURCHASER FROM THE STAFF OF THE INTERSTATE COMMERCE COMMISSION ("ICC"), WITHOUT THE IMPOSITION OF ANY CONDITIONS UNACCEPTABLE TO THE PURCHASER, THAT THE VOTING TRUST TO BE USED IN CONNECTION WITH THE OFFER AND THE PROPOSED MERGER IS CONSISTENT WITH THE POLICIES OF THE ICC AGAINST UNAUTHORIZED ACQUISITIONS OF CONTROL OF A REGULATED CARRIER. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS CONTAINED IN THIS OFFER TO PURCHASE. SEE SECTION 14. THE OFFER IS NOT CONDITIONED UPON RECEIPT OF THE ICC'S APPROVAL OF THE PURCHASER'S ACQUISITION OF CONTROL OF THE COMPANY. IF THE STOCKHOLDERS OF THE COMPANY APPROVE THE BNI/SFP AGREEMENT, THE PURCHASER WILL TERMINATE THE OFFER.

IMPORTANT

THE PURCHASER IS CURRENTLY REVIEWING ITS OPTIONS WITH RESPECT TO THE OFFER AND MAY CONSIDER, AMONG OTHER THINGS, CHANGES TO THE MATERIAL TERMS OF THE OFFER. IN ADDITION, PARENT AND THE PURCHASER INTEND TO CONTINUE TO SEEK TO NEGOTIATE WITH THE COMPANY WITH RESPECT TO THE ACQUISITION OF THE COMPANY BY PARENT OR THE PURCHASER. THE PURCHASER RESERVES THE RIGHT TO AMEND THE OFFER (INCLUDING AMENDING THE NUMBER OF SHARES TO BE PURCHASED, THE PURCHASE PRICE AND THE PROPOSED SECOND-STEP MERGER CONSIDERATION) UPON ENTERING INTO A SECOND-STEP MERGER AGREEMENT WITH THE COMPANY OR TO NEGOTIATE A MERGER AGREEMENT WITH THE COMPANY NOT INVOLVING A TENDER OFFER PURSUANT TO WHICH THE PURCHASER WOULD TERMINATE THE OFFER AND THE SHARES WOULD, UPON CONSUMMATION OF SUCH MERGER, BE CONVERTED INTO CASH, PARENT COMMON STOCK AND/OR OTHER SECURITIES IN SUCH AMOUNTS AS ARE NEGOTIATED BY PARENT AND THE COMPANY.

Any stockholder desiring to tender all or any portion of such stockholder's Shares should either (i) complete and sign the Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal and mail or deliver it together with the certificate(s) representing tendered Shares, and any other required documents, to the Depositary or tender such Shares pursuant to the procedures for book-entry transfer set forth in Section 3 or (ii) request such stockholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such stockholder. A stockholder whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such stockholder desires to tender such Shares.

A stockholder who desires to tender Shares and whose certificates

representing 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 or the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Holders of Shares may also contact brokers, dealers, commercial banks and trust companies for assistance concerning the Offer.

The Dealer Manager for the Offer is:

CS First Boston Corporation

November 9, 1994

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To the Holders of Shares of Common Stock of Santa Fe Pacific Corporation:

INTRODUCTION

UP Acquisition Corporation (the "Purchaser"), a Utah corporation and a wholly-owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), hereby offers to purchase 115,903,127 shares of Common Stock, par value $1.00 per share (the "Shares"), of Santa Fe Pacific Corporation, a Delaware corporation (the "Company"), or such greater number of Shares as equals 57.1% of the Shares outstanding on a fully diluted basis as of the Expiration Date (as hereinafter defined) (such number of shares being the "Maximum Number"), at a price of $17.50 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"). Promptly upon the purchase by Parent, the Purchaser or their affiliates of at least a majority of the outstanding Shares, such Shares will be deposited in an independent voting trust (the "Voting Trust") in accordance with the terms of a proposed Voting Trust Agreement to be entered into with the trustee thereof (the "Voting Trust Agreement") pending approval by the Interstate Commerce Commission (the "ICC") of the acquisition of control by Parent and its railroad subsidiaries of the Company and its subsidiary, The Atchison, Topeka and Santa Fe Railway Company. The Offer is not conditioned upon such ICC approval. See Section 15. The Proposed Merger (as defined below) would also not be conditioned on such ICC approval. Immediately prior to consummation of the Proposed Merger, Parent would place all of the shares of common stock of the Purchaser (which will become stock of the surviving corporation upon consummation of the Proposed Merger) into the Voting Trust. See Section 15. The Offer is conditioned upon issuance by the staff of the ICC of an informal, non-binding opinion, without the imposition of any conditions unacceptable to the Purchaser to the effect that the use of the Voting Trust is consistent with the policies of the ICC against unauthorized acquisitions of control of a regulated carrier.

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 pursuant to the Offer. The 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 Morrow & Co., Inc., as Information Agent (the "Information Agent"), incurred in connection with the Offer. See Section 16.

The purpose of the Offer is to acquire a majority of the Shares as the first step in a negotiated acquisition of the entire equity interest in the Company. Parent is seeking to negotiate with the Company a definitive acquisition agreement (the "Proposed Merger Agreement") pursuant to which the Company would, as soon as practicable following consummation of the Offer, consummate a merger (the "Proposed Merger") with the Purchaser or another direct or indirect wholly-owned subsidiary of Parent. In the Proposed Merger, at the effective time of the Proposed Merger, each Share that is issued and outstanding immediately prior to the effective time (other than Shares held in the treasury of the Company or owned by Parent, the Purchaser or any direct or indirect wholly-owned subsidiary of Parent) would be converted into 0.354 shares of common stock, par value $2.50 per share, of Parent ("Parent Common Stock"). See Section 10 and Section 11.

The Proposed Merger Agreement is expected to provide that, upon deposit of the Shares purchased in the Offer into the Voting Trust and from time to time thereafter, Southwest Bank of St. Louis, the trustee of the Voting Trust (the "Trustee") will be entitled to designate up to such number of directors, rounded up to the next whole number, on the Company's Board of Directors (the "Company's Board") as will give the Trustee representation on the Company's Board equal to the product of the total number of directors on the Company's Board multiplied by the percentage that the aggregate number of Shares then held by the Trustee bears to the total number of Shares then outstanding. In the Proposed Merger Agreement, the Company is expected to agree to use its best efforts to cause the Trustee's designees to be elected as directors of the Company, including increasing the size of the Company's Board or securing the resignations of incumbent directors or both.

The Offer is conditioned on, among other things, the Company having entered into a definitive merger agreement with Parent and the Purchaser to provide for the acquisition of the Company pursuant to the Offer and the Proposed Merger. See Section 14. BY TENDERING SHARES INTO THE OFFER, THE COMPANY'S STOCKHOLDERS EFFECTIVELY WILL EXPRESS TO THE COMPANY'S BOARD THAT THEY WISH TO BE ABLE TO ACCEPT THE OFFER AND TO APPROVE THE PROPOSED MERGER OR A SIMILAR TRANSACTION WITH PARENT AND ITS AFFILIATES.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES WHICH, WHEN ADDED TO THE SHARES BENEFICIALLY OWNED BY THE PURCHASER AND ITS AFFILIATES, CONSTITUTES AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS (THE "MINIMUM CONDITION"), (2) THE COMPANY HAVING ENTERED INTO A DEFINITIVE MERGER AGREEMENT WITH PARENT AND THE PURCHASER TO PROVIDE FOR THE ACQUISITION OF THE COMPANY PURSUANT TO THE OFFER AND THE PROPOSED MERGER (THE "MERGER AGREEMENT CONDITION"), (3) THE STOCKHOLDERS OF THE COMPANY NOT HAVING APPROVED THE AGREEMENT AND PLAN OF MERGER BETWEEN BURLINGTON NORTHERN INC. ("BNI") AND THE COMPANY DATED AS OF JUNE 29, 1994, AS AMENDED (THE "BNI/SFP AGREEMENT") (THE "STOCKHOLDER VOTE CONDITION"), (4) THE PURCHASER BEING SATISFIED THAT SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW HAS BEEN COMPLIED WITH OR IS INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER, (5) THE PURCHASER BEING SATISFIED THAT THE BNI/SFP AGREEMENT HAS BEEN TERMINATED IN ACCORDANCE WITH ITS TERMS AND (6) RECEIPT OF AN INFORMAL WRITTEN OPINION IN FORM AND SUBSTANCE SATISFACTORY TO THE PURCHASER FROM THE STAFF OF THE ICC, WITHOUT THE IMPOSITION OF ANY CONDITIONS UNACCEPTABLE TO THE PURCHASER, THAT THE VOTING TRUST TO BE USED IN CONNECTION WITH THE OFFER AND THE PROPOSED MERGER IS CONSISTENT WITH THE POLICIES OF THE ICC AGAINST UNAUTHORIZED ACQUISITIONS OF CONTROL OF A REGULATED CARRIER (THE "VOTING TRUST APPROVAL CONDITION"). THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS CONTAINED IN THIS OFFER TO PURCHASE. SEE SECTION 14, WHICH SETS FORTH IN FULL THE CONDITIONS TO THE OFFER. THE OFFER IS NOT CONDITIONED UPON RECEIPT OF THE ICC'S APPROVAL OF THE PURCHASER'S ACQUISITION OF CONTROL OF THE COMPANY. IF THE STOCKHOLDERS OF THE COMPANY APPROVE THE BNI/SFP AGREEMENT, THE PURCHASER WILL TERMINATE THE OFFER.

THE OFFER DOES NOT CONSTITUTE A SOLICITATION OF PROXIES FOR ANY MEETING OF THE COMPANY'S STOCKHOLDERS. PARENT IS CURRENTLY SOLICITING PROXIES IN OPPOSITION TO THE BNI/SFP AGREEMENT. SUCH SOLICITATION BY PARENT IS BEING MADE ONLY PURSUANT TO SEPARATE PROXY MATERIALS COMPLYING WITH THE REQUIREMENTS OF SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "EXCHANGE ACT"). IN ADDITION, THIS OFFER IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF OFFERS TO BUY ANY SECURITIES WHICH MAY BE ISSUED IN ANY MERGER OR SIMILAR BUSINESS COMBINATION INVOLVING THE PURCHASER, PARENT OR THE COMPANY. THE ISSUANCE OF SUCH SECURITIES WOULD HAVE TO BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND SUCH SECURITIES WOULD BE OFFERED ONLY BY MEANS OF A PROSPECTUS COMPLYING WITH THE REQUIREMENTS OF THE SECURITIES ACT.

The Minimum Condition. The Minimum Condition requires that the number of Shares tendered and not withdrawn before the expiration of the Offer, together with the Shares beneficially owned by the Purchaser and its affiliates, represent at least a majority of the Shares outstanding on a fully diluted basis. According to the Burlington Northern Inc. and Santa Fe Pacific Corporation Joint Proxy Statement (the "Santa Fe Joint Proxy Statement") filed with the Securities and Exchange Commission (the "Commission") pursuant to the Exchange Act, as of October 10, 1994, there were 186,996,400 Shares outstanding. According to the Santa Fe Joint Proxy Statement, as of October 10, 1994, there were 15,834,422 unexercised options to acquire Shares under various employee stock option plans of the Company. Parent beneficially owns 200 Shares. The Shares

beneficially owned by Parent were recently acquired in open market purchases. See Schedule II. For purposes of the Offer, "fully diluted basis" assumes that all outstanding stock options are presently exercisable.

Based on the foregoing and assuming no additional Shares have been issued since October 10, 1994 (other than Shares issued pursuant to the exercise of the stock options referred to above), if the Purchaser purchases 101,415,212 Shares pursuant to the Offer, the Minimum Condition would be satisfied.

The Merger Agreement Condition. The Merger Agreement Condition requires that the Company enter into a definitive merger agreement with Parent and the Purchaser that would provide for the acquisition of the Company by the Purchaser pursuant to the Offer and the Proposed Merger. Under the Delaware General Corporation Law (the "DGCL"), in order for the Company to enter into the Proposed Merger Agreement, such agreement must be approved by the Company's Board. The Purchaser will require that such agreement contain provisions requiring the Company's Board to adopt a resolution providing, or take such other corporate action as may be required to ensure, that Section 203 of the DGCL is inapplicable to the Offer and the Proposed Merger.

On October 5, 1994, Parent made a proposal to acquire the Company in a negotiated merger transaction in which the Company's stockholders would receive, per Share, 0.344 of a share of Parent Common Stock, and communicated to the Company its desire to negotiate a definitive merger agreement on mutually acceptable terms and conditions. See Section 10. On October 30, 1994, Parent revised its proposal such that the Company's stockholders would receive, per Share, 0.407 of a share of Parent Common Stock, and reaffirmed its desire to negotiate a definitive agreement with the Company. See Section 10. On November 8, 1994, Parent again revised its proposal to provide that Parent would acquire the Company in a two-step transaction in which Parent would purchase 57.1% of the outstanding Shares on a fully diluted basis in a cash tender offer for $17.50 per Share. Parent would acquire the remaining Shares in a merger in which the Company's stockholders would receive, for each of their remaining Shares, 0.354 of a share of Parent Common Stock. Pursuant to this revised proposal, Shares obtained in the Offer and the Proposed Merger would be held in the Voting Trust until approval by the ICC of the acquisition of control of the Company by Parent. Parent also advised the Company that if the Company's Board prefers, Parent would be prepared to proceed with its previous proposal to negotiate a merger, without the use of a voting trust, in which the Company's stockholders would receive Parent Common Stock having a value of $20 per Share, based on the market prices at the time such proposal was made. Although Parent has sought to enter into negotiations with the Company with respect to the Proposed Merger and intends to continue to pursue such negotiations, there can be no assurance that such negotiations will occur or, if such negotiations occur, as to the outcome thereof.

According to the Santa Fe Joint Proxy Statement, the Company has set November 18, 1994, as the date for a special meeting at which stockholders of the Company will vote with respect to the proposed merger of the Company and BNI. On October 28, 1994, Parent filed a definitive Proxy Statement (the "Parent Proxy Statement") with the Commission in order to solicit proxies from stockholders of the Company to vote against the proposed merger with BNI. In the Parent Proxy Statement, Parent has stated that, if the Company's stockholders approve the proposed merger with BNI, Parent will withdraw its existing proposal to negotiate a merger with the Company. See Section 10.

Parent has filed suit in the Court of Chancery in the State of Delaware seeking, among the other things, an injunction requiring the Company to negotiate with Parent regarding Parent's merger proposal. See Section 15.

The Purchaser presently intends to extend the Offer from time to time until the Merger Agreement Condition is satisfied or the Purchaser determines, in its sole discretion, that such condition is not reasonably likely to be satisfied under then current circumstances. If the Purchaser determines in its sole discretion that it is unlikely that the Merger Agreement Condition will be satisfied, the Purchaser will terminate the Offer.

The Stockholder Vote Condition. The Stockholder Vote Condition requires that the Company's stockholders not approve the BNI/SFP Agreement at the Special Meeting of Stockholders of the Company scheduled for November 18, 1994 or any postponements, adjournments or reschedulings thereof (the "Special Meeting"). Parent is presently soliciting proxies from stockholders of the Company to vote against approval of

the BNI/SFP Agreement. Such solicitation is being made pursuant to separate proxy materials complying with the requirements of Section 14(a) of the Exchange Act. If the stockholders of the Company approve the BNI/SFP Agreement at the Special Meeting, the Purchaser will terminate the Offer as a result of the failure of the Stockholder Vote Condition.

The Voting Trust Approval Condition. The ICC Approval Condition requires that the staff of the ICC issue an informal, non-binding opinion, without the imposition of any conditions unacceptable to the Purchaser, to the effect that the use of the Voting Trust is consistent with the policies of the ICC against unauthorized acquisitions of control of a regulated carrier. The Voting Trust Agreement is expected to provide that the Trustee would have sole power to vote Shares it holds, and would contain certain other terms and conditions designed to ensure that neither the Purchaser nor Parent would control the Company during the pendency of the ICC proceedings. Parent and the Purchaser will promptly request the staff of the ICC to issue such an opinion and believe that they will obtain such an opinion. Parent understands that the ICC staff generally acts on such requests within one to two weeks, although there can be no assurance that the ICC staff will act this quickly. See Section 15.

Certain other conditions to consummation of the Offer are described in Section 14. The Purchaser expressly reserves the right in its sole discretion to waive any one or more of the conditions to the Offer. See Section 14.

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 TENDER OFFER

1. TERMS OF THE OFFER. Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), the Purchaser will accept for payment and pay for the Maximum Number of Shares 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 Thursday, December 8, 1994, unless and until the Purchaser, in its sole discretion, shall have extended the period of time during which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Purchaser, shall expire.

Consummation of the Offer is conditioned upon, among other things, satisfaction of the Minimum Condition, the Merger Agreement Condition, the Stockholder Vote Condition and the Voting Trust Approval Condition. If any or all of such conditions are not satisfied or any or all of the other events set forth in Section 14 shall have occurred or shall be determined by the Purchaser to have occurred prior to the Expiration Date, the Purchaser reserves the right (but shall not be obligated) to (i) decline to purchase any or all of the Shares tendered and terminate the Offer, and return all tendered Shares to tendering stockholders, (ii) waive or reduce the Minimum Condition or waive or reduce any or all other conditions and, subject to complying with applicable rules and regulations of the Commission, 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.

Upon the terms and subject to the conditions of the Offer, if more than the Maximum Number of Shares shall be validly tendered and not withdrawn prior to the Expiration Date, the Purchaser will, upon the terms and subject to the conditions of the Offer, purchase the Maximum Number of Shares on a pro rata basis (with adjustments to avoid purchases of fractional Shares) based upon the number of Shares validly tendered and not withdrawn prior to the Expiration Date.

Because of the difficulty of determining the precise number of Shares properly tendered and not withdrawn, if proration is required the Purchaser does not expect to be able to announce the final proration factor until approximately seven New York Stock Exchange, Inc. ("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. Stockholders may obtain such preliminary information from the Information Agent and may be able to obtain such information from their brokers. The Purchaser will not pay for any Shares accepted for payment pursuant to the Offer until the final proration factor is known.

The Purchaser expressly reserves the right, in its sole discretion, 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 14, 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 Commission, the Purchaser also expressly reserves the right, in its sole discretion 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 pending receipt of any regulatory approval specified in Section 15 (other than approval by the ICC of the acquisition of control of the Company by Parent or the Purchaser) or in order to comply in whole or in part with any other applicable law, (ii) to terminate the Offer and not accept for payment any Shares if any of the conditions referred to in Section 14 has not been satisfied or upon the occurrence of any of the events specified in Section 14 and (iii) to waive any condition or otherwise amend the Offer in any respect by giving oral or written notice of such delay, termination, waiver or amendment to the Depositary and by making a public announcement thereof.

The Purchaser acknowledges that (i) Rule 14e-1(c) under the Exchange Act requires the Purchaser to pay the consideration offered or return the Shares tendered promptly after the termination or withdrawal of the Offer, and (ii) the Purchaser may not delay acceptance for payment of, or payment for (except as provided in clause (i) of the first sentence of the preceding paragraph), any Shares upon the occurrence of any of the events specified in Section 14 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, 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 the Purchaser may choose to make any public announcement, the 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 the 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, the Purchaser will extend the Offer to the extent required by Rules 14d-4(c), 14d-6(d) and 14e-1 under the Exchange Act. The Purchaser reserves the right (but shall not be obligated) to accept payment for more than the Maximum Number of Shares pursuant to the Offer. The Purchaser has no present intention of exercising such right. If a number of additional Shares in excess of two percent of the outstanding Shares is to be accepted for payment, and, at the time notice of the Purchaser's decision to accept for payment such additional Shares is first published, sent or given to holders of Shares, the Offer is scheduled to expire at any time earlier than the tenth business day from the date that such notice is so published, sent or given, the Offer will be extended until the expiration of such period of ten business days.

If, prior to the Expiration Date, the Purchaser should decide to increase or decrease the number of Shares being sought or to increase or decrease the consideration being offered in the Offer, such increase or decrease in the number of Shares being sought or such increase or decrease in the consideration being offered will be applicable to all stockholders whose Shares are accepted for payment pursuant to the Offer and, if at the time notice of any such increase or decrease in the number of Shares being sought or such increase or decrease in the consideration being offered is first published, sent or given to holders of such Shares, the Offer is scheduled to expire at any time earlier than the period ending on the tenth business day from and including the date that such notice is first so published, sent or given, the Offer will be extended at least until the expiration of such ten business day period. For purposes of the Offer a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 Midnight, New York City time.

On November 9, 1994, the Purchaser sent or gave this Offer to Purchase and the related Letter of Transmittal and other relevant materials to the Company's stockholders and sent or gave such materials, 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 of the Company 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), the Purchaser will purchase, by accepting for payment, and will pay for, the Maximum Number of Shares validly tendered prior to the Expiration Date (and not properly withdrawn in accordance with Section 4) as soon as practicable after the later to occur of (i) the Expiration Date and (ii) the satisfaction or waiver of the conditions set forth in Section 14. Any determination concerning the satisfaction of such terms and conditions shall be within the sole discretion of the Purchaser. See Section 14. The Purchaser expressly reserves the right, in its sole discretion, to delay acceptance for payment of, or, subject to the applicable rules of the Commission, payment for, Shares in order to comply in whole or in part with any applicable law (other than approval by the ICC of the acquisition of control of the Company by Parent or the Purchaser), including without limitation the Interstate Commerce Act, as amended (with regard to the receipt of an ICC staff opinion relating to the Voting Trust). See Section 15.

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 procedure 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 the Purchaser may enforce such agreement against the participant.

Payment for the Shares accepted for payment pursuant to the Offer will be delayed in the event of proration due to the difficulty of determining the number of Shares validly tendered and not withdrawn. See Section 1.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, tendered Shares if, as and when the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance of such Shares for payment. Payment for Shares accepted pursuant to the Offer will be made by deposit of the aggregate purchase price therefor with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from the Purchaser and transmitting payment to such tendering stockholders. Under no circumstances will interest on the purchase price for Shares be paid by the Purchaser by reason of any delay in making such payment. Upon the deposit of funds with the Depositary for the purpose of making payments to tendering stockholders, the 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. The 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 Shares pursuant to the Offer in excess of the Maximum Number of 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, the Purchaser shall increase the consideration offered to holders of Shares pursuant to the Offer, such consideration will be paid to all holders whose Shares are purchased in the Offer.

The Purchaser reserves the right to transfer or assign, in whole at any time, or in part from time to time, to one or more of its affiliates, the right to purchase all or any portion of the Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve the Purchaser of its obligations under the Offer and will in no way prejudice the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

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 a 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 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 along with the Letter of Transmittal, or (ii) 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 (iii) 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, 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 guaranteed delivery procedures described below must be complied with.

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.

Signature Guarantees. Signatures on all Letters of Transmittal must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. ("NASD") or a commercial bank or trust company having an office or correspondent in the United States (each of the foregoing being referred to as 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 the 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.

Backup Federal Withholding Tax. 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 included in the Letter of Transmittal. See Instruction 10 of the Letter of Transmittal.

Appointment as Proxy. By executing a Letter of Transmittal as set forth above, a tendering stockholder irrevocably appoints designees of the Purchaser as such stockholder's attorneys-in-fact and proxies, in the manner set forth in the Letter of Transmittal, 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 the 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 this Offer to Purchase). All such proxies shall be considered coupled with an interest in the tendered Shares. This appointment will be effective if, when, and only to the extent that, the Purchaser accepts such Shares for payment pursuant to the Offer. Upon such acceptance for payment, all prior proxies given by 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 the 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 (subject to the terms of the Voting Trust Agreement so long as it shall be in effect with respect to the Shares) 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 the Purchaser reserves the right to require that, in order for Shares or other securities to be deemed validly tendered, immediately upon the Purchaser's acceptance for payment of such

Shares the Purchaser must be able to exercise full voting rights with respect to such Shares and other securities, subject to the terms of the Voting Trust. See Section 15.

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 the Purchaser, in its sole discretion, whose determination will be final and binding on all parties. The 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 the Purchaser's counsel, be unlawful. The Purchaser also reserves the absolute right, in its sole discretion, to waive any of the conditions of the Offer 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.

The 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, the Purchaser, the Dealer Manager, 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.

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

4. WITHDRAWAL RIGHTS. Except as otherwise provided in this Section 4, tenders of Shares made pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Purchaser pursuant to the Offer, may also be withdrawn at any time after January 7, 1995, or at such later time as may apply if the Offer is extended.

If the 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 the Purchaser's rights under the Offer, the Depositary may, nevertheless, on behalf of the 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 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 the Purchaser, in its sole discretion, whose determination will be final and binding. None of Parent, the Purchaser, the Dealer Manager, 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 to not have been validly tendered for purposes of the Offer. However, withdrawn Shares may be re-tendered 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 Proposed 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 particular 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 an exercise of an employee stock option or otherwise as compensation.

Consequences of the Offer and the Proposed Merger Generally. If the Proposed Merger is consummated, the Offer and Proposed Merger should be treated as a single integrated transaction for federal income tax purposes, and the Offer and Proposed Merger together would be a taxable transaction for federal income tax purposes and may be a taxable transaction for foreign, state and local income tax purposes as well. If, for any reason, the Proposed Merger were not consummated, the receipt of cash pursuant to the Offer would still be a taxable exchange.

In general, a stockholder of the Company who, pursuant to the Offer, exchanges Shares for cash will recognize capital gain or loss on the date of acceptance of Shares for purchase in an amount equal to the difference between the amount of cash received and the stockholder's adjusted tax basis in the Shares accepted for payment in the Offer. The gain or loss will be long-term capital gain or loss if, as of the date of the exchange pursuant to the Offer, the holder thereof has held such Shares for more than one year.

In general, a stockholder of the Company who, pursuant to the Proposed Merger, exchanges Shares for Parent Common Stock will recognize capital gain or loss at the effective time of the Proposed Merger in an amount equal to the difference between the fair market value of the Parent Common Stock received and the 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 effective time of the Proposed Merger, the holder thereof had held such Shares for more than one year.

If a holder of Shares owns more than one "block" of stock (i.e., Shares acquired at the same time in a single transaction) gain or loss must be determined separately for each block held. In general, the amount of cash or Parent Common Stock received must be allocated ratably among the blocks in the proportion that the number of Shares in a particular block bears to the total number of Shares held by such stockholder.

Withholding. 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 Proposed Merger. Stockholders should consult their brokers 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 PARTICULAR CATEGORIES OF HOLDERS OF SHARES SUBJECT TO SPECIAL TREATMENT UNDER THE CODE, SUCH AS FOREIGN HOLDERS AND HOLDERS WHOSE SHARES WERE ACQUIRED PURSUANT TO THE EXERCISE OF AN EMPLOYEE STOCK OPTION OR OTHERWISE AS COMPENSATION. STOCKHOLDERS OF THE COMPANY ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE SPECIFIC TAX CONSEQUENCES OF THE OFFER AND THE PROPOSED MERGER, INCLUDING ANY STATE, LOCAL OR OTHER TAX CONSEQUENCES OF THE OFFER AND THE PROPOSED MERGER.

6. PRICE RANGE OF SHARES; DIVIDENDS. The Shares are listed and principally traded on the NYSE and quoted under the symbol SFX. 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. In September, 1994, the Company completed the disposition of SFP Gold as described in Section 7.

	MARKET PRICE	
	HIGH	LOW
FISCAL YEAR ENDED DECEMBER 31, 1992:		
First Quarter	$14 1/8	$11 1/8
Second Quarter	13 3/8	11
Third Quarter	12 7/8	10 7/8
Fourth Quarter	13 7/8	10 5/8
FISCAL YEAR ENDED DECEMBER 31, 1993:		
First Quarter	15 5/8	12 3/4
Second Quarter	18 3/8	14 1/2
Third Quarter	19 1/8	16 3/4
Fourth Quarter	22 1/2	18
FISCAL YEAR ENDED DECEMBER 31, 1994:		
First Quarter	26 1/4	21 5/8
Second Quarter	25	19 3/4
Third Quarter	23	18
Fourth Quarter (through November 8, 1994)	15 7/8	12 1/8

According to the Santa Fe Joint Proxy Statement, the Company paid annual cash dividends for each of the years ending December 31, 1992 and 1993 in the amount of ten cents ($.10) per Share. On October 25, 1994, the Company announced that the Company's Board had declared an annual dividend of ten cents ($.10) per Share, payable December 1, 1994, to stockholders of record at the close of business on November 16, 1994.

On October 5, 1994, the day of Parent's issuance of the press release announcing the transmission of a letter to the Company containing a proposal to negotiate a business combination with the Company in which stockholders of the Company would receive, per Share, 0.344 of a share of Parent Common Stock, valued at $18.00 per Share, based upon the closing price of Parent Common Stock on October 4, 1994, the reported closing sale price per Share on the NYSE was $13.00. On October 28, 1994, the last full trading day prior to Parent's issuance of a press release announcing the transmission of a letter to the Company containing a revised proposal to negotiate a business combination with the Company in which stockholders of the Company would receive, per Share, 0.407 of a share of Parent Common Stock, valued at $20.00 per Share, based upon the closing price of Parent Common Stock on October 28, 1994, the reported closing price per Share on the NYSE was $15.50. On November 8, 1994, the last full trading day prior to Parent's issuance of a press release announcing its intention to commence the Offer, the closing price per Share as reported on the NYSE was $14 7/8. The Offer represents a 17.6% premium over the reported closing sale price per Share on November 8, 1994.

STOCKHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

7. CERTAIN INFORMATION CONCERNING THE COMPANY. 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 Commission and other public sources. Neither Parent, the Purchaser nor the Dealer Manager 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, the Purchaser or the Dealer Manager.

According to the Santa Fe Joint Proxy Statement, the Company is a Delaware corporation and its principal executive offices are located at 1700 East Golf Road, Schaumburg, Illinois 60173.

According to the Santa Fe Joint Proxy Statement, the Company is a holding company which owns subsidiaries in two segments of business: Rail, consisting principally of The Atchison, Topeka and Santa Fe Railway Company, a major Class I railroad operating in 12 midwestern, western and southwestern states; and Pipeline, reflecting the Company's interest in a refined petroleum products pipeline system operating in six western and southwestern states. According to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1994 (the "June 1994 10-Q"), in September 1994, the Company completed the disposition of its remaining 85.4% interest in Santa Fe Pacific Gold Corporation ("SFP Gold") through a distribution of SFP Gold common stock to holders of the Shares and, as a result, SFP Gold became an independent entity effective September 30, 1994. Accordingly, certain fiscal 1993 and comparative prior year amounts in the Company's consolidated financial statements have been reclassified to present SFP Gold as a discontinued operation.

Set forth below is certain selected historical consolidated financial information relating to the Company and its subsidiaries which has been excerpted or derived from the audited financial information of the Company contained in the Santa Fe Joint Proxy Statement and the unaudited interim consolidated financial information of the Company contained in a press release issued by the Company on October 19, 1994 (the "October 19 Press Release"). More comprehensive financial information is included in the Company's 1993 Annual Report to Stockholders (the "1993 Annual Report"), the June 1994 10-Q, the Santa Fe Joint Proxy Statement and other documents filed by the Company with the Commission. The financial information that follows is qualified in its entirety by reference to such reports and other documents, including the financial statements and related notes contained therein. Such reports and other documents may be inspected and copies may be obtained from the offices of the Commission or the NYSE in the manner set forth below.

SANTA FE PACIFIC CORPORATION

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

	YEAR ENDED DECEMBER 31,			SEPTEMBER 30,	
	1993	1992	1991	1994(1)	1993(2)
				(UNAUDITED)	
INCOME STATEMENT DATA:					
Revenues	$ 2,409	$ 2,252	$ 2,154	$ 1,970	$ 1,778
Income from continuing operations	177	21	62	153	124
Income from discontinued operations, net of tax	162	42	34	23	148
Net income (loss)	339	(105)(3)	96	176	272
PER SHARE INFORMATION:					
Net income (loss) per Share	1.81	(0.57)	0.54	0.93	1.46

	AT DECEMBER 31,		AT SEPTEMBER 30,
	1993	1992	1994
			(UNAUDITED)
BALANCE SHEET DATA:			
Total assets	$ 5,374	$ 4,946	$ 5,316
Total debt, including current portion	1,176	1,307	(4)
Stockholders' equity	1,268	929	1,208

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(1) According to the October 19 Press Release, net income for the nine months ended September 30, 1994 includes the after-tax effect of the first quarter gain on the sale of an investment and favorable outcome of a litigation settlement, and the second quarter credit resulting from changes in post retirement benefits eligibility and a loss related to an adverse appellate court decision.

(2) According to the October 19 Press Release, net income for the nine months ended September 30, 1993 includes the after-tax effect of the first quarter

gain on sale of California lines, the third quarter favorable outcome of arbitration and litigation settlements, the pipeline special charge and the retroactive impact of the 1993 tax act.

(3) According to the Santa Fe Joint Proxy Statement, net income for the year ended December 31, 1992 includes a noncash reduction of $163 million, or $.88 per Share, related to the cumulative effect of adopting SFAS No. 106, and a $5 million, or $.03 per Share, reduction for an extraordinary charge on the early retirement of debt.

(4) Not publicly available for September 30, 1994. According to the Santa Fe Joint Proxy Statement, as of June 30, 1994, such amount was $1,105 million.

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 Commission 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 Commission. These reports, proxy statements and other information should be available for inspection at the public reference facilities of the Commission 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 Commission: 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 Commission's customary fees, from the Commission'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. Except as otherwise noted in this Offer to Purchase, all of the information with respect to the Company and its affiliates set forth in this Offer to Purchase has been derived from publicly available information.

8. CERTAIN INFORMATION CONCERNING THE PURCHASER AND PARENT.

The Purchaser. The Purchaser is a newly incorporated Utah corporation organized in connection with the Offer and the Proposed Merger and has not carried on any activities other than in connection with the Offer and the Proposed Merger. The principal offices of the Purchaser are located at Martin Tower, Eighth & Eaton Avenues, Bethlehem, Pennsylvania 18018. The Purchaser is a wholly-owned subsidiary of Parent. Until immediately prior to the time that the Purchaser will purchase Shares pursuant to the Offer, it is not expected that the Purchaser will have any significant assets or liabilities or engage in activities other than those incident to its formation and capitalization and the transactions contemplated by the Offer and the Proposed Merger. Due to the fact that the Purchaser is newly formed and has minimal assets and capitalization, no meaningful financial information regarding the Purchaser is available.

Parent. Parent is a Utah corporation and its principal executive offices are located at Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018.

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

The Railroad is the third largest railroad in the United States by mileage, with over 17,000 route miles linking West Coast and Gulf Coast ports with the Midwest. The Railroad maintains coordinated schedules with other carriers for the handling of freight to and from the Atlantic seaboard, the Pacific Coast, the Southeast, the Southwest, Canada and Mexico. Export and import traffic is moved through Gulf Coast and Pacific Coast ports and across the Texas-Mexico border.

Resources is an independent oil and gas company engaged in exploration for and production of natural gas, crude oil and associated products. Substantially all of its exploration and production programs are concentrated in the Austin Chalk trend and Carthage area in eastern Texas and Louisiana, the Union Pacific Land Grant in Colorado, Wyoming and Utah, the Gulf of Mexico and Canada. Resources is also responsible for developing Parent's reserves of coal and trona which are located primarily in the Rocky Mountain region.

Overnite, a major interstate trucking company, serves all 50 states and portions of Canada through 166 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.

USPCI provides comprehensive waste management services (analysis, treatment, recovery, recycling, disposal, remediation and transportation) to industry and government. On October 20, 1994, Parent announced that its Board of Directors approved a plan to divest Parent's waste business and on October 31, 1994, Parent announced that it had signed a letter of intent to sell USPCI to Laidlaw, Inc. The sale is subject to negotiation of a definitive agreement, following the completion of due diligence, and final approvals by the Boards of Directors of Parent and Laidlaw, Inc.

Parent is subject to the information and reporting requirements of the Exchange Act and is required to file reports and other information with the Commission 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 Commission. 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 7. The Parent Common Stock is 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.

Set forth below are certain selected consolidated financial data with respect to Parent and its subsidiaries for Parent's last three fiscal years, excerpted or derived from audited financial statements presented in Parent's 1993 Annual Report to Stockholders and from the unaudited financial statements contained in Parent's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1994, in each case filed by Parent with the Commission. More comprehensive financial information is included in such reports and other documents filed by Parent with the Commission. The financial information summary set forth below is qualified in its entirety by reference to those reports and other documents which have been filed with the Commission, which are incorporated herein by reference, and all the financial information and related notes contained therein.

UNION PACIFIC CORPORATION

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

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1992	1991	1994	1993
				(UNAUDITED)	
INCOME STATEMENT DATA:					
Total operating revenues	$ 7,353	$ 7,032	$ 6,778	$ 5,806	$ 5,413
Total operating income	1,495	1,396	480(2)	1,194	1,079
Income from continuing operations	715(1)	728	83	723(3)	479
Net income	530(1)	728	64	290(4)	295(1)
PER SHARE INFORMATION:					
Net income per share	2.58	3.57	0.31(2)	1.41(3,4)	1.44(1)

(Footnotes on following page)

	YEAR ENDED DECEMBER 31,		
	1994	1993	1992
CASH DIVIDENDS PER SHARE:			
First Quarter	$0.40	$0.37	$0.34
Second Quarter	0.40	0.37	0.34
Third Quarter	0.43	0.40	0.37
Fourth Quarter	*	0.40	0.37

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* Dividends for the fourth quarter of 1994 have not yet been declared.

	AT DECEMBER 31,		AT SEPTEMBER 30,	
	1993	1992	1994	1993
			(UNAUDITED)	
BALANCE SHEET DATA:				
Properties, net	$11,441	$10,600	$12,164 3,4,5)	$10,858
Total assets	15,001	14,098	15,898	14,591
Total current liabilities	2,089	2,084	2,011	1,956
Total stockholders' equity	4,885	4,639	4,924	4,732
Total liabilities and stockholders' equity	15,001	14,098	15,898	14,591

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(1) 1993 results include a first quarter net after-tax charge of $175 million for the adoption of changes in accounting methods and a third quarter $61 million charge for the deferred tax effect of the Omnibus Budget Reconciliation Act of 1993. Excluding these accounting adjustments, net income for all of 1993 would have been $766 million ($3.73 net income per share).

(2) 1991 operating income and net income include an $870 million ($575 million after-tax) special charge. 1991 operating income and net income, excluding the special charge, would have been $1,331 million and $639 million, respectively ($3.16 net income per share), with a return on average common stockholders' equity of 14.2%.

(3) Pursuant to its plan to dispose of its oil and gas operations in California, Resources sold its Wilmington oil field and announced its plan to dispose of its interest in the Point Arguello oil field. In March 1994, Resources sold its interest in the Wilmington oil field's surface rights and hydrocarbon reserves, and its interest in the Harbor Cogeneration Plant, to the City of Long Beach, California, for $405 million in cash and notes. The Wilmington sale resulted in a $184 million ($116 million after-tax) gain. In addition, Resources recorded a $24 million ($15 million after-tax) charge for the disposition of the Point Arguello offshore oil field. Wilmington and Point Arguello reserves represent approximately 6% of Resources' year-end 1993 proved reserves and their sale will not significantly impact ongoing operating results.

(4) In September 1994, Parent's Board of Directors approved a formal plan of disposition for its waste management subsidiary, USPCI. As a result, Parent reported a $433 million after-tax loss from discontinued operations for the nine months ended September 30, 1994. This loss included an $8 million after-tax loss from USPCI's operations and a $654 million ($425 million after-tax) provision for the loss on disposal. The provision included a write down of USPCI's assets to net realizable value (including goodwill) and a reserve for costs associated with the disposition of USPCI. Parent also contributed $366 million of USPCI's intercompany indebtedness to the capital of USPCI.

Parent has entered into formal negotiations to sell USPCI. On October 31, 1994, Parent announced its intention to sell USPCI to Laidlaw Inc. ("Laidlaw"), contingent upon Laidlaw's completion of due diligence, approval by Parent's and Laidlaw's boards of directors and the execution of a definitive sales agreement. September 1994 and 1993 information has been restated to reflect the sale of USPCI.

(5) In March 1994, Resources acquired AMAX Oil & Gas Inc. ("AMAX") from Cyprus AMAX Minerals Company for a net purchase price of $725 million. AMAX's operations primarily consist of natural gas producing, transportation and

processing properties in West, East and South Texas, Louisiana and Arkansas. These properties include interests in 14 major fields, encompassing approximately 600,000 acres and 2,000 producing wells. Resources recorded 92 million barrels of oil equivalent of proved reserves related to the AMAX acquisition.

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

Schedule II hereto sets forth transactions in the Shares effected during the past 60 days by Parent and its affiliates. Except as set forth in this Offer to Purchase and Schedule II hereto, none of Parent or the Purchaser, or, to the best knowledge of Parent or the 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, the Purchaser, or, to the best knowledge of Parent or the 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 or the Purchaser, or, to the best knowledge of the Parent or the 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 or the Purchaser, or, to the best knowledge of Parent or the 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 Commission.

Except as set forth in this Offer to Purchase, there have been no contacts, negotiations or transactions between Parent or the Purchaser, or their respective subsidiaries, or, to the best knowledge of Parent or the 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.

9. SOURCE AND AMOUNT OF FUNDS. The Purchaser estimates that the total amount of funds required to acquire the outstanding Shares pursuant to the Offer and the Proposed Merger and to pay related fees and expenses will be approximately $2.1 billion. See Section 16.

The Purchaser plans to obtain the necessary funds through capital contributions or advances made by Parent. Parent plans to obtain the funds for such capital contributions or advances from its available cash and working capital, from advances from the sale of commercial paper and/or pursuant to one or more loan facilities currently existing or to be obtained from one or more commercial banks or other financial institutions on terms and conditions to be determined hereafter. It is anticipated that the indebtedness incurred by Parent under such loans will be repaid from funds generated internally by Parent and its subsidiaries (including, after the Proposed Merger, if consummated, dividends paid by the Company 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 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.

10. BACKGROUND OF THE OFFER; CONTACTS WITH THE COMPANY

In the ordinary course of Parent's long-term strategic review process, Parent and the Railroad routinely review potential combinations with various railroads. As part of this process, in the spring of 1994, the Railroad commenced an internal preliminary review of a possible combination of Parent and the Company.

On June 6, 1994, Mr. Drew Lewis, Chairman and Chief Executive Officer of Parent, attempted to contact Mr. Robert D. Krebs, Chairman, President and Chief Executive Officer of the Company, by telephone. On June 7, 1994, Mr. Krebs returned Mr. Lewis' telephone call. During the course of the conversation, Mr. Lewis discussed with Mr. Krebs the recent decision, as previously publicly announced, of Mr. Richard K. Davidson, Chairman and Chief Executive Officer of the Railroad, not to join BNI as a senior executive and his election as President of Parent. In a humorous vein, Mr. Lewis suggested that Mr. Krebs might be interested in the BNI position that Mr. Davidson had declined to accept.

On June 30, 1994, the Company and BNI announced that they had entered into a definitive merger agreement (the "BNI/SFP Agreement") pursuant to which the Company would be merged with and into BNI and each Share would be converted into 0.27 shares of BNI's common stock. As described below, the exchange ratio in the BNI/SFP Agreement was subsequently increased to 0.34 shares of BNI common stock for each Share.

In the BNI/SFP Agreement, the Company (referred to therein as "SFP") agreed to the following provision (the "No Solicitation Provision"):

> "SFP will not, and SFP will use its reasonable best efforts to ensure that its officers, directors, employees or other agents of SFP 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 of SFP, or, in the event of an unsolicited Takeover Proposal of SFP, except to the extent required by their fiduciary duties under applicable law if so advised by outside counsel, engage in negotiations or provide any confidential information or data to any Person relating to any such Takeover Proposal. SFP shall notify BNI orally and in writing of any such inquiries, offers or proposals (including, without limitation, the terms and conditions of any such proposal and the identity of the person making it), within 48 hours of the receipt thereof and shall give BNI five days' advance notice of any agreement to be entered into with or any information to be supplied to any Person making such inquiry, offer or proposal. SFP shall immediately cease and cause to be terminated all existing discussions and negotiations, if any, with any parties conducted heretofore with respect to any Takeover Proposal of SFP. As used in this Agreement, "Takeover Proposal" when used in connection with any Person shall mean any tender or exchange offer, proposal for a merger, consolidation or other business combination involving such Person or any Subsidiary of such Person, or any proposal or offer to acquire in any manner a substantial equity interest in, or a substantial portion of the assets of such Person or any Subsidiary of such Person, other than pursuant to the transactions contemplated by this Agreement."

According to the Santa Fe Joint Proxy Statement, consummation of the proposed transaction between the Company and BNI is subject to various conditions, including, but not limited to, the affirmative vote by the holders of a majority of the outstanding shares of the common stock of BNI, the affirmative vote of the holders of a majority of the outstanding Shares and the approval by the ICC.

The foregoing description of the BNI/SFP Agreement is qualified in its entirety by reference to the text of the BNI/SFP Agreement, a copy of which has been filed by BNI as an exhibit to a Registration Statement on Form S-4 (the "Form S-4"), including the Santa Fe Joint Proxy Statement, and may be obtained in the manner described in Section 8 (except that copies may not be available at regional offices of the Commission).

After announcing the execution of the BNI/SFP Agreement, Mr. Krebs called Mr. Lewis. During their conversation, and in a press release issued by Parent on June 30, 1994, Mr. Lewis stated that Parent was studying the proposed transaction between the Company and BNI to determine its implications for the railroad industry and for Parent. Thereafter, at the regular meeting of Parent's Board of Directors (the "Board of Directors") on July 28, 1994, Management reviewed with the Board of Directors an analysis of the potential impact of a merger between the Company and BNI as well as various alternatives that could be considered by Parent.

Thereafter, management of Parent and the Railroad, together with certain outside advisors to Parent, undertook an extensive analysis of various possible alternative transactions, including a possible combination with the Company.

On September 1, 1994, the Board of Directors held a telephonic special meeting during which it discussed the status of several railroad mergers and analyzed the financial and legal aspects of the various strategic options available to Parent. Mr. Lewis requested that the Board of Directors appoint a Special Committee to work with management during the process of evaluating Parent's possible strategic options. The Board of Directors adopted resolutions appointing a five-member Special Committee (the "Special Committee") to assist management in its assessment of railroad strategies.

On September 9, 1994, the Special Committee held its first meeting. The Special Committee generally discussed its role in assisting management of Parent in its assessment of various strategic alternatives, including a possible combination with Blue, and reviewed such alternatives with management.

On September 19, 1994, the Special Committee held a telephonic meeting during which management reviewed the terms of a possible negotiated business combination with the Company and various alternative courses of action that had been considered by management and Parent's advisors, including a determination by Parent not to engage in any major transaction. Management and Parent's advisors reviewed with the Special Committee the possible use of a voting trust in connection with a possible business combination. At such meeting, the Special Committee unanimously agreed to recommend to the full Board of Directors that Parent proceed with seeking to explore a possible negotiated business combination with the Company, but determined to defer any decision concerning a recommendation as to Parent's use of a voting trust pending further analysis and discussion.

On September 22, 1994, the Board of Directors held a telephonic special meeting during which management reviewed with the Board of Directors the recommendations of management and the Special Committee to consider proceeding with a proposal for a negotiated business combination with the Company, and the possible benefits of such a transaction to Parent and its shareholders as previously considered by management, the Special Committee and Parent's advisors. Management also advised the Board of Directors that the Special Committee had discussed but not reached a determination with respect to the possible use of a voting trust, and reviewed various issues relating to the use of a voting trust. The Board determined that management and Parent's advisors should continue their evaluation and analysis of possible business combination transactions with the Company.

At a meeting on September 28, 1994, the Board of Directors and management reviewed various alternative proposals for a possible business combination with the Company. The Board concluded that it did not intend at such time to use a voting trust in a business combination proposal although no final determination was made.

On October 5, 1994, the Board of Directors determined at a telephonic special meeting to proceed with a proposal to explore with the Company, in accordance with the terms of the BNI/SFP Agreement, a possible negotiated business combination. Later on October 5, Mr. Lewis called Mr. Krebs and suggested that a meeting be arranged that day in order to discuss a possible combination of the Company and Parent. Mr. Krebs told Mr. Lewis that the Company had agreed to be acquired by BNI, that the ICC would not approve an acquisition of the Company by Parent and, therefore, there was no reason for him to meet with Mr. Lewis. Mr. Lewis indicated that although he would prefer to meet with Mr. Krebs to discuss Parent's proposal to negotiate a business combination prior to making any public announcement of Parent's proposal, Parent intended to publicly announce its desire to negotiate such a business combination with the Company even if Mr. Krebs would not agree to the meeting. Mr. Krebs agreed to meet with Mr. Lewis. Mr. Lewis also called Mr. Gerald Grinstein, Chairman and Chief Executive Officer of BNI, to request a meeting, but Mr. Grinstein declined to meet with Mr. Lewis.

On October 5, 1994, Mr. Lewis and Mr. Davidson met with Mr. Krebs and Robert A. Helman, of the law firm of Mayer, Brown & Platt, counsel for the Company. Mr. Helman informed Mr. Lewis that he believed the terms of the BNI/SFP Agreement prohibited discussions with Parent relating to a possible business combination and that approval by the ICC of such a transaction was unlikely. Because the No Solicitation Provision in the BNI/SFP Agreement expressly allowed the Company, its officers, directors, employees or other agents to discuss possible business combinations with parties other than BNI to the extent required by their fiduciary duties under applicable law if so advised by outside counsel, Mr. Lewis advised Mr. Krebs and Mr. Helman that he disagreed with their position that discussions were prohibited with respect to the proposed terms of Parent's proposal (the "Original Union Pacific Proposal") and other terms that Parent might consider, including the possibility of a proposal which could involve consideration valued at up to $20 per Share or the possible use of a voting trust.

At the end of the meeting, Mr. Lewis delivered the following letter to Mr. Krebs describing the Original Union Pacific Proposal:

October 5, 1994

Mr. Robert D. Krebs
Chairman, President & CEO
Santa Fe Pacific Corporation
1700 E. Golf Road
Schaumburg, IL 60173

Dear Rob:

I would like to thank you for meeting with Dick and me earlier today to discuss a possible combination of our two companies. We have long admired Santa Fe and your excellent management and work force. As we discussed, we at Union Pacific believe that combining the strengths of Santa Fe and Union Pacific represents an extraordinary opportunity for our two companies, our respective shareholders, customers and employees, and the railroad industry.

I was disappointed by your unwillingness to consider our proposal. As I mentioned, we view this transaction as a strategic imperative. Accordingly, I am writing to submit the following proposal to combine our companies. Because of the very significant benefits that it would provide to your Company, your shareholders and other constituencies, we ask that you and your Board of Directors give careful consideration to our proposal.

TERMS

We propose that Union Pacific acquire Santa Fe in a merger in which Santa Fe shareholders would receive, for each of their shares, .344 of a share of Union Pacific common stock, having a value of $18 per Santa Fe share based on yesterday's closing price of Union Pacific stock.

This price represents a premium of 38% over yesterday's closing price of Santa Fe common stock. Our proposed price also represents a premium of 33% over the current value of the Burlington Northern transaction, which was endorsed by your financial advisors as fair to your shareholders.

In addition to receiving a substantial premium, your shareholders would be able to participate in an exceptional opportunity for growth and increased value through their ongoing interest in what we believe would be the preeminent railroad company in the country.

Our proposed transaction would be tax-free to both our companies and to your shareholders. This would allow your shareholders to defer paying tax, or recognizing gain or loss on their shares, until they sell at a time of their choice.

BENEFITS OF TRANSACTION

In addition to providing superior benefits for your shareholders, we believe our transaction will provide greater benefits to the shipping public and will do more to strengthen rail competition in the west than the Burlington Northern transaction. A Union Pacific-Santa Fe combination will produce service breakthroughs that a Burlington Northern-Santa Fe merger cannot, including more new single-line service and greater savings and efficiencies. To insure that our transaction will strengthen rail competition in all affected markets, we are prepared to grant conditions to Southern Pacific, Burlington Northern or other railroads, including access to points that would otherwise change from two serving railroads to one, rights to handle service-sensitive business moving between California, Chicago and the Midwest, and access to the Kansas and Oklahoma grain markets.

CONTINUITY OF MANAGEMENT

We have great respect for your management and employees and believe they would make important contributions to our combined company. We envision that certain members of the Santa Fe Board would

be invited to serve on Union Pacific's Board. This participation would facilitate the integration and growth of the two companies.

PROCESS

Our Board of Directors strongly supports the proposed transaction and has authorized management to pursue this proposal with you. We are prepared to immediately commence negotiation of a definitive merger agreement containing mutually agreeable terms and conditions.

We have conducted an extensive analysis of Santa Fe based on publicly available information. While our proposal is necessarily subject to confirmation, through appropriate due diligence, that our understanding of Santa Fe based on publicly available information is accurate, we expect that such due diligence will confirm our view of Santa Fe and its prospects. We recognize that you will need to conduct a due diligence review of Union Pacific and its operations, and we are ready to facilitate that process.

Our transaction, like the proposed Burlington Northern merger, is contingent upon ICC approval. Although this is a significant matter for either transaction, we believe that, working together, we can present strong arguments to the Commission as to the benefits of our transaction to customers and the industry.

Our proposal also would be subject to termination of your merger agreement with Burlington Northern, in accordance with the terms of that agreement, approval of a mutually satisfactory merger agreement by our respective Boards of Directors, and approval of our respective shareholders.

Along with our financial advisor, CS First Boston Corporation, and our legal advisor, Skadden, Arps, Slate, Meagher & Flom, we look forward to meeting with you and your advisors to discuss our proposal and to working to implement this transaction. We have the opportunity to build the best railroad in the country and to provide significant immediate and long-term benefits for your shareholders.

I am hopeful your Board will conclude that your shareholders should not be denied the opportunity to consider this offer. We at Union Pacific are determined to take every appropriate action to pursue this transaction. In view of the importance of this matter, time is of the essence and we await your earliest possible response.

Please call me as soon as possible so we can get together to discuss this matter in detail.

Sincerely,

/s/ Drew Lewis

On October 6, 1994, Mr. Krebs delivered the following letter to Mr. Lewis:

October 6, 1994

Mr. Drew Lewis
Chairman and Chief Executive Officer
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018

Dear Mr. Lewis:

The Board of Directors of Santa Fe Pacific Corporation ("SFP") has authorized me to reject, on behalf of SFP, the proposal of Union Pacific Corporation ("UP") dated October 5, 1994, to acquire SFP. You stated at our meeting yesterday that UP might be willing to offer more -- $20 per share -- and would consider using a voting trust for UP's proposed transaction. These statements are inconsistent with UP's proposal and its press release.

If UP makes a proposal at a fair price and with an adequate provision for a voting trust that would substantially eliminate the regulatory risk for SFP shareholders, the Board would consider that proposal in light of its fiduciary duties.

Sincerely,

/s/ Robert D. Krebs

On October 6, 1994, Parent commenced the Delaware Litigation. See "Certain Legal Matters; Regulatory Approvals -- Certain Litigation."

On October 11, 1994, Mr. Lewis sent the following letter to Mr. Krebs:

October 11, 1994

Mr. Robert D. Krebs
Chairman, President and CEO
Santa Fe Pacific Corporation
1700 East Golf Road
Schaumburg, IL 60173

Dear Rob:

I am in receipt of your October 6 letter.

In light of your Board's fiduciary obligations, we were disappointed by your failure to give careful consideration to our proposal or to meet with us to discuss our transaction. We remain convinced that our proposal is a superior alternative to your proposed transaction with Burlington Northern, providing a premium price to your shareholders as well as significant benefits for shippers and the rail industry.

We believe it is a disservice to your shareholders for you to publicly speculate, inaccurately, as to the motivation for our proposal rather than giving us an opportunity to respond to your concerns. We do not understand how you, your Board and advisors could pass judgment on complex regulatory matters only one day after receiving our proposal without considering our analysis of ICC matters, including the unprecedented public benefits that would result from the UP-Santa Fe transaction and the conditions we are prepared to grant to other railroads to strengthen rail competition in the West.

If you and your advisors agree to discuss our proposal in the exercise of your fiduciary duties in accordance with the terms of your merger agreement with Burlington Northern, we can present compelling reasons to convince you that our proposal is superior and in the best interests of your shareholders, and address your stated concerns regarding regulatory approvals.

As to your stated willingness to consider a "fair price," our current proposed purchase price represents a significant premium over the value of the Burlington Northern transaction, which your financial advisors have already endorsed as fair to your shareholders. We would be prepared to receive information from you that might justify a greater consideration.

I again call upon you and your Board to give careful consideration to our proposal and to exercise your fiduciary obligations to meet with us and our advisors at the earliest possible time. Your shareholders should not be denied the opportunity to consider our proposal.

Sincerely,

/s/ Drew Lewis

cc: Board of Directors
Santa Fe Pacific Corporation

On October 11, 1994, Mr. Krebs sent the following letter to Mr. Lewis:

October 11, 1994

Mr. Drew Lewis
Chairman and Chief Executive Officer
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018

Dear Mr. Lewis:

Your October 11, 1994 letter has been reviewed by the Santa Fe Pacific board. The board has concluded that your October 11 letter really adds nothing to your October 5 letter. However, the board has authorized me to ask you to provide us promptly with Union Pacific's "analysis of ICC matters," as referenced in your letter. Unless and until we receive something to change the position set forth in my October 6, 1994 letter to you, that position still stands.

Sincerely,

/s/ Robert D. Krebs

On October 12, 1994, Mr. Lewis sent the following letter to Mr. Krebs:

October 12, 1994

Mr. Robert D. Krebs
Chairman, President and CEO
Santa Fe Pacific Corporation
1700 East Golf Road
Schaumburg, IL 60173

Dear Rob:

We are encouraged by your October 11 response indicating a willingness to consider our analysis of regulatory matters relating to our proposed transaction. We will provide materials and would welcome the opportunity, in accordance with your existing merger agreement, to sit down with you and your advisors to address your concerns.

We will be in contact with you shortly to arrange the delivery of materials.

Sincerely,

/s/ Drew Lewis

cc: Board of Directors
Santa Fe Pacific Corporation

On October 12, 1994, BNI filed the Form S-4 with the Commission, including the Santa Fe Joint Proxy Statement. The Santa Fe Joint Proxy Statement set November 18, 1994 as the date for a special meeting of the stockholders of each of the Company and BNI (in each case, the "Special Meeting") for purposes of voting on the proposed merger with BNI.

On October 13, 1994, Parent announced its intention to solicit proxies from the Company's stockholders entitled to vote at the Special Meeting for votes against the proposed merger of the Company and BNI. Also on October 13, 1994, Parent filed its preliminary Proxy Statement with the Commission.

On October 17, 1994, Mr. Lewis sent Mr. Krebs and each of the members of the Company's Board a copy of a memorandum, dated October 17, 1994 (the "ICC Memorandum"), prepared by the Railroad's Vice President of Strategic Planning. The ICC Memorandum described the factual case that Parent would expect to present to the ICC in its application for approval of a merger with the Company. Accompanying the ICC Memorandum was the following letter:

October 17, 1994

Mr. Robert D. Krebs
Chairman, President and CEO
Santa Fe Pacific Corporation
1700 East Golf Road
Schaumburg, IL 60173

Dear Rob:

Enclosed is a summary analysis of the case regarding our merger proposal that we would expect to present to the Interstate Commerce Commission. We suggest that you review this with your Board and your ICC counsel.

We are confident that after a review you will see that we have a strong case for ICC approval. If you have any questions or desire any additional information, please feel free to contact me.

We look forward to meeting with you to discuss the analysis and our proposal, in accordance with the terms of your merger agreement with Burlington Northern Inc.

Sincerely,

/s/ Drew Lewis

cc: Board of Directors
Santa Fe Pacific Corporation

On October 24, 1994, Parent sent to Mr. Krebs and each of the members of the Company's Board a set of reports from a five-member panel of experts requested by Parent to review the ICC Memorandum and to express their views on the prospects for success of Parent's ICC case.

On October 27, 1994, BNI filed with the Commission a Supplemental Joint Proxy Statement/Prospectus (the "Supplemental Santa Fe Joint Proxy Statement"), in which stockholders of the Company and BNI were informed that the Company and BNI had entered into an amendment to the BNI/SFP Agreement, the terms of which, among other things, modified the exchange ratio such that the merger consideration would consist of 0.34 shares of BNI common stock for each share of the Company's common stock. According to the Supplemental Santa Fe Joint Proxy Statement, on October 26, 1994, the Board of Directors of BNI approved the increased merger consideration and the Company and BNI entered into an amendment to the BNI/SFP Agreement.

On October 27, 1994, Mr. Krebs sent the following letter to Mr. Lewis:

October 27, 1994

Mr. Drew Lewis
Chairman and Chief Executive Officer
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018

Dear Mr. Lewis:

The board of directors of Santa Fe Pacific Corporation (SFP or Santa Fe) has received the memorandum you sent me on October 17, 1994, which contained what you described as a "summary analysis of the case regarding our merger proposal that we would expect to present to the Interstate Commerce Commission." The board has also received the statements that Union Pacific Corporation (UP) submitted on October 24, 1994, of experts retained by UP to provid their views on the ICC issues (the UP panel statement).

After reviewing the foregoing materials, and receiving analysis and advice from the Santa Fe management and Santa Fe's lawyers and other experts, the board has concluded and asked me to advise you that it continues to believe that the UP non-binding proposal dated October 5, 1994, as further described in UP's October 17, 1994 memorandum, is not likely to be approved by the ICC.

The UP memorandum should be addressed first because it forms the basis for the statements of the experts you have retained. The UP memorandum is primarily devoted to a discussion of UP's perception of the benefits of a merger with Santa Fe rather than the competitive problems such a proposed merger would create. It is obvious that a merger of two strong western railroads, including your dominant railroad, would result in benefits for UP. However, we believe the UP memorandum overstates the benefits of a UP/Santa Fe merger, superficially addresses the competitive issues the transaction would raise, and significantly understates the benefits of our proposed merger with Burlington Northern (BN).

The UP memorandum devotes only three of its fourteen pages to a discussion of the crucial issue -- whether the ICC would approve a UP/Santa Fe merger despite a substantial diminution in competition. In analyzing the competitive implications of a UP/Santa Fe merger, one must start with the fact -- which UP ignores -- that UP is today the dominant western railroad.

Large size and scope are not by themselves reasons to object to a railroad merger. But UP does not propose just any railroad merger. It proposes to merge with Santa Fe, which is its strongest competitor (and one of only two competitors) on major transcontinental routes (including Chicago-California and Kansas City-California) originating or terminating in the nation's most populous state. The significant reduction of competition on those routes is by itself a competitive problem of great -- and quite possibly dispositive -- magnitude. But there are many other competitive problems as well.

There are, for example, major problems with respect to specific commodities. Precise market share data by corridors are not readily available, but the combined share of western railroad movements handled by UP and Santa Fe in major categories would be substantial, probably more than 70% in the important Midwest-Southern California domestic intermodal category. On a combined basis, UP/Santa Fe would originate and terminate a great majority of automotive industry movements in the West. Eliminating competition between UP and Santa Fe would end a fierce rivalry. In 1990, for example, UP succeeded in underbidding Santa Fe on a contract (valued in the tens of millions of dollars) to carry all Ford traffic from Kansas City to California. Ford and other automakers benefit from the lower rates and improved service associated with such competition.

UP has identified certain conditions it "might" accept in an effort to cure some of these competitive problems. As to the most severe competitive problem -- reduced competition among railroads serving the routes between California and the Upper Midwest and UP/Santa Fe's dominant position on those routes -- the UP memorandum says only that UP "might accept" a grant to Southern Pacific (SP), the

other carrier that currently does compete in the California-Upper Midwest corridor, of "trackage rights or other conditions that would significantly strengthen SP's already-competitive California-Midwest routes." One must doubt the value of conditions that would only benefit a carrier already serving the routes in question. Such conditions are unlikely to be sufficient to compensate for a very substantial diminution in competition on one of the nation's most important railroad routes.

There is, moreover, no precedent for the extent of conditions that would address the various competitive issues and level of concentration that would arise in a UP/Santa Fe combination. Based on the lack of precedent, we believe that the ICC would be unlikely to approve complex conditions of the sort that would be necessary to solve all the competitive problems in such a combination. The ICC is likely to be concerned about whether such conditions could be implemented, whether they would effectively solve the competitive problems, and whether the agency could adequately supervise them. Such conditions also would be economically costly to UP and Santa Fe, and could eliminate from the deal the value of any benefits for UP's and Santa Fe's shareholders.

The service benefits and efficiencies described in the UP memorandum are unlikely to be persuasive to the ICC because many of them are benefits achievable only at the expense of a reduction in competition in concentrated markets. Other claims of benefits are overstated; for example, what UP describes as new single-line service is often, in reality, nothing more than a better route between origins and destinations that UP already serves.

UP also rests some of its claims of service improvements on an apparent misunderstanding of Santa Fe's existing operations. It is unlikely that substantial reductions in transit times could be realized on Midwest-California Santa Fe service. For intermodal traffic, Santa Fe already has frequent departures for the Chicago-Southern California business, approximately every four hours -- the same frequency UP proposes. Santa Fe also offers service between Chicago and Northern California approximately every six hours. With respect to automotive traffic, Santa Fe already operates solid unit trains to Southern California.

Although some of UP's other claims of new single-line service through a UP/Santa Fe combination are true, the benefits achievable through those new opportunities pale in significance compared to opportunities for new transcontinental single-line service, which the BN/Santa Fe transaction promises and the UP/Santa Fe proposal does not. The central United States is thickly populated with railroads, and shippers already enjoy a wide variety of choices, including single-line choices, for most north-south routes (where most of UP's genuine new single-line service opportunities would come). The western United States, by contrast, has relatively few rail lines. California shippers -- and ports -- in particular have at most three railroads to choose from, and would have only two at most if UP and Santa Fe merged. The opportunity through a BN/Santa Fe combination to provide new single-line service to and from the western United States, and populous California in particular, is a genuine public benefit of huge magnitude. Opportunities to provide new single-line service on north-south routes in the Central United States are not.

UP observes that "this is not the first parallel merger to be presented to or approved by the ICC." UP then presents a list of purportedly parallel mergers that the ICC has approved. The list is unconvincing. For example, UP's Katy merger was, as UP claims, largely parallel. But the Katy was a relatively small carrier, and the precarious financial position of the Katy played a role in the ICC's decision. Wisconsin Central's 1992 acquisition of the Fox River Valley and Green Bay and Western Railroads was largely parallel, but the acquired roads had fewer than 500 aggregate route miles. The merger of the Norfolk & Western and Southern to form Norfolk Southern was, according to the ICC, a consolidation of railroads that met end-to-end, although there were some parallel lines. The merger of the Chessie and Family Lines systems to form CSX was, according to the ICC, basically an end-to-end transaction, although it had some parallel aspects. In both these cases, UP's claim that the ICC approved "largely parallel" mergers is unfounded.

The ICC did approve the largely parallel merger of the Great Northern and the Northern Pacific 26 years ago, over Justice Department opposition. That merger was comparable in important respects to the proposed UP/Santa Fe combination: on certain long-haul corridors, the ICC permitted the two

strongest of three competitors serving the corridors to merge, on condition that they grant trackage rights to the third competitor. The unfortunate consequences that resulted from the ICC's approval of that merger, however, are hardly likely to lead today's Commission to look favorably on a similar proposal. The third competitor was the Milwaukee Road, which never succeeded in becoming a competitive force in the Northern Corridor, and which ultimately went into bankruptcy and endured years of legal proceedings before finally seeing the bulk of its assets sold to the Soo Line.

The proposed UP/Santa Fe merger would be a combination of largely parallel systems (a horizontal merger). Both the ICC and antitrust authorities have been skeptical of any claims that horizontal mergers that otherwise would reduce competition may be rescued by the types of efficiency claims UP makes. The ICC as a policy matter has declined to use its authority to create ameliorating conditions to cure anticompetitive aspects of mergers. In the Santa Fe-Southern Pacific decision, for example, the ICC said that it will not use its conditioning power to substantially restructure a transaction beyond the scope proposed.

The UP panel statement did not include any new material information and therefore it does not change our analysis. It is worth noting that, while some of the authors of the UP panel statement stated that UP could make a "credible" case for ICC approval of a UP-SFP merger, none of them, despite their retention by UP, stated that such approval was likely. In addition, a few comments on individual views expressed in the UP panel statement are in order.

Mr. Kharasch's analysis is similar to ours in many respects. In particular, he recognizes the "very considerable burden of proof" that proponents of a parallel merger bear, notwithstanding the benefits of such mergers, which arguably can be greater than the benefits of end-to-end mergers. Former Commissioner Starrett also correctly observes that "the key to the success of the UP's case at the ICC will be the ability to fashion" satisfactory conditions. Furthermore, Mr. Kharasch concedes that it is a "critical assumption" that UP will agree to conditions that preserve competition in "all rail markets where there would otherwise be a significant reduction in rail competition," and all of his favorable conclusions turn on that assumption. As I have explained above, the UP memorandum does not provide a satisfactory basis for making that assumption.

Mr. Kharasch and former Commissioner Starrett do not address the key point that conditions as extensive as the ones they assume would have a considerable economic cost for UP and Santa Fe, an economic cost that makes it impossible to determine what, if any, value the UP proposal would provide to SFP shareholders. The Commission noted in the MP/UP case that its general policy statement requires that conditions not frustrate the ability of applicants to obtain the anticipated public benefits of consolidation.

Mr. DePodesta seems to take the position, despite his use of the phrase "favorable consideration," that no one can really know what the ICC will do, with respect to either BN/Santa Fe or UP/Santa Fe. Mr. DePodesta's approach -- that no one can even make an educated guess -- is not good enough for our shareholders, especially when you propose to have Santa Fe abandon an agreed-to merger with BN on the hope that the ICC might approve a UP/Santa Fe merger, the terms of which are unknown. That is particularly true because we believe a UP/Santa Fe merger application would be highly contested and would be resolved on a schedule substantially longer than the ICC schedule for BN/Santa Fe. The current BN/Santa Fe schedule calls for a decision in the first quarter of 1996, whereas a UP/Santa Fe application might well require the full thirty-one months allowed under the Interstate Commerce Act. Because of this timing difference, which could be as long as two years, SFP and its shareholders would be faced with a significantly longer period of uncertainty while ICC approval was being sought.

Mr. McCormick's position that the United States Department of Transportation (DOT) would not oppose a UP/Santa Fe transaction has little if any probative weight. DOT supported the Santa Fe/Southern Pacific proposal, yet the ICC rejected it. We have considered the likely unfavorable reaction of the Justice Department to a UP/Santa Fe merger, which is a far more probative consideration. Mr. Langley addresses only the shipper benefits from a UP/Santa Fe merger. We have never denied that there would be benefits. It is the competitive problems and the conditions by which they would be solved that are crucial.

In conclusion, the SFP board, having reviewed analyses of the UP memorandum from management, SFP's outside ICC experts, and SFP's lawyers, continues to believe that a UP/SFP merger is not likely to be approved by the ICC on acceptable terms, that the risks to SFP of a lengthy and unsuccessful UP/SFP merger application process would be too great, and that the merger of SFP and BN is in the best interest of SFP and its shareholders. Because ICC approval of the UP/SFP merger as described in the UP memorandum is not likely, the SFP board continues to believe that the UP proposal is illusory and nothing more than an effort by UP to block the BN/SFP merger in order to avoid the creation of a strong competitor to UP.

Accordingly, the board has directed me to inform you that the board has reaffirmed its position as set forth in my October 6, 1994 letter to you. If UP makes a proposal at a fair price and with an adequate provision for a voting trust that would substantially eliminate the regulatory risk for SFP shareholders, the board would consider that proposal in light of its fiduciary duties.

Sincerely,

/s/ Robert D. Krebs

On October 28, 1994, Parent filed the Parent Proxy Statement with the Commission and announced its intention to mail proxy materials to the Company's stockholders on or about October 28, 1994, in order to solicit proxies from stockholders of the Company entitled to vote at the Special Meeting to vote against the proposed merger of the Company and BNI.

At a meeting on October 28, 1994, Parent's Board of Directors reviewed various alternative courses of action including increasing the consideration that Parent was willing to pay in its proposal to acquire the Company and the possible use of a voting trust. The Board of Directors determined not to change its position concerning the use of a voting trust and unanimously approved a revised proposal pursuant to which the Company's stockholders would receive for each Share .407 of a share of Parent Common Stock, which then had a market value of $20 per Share.

On October 30, 1994, Parent announced that Mr. Lewis requested and was granted a short-term medical leave to enter an alcohol treatment program. It was announced at such time that Mr. Lewis was expected to return to work in four to six weeks.

On October 30, 1994, Mr. Davidson sent the following letter to Mr. Krebs:

October 30, 1994

Mr. Robert D. Krebs
Chairman, President & CEO
Santa Fe Pacific Corporation
1700 East Golf Road
Schaumburg, Illinois 60173

Dear Rob:

I am writing to submit the following revised proposal to negotiate a combination of our companies. We ask that you and your Board of Directors, consistent with your fiduciary obligations and in accordance with the terms of your existing merger agreement with Burlington Northern, give careful consideration to our proposal.

We propose to negotiate a tax-free merger in which your shareholders would receive Union Pacific shares of common stock at a ratio of .407 of a share for each Santa Fe share of common stock, having a value of $20 per Santa Fe share based on the closing price of Union Pacific stock on October 28, 1994. We would also consider paying a portion of the consideration in cash.

This price would represent a premium of 29.0 percent over the closing price of Santa Fe common stock on October 28, 1994. Our proposed price also represents a premium of 16.2 percent over the current

value of the revised Burlington Northern transaction, which has been endorsed by your financial advisors as fair to your stockholders.

We are prepared to begin immediate negotiation of a definitive merger agreement containing mutually agreeable terms and conditions. Our proposal would continue to be subject to the conditions previously described, including termination of your merger agreement with Burlington Northern in accordance with its terms, completion of due diligence, approval of a mutually satisfactory merger agreement by our respective Boards of Directors, ICC and other governmental approvals and approval of our respective shareholders.

We are in receipt of your letter, dated October 27, 1994, concerning our ICC case. We disagree with many of your statements and will be sending you shortly a written response addressing those differences. We continue to believe that you have not given fair consideration to the ICC issue. As we have said previously, we think it would be far more constructive for your Board and management to meet with us to discuss how we would propose to deal with this issue.

Sincerely,

/s/ Dick Davidson

cc: Board of Directors
Santa Fe Pacific Corporation

On November 1, 1994, Mr. Davidson sent the following letter to Mr. Krebs:

November 1, 1994

Mr. Robert D. Krebs
Chairman, President and CEO
Santa Fe Pacific Corporation
1700 East Golf Road
Schaumburg, IL 60173

Dear Rob:

On October 17, we sent to you and the Santa Fe Board a memorandum describing the case that UP would expect to present to the ICC in support of a UP/Santa Fe merger, and on October 24, we forwarded a set of reports from the five-member panel of experts that UP had asked to review the October 17 memorandum and express their views on the prospects for success of UP's ICC case. Your October 27 letter to Drew Lewis offers various comments on the October 17 memorandum and the experts' reports. Your letter reasserts your contention, first made promptly upon the submission of our original offer on October 5, that a UP/Santa Fe merger "is not likely to be approved by the ICC."

UP does not believe that your October 27 letter, any more than your hasty statement in early October, reflects a fair or open-minded consideration of the issues. UP's acquisition proposal, as revised on October 30, offers significantly greater value to Santa Fe shareholders, based on current market prices, than a BN transaction. We believe that UP and Santa Fe, working together, can present a compelling case to the ICC for approval of a merger of their railroads. If Santa Fe were genuinely interested in evaluating the case that UP and Santa Fe can jointly make to the ICC in support of a merger of their two railroads, it would, as we have repeatedly requested, meet with UP, in accordance with the terms of its merger agreement with BN, to analyze and discuss the issues in depth.

Rather than addressing each and every inaccuracy in your October 27 letter, we shall confine ourselves to some key points. We repeat our request that Santa Fe's Board and management meet with UP and its advisors to explore the many opportunities inherent in a merger of our railroads and to negotiate an acquisition agreement that is in the best interest of Santa Fe's shareholders and the shipping public.

1. The detailed reports of UP's panel of experts support the conclusion that a UP/Santa Fe merger can be approved by the ICC -- and the strained efforts in your October 27 letter to find some different message in those reports, or to dismiss them as "not good enough for our shareholders" or of "little if any probative weight," are not credible. The five members of the panel have never represented UP in any matter (save for some minor consulting on shipper attitudes by Dr. Langley). Moreover, they are anything but single-minded proponents of rail mergers: former ICC Commissioner Sterrett voted against the SFSP merger proposal, and Mr. Kharasch led the successful effort of the railroad opponents to defeat that proposal. These five noted authorities -- and only these five individuals -- were asked by UP to review the October 17 memorandum outlining the ICC case UP intends to make, and to state their conclusions as to the strength of that case, whatever those conclusions might be. Without exception, the panelists reached distinctly favorable conclusions as to the case that UP intends to present to the ICC.

2. While not "denying that there would be benefits" from a UP/Santa Fe merger, you dismiss those public benefits as "unlikely to be persuasive to the ICC" and unimportant to the ICC's determination of whether to approve the transaction. But, as your lawyers surely know, under the governing law and precedents, public benefits are one of the two vital elements, together with any adverse effects on competition and essential services, that are weighed in the ICC's overall public interest determination. The ICC's rail merger policy statement and a long line of ICC rail merger decisions make clear that significant public benefits, such as the dramatically improved transportation quality at lower cost that would result from a UP/Santa Fe merger, can outweigh even significant anticompetitive effects of a railroad merger and mandate approval of the merger under the public interest standard. Significant public benefits are all the more decisive when, as UP is proposing, any genuine competitive concerns are alleviated through conditions. Thus, it is plainly mistaken to dismiss, as you do, the very significant service and efficiency benefits of a UP/Santa Fe merger.

3. The few specific criticisms you offer of the benefits we outlined are wide of the mark. Your discussion of the extensive new single-line service that would be offered by a UP/Santa Fe merger, for example, states that "most" of that new single-line service would be on "north-south routes" in the "central United States" and suggests that only a BN/Santa Fe merger would produce "new transcontinental single-line service." This ignores the number one item on the list in UP's October 17 memorandum of the competitive single-line service benefits of a UP/Santa Fe merger -- service across the Southern Corridor between California, Arizona and New Mexico, on the one hand, and major markets such as New Orleans and the Gulf Coast chemical producers, on the other hand. Your statement that Santa Fe intermodal service already is equal to the service that would be provided by a UP/Santa Fe combination is contradicted by the information submitted to the ICC last month in the BN/Santa Fe merger application. The application shows about three intermodal trains per day from Chicago to the San Francisco Bay Area and about four from Chicago to Los Angeles. There is no doubt that combining UP and Santa Fe services would permit more frequent schedules in both corridors. There would also be significant improvements in automobile handling through instituting new through unit auto trains.

4. You criticize the treatment of the competition issue in UP's October 17 memorandum as inadequate, but it is your letter, not our memorandum, that fails to address the issue. UP has identified the two markets where we believe that there are arguably genuine competitive concerns -- the market for originations of grain in Kansas and Oklahoma, and the market for the transportation of service-sensitive freight between California and the Midwest. UP also stated that it will accept conditions to preserve and enhance rail competition in these markets, and gave specific examples of such conditions. Our memorandum also stated that UP would accept conditions granting a second railroad competitive access to every one of the points served by only UP and Santa Fe -- an offer that BN and Santa Fe have not made. (Instead, BN and Santa Fe have agreed to terminate their merger agreement if ICC conditions significantly affect the economic benefits of the transaction. As you are no doubt aware, there are a substantial number of points that would be reduced from two serving railroads to one in a BN/Santa Fe merger, including Amarillo, TX; Lubbock, TX; Superior, NE; Fort Madison, IA; Galesburg, IL; and Trinidad, CO.) Your only response is to cite as a potential problem the transportation of service-sensitive intermodal and automotive traffic in the California-Midwest corridor -- precisely one of the two markets that we identified -- and then to refer to "many other competitive problems." We wonder what "other

competitive problems" you see. Surely they do not arise from the fact that UP and Santa Fe are parallel between Denver, Chicago, Kansas City, Dallas/Fort Worth, Houston and Galveston, since BN and Santa Fe are parallel between all of the same cities -- as well as in other corridors, such as Denver-West Texas, where UP is not a competitor.

5. You also dismiss the fact that the ICC has approved many rail mergers that involved significant parallelism, arguing that this precedent is too small, that one too old, the other not sufficiently parallel, and so on. But this will not wash. In an interview in Sunday's Chicago Tribune, you say that Santa Fe recently had extensive merger talks with Southern Pacific. That merger is not only parallel; unlike UP/Santa Fe, it reduces major corridors from two railroads to one, and was rejected by the ICC in 1986. But you can only have had these talks with the belief that such a parallel merger could secure ICC approval. Also, only last June, your company bid on the Kansas City Southern Railway -- a proposed merger between strong carriers that both have routes between Kansas City and points in Texas and Louisiana. Notably, so did BN -- and a BN/KCS merger would have been a merger between strong carriers with significant parallel aspects. Evidently Santa Fe and BN have only very recently adopted the view that parallel mergers cannot be approved by the ICC, and that the express contrary provision in the ICC's formal rail merger policy statement has somehow become inoperative.

6. Contrary to your suggestion, a UP/Santa Fe transaction with conditions that would significantly strengthen SP's California-Midwest routes would not be at all analogous to a Great Northern/Northern Pacific transaction with conditions in favor of the Milwaukee Road. SP is a clearly viable carrier in the midst of a major financial turnaround, as you yourself recognized in an October 28 interview on the Dow Jones Investor Network; Milwaukee was in financial distress at the time of the Northern Lines merger. Moreover, at a time when carload business was the mainstay of the railroads, the Milwaukee had limited industry access on its Pacific Extension, whereas SP has the most extensive industry access in California and is Santa Fe's strongest competitor in that state.

7. You give no weight to UP's proposal to agree up front to the conditions necessary to address any legitimate competitive concerns -- a proposal that the experts we consulted considered critical in distinguishing our approach from that of Santa Fe and SP in the failed SFSP application. Apparently you disregard this critical factor because of your belief that the "ICC as a policy matter has declined to use its authority to create ameliorating conditions to cure anticompetitive aspects of mergers." But the Commission's policy statement is directly to the contrary, and one need only cite the examples of UP/MP/WP, in which some 1,400 miles of trackage rights were granted to DRGW, SP and MKT to ameliorate competitive problems, and UP/MKT, in which extensive conditions in favor of SP and KCS were approved to ameliorate competitive problems, to demonstrate that the Commission takes its policy seriously.

8. Finally, you label UP's acquisition proposal "non-binding," as if this rules it out. Our proposal can become binding very quickly, once Santa Fe stops seeking to justify its disregard of its stockholders' best interests by hiding behind untenable arguments about the ICC prospects of a UP/Santa Fe merger and sits down with us to talk seriously.

Both the service and competition issues relating to a UP/Santa Fe merger are best addressed by detailed, cooperative discussions between our companies, rather than by public exchanges of letters. We continue to hope that Santa Fe will reconsider its refusal to discuss these matters.

Sincerely,

/s/ Dick Davidson

cc: Board of Directors
Santa Fe Pacific Corporation

On November 2, 1994, Mr. Krebs sent the following letter to Mr. Davidson:

November 2, 1994

Mr. Richard Davidson
President
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018

Dear Mr. Davidson:

I am writing in response to your letters to me dated October 30 and November 1, 1994 in which you presented an amended proposal of Union Pacific Corp. ("UP") to acquire Santa Fe Pacific Corp. ("SFP") and discussed issues relating to whether the Interstate Commerce Commission (the "ICC") would approve a UP-SFP merger.

The SFP Board has instructed me to tell you that it has rejected UP's amended proposal, as further described in your November 1 letter and in earlier materials relating to the ICC issues that UP sent us (the "UP Amended Proposal"). The Board will continue to recommend to SFP's shareholders that they approve the merger between SFP and Burlington Northern Inc. ("BN") called for in our present agreement with BN. The Board and its advisors believe that a BN-SFP merger will be highly beneficial to SFP's shareholders as well as the public and that the ICC is likely to approve the BN-SFP merger.

By contrast, the Board and its advisors believe it is unlikely that the UP Amended Proposal would receive ICC approval. Whatever the exchange ratio provided for in the UP proposal, it would be of no benefit to SFP's shareholders if it would not receive the required regulatory approval. Your November 1 letter does not change our analysis.

The Board is not willing to recommend abandoning a highly advantageous transaction with BN in favor of a proposed transaction that not even UP or its retained advisors can say is likely to receive ICC approval.

Under these circumstances, I must decline your invitation to have a meeting to discuss your proposal. Such a meeting would cause SFP to run an unacceptable risk of breaching its agreement with BN.

As I have said twice before in letters to Drew Lewis, if UP makes a proposal at a fair price and with an adequate provision for a voting trust that would substantially eliminate the regulatory risk for SFP shareholders, the Board would consider that proposal in light of its fiduciary duties.

Sincerely,

/s/ Robert D. Krebs
Robert D. Krebs
Chairman, President and
Chief Executive Officer

On November 5, 1994, the Board met to consider further the various alternatives available to Parent in connection with its proposal to acquire the Company, including the possible use of a voting trust for a portion or all of the Shares to be acquired, the commencement of a tender offer for a portion of the Shares and the continuation of Parent's existing proposal to acquire the Company. No decision was reached at the meeting. At a telephonic Board meeting held on November 8, 1994, the Board of Directors approved the use of a voting trust to acquire the entire equity interest in the Company and authorized the Offer and the commencement of negotiations for the Proposed Merger.

On November 8, 1994, Mr. Davidson delivered the following letter to Mr. Krebs:

November 8, 1994

Mr. Robert D. Krebs
Chairman, President and CEO
Santa Fe Pacific Corporation
1700 East Golf Road
Schaumburg, IL 60173

Dear Rob:

You have repeatedly advised Union Pacific Corporation that if it "make[s] a proposal at a fair price and with an adequate provision for a voting trust that would substantially eliminate the regulatory risk for SFP shareholders," your Board "would consider that proposal in light of its fiduciary duties." We hereby submit just such a proposal. We insist that you and your Board of Directors, consistent with your fiduciary obligations and in accordance with the terms of your existing merger agreement with Burlington Northern Inc., give careful consideration to this proposal. In light of the November 18 date of your shareholders' meeting to consider the BN merger, time is of the essence.

Using a voting trust, we propose acquiring all shares of Santa Fe Pacific Corporation's common stock in a two-step transaction. First, we would purchase approximately 57% of the shares outstanding on a fully diluted basis in a cash tender offer for $17.50 per share. We would then acquire the remaining SFP shares in a merger in which your shareholders would receive, for each SFP share, a fraction of a UP common share having a value of $17.50, based on the closing price of UP common stock on November 8, 1994. The stock portion of the consideration represents a ratio of .354 of a UP share for each SFP share.

Your shareholders would effectively receive approximately $10.00 per share in cash and $7.50 per share in UP stock, assuming that all SFP shares are tendered in the offer. Both the proposed cash and stock portions of the consideration would be taxable to SFP shareholders.

The value of our proposed transaction represents a premium of 17.6% over the closing price of SFP common stock on November 8, 1994. Based on today's closing prices, the price would also be superior to the value of the BN transaction that has been endorsed by your financial advisors as fair to your shareholders. As discussed below, our price represents a premium to that of the BN transaction, even without factoring in the uncertainty of Interstate Commerce Commission ("ICC") approval of the BN transaction and the delay in payment of the purchase price under that proposal.

Our proposed acquisition, unlike the BN transaction, would not be contingent upon receipt of ICC approval for the acquisition. At the time we consummate the tender offer and the merger, we would place the shares of SFP common stock purchased by us into a voting trust that would be independent of UP.

Our proposed structure would enable your shareholders to receive immediate payment of the entire purchase price in the tender offer and merger following satisfaction of the conditions to those transactions, without your shareholders bearing any risk relating to ICC approval of our combination with SFP. By contrast, the proposed BN transaction provides for a delay of up to several years in payment of any of the purchase price to SFP shareholders and requires your shareholders to bear the entire ICC risk.

When your shareholders discount BN's purchase price for the delay in payment and the ICC risk of non-consummation of the BN transaction, the premium represented by our proposal is even greater.

We will be commencing our tender offer shortly. We also will be delivering to you promptly a proposed merger agreement modeled on your agreement with BN. UP is prepared, in accordance with the terms of your existing merger agreement with BN, to commence immediate negotiation of our proposed merger agreement.

Our tender offer will be subject, among other things, to termination of your merger agreement with BN in accordance with the terms of such agreement, negotiation of a mutually satisfactory merger agreement with SFP, the shareholders of SFP not having approved the merger agreement with BN, at

least a majority of the SFP shares being validly tendered and not withdrawn prior to expiration of the offer, and the issuance of a favorable ICC staff opinion regarding the terms of our proposed voting trust. On this separate ICC matter of approval of the voting trust agreement, we are confident that a favorable ICC staff opinion will be forthcoming.

The proposed merger would also be subject, among other things, to the approval of SFP shareholders. Our proposal is not subject to a due diligence, financing condition or approval of UP's shareholders.

Our willingness to pay your shareholders prior to ICC review and approval of the acquisition reflects our belief that we will be able to obtain ICC approval and our willingness to negotiate acceptable conditions necessary for such approval. We remain ready to discuss with you your concerns relating to ICC approval of the combination of our two companies.

Please be advised that if your Board would prefer to discuss our previous proposal to negotiate a tax-free merger, without the use of a voting trust, in which SFP shareholders would receive UP shares having a value of $20 per SFP share based on market prices at the time of such proposal, we remain willing to proceed on that basis. The choice is up to your Board.

Sincerely,

/s/ Dick Davidson
Dick Davidson
President,
Union Pacific Corporation
Chairman and CEO,
Union Pacific Railroad Company

cc: Board of Directors
Santa Fe Pacific Corporation

On November 8, 1994, Parent announced its acquisition proposal described in the above letter, including its intention to commence the Offer. Parent commenced the Offer on November 9, 1994.

In addition to advising Santa Fe regarding Parent's ICC analysis in the manner described above, from time to time over the last two months Parent has held discussions with various shippers, customers, governmental agencies and certain rail carriers with respect to the case that Parent would expect to make for ICC approval of a combination with the Company in order to gain support for its application for such approval. In such discussions, Parent described the types of concessions it might be willing to grant to rail carriers in connection with obtaining ICC approval of its proposed combination with the Company.

Assuming the Company is free to do so without violating the terms of the BNI/SFP Agreement, Parent intends to continue to seek to negotiate with the Company with respect to the acquisition of the Company by Parent, whether pursuant to the Offer and Proposed Merger or otherwise. If such negotiations result in a definitive merger agreement between the Parent and the Company, the consideration to be received by holders of Shares could include or consist of consideration other than cash. Accordingly, such negotiations could result in, among other things, amendment or termination of the Offer (see Section 14) and submission of a different acquisition proposal to the Company's stockholders for their approval.

11. PURPOSE OF THE OFFER AND THE PROPOSED MERGER.

General. The purpose of the Offer is to acquire a majority of the Shares as the first step in a negotiated acquisition of the entire equity interest in the Company. The purpose of the Proposed Merger is to acquire all Shares not beneficially owned by the Purchaser following consummation of the Offer.

The Purchaser is seeking to enter into the Proposed Merger with the Company as promptly as practicable following consummation of the Offer. Under the Proposed Merger Agreement, at the effective time of the Proposed Merger, each Share that is outstanding prior to the effective time (other than Shares held in the treasury of the Company or owned by Parent, the Purchaser or any direct or indirect wholly-owned subsidiary of Parent) would be converted into 0.354 shares of Parent Common Stock.

The Proposed Merger Agreement is expected to provide that, upon deposit of the Shares purchased in the Offer into the Voting Trust and from time to time thereafter, the Trustee of the Voting Trust would be entitled to designate up to such number of directors, rounded up to the next whole number, on the Company's Board as will give the Trustee representation on the Company's Board equal to the product of the total number of directors on the Company's Board multiplied by the percentage that the aggregate number of Shares then owned by the Voting Trust bears to the total number of Shares then outstanding. In the Proposed Merger Agreement, it is expected that the Company would agree to use its best efforts to cause the Trustee's designees to be elected as directors of the Company, including increasing the size of the Company's Board or securing the resignations of incumbent directors or both.

The Proposed Merger Agreement is expected to provide enhanced incentives for executives of the Company and Rail during the period in which the Voting Trust is in effect.

Consummation of the Proposed Merger will require approval by the Company's Board and the affirmative vote of the holders of a majority of the outstanding Shares. The Voting Trust Agreement is expected to provide, among other things, that the Trustee will vote all Shares acquired by it in favor of the Proposed Merger. If the Purchaser purchases Shares pursuant to the Offer and the Minimum Condition is satisfied, the Trustee would have a sufficient number of Shares to approve the Proposed Merger without the affirmative vote of any other holder of Shares and to elect directors as described below. Although the Purchaser would seek consummation of the Proposed Merger as soon as practicable following the purchase of Shares pursuant to the Offer, the exact timing and details of the Proposed Merger would depend on a variety of factors and legal requirements, including, among other things, whether the conditions to the Offer have been satisfied or waived.

The Offer is conditioned upon, among other things, the Company, Parent and the Purchaser entering into the Proposed Merger Agreement. Although Parent has sought to enter into negotiations with the Company with respect to the Proposed Merger Agreement and continues to pursue such negotiations, there can be no assurance that such negotiations will occur or, if such negotiations occur, as to the outcome thereof. In the event Parent is unable to negotiate the Proposed Merger Agreement with the Company, the Purchaser will terminate the Offer. The Purchaser is currently reviewing its options with respect to the Offer and may consider, among other things, changes to the material terms of the Offer. The Purchaser reserves the right to amend the Offer (including amending the number of Shares to be purchased, the purchase price and the proposed second-step merger consideration) if it enters into the Proposed Merger Agreement or to negotiate a merger agreement with the Company not involving a tender offer pursuant to which the Purchaser would terminate the Offer and the Shares would, upon consummation of such merger, be converted into cash, Parent Common Stock and/or other securities in such amounts as are negotiated by Parent and the Company.

THIS OFFER DOES NOT CONSTITUTE A SOLICITATION OF PROXIES OR CONSENTS OF STOCKHOLDERS OF THE COMPANY. PARENT IS CURRENTLY SOLICITING PROXIES IN OPPOSITION TO THE BNI/SFP AGREEMENT. SUCH SOLICITATION IS BEING MADE ONLY PURSUANT TO SEPARATE PROXY MATERIALS IN COMPLIANCE WITH THE REQUIREMENTS OF SECTION 14 OF THE EXCHANGE ACT AND THE RULES AND REGULATIONS THEREUNDER. IN ADDITION, THIS OFFER IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF OFFERS TO BUY ANY SECURITIES WHICH MAY BE ISSUED IN ANY MERGER OR SIMILAR BUSINESS COMBINATION INVOLVING THE PURCHASER, PARENT OR THE COMPANY. THE ISSUANCE OF SUCH SECURITIES WOULD HAVE TO BE REGISTERED UNDER THE SECURITIES ACT AND SUCH SECURITIES WOULD BE OFFERED ONLY BY MEANS OF A PROSPECTUS COMPLYING WITH THE REQUIREMENTS OF THE SECURITIES ACT.

Appraisal Rights and Other Matters. No appraisal rights are available in connection with the Offer and the Proposed Merger. The Commission has adopted Rule 13e-3 under the Exchange Act which is applicable to certain "going private" transactions and which may under certain circumstances be applicable to the Proposed Merger. However, Rule 13e-3 would be inapplicable if (i) the Shares are deregistered under the Exchange Act prior to the Proposed Merger or other business combination or (ii) the Proposed Merger or other business combination is consummated within one year after the purchase of the Shares pursuant to the

Offer and the amount paid per Share in the Proposed Merger or other business combination is at least equal to the amount paid per Share in the Offer. If applicable, Rule 13e-3 requires, among other things, that certain financial information concerning the fairness of the proposed transaction and the consideration offered to minority stockholders in such transaction be filed with the Commission and disclosed to stockholders prior to consummation of the transaction.

Plans for the Company. In connection with the Offer, Parent and the Purchaser have reviewed, and will continue to review, on the basis of publicly available information, various possible business strategies that they might consider in the event that the Purchaser acquires control of the Company, whether pursuant to the Proposed Merger Agreement or otherwise. In addition, if and to the extent that the Purchaser acquires control of the Company or, subject to applicable ICC rules and regulations, otherwise obtains access to the books and records of the Company, Parent and the Purchaser intend to conduct a detailed review of the Company and its assets, corporate structure, dividend policy, capitalization, operations, properties, policies, management and personnel and consider and determine what, if any, changes would be desirable in light of the circumstances which then exist. Such strategies could include, among other things, changes in the Company's business, corporate structure, Restated Certificate of Incorporation, Bylaws, capitalization, management or dividend policy.

Except as indicated in this Offer to Purchase, neither Parent nor Purchaser has any present plans or proposals which relate to or would result in an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries, a sale or transfer of a material amount of assets of the Company or any of its subsidiaries or any material change in the Company's capitalization or dividend policy or any other material changes in the Company's corporate structure or business, or the composition of the Company's Board or management.

12. DIVIDENDS AND DISTRIBUTIONS. If, on or after the date of this Offer to Purchase, the Company should split, combine or otherwise change the Shares or its capitalization, or shall disclose that it has taken any such action, then, subject to the provisions of Section 14, the Purchaser may, in its sole judgment, make such adjustments as it deems appropriate to reflect such split, combination or other change in the purchase price and the other terms of the Offer (including, without limitation, the number and type of securities offered to be purchased, the amounts payable therefor and the fees payable hereunder).

If, on or after the date of this Offer to Purchase, the Company should declare or pay any cash or stock dividend or other distribution on or issue any rights with respect to the Shares, payable or distributable to stockholders of record on a date before the transfer to the name of the Purchaser or its nominee or transferee on the Company's stock transfer records of the Shares accepted for payment pursuant to the Offer, then, subject to the provisions of Section 14, (i) the purchase price per Share payable by the Purchaser pursuant to the Offer will be reduced by the amount of any such cash dividend or cash distribution and (ii) the whole of any such non-cash dividend, distribution or right will be received and held by the tendering stockholder for the account of the Purchaser and shall be required to be promptly remitted and transferred by each tendering stockholder to the Depositary for the account of the Purchaser, accompanied by appropriate documentation of transfer. Pending such remittance, the 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 or value thereof, as determined by the Purchaser in its sole discretion.

13. EFFECT OF THE OFFER ON THE MARKET FOR THE SHARES; EXCHANGE LISTING AND EXCHANGE ACT REGISTRATION.

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.

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. The 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 of the Company to the Commission 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 Commission 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.

14. CERTAIN CONDITIONS OF THE OFFER. Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) the Purchaser's rights to extend and amend the Offer at any time in its sole discretion, the Purchaser shall not be required to accept for payment or, subject to any applicable rules and regulations of the Commission, including Rule 14e-1(c) under the Exchange Act (relating to the 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, if, in the sole judgment of the Purchaser (i) at or prior to the Expiration Date any one or more of the Minimum Condition, the Merger Agreement Condition, the Stockholder Vote Condition or the Voting Trust Approval Condition has not been satisfied, (ii) the Purchaser is not satisfied that Section 203 of the DGCL has been complied with or is invalid or otherwise inapplicable to the Offer and the Proposed Merger, (iii) the Purchaser is not satisfied that the BNI/SFP Agreement has been terminated in accordance with its terms or (iv) at any time on or after November 9, 1994 and before the time of payment for any such Shares (whether or not any Shares have theretofore been accepted for payment pursuant to the Offer) any of the following events shall occur or shall be determined by the Purchaser to have occurred:

(a) there shall be threatened, instituted or pending any action or proceeding by any government or governmental authority or agency, domestic or foreign, or by any other person, domestic or foreign, before any court or governmental authority or agency, domestic or foreign, (i)(A) challenging or seeking to make illegal, to delay 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 the Purchaser or Parent or any

other affiliates of Parent or the consummation by the Purchaser or Parent or any other affiliates of Parent of the Proposed Merger or other business combination with the Company, (B) seeking to obtain damages or (C) otherwise directly or indirectly relating to the transactions contemplated by the Offer or any such merger or business combination, (ii) seeking to prohibit the ownership or operation by Parent, the Purchaser or any other affiliates of Parent of all or any portion of the business or assets of the Company and its subsidiaries or of the Purchaser, or to compel Parent, the Purchaser or any other affiliates of Parent to dispose of or hold separately all or any portion of the business or assets of the Purchaser or the Company or any of its subsidiaries or seeking to impose any limitation on the ability of Parent, the Purchaser or any other affiliates of Parent to conduct their business or own such assets, (iii) seeking to impose or confirm limitations on the ability of Parent, the Purchaser or any other affiliates of Parent effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote any Shares acquired by any such person on all matters properly presented to the Company's stockholders, (iv) seeking to require divestiture by Parent, the Purchaser or any other affiliates of Parent of any Shares, (v) which otherwise, in the sole judgment of the Purchaser, might materially adversely affect Parent, the Purchaser or any other affiliates of Parent or the value of the Shares, or (vi) in the sole judgment of the Purchaser, materially adversely affecting the business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or other), operations, licenses or franchises, results of operations or prospects of the Company or any of its subsidiaries, joint ventures or partnerships; provided that the condition specified in this paragraph (a) shall not be deemed to exist by reason of any court proceeding pending on the date hereof and known to the Purchaser, unless in the sole judgment of the Purchaser there is any adverse development in any such proceeding after the date hereof, or before the date hereof if not known to the Purchaser on the date hereof, which might, directly or indirectly, result in any of the consequences referred to in clauses (i) through (vi) above;

(b) there shall be any action taken, or any statute, rule, regulation, interpretation, judgment, order or injunction proposed, enacted, enforced, promulgated, amended, issued or deemed applicable (i) to the Purchaser, Parent or any affiliate of Parent or (ii) to the Offer or the Proposed Merger or other business combination by the Purchaser or Parent or any affiliate of Parent with the Company, by any court, government or governmental, administrative or regulatory authority or agency, domestic or foreign, which, in the sole judgment of the Purchaser, might, directly or indirectly, result in any of the consequences referred to in clauses (i) through (vi) of paragraph (a) above;

(c) any change (or any condition, event or development involving a prospective change) shall have occurred or been threatened in the business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or other), operations, licenses, franchises, permits, permit applications, results of operations or prospects of the Company or any of its subsidiaries which, in the sole judgment of the Purchaser, is or may be materially adverse, or the Purchaser shall have become aware of any fact which, in the sole judgment of the Purchaser, has or may have material adverse significance with respect to either the value of the Company or any of its subsidiaries or the value of the Shares to the Purchaser;

(d) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market, any decline in either the Dow Jones Industrial Average or the Standard & Poor's Index of 500 Industrial Companies by an amount in excess of 15% measured from the close of business on November 9, 1994 or any material adverse change in prices generally of shares on the NYSE, (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the United States, (iii) any limitation (whether or not mandatory) by any governmental authority or agency on, or other event which, in the sole judgment of the Purchaser, might affect the extension of credit by banks or other lending institutions, (iv) a commencement of a war, armed hostilities or other national or international calamity directly or indirectly involving the United States, (v) a material change in United States or any other currency exchange rates or a suspension of, or limitation on, the markets therefor, or (vi) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;

(e) the Company or any of its subsidiaries, joint ventures or partnerships or other affiliates shall have (i) split, combined or otherwise changed, or authorized or proposed the split, combination or other change of the Shares or its capitalization, (ii) acquired or otherwise caused a reduction in the number of, or authorized or proposed the acquisition or other reduction in the number of, any presently outstanding Shares or other securities or other equity interests, (iii) issued, distributed or sold, or authorized or proposed the issuance, distribution or sale of, additional Shares, other than Shares issued or sold upon the exercise or conversion (in accordance with the present terms thereof) of employee stock options outstanding on the date of this Offer to Purchase, shares of any other class of capital stock or other equity interests, other voting securities, debt securities or any securities convertible into, or rights, warrants or options, conditional or otherwise, to acquire, any of the foregoing, (iv) declared, paid or proposed to declare or pay any cash dividend or other distribution on any shares of capital stock of the Company (other than quarterly dividends not exceeding amounts previously declared by the Company), (v) altered or proposed to alter any material term of any outstanding security or material contract, permit or license, (vi) incurred any debt otherwise than in the ordinary course of business or any debt containing, in the sole judgment of the Purchaser, burdensome covenants or security provisions, (vii) authorized, recommended, proposed or entered into an agreement with respect to any merger, consolidation, recapitalization, liquidation, dissolution, business combination, acquisition of assets, disposition of assets, release or relinquishment of any material contractual or other right of the Company or any its subsidiaries or any comparable event not in the ordinary course of business, (viii) authorized, recommended, proposed or entered into, or announced its intention to authorize, recommend, propose or enter into, any agreement or arrangement with any person or group that in the Purchaser's sole opinion could adversely affect either the value of the Company or any of its subsidiaries, joint ventures or partnerships or the value of the Shares to the Purchaser, (ix) entered into any employment, change in control, severance, executive compensation or similar agreement, arrangement or plan with or for one or more of its employees, consultants or directors, or entered into or amended, or made grants or awards pursuant to, any agreements, arrangements or plans so as to provide for increased benefits to one or more employees, consultants or directors, or taken any action to fund, secure or accelerate the funding of compensation or benefits provided for one or more employees, consultants or directors, whether or not as a result of or in connection with the transactions contemplated by the Offer, (x) except as may be required by law, taken any action to terminate or amend any employee benefit plan (as defined in Section 3(c) of the Employee Retirement Income Security Act of 1974, as amended) of the Company or any of its subsidiaries, or the Purchaser shall have become aware of any such action which was not previously disclosed in publicly available filings, or (xi) amended or authorized or proposed any amendment to its Certificate of Incorporation or Bylaws or similar organizational documents, or the Purchaser shall become aware that the Company or any of its subsidiaries shall have proposed or adopted any such amendment which shall not have been previously disclosed;

(f) a tender or exchange offer for any Shares shall be made or publicly proposed to be made by any other person (including the Company or any of its subsidiaries or affiliates), or it shall be publicly disclosed or the Purchaser shall otherwise learn that (i) any person, entity (including the Company or any of its subsidiaries) or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) shall have acquired or proposed to acquire beneficial ownership of more than 5% 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 right, option or warrant, conditional or otherwise, to acquire beneficial ownership of more than 5% of any class or series of capital stock of the Company (including the Shares) other than acquisitions for bona fide arbitrage purposes only and except as disclosed in a Schedule 13D or 13G on file with the Commission on the date of this Offer to Purchase, (ii) any such person, entity or group which before the date of this Offer to Purchase had filed such a Schedule with the Commission has acquired or proposes to acquire, through the acquisition of stock, the formation of a group or otherwise, beneficial ownership of 1% or more of any class or series of capital stock of the Company (including the Shares), or shall have been granted any right, option or warrant, conditional or otherwise, to acquire beneficial ownership of 1% or more of any class or series of capital stock of the Company (including the Shares), (iii) any person or group shall enter into a definitive agreement or an

agreement in principle or made a proposal with respect to a tender offer or exchange offer or a merger, consolidation or other business combination with or involving the Company, or with respect to any amendment of or modification to an existing such transaction or (iv) any person shall file a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") or made a public announcement reflecting an intent to acquire the Company or any assets or securities of the Company;

(g) the Purchaser shall have reached an agreement or understanding with the Company providing for termination of the Offer, or the Purchaser or any of its affiliates shall have entered into a definitive agreement or announced an agreement in principle with the Company providing for a merger or other business combination with the Company or the purchase of stock or assets of the Company which does not contemplate the Offer;

(h) (i) any material contractual right of the Company or any of its subsidiaries or affiliates shall be impaired or otherwise adversely affected or any material amount of indebtedness of the Company or any of its subsidiaries, joint ventures or partnerships shall become accelerated or otherwise become due before its stated due date, in either case with or without notice or the lapse of time or both, as a result of the transactions contemplated by the Offer or the Proposed Merger or (ii) any covenant, term or condition in any of the Company's or any of its subsidiaries', joint ventures' or partnerships' instruments or agreements is or may be materially adverse to the value of the Shares in the hands of the Purchaser (including, but not limited to, any event of default that may ensue as a result of the consummation of the Offer or the Proposed Merger or the acquisition of control of the Company); or

(i) Parent or the Purchaser shall not have obtained any waiver, consent, extension, approval, action or non-action from any governmental authority or agency (other than approval by the ICC of the acquisition of control of the Company) which is necessary to consummate the Offer;

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

The foregoing conditions are for the sole benefit of the Purchaser and may be asserted by the Purchaser in its sole discretion regardless of the circumstances (including any action or omission by the Purchaser) giving rise to any such conditions or may be waived by the Purchaser in its sole discretion in whole or in part at any time and from time to time. The failure by the Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Purchaser concerning any condition or event described in this Section 14 shall be final and binding upon all parties.

15. CERTAIN LEGAL MATTERS; REGULATORY APPROVALS.

General. Except as otherwise disclosed herein, based on a review of publicly available filings by the Company with the Commission, neither the Purchaser nor 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 the Purchaser pursuant to the Offer or the Proposed Merger 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 the Purchaser as contemplated herein. Should any such approval or other action be required, the Purchaser currently contemplates that such approval or action would be sought. While the 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, the Purchaser or Parent or that certain parts of the businesses of the Company, the Purchaser 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. The Purchaser's obligation under the Offer to accept for payment and pay for Shares is subject to certain conditions. See Section 14.

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, the Purchaser's acquisition of control of the Company. The Purchaser intends to deposit the Shares purchased pursuant to the Offer in the Voting Trust in order to ensure that the Purchaser does not acquire and directly or indirectly exercise control over the Company 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 the 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 the Purchaser will promptly request 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. Generally, the ICC staff has issued such opinions within one to two weeks of a request, although there can be no assurance that Parent and the Purchaser will be able to obtain an opinion this quickly.

Recently, the ICC requested public comment with regard to certain issues raised by a proposed voting trust agreement submitted by Illinois Central Corporation, under which the stock of Illinois Central Railroad Company would have been placed in trust and Kansas City Southern Industries, Inc., would have been merged into Illinois Central Corporation. The Purchaser believes that the Voting Trust Agreement does not raise issues comparable to those raised by the Illinois Central/Kansas City Southern transaction. The ICC's concerns with regard to that transaction focused on a proposal to move top Illinois Central managers to Kansas City Southern during the pendency of the voting trust. No such arrangement is being proposed with respect to the proposed acquisition. However, there can be no assurance that the ICC will not seek changes in, or request public comment regarding, the Voting Trust Agreement.

Also, it is possible that railroad competitors of the Purchaser, or others, may argue that the Purchaser should not be permitted to use the voting trust mechanism to acquire the Company prior to final ICC approval of the acquisition of control of the Company. The 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 is expected to provide that the Trustee would have sole power to vote such Shares, and would contain certain other terms and conditions designed to ensure that neither the Purchaser nor Parent would control the Company during the pendency of the ICC proceedings. In addition, it is expected that the Voting Trust would provide that the Purchaser or its successor in interest would 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 of the ICC of the acquisition of control over the Company by Parent and the Purchaser. As soon as practicable after entering into the Proposed Merger Agreement an application (the "ICC Application") will be filed seeking approval of the ICC for the acquisition of control over the Company by Parent and the Purchaser, 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, 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 address legitimate competitive concerns. See Section 10. There is no assurance that ICC approval will be obtained or obtained on terms that would be acceptable to Parent.

Three of these factors 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 structures of Parent and the Company are sufficiently strong that this factor is unlikely, in Parent's view, to be given any 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 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 potential obstacle to approval of a merger of Parent and the Company, 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.

As described below, Parent will seek 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-enhancing conditions that Parent is prepared to agree to in advance in favor of Southern Pacific, BNI or other railroads, will have no significant adverse effect on rail competition, and indeed will strengthen such competition.

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. 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.

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

Parent recently provided the Company's Board with a report summarizing the key elements of the factual case that would be included in Parent's application to the ICC for approval of a combination with the Company. The report describes the substantial rail service improvements and other benefits that Parent believes would result from a combination of Parent and the Company, including new single-line service, other significant service benefits, and cost savings and efficiencies. The report also discusses the possible conditions, such as the right of other railroads to provide competitive services over the consolidated system's lines and the sale or lease of lines to other railroads, that Parent would be prepared to grant to other railroads in order to address competitive issues relating to a combination with the Company.

With regard to the public benefits of a combination of Parent and the Company, the report indicates that the combination would create substantial new single-line service, including for traffic moving across the Southern Corridor between California and points in Texas, Louisiana and Arkansas, for Parent grain producers moving product to Company feeder markets in California, Texas and Arizona, for Company grain producers moving product to export markets, for Parent shippers in the Pacific Northwest and the Intermountain region moving commodities to points on the Company's rail lines, and for Company shippers moving commodities to Gulf ports and Mexico. The report further indicates that a combination of Parent and the Company would yield new service improvements, including greater service frequency and reliability and

reduced transit time for intermodal, automotive, manifest and bulk commodity traffic and improved utilization of freight cars, and would attract significant volumes of traffic from the highway. Finally, the report indicates that a combination of Parent and the Company will generate major savings and efficiencies, including capital savings, savings from using shorter routes, savings from consolidating facilities and eliminating overheads, efficiencies from using the best technologies and systems of each railroad on the combined system, and savings from more efficient use of equipment.

With regard to competition, the report indicates that in the two markets where Parent and the Company would have a combined position that Parent believes would arguably raise competitive concerns -- the Kansas/Oklahoma grain market and the market for the handling of service-sensitive traffic between California and the Midwest -- Parent is prepared to grant conditions to other railroads that will address those competitive concerns. Such conditions, the report states, could include, as examples, a sale or lease of Parent's former Oklahoma, Kansas and Texas Railroad line through Kansas and Oklahoma to Texas, and a grant of trackage rights or other conditions that would significantly strengthen Southern Pacific's already competitive California-Midwest routes.

Parent believes that, in the context of a negotiated merger transaction with the Company and given Parent's willingness to grant appropriate conditions to other railroads, it will be able to make a credible case for ICC approval.

Parent recently retained a panel of experts on ICC and transportation matters and asked them to review the case for a possible combination of Parent and the Company. In reaching their conclusion, these experts reviewed the report Parent prepared and provided to the Company's Board. Based on their review of this report, including the benefits and competition-preserving conditions described therein as summarized above, discussions among members of the panel and their own analysis and experience in this area, the panelists reached the following conclusions:

The three ICC experts on the panel concluded:

- Parent has outlined a strong case for ICC approval of a combination with the Company that warrants favorable consideration by the ICC.

- A combination of Parent and the Company should have good prospects of obtaining ICC approval.

In reaching these conclusions, the ICC experts stressed, among other things, Parent's willingness to grant competition-preserving conditions and the unwillingness of the applicants in the Company/Southern Pacific merger case to do so; the significant benefits of a Parent/Company merger, including its potential to alleviate capacity constraints on both railroads and achieve new levels of service quality; and the importance of such a merger in stimulating trade with Mexico and agricultural exports.

The federal transportation policy expert on the panel concluded:

- The Department of Transportation is unlikely to oppose, and may well support, a Parent/Company combination.

In reaching this conclusion, the federal transportation policy expert stressed that the Parent/Company proposal is in concert with the policy of the Department of Transportation to develop a more effective intermodal transportation system for the United States, and with the Department's policy of increasing the capacity, efficiency and safety of our national highway system.

The expert on logistics and shipper needs concluded:

- A Parent/Company combination would provide major benefits for the shipping public as well as U.S. industry in general. A combined Parent/Company will become more cost and service competitive in their markets to the benefit of rail industry customers.

In reaching this conclusion, the expert on logistics and shipper needs stressed that a Parent/Company merger will address shipper needs in the areas of service quality, management of information, reduction in transportation cost, productive use of transportation assets, reduction of risk and simplification of supplier relationships.

The panel's conclusions also noted that ICC approval is a long and complex process which can take two years or longer, and that at this stage, one cannot predict with certainty the outcome of ICC review of either a Parent or a BNI combination with the Company.

The panel of experts consists of Malcolm M.B. Sterrett, an attorney with extensive rail transportation experience and a former ICC Commissioner; John F. DePodesta, an attorney who has represented numerous rail carriers and public bodies in proceedings before the ICC and a former General Counsel of Consolidated Rail Corporation; C. John Langley Jr., Ph.D., John H. "Red" Dove Distinguished Professor of Logistics and Transportation, University of Tennessee; Walter B. McCormick, Jr., Partner, Bryan Cave, Washington, D.C., and former General Counsel of the U.S. Department of Transportation; and Robert N. Kharasch, a Washington, D.C. lawyer for more than 40 years who specialized in transportation law and who was coordinating counsel for railroad opponents to the unsuccessful Company/Southern Pacific merger. No member of the panel has previously represented Parent before the ICC or on any other matter, except that Dr. C. John Langley, Jr. has in the past done limited consulting for Parent.

IF STOCKHOLDERS WOULD LIKE COPIES OF THE CONCLUSIONS AND REPORTS OF THE PANEL OF EXPERTS, PLEASE CONTACT MORROW & CO., INC., AT (800) 856-8309 (TOLL-FREE), OR (212) 754-8000 IF IN NEW YORK CITY, AND THEY WILL BE FURNISHED TO YOU PROMPTLY. COPIES OF SUCH EXPERTS' MATERIALS CAN BE INSPECTED AND COPIED AT THE PUBLIC REFERENCE FACILITIES MAINTAINED BY THE COMMISSION. COPIES OF THE CONCLUSIONS AND REPORTS OF THE PANEL OF EXPERTS CAN BE OBTAINED AT PRESCRIBED RATES BY WRITING TO THE COMMISSION, PUBLIC REFERENCE SECTION, JUDICIARY PLAZA, 450 FIFTH STREET, N.W., WASHINGTON, D.C. 20549.

RECEIPT OF ICC APPROVAL (OTHER THAN APPROVAL OF THE VOTING TRUST DESCRIBED ABOVE) IS NOT A CONDITION TO CONSUMMATION OF THE OFFER OR THE PROPOSED MERGER. IF THE ICC APPROVAL IS NOT OBTAINED OR THE ICC IMPOSES UNACCEPTABLE CONDITIONS, THE PURCHASER WILL BE REQUIRED TO USE ITS BEST EFFORTS TO SELL OR OTHERWISE DISPOSE OF THE SHARES DEPOSITED IN THE VOTING TRUST AFTER THE ICC ORDER DENYING SUCH APPROVAL BECOMES FINAL OR PARENT DETERMINES NOT TO CONSUMMATE THE PROPOSED CONTROL TRANSACTION BECAUSE OF UNACCEPTABLE CONDITIONS. IN SUCH CASE, THE PURCHASER WOULD BE ENTITLED TO ANY PROCEEDS OF SUCH SALE OR OTHER DISPOSITION.

Antitrust Compliance. Under the HSR Act and the rules that have been promulgated thereunder by the Federal Trade Commission (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 (see "ICC Matters; The Voting Trust") are contemporaneously filed with the Antitrust Division and the FTC. The staff of the FTC Premerger Office has informed Parent that the HSR Act does not apply to the formation of the Voting Trust or the transfer of voting securities to the Voting Trust pursuant to the Offer.

Prior to the affiliation of Parent's and the Company's operations not subject to ICC jurisdiction, filings must be made under the HSR Act. Such HSR filings, or the expiration of waiting periods applicable to such filings, are not a condition to consummation of the Offer.

The FTC and the Antitrust Division frequently scrutinize the legality under the antitrust laws of transactions such as the proposed acquisition of Shares by the Purchaser pursuant to the Offer. At any time before or after the purchase of Shares pursuant to the Offer by the Purchaser, the FTC or the Antitrust Division could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the purchase of Shares pursuant to the Offer or seeking the divestiture of Shares purchased by the Purchaser or the divestiture of substantial assets of Parent, the Purchaser, the Company or their respective subsidiaries. Private parties and state attorneys general may also bring legal action under federal or state antitrust laws under certain circumstances. Based upon an examination of information available to the Purchaser relating to the businesses in which Parent, the Purchaser, the Company and their respective subsidiaries are engaged, the Purchaser believes that the Offer will not violate the antitrust laws. Nevertheless, there can be no assurance that a challenge to the Offer on antitrust grounds will not be made or, if such a challenge is made, what the result would be. See Section 14 for certain conditions to the Offer, including conditions with respect to litigation.

State Takeover Statutes. The Company is incorporated under the laws of the State of Delaware. In general, Section 203 of the DGCL prevents an "interested stockholder" (generally a person who owns or has the right to acquire 15% or more of a corporation's outstanding voting stock, or an affiliate or associate thereof) from engaging in a "business combination" (defined to include mergers and certain other transactions) with a Delaware corporation for a period of three years following the date such person became an interested stockholder unless, among other things, prior to such date the board of directors of the corporation approved either the business combination or the transaction in which the interested stockholder became an interested stockholder.

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. The 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, the 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 Offer and the Proposed Merger, and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer, the Purchaser might be required to file certain information with, or receive approvals from, the relevant state authorities. In addition, if enjoined, the 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, the Purchaser may not be obligated to accept for payment any Shares tendered. See Section 14.

Certain Litigation. On October 6, 1994, Parent filed suit in the Court of Chancery in the State of Delaware (the "Delaware Litigation") against the Company, BNI and members of the Company's Board seeking, among other things, (a) a declaratory judgment that the BNI/SFP Agreement was terminable by the Company in order to allow the Company to accept Parent's merger proposal, (b) a declaratory judgment that Parent has not tortiously interfered with the contractual relations of the Company and BNI, and (c) an injunction requiring the Company to negotiate with Parent regarding Parent's merger proposal. On October 7, 1994, Parent moved for expedited discovery on the ground that expedition is essential to permit Parent to obtain timely relief against the continuing breaches of fiduciary duty by the Company's Board.

On June 30, 1994, four suits were filed in the Court of Chancery in Delaware by stockholders of the Company against the Company, BNI and the members of the Company's Board. Each of these suits was filed as a class action on behalf of all stockholders of the Company except the defendants and their affiliates, and alleged, among other things, that the defendants had breached their fiduciary duties to the plaintiffs by agreeing to sell the Company's railroad assets to BNI for grossly inadequate consideration. On October 6, 1994, an amended complaint was filed in these actions alleging in addition that the defendants had breached their fiduciary duties by failing to fully inform themselves with regard to Parent's merger proposal.

On October 6 and 7, 1994, eight additional suits were filed in the Court of Chancery in Delaware by stockholders of the Company against the Company, BNI and the members of the Company's Board. Each of these suits was filed as a class action on behalf of all stockholders of the Company except the defendants and their affiliates, and alleged that the defendants had breached their fiduciary duties to the plaintiffs by failing to negotiate with Parent regarding Parent's merger proposal.

On October 14, 1994, the Company's stockholder-plaintiffs in the twelve suits previously filed in the Delaware Court of Chancery filed a Consolidated and Amended Complaint against the Company, the members of the Company's Board (the "director defendants") and BNI, styled In re Santa Fe Pacific Shareholder Litigation, Del. Ch., Cons. C.A. No. 13567 (the "Consolidated Shareholder Action"). The Consolidated Shareholder Action, which was filed as a class action on behalf of all stockholders of the Company as of June 30, 1994 (except for the defendants and their affiliates) who are or will be threatened with injury arising from the defendants' actions, alleged, among other things, that (i) the director defendants breached their fiduciary duties of care and loyalty by failing to inform themselves and explore adequately all alternatives available to the Company's stockholders (including Parent's merger proposal), by approving and recommending the merger between the Company and BNI, and by approving and enforcing the BNI/SFP Agreement; (ii) the director defendants breached their fiduciary duties of disclosure by failing to completely disclose all material information in the Santa Fe Joint Proxy Statement; and (iii) BNI aided and abetted such breaches of fiduciary duty. The Consolidated Shareholder Action, among other things, seeks preliminary and permanent injunctive relief against the consummation of the merger between the Company and BNI, a court order requiring the director defendants to explore alternatives with, provide information to and negotiate in good faith with any bona fide bidder (including Parent), a court order decreeing that the BNI/SFP Agreement is terminable by the Company in response to Parent's merger proposal, and invalid under Delaware law, and joint and several damages against the defendants as a result of their conduct.

On October 18, 1994, the Delaware Court of Chancery denied Parent's and the Company's stockholder-plaintiffs' motions for expedited discovery. The Court of Chancery, among other things, held that because the merger between the Company and BNI, if approved by the Company's stockholders, could not be consummated for at least eighteen months, the Court would have sufficient time to evaluate Parent's and the Company's stockholder-plaintiffs' claims and, if necessary, set aside the merger between the Company and BNI before any steps are taken to consummate it.

On October 19, 1994, Parent filed its First Amended and Supplemental Complaint, and was joined in that action as plaintiff by James A. Shattuck, an officer of Union Pacific Railroad Company, a subsidiary of Parent, who also is a stockholder of the Company. The First Amended and Supplemental Complaint is styled Union Pacific Corporation and James A. Shattuck v. Santa Fe Pacific Corporation, et al., C.A. No. 13778. In addition to the claims stated and relief sought in Parent's original complaint, the First Amended and Supplemental Complaint alleged, among other things, that the Company and the director defendants have breached their fiduciary duties of candor by joining BNI in a wrongful campaign to mislead the Company's stockholders (via press releases and the Santa Fe Joint Proxy Statement) into believing, among other things, that (i) the Company cannot lawfully consider Parent's merger proposal, (ii) Parent's merger proposal is illusory and made solely for the purpose of preventing a merger of the Company and BNI, and (iii) a merger of Parent and the Company cannot lawfully occur. On October 26, 1994, Santa Fe and the director defendants filed an Answer denying the allegations of the First Amended and Supplemental Complaint. On November 2, 1994, BNI moved to dismiss the First Amended and Supplemental Complaint for failure to state a claim against BNI upon which relief can be granted.

16. FEES AND EXPENSES. Except as set forth below, neither Parent nor the Purchaser will pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Shares pursuant to the Offer.

CS First Boston Corporation ("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 effort to acquire the Company. Parent has agreed to pay CS First Boston for its services an initial financial advisory fee of $500,000, an additional financial advisory fee of $2 million (the "Additional Advisory Fee"), $1 million of which became payable on October 17, 1994 and the remaining $1 million of which will become payable on December 31, 1994, an ongoing quarterly advisory fee of $125,000 payable during the term of the engagement ("Quarterly Advisory Fees"), with the first payment payable on March 31, 1995, and a transaction fee payable in connection with Parent's proposed acquisition of the Company, determined based upon the size of such transaction, but in an amount not to exceed $12.5 million (the "Transaction Fee"). Any portion of the Additional Advisory Fee and Quarterly Advisory Fees paid prior to the consummation of Parent's acquisition of the Company will be fully credited against the Transaction Fee. Parent has also agreed to reimburse CS First Boston (in its capacity as

Dealer Manager and financial advisor) 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. 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.

The Purchaser has retained Morrow & Co., Inc. ("Morrow") 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. Parent has also retained Morrow for solicitation and advisory services in connection with solicitations relating to the Special Meeting, for which Morrow is to receive an initial proxy advisory retainer fee of $75,000 and an additional fee of $500,000 in connection with the solicitation of proxies for the Special Meeting.

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. Brokers, dealers, commercial banks and trust companies will be reimbursed by the Purchaser for customary mailing and handling expenses incurred by them in forwarding offering material to their customers.

17. MISCELLANEOUS. The 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 the 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, the 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 the Purchaser by the Dealer Manager or 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 OR THE 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 and the Purchaser have filed with the Commission a Tender Offer Statement on Schedule 14D-1 (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, and may file amendments thereto. The Schedule 14D-1 and any amendments thereto, including exhibits, may be inspected at, and copies may be obtained from, the same places and in the same manner as set forth in Section 7 (except that they will not be available at the regional offices of the Commission).

November 9, 1994

UP ACQUISITION CORPORATION

SCHEDULE I

INFORMATION CONCERNING THE DIRECTORS AND EXECUTIVE OFFICERS OF PARENT AND THE 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.
*L. White Matthews, III	Executive Vice President-Finance of Parent.
Ursula F. Fairbairn	Senior Vice President-Human Resources of Parent since April 1990; prior thereto, 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; prior thereto, Mr. von Bernuth served as Vice President and General Counsel of Parent.
Charles E. Billingsley	Vice President and Controller of Parent since January 1990; prior thereto, Mr. Billingsley served as Controller of Parent.
Thomas W. Boswell 1000 Semmes Avenue Richmond, VA 23224	President and Chief Executive Officer of Overnite Transportation Company ("Overnite") since March 1991; from March 1990 through March 1991 Mr. Boswell served as Vice Chairman and Chief Executive Officer of Overnite, and prior to March 1990 Mr. Boswell served as Vice Chairman of Overnite.
*Richard K. Davidson 1416 Dodge Street Omaha, NE 68179	President of Parent; Chairman and Chief Executive Officer of Union Pacific Railroad Company.
John E. Dowling	Vice President-Corporate Development of Parent since January 1990; prior thereto, Mr. Dowling served as Vice President-Financial Administration of Parent.
John B. Gremillion, Jr.	Vice President-Taxes of Parent since February 1992; prior thereto, Mr. Gremillion, Jr. served as Director of Taxes of Parent.
Robert S. Jackson 515 West Greens Road Suite 500 Houston, TX 77067	President and Chief Executive Officer of USPCI since May 1991; prior thereto, Mr. Jackson served as Executive Vice President and Chief Financial Officer of Union Pacific Resources Company.
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 of Parent.
Gary F. Schuster	Vice President-Corporate Relations of Parent.
Gary M. Stuart	Vice President and Treasurer of Parent since January 1990; prior thereto, Mr. Stuart served as Treasurer of Parent.

NAME AND CURRENT BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
Judy L. Swantak	Vice President and Corporate Secretary of Parent since September 1991; 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 SmithKline Beecham Consumer Healthcare 1500 Littleton Road Parsippany, NJ 07054	Chairman, British Aerospace, p.l.c., aircraft and aerospace manufacturer, London, England. Director, Capital Cities/ABC, Inc., CIGNA Corporation, Reuters Holdings p.l.c., SmithKline Beecham p.l.c., Russell Reynolds & Associates.
*Richard B. Cheney American Enterprise Institute 1150 17th Street, NW Suite 1100 Washington, DC 20036	Former Secretary of Defense. Senior Fellow, American Enterprise Institute, public policy research, 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, Centennial Insurance Company, Metropolitan Transportation Authority. Trustee, Atlantic Mutual Insurance Company, Consolidated Edison Company of New York, Inc., HRE Properties, Mutual Funds Managed by Phoenix Home Life.
*Spencer F. Eccles First Security Corporation P.O. Box 30006 Salt Lake City, UT 84130	Chairman and Chief Executive Officer, First Security Corporation, bank holding company, Salt Lake City, Utah. Director, Anderson Lumber Co., First Security Bank of Utah, Zion's Cooperative Mercantile Institution.
*Elbridge T. Gerry, Jr. Brown Brothers Harriman & Co. 59 Wall Street New York, NY 10005	Partner, Brown Brothers Harriman & Co., bankers, New York, New York. Director, Royal Group, Inc.
*William H. Gray, III United Negro College Fund, Inc. 8260 Willow Oaks Corporate Drive P.O. Box 10444 Fairfax, VA 22031	President, United Negro College Fund, Inc., educational assistance, New York, N.Y. Director, Chase Manhattan Corp., Lotus Development Corp., MBIA Inc., Prudential Insurance Company of America, Rockwell International Corporation, Scott Paper Company, Warner Lambert Company, Westinghouse Electric Corporation.
*Judith Richards Hope Paul, Hastings, Janofsky & Walker 1299 Pennsylvania Ave., N.W. Tenth Floor Washington, DC 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, Zurich Reinsurance Center Holdings, Inc. Member, The Harvard Corporation (The President and Fellows of Harvard College).
*Lawrence M. Jones The Coleman Company, Inc. 250 N. St. Francis Street P.O. Box 1762 Wichita, KS 67201	Retired Chairman and Chief Executive Officer, The Coleman Company, Inc., manufacturer of home and recreational products, Wichita, Kansas. Director, Coleman Company, Inc., Fleming Companies, Inc., Fourth Financial Corp.
*Richard J. Mahoney Monsanto Company 800 N. Lindbergh Boulevard St. Louis, MO 63167	Chairman and Chief Executive Officer, Monsanto Company, agricultural, chemical, pharmaceutical and food products, manmade fibers and plastics, St. Louis, Missouri. Director, Metropolitan Life Insurance Company.

NAME AND CURRENT BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
*Claudine B. Malone Financial and Management Consulting, Inc. 7570 Potomac Fall Road McLean, VA 22102	President, Financial and Management Consulting, Inc., management consulting, McLean, Virginia. Director, Dell Computer Corporation, Hannaford Brothers, Hasbro, Inc., Houghton Mifflin Company, Imcera Group, The Limited, Inc., S.A.I.C., Scott Paper Company. Trustee, Penn Mutual Life Insurance Co.
*Jack L. Messman Union Pacific Resources Company 801 Cherry Street Fort Worth, TX 76102	President and Chief Executive Officer, Union Pacific Resources Company and Chairman of USPCI, Inc. Director, CTD, Inc., Novell, Inc., Tandy, Inc., WaWa, Inc.
*John R. Meyer Center for Business and Government Harvard University 79 Kennedy Street Cambridge, MA 02138	Professor, Harvard University, Cambridge, Massachusetts. Director, Brattle Group Inc., The Dun & Bradstreet Corporation, Rand McNally Co., Inc. Trustee, Mutual Life Insurance Company of New York.
*Thomas A. Reynolds, Jr. Winston & Strawn 35 West Wacker Drive Suite 4700 Chicago, IL 60601	Chairman Emeritus, Winston & Strawn, law firm, Chicago, Illinois, New York, New York and Washington, D.C. 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., investment services, New York, New York Director, Bristol Myers/Squibb Company, The Coca-Cola Company, First Data Corporation, SCI Television, Inc. Senior Adviser, Trust Company of the West.
*Robert W. Roth 1580 Griffen Rd. Pebble Beach, CA 93953	Retired President and Chief Executive Officer, Jantzen, Inc., sportswear manufacturer, Portland, Oregon. Director, Portland General Electric Company.
*Richard D. Simmons International Herald Tribune 1150 15th Street, NW Washington, DC 20071	President, International Herald Tribune, communications, Washington, D.C. Director, International Herald Tribune, J.P. Morgan & Co., Incorporated, Morgan Guaranty Trust Company of New York, The Washington Post Company.

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 the Railroad 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 the Railroad. 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 the Railroad 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 the Purchaser. 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 officer of the Purchaser. Unless otherwise indicated, each person identified below is employed by the Purchaser and has held such position since the formation of the Purchaser on November 8, 1994. The principal address of the Purchaser 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	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
*Richard K. Davidson	President of Purchaser (See Part 1 above for material positions held during the past five years).
*L. White Matthews, III	Executive Vice President of Purchaser (See Part 1 above for material positions held during the past five years).
*Carl W. von Bernuth	Vice President and General Counsel of Purchaser (See Part 1 above for material positions held during the past five years).
Gary M. Stuart	Vice President and Treasurer of Purchaser (See Part 1 above for material positions held during the past five years).
Judy L. Swantak	Vice President and Secretary of Purchaser (See Part 1 above for material positions held during the past five years).
Robert M. Knight, Jr.	Assistant Treasurer of Purchaser; Assistant Treasurer of Parent. Mr. Knight served as Executive Assistant -- Finance of the Railroad from May 1992 to March 1, 1994 and Director of Revenue Reporting and Analysis from June 1991 to July 1992. Prior thereto, Mr. Knight served as Controller of Union Pacific Financial Corporation, a subsidiary of the Railroad.
Sandra L. Groman	Assistant Secretary of Purchaser; Assistant Secretary of Parent. Prior to December 11, 1989, Ms. Groman served as Assistant Director, Office of the National Board of Directors, Girl Scouts of the U.S.A.
Thomas E. Whitaker	Assistant Secretary of Purchaser; Assistant Secretary of Parent.

SCHEDULE II

TRANSACTIONS IN SHARES DURING THE PAST 60 DAYS
BY THE PURCHASER AND PARENT

TRANSACTION DATE	SHARES ACQUIRED	PRICE PER SHARE(3)
October 6, 1994	100(1)	$14.00
October 6, 1994	100(2)	$13.50
Total	200	

(1) Purchased by Parent in an open market transaction entered into on the over-the counter market.

(2) Purchased by Parent in an open market transaction executed on the NYSE.

(3) All prices are exclusive of commissions.

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 as follows:

The Depositary for the Offer is:

CITIBANK, N.A.

By Mail:	By Facsimile Transmission: (For Eligible Institutions Only)	By Hand:
Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 1429 Paramus, New Jersey 07653	(201) 262-3240	Citibank, N.A. Corporate Trust Window 111 Wall Street, 5th Floor New York, New York
By Overnight Courier:	**Confirm By Telephone:**	**By Telex:**
Citibank, N.A. c/o Citicorp Data Distribution, Inc. 404 Sette Drive Paramus, New Jersey 07652	(800) 422-2066	(710) 990-4964 Answer Back: CDDI PARA

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:

Morrow & Co., Inc.

909 Third Avenue, 20th Floor New York, New York 10022 (212) 754-8000 (Call Collect)	39 South LaSalle Street Chicago, Illinois 60603 (312) 444-1150 (Call Collect)

or

Call Toll Free 1-800-662-5200

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)

LETTER OF TRANSMITTAL

TO TENDER SHARES OF COMMON STOCK

OF

SANTA FE PACIFIC CORPORATION
AT

$17.50 NET PER SHARE
PURSUANT TO THE OFFER TO PURCHASE DATED NOVEMBER 9, 1994

BY

UP ACQUISITION CORPORATION,
A 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 THURSDAY, DECEMBER 8, 1994, UNLESS EXTENDED

The Depositary for the Offer is:

CITIBANK, N.A.

By Mail:	By Facsimile Transmission:	Overnight Express Mail Courier:	By Hand:
Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 1429 Paramus, New Jersey 07653	(For Eligible Institutions Only) (201)262-3240	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

DELIVERY OF THIS INSTRUMENT 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.

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 USED EITHER IF CERTIFICATES EVIDENCING SHARES (AS DEFINED BELOW) ARE TO BE FORWARDED HEREWITH OR, UNLESS AN AGENT'S MESSAGE (AS DEFINED IN THE OFFER TO PURCHASE) IS UTILIZED, IF DELIVERY OF SHARES IS TO BE MADE BY BOOK-ENTRY TRANSFER TO THE ACCOUNT MAINTAINED BY THE DEPOSITARY 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 OF THE OFFER TO PURCHASE. Stockholders whose certificates evidencing Shares are not immediately available or who cannot deliver confirmation of the book-entry transfer of their Shares into the Depositary's account at a Book-Entry Transfer Facility ("Book-Entry Confirmation") and all other documents required hereby to the Depositary on or prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase) must tender their Shares according to the guaranteed delivery procedures set forth in Section 3 of the

Offer to Purchase. See Instruction 2. Delivery of documents to a Book-Entry Transfer Facility does not constitute delivery to the Depositary.

/ / CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE DEPOSITARY WITH A BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution:

Check Box of Book-Entry Transfer Facility:

/ / The Depository Trust Company

/ / Midwest Securities Trust Company

/ / Philadelphia Depository Trust Company

Account Number

Transaction Code Number

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

Name(s) of Registered Owner(s):

Date of Execution of Notice of Guaranteed Delivery:

Name of Institution that Guaranteed Delivery:

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

/ / The Depository Trust Company

/ / Midwest Securities Trust Company

/ / Philadelphia Depository 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)	CERTIFICATE(S) TENDERED (ATTACH ADDITIONAL LIST IF NECESSARY)		
	CERTIFICATE NUMBER(S)*	TOTAL NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S)	NUMBER OF SHARES TENDERED**
	TOTAL SHARES		

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

** Unless otherwise indicated, it will be assumed that all Shares being delivered to the Depositary are being tendered. See Instruction 4.

The names and addresses of the registered holders should be printed, if not already printed above, exactly as they appear on the certificates representing Shares tendered hereby. The certificates and number of Shares that the undersigned wishes to tender should be indicated in the appropriate boxes.

NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ CAREFULLY THE ACCOMPANYING INSTRUCTIONS.

Ladies and Gentlemen:

The undersigned hereby tenders to UP Acquisition Corporation (the "Purchaser"), a Utah corporation and a wholly-owned subsidiary of Union Pacific Corporation, a Utah corporation, the above described shares of common stock, par value $1.00 per share (the "Shares"), of Santa Fe Pacific Corporation, a Delaware corporation (the "Company"), pursuant to the Purchaser's offer to purchase 115,903,127 Shares, or such greater number of Shares as equals 57.1% of the Shares outstanding on a fully diluted basis as of the Expiration Date (the "Maximum Number"), at a price of $17.50 per share, net to the seller in cash without interest upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 9, 1994 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer"). The Purchaser reserves the right to transfer or assign in whole or from time to time in part, to one or more of its affiliates the right to purchase Shares tendered pursuant to the Offer.

Subject to, and effective upon, acceptance for payment of the Shares tendered herewith in accordance with the terms and subject to the conditions of the Offer, the undersigned hereby sells, assigns, and transfers to, or upon the order of, the Purchaser all right, title and interest in and to all the Shares that are being tendered hereby (and any and all other Shares or other securities issued or issuable in respect thereof on or after November 9, 1994) and irrevocably constitutes and appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares (and any such other Shares or securities) with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver certificates for such Shares (and any such other Shares or securities), or transfer ownership of such Shares (and any such other Shares or securities) on the account books maintained by a Book-Entry Transfer Facility, together in either such case with all accompanying evidences of transfer and authenticity, to or upon the order of the Purchaser upon receipt by the Depositary, as the undersigned's agent, of the purchase price (adjusted, if appropriate, as provided in the Offer to Purchase), (b) present such Shares (and any such other Shares or securities) for transfer on the books of the Company and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (and any other such Shares or securities), all in accordance with the terms of the Offer.

If, on or after November 9, 1994, the Company should declare or pay any cash or stock dividend or other distribution on or issue any rights with respect to the Shares, payable or distributable to stockholders of record on a date before the transfer to the name of the Purchaser or its nominee or transferee on the Company's stock transfer records of the Shares accepted for payment pursuant to the Offer, then, subject to the provisions of Section 14 of the Offer to Purchase, (i) the purchase price per Share payable by the Purchaser pursuant to the Offer will be reduced by the amount of any such cash dividend or cash distribution and (ii) the whole of any such non-cash dividend, distribution or right will be received and held by the tendering stockholder for the account of the Purchaser and shall be required to be promptly remitted and transferred by each tendering stockholder to the Depositary for the account of the Purchaser, accompanied by appropriate documentation of transfer. Pending such remittance, the 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 the Purchaser in its sole discretion.

The undersigned hereby irrevocably appoints, L. White Matthews, III, Richard K. Davidson and Judy L. Swantak and each of them, the attorneys-in-fact and proxies of the undersigned, each with full power of substitution to the full extent of such stockholder's rights with respect to tendered Shares (and any and all other Shares or securities or rights issued or issuable in respect thereof on or after November 9, 1994), to vote (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) in such manner as each such attorney and proxy or his substitute shall in his sole discretion deem proper, and otherwise act (including without limitation pursuant to written consent) with respect to all the Shares tendered hereby which have been accepted for payment by the Purchaser prior to the time of such vote or action, which the undersigned is entitled to vote at any meeting of stockholders (whether annual or special and whether or not an adjourned meeting) of the Company, or otherwise. This proxy is coupled with an interest in the Company and in the Shares and is irrevocable and is granted in consideration of, and is effective when, if and to the extent that the Purchaser accepts such Shares for payment pursuant to the Offer. Such acceptance for payment shall revoke, without further action, all prior proxies granted by the undersigned at any time with respect to such Shares (and any such other Shares or other securities) and no subsequent proxies will be given (and if given will be deemed not to be effective) with respect thereto by the undersigned. The undersigned acknowledges that in order for Shares to be deemed validly tendered, immediately upon the acceptance for payment of such Shares, the Purchaser or the Purchaser's designee must be able to exercise full voting and other rights of a record and beneficial holder 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 any and all other Shares or other securities issued or issuable in respect thereof on or after November 9, 1994), 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 the same are accepted for payment by the Purchaser, the Purchaser will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and the same will not be subject to any adverse claim. The undersigned, upon request, will execute and deliver any additional documents deemed by the Depositary or the Purchaser to be necessary or desirable to complete or confirm the sale, assignment and transfer of the Shares tendered hereby (and any and all such other Shares or other securities).

All authority herein conferred or agreed to be conferred in this Letter of Transmittal shall not be affected by, and shall survive, the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy, personal and legal representatives of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable provided that Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer. The undersigned recognizes that under certain circumstances set forth in the Offer to Purchase, Purchaser may not be required to accept for payment any of the Shares tendered hereby.

Unless otherwise indicated herein under "Special Payment Instructions," please issue the check for the purchase price and/or any certificates for Shares not tendered or accepted for payment in the name(s) of the undersigned. Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the purchase price and/or return any certificates for Shares not tendered or accepted for payment (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature. In the event that both the Special Delivery Instructions and the Special Payment Instructions are completed, please issue the check for the purchase price and/or any certificates for Shares not tendered or accepted for payment in the name of, and deliver such check and/or return such certificates to the person or persons so indicated. Stockholders delivering Shares by book-entry transfer may request that any Shares not accepted for payment be returned by crediting such account maintained at a Book-Entry Transfer Facility as such stockholder may designate by making an appropriate entry under "Special Payment Instructions." The undersigned recognizes that the Purchaser has no obligation pursuant to the Special Payment Instructions to transfer any Shares from the name of the registered holder thereof if the Purchaser does not accept for payment any of the Shares so tendered.

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6, AND 7)

To be completed ONLY if certificates for Shares not tendered or not purchased and/or the check for the purchase price of Shares purchased are to be issued in the name of someone other than the undersigned, or if Shares delivered by book-entry transfer which are not purchased are to be returned by credit to an account maintained at a Book-Entry Transfer Facility other than that designated above.

Issue check and/or certificates to:

Name

(PLEASE PRINT)

Address

(ZIP CODE)

(TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER)
(ALSO COMPLETE SUBSTITUTE FORM W-9 BELOW)

/ / Credit unpurchased Shares delivered by book-entry transfer to the Book-Entry Transfer Facility 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 certificates for Shares not tendered or not purchased and/or the check for the purchase price of Shares purchased are to be sent to someone other than the undersigned, or to the undersigned at an address other than that shown above.

Mail check and/or certificates to:

Name

(PLEASE PRINT)

Address

(ZIP CODE)

SIGN HERE

(COMPLETE SUBSTITUTE FORM W-9 ON REVERSE)

SIGNATURE(S) OF HOLDER(S) OF SHARES

Dated: , 1994

(Must be signed by registered holder(s) exactly as name(s) appear(s) on stock certificate(s) 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 trustees, executors, administrators, guardians, attorneys-in-fact, agents, officers of corporations or others acting in a fiduciary or representative capacity, please provide the following information. See Instruction 5.)

Name(s)

(PLEASE PRINT)

Capacity (full title)

Address

(INCLUDE ZIP CODE)

Area Code and Telephone Number

Tax Identification or
Social Security No.

(COMPLETE SUBSTITUTE FORM W-9 ON REVERSE)

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 5)

Authorized Signature

Name

(PLEASE PRINT)

Title

Name of Firm

Address

(INCLUDE ZIP CODE)

Area Code and Telephone Number

Dated: , 1994

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. Guarantee of Signatures. No signature guarantee on this Letter of Transmittal is required (i) if this Letter of Transmittal is signed by the registered holder of the Shares (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) tendered herewith, unless such holder has completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the reverse hereof, or (ii) if such Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States (each of the foregoing being referred to as an "Eligible Institution"). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 5.

2. Delivery of Letter of Transmittal and Certificates. This Letter of Transmittal is to be completed by stockholders either if certificates are to be forwarded herewith or if tenders of Shares are to be made pursuant to the procedures for delivery by book-entry transfer set forth in Section 3 of the Offer to Purchase. Certificates for all physically tendered Shares, or any Book-Entry Confirmation of Shares, as the case may be, as well as a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof), with any required signature guarantees, and any other documents required by this Letter of Transmittal, or an Agent's Message (as defined below), in connection with a book-entry transfer, must be transmitted to and received by the Depositary at one of its addresses set forth herein prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase). If a stockholder's certificates for Shares 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 stockholder's Shares may nevertheless be tendered by properly completing and duly executing the Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Pursuant to such procedure, (i) such tender must be made by or through an Eligible Institution, (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Purchaser, must be received by the Depositary prior to the Expiration Date, and (iii) in the case of a guarantee of Shares, the 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 New York Stock Exchange, Inc. trading days after the date of execution of the Notice of Guaranteed Delivery. 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 acknowledgement 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 the Purchaser may enforce such agreement against the participant.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, THE CERTIFICATE FOR SHARES 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. EXCEPT AS OTHERWISE PROVIDED IN THIS INSTRUCTION 2, THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. All tendering stockholders, by execution of this Letter of Transmittal (or a manually signed facsimile thereof), waive any right to receive any notice of the acceptance of their Shares for payment.

3. Inadequate Space. If the space provided herein is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate signed schedule attached hereto.

4. Partial Tenders. (Not applicable to stockholders who tender by book-entry transfer.) If fewer than all the Shares evidenced by any certificate submitted are to be tendered, fill in the number of Shares which are to be tendered in the box entitled "Description of Shares Tendered." In such case, new certificate(s) for the remainder of the Shares that were evidenced by your old certificate(s) will be sent to you, unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the Expiration

Date. All Shares represented by 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 exactly with the name(s) as written on the face of the certificate(s) without alteration, enlargement or any change whatsoever.

If any of the Shares tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal or any certificates or stock powers are 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.

When this Letter of Transmittal is signed by the registered owner(s) of the Shares listed and transmitted hereby, no endorsement of certificates or separate stock powers are required unless payment or certificates for Shares not tendered or purchased are to be issued to a person other than the registered owner(s). Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Shares listed, the certificates 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 certificates. Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

6. Stock Transfer Taxes. Except as set forth in this Instruction 6, the Purchaser will pay or cause to be paid any stock transfer taxes with respect to the transfer and sale of purchased Shares to it or its order pursuant to the Offer. If payment of the purchase price is to be made, or if certificates for Shares not tendered or purchased are to be registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder or such person) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence 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 CERTIFICATES LISTED IN THIS LETTER OF TRANSMITTAL.

7. Special Payment and Delivery Instructions. If a check and/or certificates for unpurchased Shares are to be issued in the name of a person other than the signer of this Letter of Transmittal or if a check is to be sent and/or such certificates are to be returned to someone other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Stockholders tendering Shares 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 hereon. If no such instructions are given, such Shares not purchased will be returned by crediting the account at the Book-Entry Transfer Facility designated above.

8. Requests for Assistance or Additional Copies. Requests for assistance may be directed to the Dealer Manager or the Information Agent at the addresses 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 Dealer Manager or the Information Agent at the address set forth below or from your broker, dealer, commercial bank or trust company.

9. Waiver of Conditions. The conditions of the Offer may be waived, in whole or in part, by the Purchaser, in its sole discretion, at any time and from time to time, in the case of any Shares tendered.

10. Substitute Form W-9. The tendering stockholder is required to provide the Depositary with a correct Taxpayer Identification Number ("TIN") on Substitute From W-9, which is provided under "Important Tax Information" below, and to certify whether the stockholder is subject to backup withholding of Federal income tax. If a tendering stockholder is subject to backup withholding, the stockholder must cross out item (2) of the Certification box of the Substitute Form W-9. Failure to provide the information on the Substitute Form W-9 may subject the tendering stockholder to 31% Federal income tax withholding with respect to any cash payments received pursuant to the Offer and Proposed Merger. 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, he or she 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% on all payments of the purchase price until a TIN is provided to the Depositary.

11. 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 A FACSIMILE THEREOF), PROPERLY COMPLETED AND DULY EXECUTED, TOGETHER WITH CERTIFICATES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY, MUST BE RECEIVED BY THE DEPOSITARY AT ONE OF ITS ADDRESSES SET FORTH HEREIN PRIOR TO THE EXPIRATION DATE.

IMPORTANT TAX INFORMATION

Under Federal income tax law, a stockholder whose tendered Shares are accepted for payment is required to provide the Depositary with such stockholder's correct TIN on Substitute Form W-9 below. If such stockholder is an individual, the TIN is his social security number. If a tendering stockholder is subject to backup withholding, he must cross out item (2) of the Certification box on the Substitute Form W-9. 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.

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, that stockholder must submit to the Depositary a properly completed Internal Revenue Service Form W-8, signed under penalties of perjury, attesting to that individual's exempt status. Such statements may be obtained from the Depositary. Exempt stockholders, other than foreign individuals, should furnish their TIN, write "Exempt" on the face of the Substitute Form W-9 below, and sign, date and return the Substitute Form W-9 to the Depositary. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Depositary is required to withhold 31% of any payments made to the 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 his correct TIN by completing the form below certifying that the TIN provided on the Substitute Form W-9 is correct (or that such stockholder is awaiting a TIN).

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 owner of the Shares. 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 guidelines 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, he should write "Applied For" in the space provided for in 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% on all payments of the purchase price until a TIN is provided to the Depositary.

PAYER'S NAME:

SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE	PART I -- PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	Social Security Number OR Employer Identification Number (If awaiting TIN write "Applied For")
PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)	PART II -- For Payees exempt from backup withholding, see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 and complete as instructed therein. CERTIFICATION -- Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or a Taxpayer Identification Number has not been issued to me) and either (a) I have mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate Internal Revenue Service ("IRS") or Social Security Administration office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a Taxpayer Identification Number within sixty (60) days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number, and (2) I am not subject to backup withholding either because (a) I am exempt from backup withholding, (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) 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 , 1994

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, the Letter of Transmittal and other tender offer materials may be directed to the Information Agent or the Dealer Manager as set forth below:

The Information Agent for the Offer is:

MORROW & CO., INC.

909 Third Avenue, 20th Floor
New York, New York 10022
(212) 754-8000 (Call Collect)
(800) 662-5200

The Dealer Manager for the Offer is:

CS FIRST BOSTON CORPORATION

Park Avenue Plaza
55 East 52nd Street
New York, New York 10055
(212) 909-2000 (Call Collect)

NOTICE OF GUARANTEED DELIVERY
FOR
TENDER OF SHARES OF COMMON STOCK
OF
SANTA FE PACIFIC CORPORATION
TO
UP ACQUISITION CORPORATION,
A 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") representing shares of Common Stock, par value $1.00 per share (the "Shares"), of Santa Fe Pacific Corporation, a Delaware corporation, 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 Section 1 of the Offer to Purchase (as defined below)) or (iii) the procedure for delivery by book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand or mail or transmitted by telegram or facsimile transmission to the Depositary. See Section 3 of the Offer to Purchase.

The Depositary for the Offer is:

CITIBANK, N.A.

By Mail:	By Facsimile Transmission:	Overnight Express Mail Courier:	By Hand:
Citibank, N.A. c/o Citicorp Data Distribution, Inc. P.O. Box 1429 Paramus, New Jersey 07653	(For Eligible Institutions Only) (201)262-3240	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

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 Utah corporation and a 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 November 9, 1994 and the related Letter of Transmittal (which together constitute the "Offer"), receipt of which is hereby acknowledged, _____ Shares pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase.

Certificate No(s). (if available)

_____

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

/ / The Depository Trust Company

/ / Midwest Securities Trust Company

/ / Philadelphia Depository Trust Company

Account Number _____

Dated _____ , 1994

Name(s) of Record Holder(s)

_____

_____

PLEASE TYPE OR PRINT

Address(es)_____

_____

ZIP CODE

Area Code and Tel. No. ____

Signature(s)_____

_____

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm that is a member of a registered national securities exchange or of the National Association of Securities Dealers Inc. or which is 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 under 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 representing 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), and any other required documents, within five New York Stock Exchange, Inc. trading days after the date hereof.

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 a financial loss to such Eligible Institution.

_____
NAME OF FIRM

_____
ADDRESS

_____
ZIP CODE

Area Code and Tel. No. _____

_____
AUTHORIZED SIGNATURE

_____
TITLE

Name _____
PLEASE TYPE OR PRINT

Date _____, 1994

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE. CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

(LOGO) CS FIRST BOSTON

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

OFFER TO PURCHASE FOR CASH
115,903,127 SHARES OF COMMON STOCK
OF
SANTA FE PACIFIC CORPORATION
AT
$17.50 NET PER SHARE
BY
UP ACQUISITION CORPORATION,
A 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 THURSDAY, DECEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

November 9, 1994

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

We have been engaged by UP Acquisition Corporation, a Utah corporation (the "Purchaser") and a 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 115,903,127 shares of Common Stock, par value $1.00 per share (the "Shares"), of Santa Fe Pacific Corporation (the "Company"), or such greater number of Shares as equals 57.1% of the Shares outstanding on a fully diluted basis as of the expiration of the Offer (the "Maximum Number"), at $17.50 per Share, net to the seller in cash without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 9, 1994 (the "Offer to Purchase") and the related Letter of Transmittal (which, together, with any amendments or supplements thereto, constitute the "Offer") enclosed herewith.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS.

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;

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

3. A letter which may be sent to your clients for whose account 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;

4. Notice of Guaranteed Delivery to be used to accept the Offer if certificates for Shares are not immediately available or time will not permit all required documents to reach the Depositary by the Expiration Date (as defined in the Offer to Purchase) or if the procedure for book-entry transfer cannot be completed on a timely basis;

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

6. 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), the Purchaser will accept for payment and pay for the Maximum Number of Shares which are validly tendered prior to the Expiration Date and not theretofore properly withdrawn when, as and if the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance of such Shares for payment pursuant to the Offer. Payment for Shares purchased pursuant to the Offer will in all cases be made only after timely receipt by the Depositary of certificates for such Shares, or timely confirmation of a book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company, the Midwest Securities Company or the Philadelphia Depository Trust Company, pursuant to the procedures described in Section 3 of the Offer to Purchase, a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) or an Agent's Message in connection with a book-entry transfer, and all other documents required by the Letter of Transmittal.

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

The Purchaser will pay or cause to be paid any transfer taxes payable on the transfer of Shares to it, except as otherwise provided in Instruction 6 of the enclosed 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 THURSDAY, DECEMBER 8, 1994, UNLESS 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 representing 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, but it is impracticable for them to forward their certificates or other required documents prior to the expiration of the Offer, a tender may be effected by following the guaranteed delivery procedures specified under Section 3, "Procedure for Tendering Shares" in 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, Morrow & Co., Inc., at (212) 754-8000 (Collect), 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 PERSON AS AN AGENT OF PARENT, THE 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.

OFFER TO PURCHASE FOR CASH
115,903,127 SHARES OF COMMON STOCK

OF

SANTA FE PACIFIC CORPORATION

AT

$17.50 NET PER SHARE

BY

UP ACQUISITION CORPORATION,
A 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 THURSDAY, DECEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

November 9, 1994

To Our Clients:

Enclosed for your consideration is an Offer to Purchase dated November 9, 1994 (the "Offer to Purchase") and a Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") relating to an offer by UP Acquisition Corporation, a Utah corporation (the "Purchaser") and a wholly-owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), to purchase 115,903,127 shares of Common Stock, par value $1.00 per share (collectively, the "Shares"), of Santa Fe Pacific Corporation, a Delaware corporation (the "Company"), or such greater number of shares as equals 57.1% of the Shares outstanding on a fully diluted basis as of the expiration of the Offer, at a purchase price of $17.50 per Share, net to the seller in cash without interest, upon the terms and subject to the conditions set forth in the Offer. We are the holder of record of the Shares held by us for your account. A tender for 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 tender any or all of such Shares held by us for your account, pursuant to the terms and conditions set forth in the Offer.

Your attention is invited to the following:

1. The tender price is $17.50 per Share, net to the seller in cash without interest.

2. The Offer, proration period and withdrawal rights will expire at 12:00 midnight, New York City time, on Thursday, December 8, 1994, unless the Offer is extended.

3. The Offer is being made for 115,903,127 Shares or such greater number of Shares as equals 57.1% of the Shares outstanding on a fully diluted basis as of the expiration of the Offer. If more than 115,903,127 Shares, or such greater number of Shares as equals 57.1% of the Shares outstanding as of the expiration of the Offer, are validly tendered prior to the Expiration Date (as defined in the Offer to Purchase) and not withdrawn, the 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.

4. The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer at least a majority of the Shares outstanding on a fully diluted basis, and the Company having entered into a definitive merger agreement with Parent and the Purchaser to provide for the acquisition of the Company pursuant to the Offer.

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

The 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 the Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, the Purchaser will make a good faith effort to comply with any such state statute. If, after such good faith effort, the 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 will be deemed to be made on behalf of the 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 complete, sign and return to us the form set forth below. An envelope to return your instructions to us is enclosed. Your instructions to us should be forwarded in ample time to permit us to submit a tender on your behalf prior to the expiration of the Offer. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified on the instruction form set forth below.

INSTRUCTIONS WITH RESPECT TO THE OFFER
TO PURCHASE FOR CASH SHARES OF COMMON STOCK
OF SANTA FE PACIFIC CORPORATION

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated November 9, 1994 and the related Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") relating to the offer by UP Acquisition Corporation, a Utah corporation (the "Purchaser"), to purchase 115,903,127 shares of Common Stock, par value $1.00 per share (the "Shares"), of Santa Fe Pacific Corporation, a Delaware corporation, or such greater number of Shares as equals 57.1% of the Shares outstanding on a fully diluted basis as of the expiration of the Offer.

This will instruct you to tender to the 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, on the terms and subject to the conditions set forth in the Offer.

- ---

SIGN HERE

NUMBER OF SHARES TO BE TENDERED:*

SHARES

- ---

Signature(s)

Account Number:

Dated: , 1994

Please print name(s) and address(es) here

Area Code and Telephone Number

Tax Identification or Social Security Number(s)

- ---

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

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.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER OF SUBSTITUTE FORM W-9
PAGE 2

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, 6041A(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 under-payment 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

OFFER TO PURCHASE FOR CASH
115,903,127 SHARES OF COMMON STOCK

OF

SANTA FE PACIFIC CORPORATION

AT

$17.50 NET PER SHARE

BY

UP ACQUISITION CORPORATION,
A 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 THURSDAY, DECEMBER 8, 1994, UNLESS THE OFFER IS EXTENDED.

November 9, 1994

To Participants in the Dividend Reinvestment Plan of Santa Fe Pacific Corporation:

Enclosed for your consideration are an Offer to Purchase dated November 9, 1994 (the "Offer to Purchase") and a related Letter of Transmittal (which, together, with any amendments or supplements thereto, constitute the "Offer") in connection with the offer by UP Acquisition Corporation, a Utah corporation (the "Purchaser") and a wholly-owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), to purchase 115,903,127 outstanding shares of Common Stock, par value $1.00 per share (collectively, the "Shares"), of Santa Fe Pacific Corporation, a Delaware corporation (the "Company"), or such greater number of Shares as equals 57.1% of the Shares outstanding on a fully diluted basis as of the expiration of the Offer, at a purchase price of $17.50 per Share, net to the seller in cash without interest, upon the terms and subject to the conditions set forth in the Offer.

Our nominee is the holder of record of Shares held for your account as a participant in the Dividend Reinvestment Plan of the Company (the "Plan"). A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US THROUGH OUR NOMINEE 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 IN YOUR PLAN ACCOUNT.

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

Your attention is directed to the following:

1. The tender price is $17.50 per Share, net to the seller in cash without interest.

2. The Offer is being made for 115,903,127 Shares or such greater number of Shares as equals 57.1% of the Shares outstanding on a fully diluted basis as of the expiration of the Offer. If more than 115,903,127

Shares, or such greater number of Shares as equals 57.1% of the Shares outstanding as of the expiration of the Offer, are validly tendered prior to the Expiration Date (as defined in the Offer to Purchase) and not withdrawn, the 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.

3. The Offer, proration period and withdrawal rights will expire at 12:00 midnight, New York City time, on Thursday, December 8, 1994, unless the Offer is extended.

4. The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer at least a majority of the Shares outstanding on a fully diluted basis.

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

If you wish to have us tender any or all of the Shares held in your Plan account, 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 tender of such Shares, all such Shares will be tendered unless otherwise specified in your instructions. Your instructions should be forwarded to us in ample time to permit us to instruct our nominee to submit a tender on your behalf prior to the expiration of the Offer.

The Offer is made solely by the Offer to Purchase and the Letter of Transmittal and is being made to all holders of Shares. The 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 the Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, the Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, the 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 will be deemed to be made on behalf of the Purchaser by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Very truly yours,

First Chicago Trust Company of New York, AS
DIVIDEND REINVESTMENT AGENT

PAYER'S NAME:

SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE	PART I -- Taxpayer Identification Number -- For all accounts, enter taxpayer identification number in the box at right. (For most individuals, this is your social security number. If you do not have a number, see Obtaining a Number in the enclosed Guidelines.) Certify by signing and dating below. Note: If the account is in more than one name, see the chart in the enclosed Guidelines to determine which number to give the payer.	Social Security Number OR Employer Identification Number (If awaiting TIN write "Applied For")
Payer's Request for Taxpayer Identification Number (TIN)	PART II -- For Payees Exempt From Backup Withholding, see the enclosed Guidelines 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 I am waiting for a number to be issued to me) and

(2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (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 , 1994

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.

INSTRUCTIONS WITH RESPECT TO
THE OFFER TO PURCHASE FOR CASH
115,903,127 SHARES OF COMMON STOCK

OF

SANTA FE PACIFIC CORPORATION

BY

UP ACQUISITION CORPORATION

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated November 9, 1994, and the related Letter of Transmittal (which, together, with any amendments or supplements thereto, constitute the "Offer"), in connection with the offer by UP Acquisition Corporation, a Utah corporation (the "Purchaser") and a wholly-owned subsidiary of Union Pacific Corporation, a Utah corporation ("Parent"), to purchase 115,903,127 shares of Common Stock, par value $1.00 per share (collectively, the "Shares") of Santa Fe Pacific Corporation, a Delaware corporation (the "Company"), or such greater number of Shares as equals 57.1% of the Shares outstanding as of the expiration of the Offer. The undersigned understand(s) that the Offer applies to Shares allocated to the account of the undersigned in the Company's Dividend Reinvestment Plan (the "Plan").

This will instruct you, as Dividend Reinvestment Agent, to instruct your nominee to tender the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held for the Plan account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

Number of Shares to be Tendered:
Shares*

SIGN HERE

Signature(s)

Please type or print address

Area Code and Telephone Number

Taxpayer Identification or
Social Security Number

Dated: , 199

- ---

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

Union Pacific
Corporation

News Release

Contact: 610-881-3382
Gary F. Schuster
Vice President Corporate Relations
Martin Tower
Eighth and Eaton Avenues
Bethlehem, PA 18018

UNION PACIFIC ANNOUNCES TENDER OFFER TO ACQUIRE 57% OF SANTA FE

Seeks to Acquire Santa Fe Pursuant to Negotiated Merger Agreement

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Union Pacific Would Use Voting Trust To Expedite Payment

Bethlehem, PA, November 8, 1994 -- Union Pacific Corporation (NYSE: UNP) announced today a proposal to negotiate an acquisition of Santa Fe Pacific Corporation (NYSE: SFX) in a two-step transaction, using a voting trust, in which UP would first purchase approximately 57 percent of SFP's outstanding common shares in a cash tender offer for $17.50 per share. UP would acquire the remaining SFP shares in a merger in which SFP shareholders would receive, for each SFP share, a fraction of a UP common share having a value of $17.50, based on the closing price of UP common stock on November 8, 1994. UP said it will commence its tender offer shortly.

Under the UP proposal, SFP shareholders would effectively receive approximately $10.00 per share in cash and $7.50 per share in UP stock, assuming that all SFP shares are tendered in the offer. The proposal values SFP at $3.3 billion.

UP's proposal provides for the creation of a voting trust, independent of UP, to hold the shares of SFP acquired in the tender offer and merger. The voting trust would allow SFP shareholders to receive immediate payment for their shares in the tender offer and merger following satisfaction of the conditions to such transactions, rather than waiting up to several years for Interstate Commerce Commission approval as in the proposed merger of Burlington Northern Inc. (NYSE: BNI) with Santa Fe.

Dick Davidson, President of Union Pacific Corporation and Chairman and Chief Executive Officer of Union Pacific Railroad Company, in a November 8, 1994 letter to Robert D. Krebs, Chairman, President and Chief Executive Officer of Santa Fe Pacific Corporation, said, "Our proposed acquisition, unlike the Burlington Northern Inc. transaction, would NOT be contingent upon receipt of ICC approval for the acquisition . . . . Our proposed structure would enable your shareholders to receive the entire proposed purchase price in the tender offer and merger following satisfaction of the conditions to those transactions without your shareholders bearing any risk relating to ICC approval of our combination with Santa Fe." Davidson added, "By contrast, the proposed BN transaction provides for a delay of up to several years in payment of any of the purchase price to SFP shareholders and requires your shareholders to bear the entire ICC risk."

The value of UP's proposal represents a premium of 17.6 percent over the closing price of SFP common stock on November 8, 1994. The proposed price is also superior to the value of SFP's existing transaction with BN based on today's closing prices. Davidson said in his letter to Krebs, "When your shareholders discount BN's purchase price for the delay in payment and the ICC risk of non-consummation of the BN transaction, the premium represented by our proposal is even greater."

The Company said it will deliver promptly to SFP a merger agreement modeled on the BN merger agreement. UP stated it is prepared, in accordance with the terms of SFP's existing merger agreement with BN, to commence immediate negotiation of a merger agreement with SFP. Both the cash and stock portions of the consideration to be paid in the UP proposal would be taxable to SFP shareholders.

UP's tender offer will be subject, among other things, to termination of SFP's merger agreement with BN in accordance with the terms of such agreement, negotiation of a mutually satisfactory merger agreement with SFP, the shareholders of SFP not having approved the merger agreement with BN, at least a majority of the SFP shares being validly tendered and not withdrawn prior to expiration of the offer, and the issuance of a favorable ICC staff opinion regarding the terms of the proposed voting trust. Davidson said, "On this separate ICC matter of approval of the voting trust agreement, we are confident that a favorable ICC staff opinion will be forthcoming."

The proposed merger would also be subject, among other things, to the approval of SFP shareholders. UP's proposal is not subject to a due diligence or financing condition or to approval of UP's shareholders.

In his letter to Krebs, Davidson said, "You have repeatedly advised UP that if it make[s] a proposal at a fair price and with an adequate provision for a voting trust that would substantially eliminate the regulatory risk for SFP shareholders, your Board 'would consider that proposal in light of its fiduciary duties.' We hereby submit just such a proposal."

Davidson also advised Krebs that, alternatively, if SFP's Board so prefers, UP would be prepared to proceed with its previous proposal to negotiate a tax-free merger, without the use of a voting trust, in which SFP shareholders would receive UP shares having a value of $20 per SFP share, based on market prices at the time such proposal was made. "The choice is up to your Board," said Davidson. That alternative proposal would value SFP at $3.8 billion, but payment would not occur until after ICC approval of a UP/SFP combination, which would require two years or more.

Attached is the full text of a letter from UP to Mr. Krebs on the proposal.

Union Pacific Corporation

November 8, 1994

Mr. Robert D. Krebs
Chairman, President and CEO
Santa Fe Pacific Corporation
1700 East Golf Road
Schaumburg, IL 60173

Dear Rob:

You have repeatedly advised Union Pacific Corporation that if it "make(s) a proposal at a fair price and with an adequate provision for a voting trust that would substantially eliminate the regulatory risk for SFP shareholders," your Board "would consider that proposal in-light of its fiduciary duties." We hereby submit just such a proposal. We insist that you and your Board of Directors, consistent with your fiduciary obligations and in accordance with the terms of your existing merger agreement with Burlington Northern Inc., give careful consideration to this proposal. In light of the November 18 date of your shareholders' meeting to consider the BN merger, time is of the essence.

Using a voting trust, we propose acquiring all shares of Santa Fe Pacific Corporation's common stock in a two-step transaction. First, we would purchase approximately 57 percent of the shares outstanding on a fully diluted basis in a cash tender offer for $17.50 per share. We would then acquire the remaining SFP shares in a merger in which your shareholders would receive, for each SFP share, a fraction of a UP common share having a value of $17.50, based on the closing price of UP common stock on November 8, 1994. The stock portion of the consideration represents a ratio of .354 of a UP share for each SFP share.

Your shareholders would effectively receive approximately $10.00 per share in cash and $7.50 per share in UP stock, assuming that all SFP shares are tendered in the offer. Both the proposed cash and stock portions of the considerations would be taxable to SFP shareholders.

The value of our proposed transaction represents a premium of 17.6 percent over the closing price of SFP common stock on November 8, 1994. Based on today's closing prices, the price would also be superior to the value of the BN transaction that has been endorsed by your financial advisors as fair to your shareholders. As discussed below, our price represents a premium to that of the BN transaction, even without factoring in the uncertainty of Interstate Commerce Commission ("ICC") approval of the BN transaction and the delay in payment of the purchase price under that proposal.

Our proposed acquisition, unlike the BN transaction, would not be contingent upon receipt of ICC approval for the acquisition. At the same time we consummate the tender offer and the merger, we would place the shares of SFP common stock purchased by us into a voting trust that would be independent of UP.

Our proposed structure would enable your shareholders to receive immediate payment of the entire purchase price in the tender offer and merger following satisfaction of the conditions to those transactions, without your shareholders bearing any risk relating to ICC approval of our combination with SFP. By contrast, the proposed Burlington Northern transaction provides for a delay of up to several years in payment of any of the purchase price to SFP shareholders and requires your shareholders to bear the entire ICC risk.

When your shareholders discount BN's purchase price for the delay in payment and the ICC risk of non-consummation of the BN transaction, the premium represented by our proposal is even greater.

We will be commencing our tender offer shortly. We also will be delivering to you promptly a proposed merger agreement modeled on your agreement with BN. UP is prepared, in accordance with the terms of your existing merger agreement with BN, to commence immediate negotiation of our proposed merger agreement.

Our tender offer will be subject, among other things, to termination of your merger agreement with BN in accordance with the terms of such agreement, negotiation of a mutually satisfactory merger agreement with SFP, the shareholders of SFP not having approved the merger agreement with BN, at least a majority of the SFP shares being validly tendered and not withdrawn prior to expiration of the offer, and the issuance of a favorable ICC staff opinion regarding the terms of our proposed voting trust. On this separate ICC matter of approval of the voting trust agreement, we are confident that a favorable ICC staff opinion will be forthcoming.

The proposed merger would also be subject, among other things, to the approval of SFP shareholders. Our proposal is not subject to a due diligence or financing condition or to approval of UP's shareholders.

Our willingness to pay your shareholders prior to ICC review and approval of the acquisition reflects our belief that we will be able to obtain ICC approval and our willingness to negotiate acceptable conditions necessary for such approval. We remain ready to discuss with you your concerns relating to ICC approval of the combination of our two companies.

Please be advised that if your Board would prefer to discuss our previous proposal to negotiate a tax-free merger, without the use of a voting trust, in which SFP shareholders would receive UP shares having a value of $20 per SFP share based on market prices at the time of such proposal, we remain willing to proceed on that basis. The choice is up to your Board.

Sincerely,

Dick Davidson
President,
Union Pacific Corporation
Chairman and CEO,
Union Pacific Railroad Company

cc: Board of Directors
Santa Fe Pacific Corporation

Because of fluctuations in the market value of Union Pacific common stock and Burlington Northern Inc. common stock, there can be no assurances as to the actual value that Santa Fe shareholders would receive pursuant to the second-step merger contemplated by the new Union Pacific proposal or pursuant to the Santa Fe/Burlington Northern Inc. merger.

This announcement is neither an offer to sell nor a solicitation of offers to buy any securities which may be issued in any merger or similar business combination involving Union Pacific and Santa Fe. The issuance of such securities would have to be registered under the Securities Act of 1933 and such securities would be offered only by means of a prospectus complying with the requirements of such Act.

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

IN RE SANTA FE PACIFIC CORPORATION SHAREHOLDER LITIGATION	))	CONSOLIDATED CIVIL ACTION NO. 13567

CONSOLIDATED AND AMEDNED COMPLAINT

Plaintiffs, by and through their attorneys, allege upon information and belief except as to themselves and their own actions, which they allege upon knowledge, as follows:

SUMMARY OF ACTION

1. This action initially arose from breaches of fiduciary duties in connection with the individual defendants' agreement to sell Santa Fe Pacific Corporation ("Santa Fe") to Burlington Northern Inc. ("BNI") for grossly inadequate consideration and in breach of their fiduciary duties. Plaintiffs allege that they and other public shareholders of Santa Fe common stock are entitled to enjoin the proposed BNI Transaction (as defined below) or, alternatively, to recover damages in the event that the transaction is consummated. Plaintiffs bring this action on behalf of the public holders of the outstanding common shares of Santa Fe for injunctive and other relief in connection with an improperly timed and structured scheme conceived by defendants hereinafter described.

2. The result of defendants' actions is that BNI may acquire Santa Fe at an unconscionably unfair price, dramatically below the underlying and real value of Santa Fe common stock, in a transaction which is unfairly timed and structured and misleadingly disclosed.

THE PARTIES

3. Plaintiffs have been, at all times relevant to this action, and are owners of Santa Fe common stock.

4. Defendant Santa Fe is a Delaware corporation with its principal executive offices located at 1700 East Golf Road, Schaumburg, IL 60173-5860. Santa Fe is a holding company which provides railway transportation, prior to the Spin-Off (as defined below) conducted gold mining operations, and owns an interest in a refined petroleum products pipeline system. Santa Fe currently has over 186 million shares of common stock outstanding held by approximately 75,000 shareholders of record.

5. Defendant Robert D. Krebs is Chairman of the Board, President, Chief Executive Officer and a director of Santa Fe and is an officer of Santa Fe's subsidiary. His compensation for 1993 was in excess of $800,000. Defendant Krebs will be President and Chief Executive Officer of the combined entity if the BNI Transaction is consummated.

6. Defendants Bill M. Lindig, Roy S. Roberts, John S. Runnells II, Robert H. West, Joseph F. Alibrandi, George Deukmejian, Jean Head Sisco, Michael A. Morphy and Edward F. Swift (collectively together with Robert D.Krebs the "individual defendants") are all members of Santa Fe's Board of Directors.

7. The individual defendants, as directors of Santa Fe owe fiduciary duties of good faith, loyalty, fair dealing, due care, and full disclosure to plaintiffs and the other members of the Class (as defined below).

8. Defendant BNI is a Delaware corporation with its principal place of business at 3800 Continental Plaza, 777 Main Street, Fort Worth, Texas 76102-5384. BNI is a holding company with subsidiaries that provide railroad transportation services; explore for, develop and produce oil, gas, coal, and minerals; lease locomotives, freight cars, and commuter passenger cars; transport and sell natural gas; sell timber and logs; manufacture and sell forest products; and manage and develop real estate. BNI has knowledge of the facts and circumstances described below and will benefit from the BNI Transaction.

9. BNI's Chairman, President, and Chief Executive Officer, Gerald Grinstein, who will be Chairman of the new combined entity if the BNI Transaction is consummated, received approvimately $2.5 million in compensation from BNI in 1993.

CLASS ACTION ALLEGATIONS

10. Plaintiffs bring this action pursuant to Rule 23 of the Rules of this Court, on behalf of themselves and all other shareholders of Santa Fe as of June 30, 1994 (except the defendants herein and any persons, firm, trust, corporation, or other entity related to or affiliated with them and their successors in interest), who are or will be threatened with injury arising from defendants' actions, as is more fully described herein (the "Class").

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

a. The Class is so numerous that joinder of all members is impracticable. There are approximately 75,000 record shareholders of Santa Fe stock and many more beneficial owners who are members of the Class.

b. Members of the Class are scattered throughout the United States and are so numerous that it is impracticable to bring them all before this Court.

c. There are questions of law and fact that are common to the Class and that predominate over questions affecting any individual class member. The common questions include, inter alia, the following:

(1) Whether the transaction as timed, structured and disclosed denies shareholders information necessary to make an informed decision whether to vote for the transaction;

(2) Whether the individual defendants, as directors of Santa Fe have fulfilled, and are capable of fulfilling, their fiduciary duties to plaintiffs and the other members of the Class, including their duties of entire fairness, loyalty, due care, and full disclosure; and

(3) Whether plaintiffs and the other members of the Class would be irreparably damaged were defendants not enjoined from the conduct described herein.

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

e. Plaintiffs are committed to prosecuting this action and have retained competent counsel experienced in litigation of this nature. Plaintiffs are adequate representatives of the Class and will fairly and adequately protect the interests of the Class.

f. Plaintiffs anticipate that there will not be any difficulty in the management of this litigation as a class action.

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

h. Defendants have acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the Class as a whole.

12. At all relevant times, the shares of Santa Fe were publicly traded on the New York Stock Exchange.

APPROVAL AND ANNOUNCEMENT OF THE BNI TRANSACTION

13. In April 1994, Santa Fe announced that it would take public approximately 14.6% of the shares it held in Santa Fe Pacific Gold Corporation ("Gold Sub") and was considering subsequently spinning off the remaining shares of Gold Sub to Santa Fe's public shareholders. The Gold Sub shares were sold to the public on June 23, 1994, and were priced at $14 per Gold Sub share.

Sante Fe had been pursuing a policy of paring down its holdings to concentrate on its core railroad assets. The apparent purpose of this policy and, therefore, the spinoff, was to cause the market to properly value Santa Fe's core railroad business. Before the spinoff could be accomplished, however, the individual defendants agreed to sell the post-spinoff Santa Fe to BNI in a stock-for-stock transaction in which shareholders are to receive 0.27 share of BNI common stock for each share of Santa Fe (the "BNI Transaction").

14. Santa Fe and BNI apparently had engaged in negotiations relating to a combination of the two companies in late 1993. However, negotiations broke off on Nobember 29, 1993 and did not resume until June 24, 1994. On that same day, June 24, however, the Santa Fe board also determined to proceed with a bid to acquire the railway operations of Kansas City Southern Industries ("KCSI"). The Santa Fe board approved of the BNI Transaction on June 29, 1994, only five days after Sana Fe had resumed negotiations with BNI and only five days after the Santa Fe board had authorized a bid for KCSI. Shortly thereafter, the Santa Fe board determined to withdraw the KCSI bid. The plans for the BNI Transaction publicly were announced on or about June 30, 1994. The announcement of the BNI Transaction had the effect of capping the market for Santa Fe's stock. A shareholder meeting to vote on the BNI Transaction has now been set for November 18, 1994.

15. At the same time of the announcement of the BNI Transaction, Santa Fe announced the spinoff of the remaining Gold

Sub shares, with Santa Fe shareholders to receive one share of Gold Sub stock for every 1.7 share of Santa Fe stock they held (the "Spin-Off"). The Spin-Off was completed be September 30, 1994.

THE UNFAIR AND INADEQUATE BNI OFFER

16. The BNI Transaction price of 0.27 BNI common share in exchange for each Santa Fe common share together with the terms of the Spin-Off offered little or no premium for Santa Fe shareholders. Santa Fe stock had been trading in the $20 - $23 range in the weeks before the announcement of the BNI Transaction and the Spin-Off. At the time of the announcement of the BNI Transaction, the one share of Gold Sub for every 1.7 shares of Santa Fe common stock that Santa Fe shareholders were to receive in the Spin-Off represented approximately $8.24 per Santa Fe share in value. Consequently, at that time, the spunoff Gold Sub shares and the BNI shares represented a package of approximately $22.69 in market value.

17. In addition, Santa Fe common stock closed at $12.625 on October 5, 1994. BNI common stock closed at $49.375 on October 5, 1994. Therefore, the exchange price of 0.27 share of BNI stock, to which defendants have agreed, had an implied value on October 5, 1994, the day of the Union Pacific Offer (as defined below), of only $13.33 per share of Santa Fe common stock. The BNI Transaction does not provide Santa Fe shareholders with consideration which fairly and adequately takes into account the value of Santa Fe's common stock.

18. Further, the defendants agreed to the BNI Transaction with BNI without ever allowing the market to reflect the value of Santa Fe's railroad assets alone. Therefore, the individual defendants were without knowledge of the market's valuation of the railroad assets when they agreed to the BNI Transaction.

THE SUPERIOR UNION PACIFIC OFFER IS HASTILY REJECTED

19. On October 5, 1994, Union Pacific Corp. ("Union Pacific"), the nation's largest railroad based on revenues, issued a press release announcing a proposal to merge with Santa Fe, pursuant to which stockholders of Santa Fe would receive .344 shares of Union Pacific stock for each Santa Fe share (the "Union Pacific Offer"). Based on the closing price of Union Pacific stock on October 5, 1994, the Union Pacific Offer represented value of approximately $18 per Santa Fe share. The Union Pacific Offer represented approximately a 38% premium over the $12.625 closing price of Santa Fe on October 5, 1994. The BNI Transaction, based on BNI's trading price on October 5, 1994, represented value of $13.33 per Santa Fe share. Thus, the Union Pacific proposal was, on October 5, 33% higher than the price represented by the BNI Transaction. The Union Pacific Offer is subject to, among other conditions, the termination of Santa Fe's agreement with BNI.

20. Notwithstanding the greater value represented by the Union Pacific Offer, and the complex issues before it, Santa Fe's Board rejected Union Pacific's bid hastily and without fair and reasonable investigation or consideration. Santa Fe's Board,

apparently as advised by counsel, reasoned that Santa Fe was subject to a binding Merger Agreement and that Union Pacific could not obtain ICC approval for any combination with Santa Fe. Within a day, and despite the complex issues involved in, inter alia, ICC review, Santa Fe's Board formalized its summary rejection without any negotiations. Santa Fe then publicly stated that a Union Pacific/Santa Fe combination could not obtain ICC approval and that the Union Pacific offer was solely to obstruct the BNI Merger. Santa Fe also suggested that the Union Pacific Offer, at $18 in value, did not constitute a fair price, even though it offered substantially greater value than the BNI Transaction.

21. Thereafter, Union Pacific stated that it would consider increasing its offer to $20 per share in value. To that end, Union Pacific has requested Santa Fe to provide it with additional information in connection with Union Pacific's consideration of increasing its offer. Santa Fe, however, has refused to provide any information to Union Pacific. Thus, notwithstanding the Santa Fe Board's right under the Merger Agreement, and fiduciary duty to negotiate with and provide information to Union Pacific, in breach of its fiduciary duties, the Board refused to negotiate or even provide confidential information.

THE MERGER AGREEMENT ATTEMPTS TO LOCK IN THE SHAREHOLDERS AND LOCK OUT UNION PACIFIC

22. The Santa Fe/BNI Agreement and Plan of Merger dated as of June 29, 1994 ("Merger Agreement") is terminable by either party if the stockholders reject the BNI Transaction. However, the

Merger Agreement does not provide for termination of the Merger Agreement in the event that an offer superior to the BNI Transaction is received by Santa Fe. Thus, the Board, according to the Merger Agreement, does not have the right to terminate the Merger Agreement in response to the Union Pacific Offer, but only has the right, if advised by outside counsel as required by their fiduciary duties, to engage in negotiations or provide confidential information or data to Union Pacific and to withdraw, modify or amend their recommendation that Santa Fe stockholders approve the Merger Agreement.

23. Accordingly, even if Santa Fe's Board concluded that Union Pacific's offer currently is superior, Santa Fe's Board has no express termination right under the Merger Agreement. Under such circumstances the Board would have to withdraw its recommendation in favor of the BNI Transaction, thereby precluding a shareholder vote. However, according to the express terms of the Merger Agreement, in the absence of a shareholder vote against the BNI Transaction, the Board would be unable to terminate the Merger Agreement. Thus, the unterminated Merger Agreement would remain in full force and effect. The purported absence of the right of the Santa Fe Board to terminate the Merger Agreement in the face of a superior offer is a violation of law and thus void. As such, and notwithstanding the terms of the Merger Agreement, the Santa Fe Board has an implied right to terminate the Merger Agreement if it receives a superior offer to the BNI Transaction.

UNION PACIFIC MAY WALK

24. If the BNI Transaction is approved by the stockholders of Santa Fe and BNI, the transaction cannot be consummated until approval of the Interstate Commerce Commission ("ICC"), a process expected to require at least 535 days according to the Proxy Statement. However, Union Pacific has indicated it will withdraw its offer if the Santa Fe stockholders vote to approve the BNI Transaction, because, according to Union Pacific, Santa Fe has threatened to bring a tortious interference claim against Union Pacific and its CEO. If that occurs, the only higher bid currently available to Santa Fe stockholders will disappear, leaving Santa Fe's stockholders, who would have lost the opportunity for a higher offer, in limbo for 1-1/2 years or more.

25. As directors of Santa Fe, the individual defendants were and are under a duty to fully inform themselves before taking action, or agreeing to refrain from taking action, to elicit, promote, consider and evaluate reasonable and bona fide offers for Santa Fe, and to assure that a "level playing field" exists when more than one bidder for the Company emerges, and not to favor one bidder over another, unless the individual defendants' actions are designed to assure and are reasonably related to achieving the best transaction for Santa Fe shareholders. The individual defendants breached their fiduciary duties by, among other matters, failing to fully inform themselves about available alternatives to the BNI Transaction, including a transaction with Union Pacific, and without fully informing themselves about the value of Santa Fe.

Instead, the individual defendants, in disregard of their fiduciary duties to Santa Fe shareholders, have refused to disturb the BNI Transaction, whose consummation will result in the entrenchment of one or more of their members, including the election of Defendant Krebs as President and CEO of the combined entity, securing for him the continued and potentially greater emoluments of such positions.

26. If the breaches of fiduciary duty described herein are permitted to continue, the Santa Fe shareholders will forever lose the opportunity to have the value of their Company arrived at through competitive bidding on a legal playing field and the opportunity to consider any other bidders which may come forward.

27. Indeed, if a stockholder vote is held before the Santa Fe directors are required to fulfill their fiduciary obligations fully to inform themselves about the Union Pacific proposal, Union Pacific likely will withdraw its bid, thus depriving Santa Fe stockholders of the opportunity to consider a superior offer.

THE MATERIALLY MISLEADING AND DEFICIENT PROXY STATEMENT

28. As a result of statements in press releases which preceded the Burlington Northern, Inc. and Santa Fe Pacific Corporation Joint Proxy Statement/Burlington Northern, Inc. Prospectus dated October 12, 1994 (the "Proxy Statement") and the materially misleading and deficient Proxy Statement, the stockholders cannot exercise a fully informed vote. Santa Fe previously issued public statements to the effect that Union Pacific's superior offer could not survive ICC review and was made

solely to obstruct the Merger Agreement. According to Union Pacific, however, Santa Fe's statements were issued without any reasonable effort to explore with Union Pacific the extent of any ICC risk, the steps that might be taken to ameliorate any such risk, or Union Pacific's determination to push forward with an offer. Nor did Santa Fe's statements reveal the risks attendant to a Santa Fe/BNI transaction. Now, Santa Fe has disseminated its Proxy Statement which includes further misleading statements and omits critical material facts.

29. The Proxy Statement, as a reason for rejecting the Union Pacific Offer, provides "No. 4. Binding Agreement. The SFP Board noted that SFP has no right to terminate the Merger Agreement...." Notwithstanding the claim in the Proxy Statement, as a matter of law, the Santa Fe board has an implied right to terminate the Merger Agreement as a result of the superior Union Pacific Offer.

30. The Proxy Statement also states that the Santa Fe Board determined that if Union Pacific were to make a proposal at a fair price and with an adequate provision for a voting trust it would consider the proposal in light of its fiduciary duties. Implicit in this statement is the Santa Fe Board's view that the Union Pacific Offer does not represent a fair price. Yet, there is no explanation concerning how the Santa Fe Board could consider the BNI proposal to be a fair price and recommend approval of such proposal to the Santa Fe stockholders when such proposal represents substantially less value than the current Union Pacific Offer. Nor

is there any discussion of Union Pacific's response, if any, to Santa Fe's suggestion of a voting trust.

31. The Proxy Statement, in conclusory fashion, provides that one of the primary reasons why the Santa Fe Board determined to reject the Union Pacific Offer was its conclusion that a combination with Union Pacific would not receive ICC approval. However, although the Proxy Statement discusses the need for the BNI Transaction to receive ICC approval, there is no discussion of the risks in seeking ICC approval of the BNI Transaction. Accordingly, the Santa Fe stockholders are asked to accept the Santa Fe Board's conclusion regarding the Union Pacific Offer, reached in no more than one day, that a Union Pacific transaction would not receive ICC approval, and are asked to approve of a BNI Transaction, without sufficient facts necessary to weigh and compare the likelihood of obtaining ICC approval for both transactions.

32. Further, the Proxy Statement discloses that on June 24, 1994, only five days prior to approval by the Santa Fe Board of the BNI Transaction, Santa Fe authorized a bid to acquire Kansas City Southern Railway and related transportation businesses ("KCSR"). Yet, the Santa Fe stockholders are not told the terms of such bid, the potential benefits and value to the Santa Fe stockholders from a combination between Santa Fe and KCSR, or the comparative values to the Santa Fe stockholders from a Santa Fe/KCSR combination versus the BNI Transaction. In fact, the Proxy Statement acknowledges that Santa Fe management reported to the

Santa Fe Board on May 24, 1994, that both a BNI and KCSR transaction would have advantages, but in their view a BNI Transaction would be superior for Santa Fe and its shareholders. Again, there is no disclosure concerning the advantages of a KCSR transaction, nor why management viewed a BNI Transaction as superior. Further, there is inadequate disclosure as to why the KCSR bid was withdrawn by Santa Fe.

33. Similarly, the Proxy Statement provides that at the same time Santa Fe was authorized to submit a bid for KCSR, it resumed negotiations with BNI, approving the BNI Transaction some five days later. Yet, there is no disclosure in the Proxy Statement concerning the substance of the resumed negotiations. The substance of any such negotiations are particularly important considering that BNI and Santa Fe had not engaged in negotiations since November of 1993.

34. In addition, the Proxy Statement provides that the Santa Fe Board, in approving of the BNI Transaction, considered, among other things, advice as to the background of negotiations which had occurred since 1993. There is no explanation of the advice received by the Santa Fe Board, nor its significance in the Board's determination to approve the BNI Transaction.

35. The Proxy Statement also provides that Union Pacific stated in a letter dated October 11, 1994 that it was prepared to receive information from Santa Fe that might justify an increased price. Although the Proxy Statement states that the Santa Fe board decided to re-affirm its prior position on the Union Pacific Offer,

it does not disclose that Santa Fe has failed to provide Union Pacific with any confidential information.

36. The information shareholders have when they vote upon the BNI Transaction is particularly important in this instance because Santa Fe's shareholders will not have the right of appraisal. In that case, they will only have the option of accepting or rejecting the BNI Transaction by shareholder vote.

37. By reason of the foregoing acts, practices and course of conduct of defendants, plaintiffs and the other members of the Class have been and will be damaged because they will not receive their fair proportion of the value of Santa Fe's assets and business, which far exceeds the BNI Transaction consideration, in the unfair BNI Transaction at issue, have been and will be prevented from making an informed decision whether to approve the BNI Transaction, and will wrongfully be impeded from considering any other third party offer for greater consideration, including the Union Pacific Offer.

COUNT I
(BREACH OF FIDUCIARY DUTIES OF CARE AND LOYALTY)

38. Plaintiffs repeat and reallege paragraphs 1 through 37 above as if fully set forth herein.

39. The individual defendants, by virtue of their positions as directors of Santa Fe, owe fiduciary duties to Santa Fe and its shareholders including the highest duties of good faith, loyalty and care. These duties include, but are not limited to, the obligation to inform themselves adequately and to consider and fairly evaluate all offers for Santa Fe, not to place their self

interest ahead of the interest of Santa Fe stockholders, and to conduct the affairs of Santa Fe with due care.

40. The individual defendants have breached their fiduciary duties by inter alia, failing to inform themselves adequately and to explore adequately all alternatives available for the Santa Fe stockholders, including informing themselves regarding and exploring the Union Pacific Offer, by approving and recommending to the Santa Fe stockholders the inferior BNI Transaction, and by approving and enforcing a merger agreement, which by its terms is violative of the law.

41. Unless enjoined by this Court, the individual defendants will continue to breach their fiduciary duties owed to plaitiffs and the Class and may consummate the BNI Transaction to the irreparable harm of plaintiffs and the Class.

42. Plaintiffs and the other members of the Class have no adequate remedy at law.

COUNT II
(BREACH OF FIDUCIARY DUTY OF DISCLOSURE)

43. Plaintiffs repeat and reallege the allegations in paragraphs 1 through 42 above as if fully set forth herein.

44. The individual defendants have breached their fiduciary duty of disclosure in the Proxy Statement. The foregoing material misrepresentations and the indivudual defendants' failure to completely disclose all material information in the Proxy Statement constitutes a serious breach of their duty of disclosure.

45. Unless enjoined by this Court, the individual defendants will continue to breach their fiduciary duties owed to

plaintiffs and the Class and may consummate the BNI Transaction to the irreparable harm of plaintiffs and the Class.

46. Plaintiffs and the other members of the Class have no adequate remedy of law.

COUNT III
(AIDING AND ABETTING BREACHES OF FIDUCIARY DUTY)

47. Plaintiffs repeat and reallege the allegations of paragraphs 1 through 46 above as if fully set forth herein.

48. BNI had knowledge of the individual defendants' fiduciary duties and knowingly and substantially participated and assisted in the individual defendants' breaches of fiduciary duties, and therefore, aided and abetted such breaches of fiduciary duties described above.

49. Plaintiffs have no adequate remedy at law.

50. WHEREFORE, plaintiffs demand judgment as follows:

a. Declaring this to be a proper class action and naming plaintiffs as Class representatives and their attorneys as Class counsel:

b. Ordering defendants to carry out their fiduciary duties to plaintiffs and the other members of the Class, including those of duty of care, loyalty, full disclosure, and entire fairness:

c. Granting preliminary and permanent injunctive relief against the consummation of the BNI Transaction as described herein;

d. Ordering the individual defendants to explore alternatives and to negotiate in good faith with all interested persons, including but not limited to Union Pacific;

e. Ordering the individual defendants to provide access to information concerning Santa Fe and/or the BNI Transaction to any bona fide bidder, including Union Pacific;

f. In the event the BNI Transaction is consummated, rescinding the BNI Transaction and awarding rescissory damages;

g. Decreeing that the Merger Agreement has an implied right of termination in response to a superior offer for the Company or, in the alternative, invalidating as unlawful the absence of such a termination provision in the Merger Agreement;

h. Ordering defendants, jointly and severally, to pay to plaintiffs and to other members of the Class all damages suffered and to be suffered by them as the result of the acts alleged herein;

i. Ordering defendants, jointly and severally, to account to plaintiffs and the Class for all profits realized and to be realized by them as a result of the actions complained of and, pending such accounting, to hold such profits in a constructive trust for the benefit of plaintiffs and other members of the Class;

j. Awarding plaintiffs the costs and disbursements of the action including allowances for plaintiffs' reasonable attorneys and experts fees; and

k. Granting such other and further relief as may be just and proper in the premises.

Dated: October 14, 1994

CHIMICLES, JACOBSEN & TIKELLIS

/s/ JAMES C. STRUM

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Members of the Executive Committee

CERTIFICATE OF SERVICE

I, James C. Strum, October 14, 1994 I caused two copies of the foregoing Consolidated And Amended Complaint to be served upon counsel as follows:

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Richards, Layton & Finger
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/s/James C. Strum

James C. Strum

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

UNION PACIFIC CORPORATION and JAMES A. SHATTUCK, Plaintiffs, v. SANTA FE PACIFIC CORPORATION, BILL M. LINDIG, ROY S. ROBERTS, JOHN S. RUNNELLS II, ROBERT H. WEST, JOSEPH F. ALIBRANDI, GEORGE DEUKMEJIAN, JEAN HEAD SISCO, ROBERT D. KREBS, MICHAEL A. MORPHY, EDWARD F. SWIFT, and BURLINGTON NORTHERN, INC., Defendants.	Civil Action No. 13778

FIRST AMENDED AND SUPPLEMENTAL COMPLAINT(1)

Plaintiffs, Union Pacific Corporation ("Union Pacific") and James A. Shattuck, by their undersigned attorneys, by and for their first amended and supplemen-

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(1) Attached as Exhibit A hereto is a copy of this First Amended and Supplemental Complaint which, pursuant to Chancery Court Rule 15(aa), is marked to indicate the differences between this document and the original complaint filed in C.A. No. 13778 as follows: new language appears in boldface type and deletions are indicated by a caret.

tal complaint, allege upon knowledge as to themselves and upon information and belief as to all other matters, as follows:

1. This action is brought for injunctive and declaratory relief to address a wrongful course of conduct by defendants which is designed to deprive Santa Fe Pacific Corporation ("Santa Fe") shareholders of the opportunity to consider and receive a merger proposal from Union Pacific Corporation ("Union Pacific") amounting to some $3.4 billion. Union Pacific's proposal offers value to Santa Fe shareholders that is approximately 33% higher than that offered pursuant to a pending merger proposal from Burlington Northern Inc. ("Burlington Northern").

2. The Santa Fe board of directors (the "Board") openly admits that it has not and will not consider the vastly higher Union Pacific proposal, claiming that it is constrained by the contractual provisions of the merger agreement it entered with Burlington Northern (the "Merger Agreement"), which is to be considered and voted upon by Santa Fe shareholders on November 18, 1994. The Board's refusal to consider the Union Pacific proposal flies in the face of its fiduciary duties under Delaware law.

3. Santa Fe and Burlington Northern also have jointly engaged in a wrongful campaign to mislead Santa Fe's shareholders into believing, among other things, that (i) Santa Fe cannot lawfully consider the Union Pacific proposal; (ii) the Union Pacific proposal is illusory and made solely for the purpose of preventing a merger of Santa Fe and Burlington Northern; and (iii) a merger of Union Pacific and Santa Fe cannot lawfully occur.

THE PARTIES

4. Plaintiff Union Pacific is a corporation organized and existing under the laws of the State of Utah, with its principal office and place of business at Eighth and Eaton Avenues, Bethlehem, Pennsylvania. Union Pacific has been the owner of Santa Fe common stock since October 6, 1994.

5. Plaintiff James A. Shattuck has been, at all times relevant to this action, and is the owner of Santa Fe common stock.

6. Burlington Northern is a corporation organized and existing under the laws of the State of Delaware, with its principal office and place of business at 777 Main Street, Fort Worth, Texas.

7. Santa Fe is a corporation organized and existing under the laws of the State of Delaware, with its principal office and place of business at 1700 East Golf Road, Schaumburg, Illinois.

8. Robert D. Krebs is Chairman of the Board of Directors, President and Chief Executive Officer of Santa Fe.

9. The other directors of Santa Fe are defendants Bill M. Lindig, Roy S. Roberts, John S. Runnells II, Robert H. West, Joseph F. Alibrandi, George Deukmejian, Jean Head Sisco, Michael A. Morphy and Edward F. Swift (collectively with Mr. Krebs, the "Director Defendants").

THE BURLINGTON NORTHERN-SANTA FE MERGER AGREEMENT

10. On June 29, 1994, defendants Burlington Northern and Santa Fe entered into the Merger Agreement, which provides for the merger of Santa Fe with and into Burlington Northern (the "BNI Merger"). Pursuant to the Merger Agreement, each Santa Fe shareholder would receive .27 shares of Burlington Northern stock for each share of Santa Fe stock, representing a value of $13.50 per Santa Fe share, based on the closing price on October 4, 1994.

11. The Merger Agreement does not by its express terms permit termination based on the fiduciary

duty of the directors of Santa Fe to secure and recommend to the stockholders of Santa Fe a later, better offer. Indeed, the Santa Fe Board has been advised by its counsel that it has no right to terminate the Merger Agreement in order to facilitate a higher offer. Such advice is -- on its face -- contrary to Delaware law, as recently expressed in Paramount Communications v. QVC Network, Del. Supr., 637 A.2d 34 (1994).

12. The Merger Agreement does give limited recognition to the Board's continuing fiduciary duties, but does not permit the Board to respond effectively to a higher offer. For example, Section 5.8 of the Merger Agreement provides that Santa Fe may not:

> 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 of SFP [Santa Fe], or, in the event of an unsolicited Takeover Proposal of SFP, except to the extent required by their fiduciary duties under applicable law if so advised by outside counsel, engage in negotiations or provide any confidential information or data to any Person relating to any such Takeover Proposal.

(emphasis added). Additionally, Section 5.2 of the Merger Agreement provides that:

> The board of directors of SFP [Santa Fe] shall recommend approval and adoption of this Agreement and the Merger by its stockholders; provided, however, that prior to the SFP Stockholder Meeting such recommendation may be withdrawn, modified or amended to the extent that, as a result of the commencement

> or receipt of a Takeover Proposal ... relating to SFP, the board of directors of SFP deems it necessary to do so in the exercise of its fiduciary obligations to SFP stockholders after being so advised by counsel.

(emphasis added)

13. Pursuant to Section 10.1, a stockholder vote rejecting the Merger Agreement gives the parties the right to terminate the Merger Agreement. However, no vote of Santa Fe shareholders to consider the BNI Merger even could be held if the Board were to exercise its fiduciary obligation to withdraw its recommendation in favor of a higher offer. Absent stockholder rejection or the occurrence of certain other limited events, the Merger Agreement will remain in effect until December 31, 1997.

14. Thus, as applied by the Director Defendants, the Merger Agreement creates the ultimate lock-up. If, for example, a competing bidder were to offer $100 per share to merge with Santa Fe, the Board would be permitted to revoke its recommendation of the BNI Merger, but would not be able to terminate the Merger Agreement. Because no rational potential bidder (including Union Pacific) would be willing to propose a competing merger that is not conditioned on the termination of the Merger Agreement in accordance with its terms, the Board is pre-

cluded from entering a competing merger agreement until January 1, 1998 at the earliest.

UNION PACIFIC'S MERGER PROPOSAL

15. The Board of Directors of Union Pacific met on October 5, 1994 and authorized the management of Union Pacific to pursue a merger with Santa Fe. The Board authorized the proposal for a variety of valid business reasons. Among these are that a merger with Union Pacific would benefit the shareholders of Santa Fe, the shareholders of Union Pacific and customers of the two companies by making a quantum leap towards a 21st century transportation system.

16. The board of Union Pacific determined at its October 5, 1994 meeting and at previous meetings that a combination of Union Pacific and Santa Fe would produce major service improvements that a merger of Burlington Northern and Santa Fe could not, including more new single-line service, and greater savings and efficiencies. The board of Union Pacific also determined that a combination of Union Pacific and Santa Fe would strengthen western rail competition in a way that a merger of Burlington Northern and Santa Fe could not.

17. Later that same day, representatives of Union Pacific met in Chicago with Mr. Krebs and counsel

to Santa Fe to propose the merger of Union Pacific and Santa Fe. The Union Pacific proposal provided that each Santa Fe shareholder would receive .344 shares of Union Pacific stock, worth approximately $18.00 per Santa Fe share. This represented a premium of 38% over the then current market price of Santa Fe shares, and of 33% over the value which they would receive for their shares in the Burlington Northern transaction. Union Pacific's proposal was subject to the termination of the Merger Agreement in accordance with its terms.

SANTA FE REFUSES TO EVEN CONSIDER UNION PACIFIC'S PROPOSAL

18. The response of Santa Fe's representatives to Union Pacific's proposal was instantaneous. Santa Fe's counsel, speaking on behalf of Mr. Krebs and himself, stated that (i) the Merger Agreement prohibited negotiations with Union Pacific; (ii) Union Pacific could not obtain Interstate Commerce Commission ("ICC") approval for any combination with Santa Fe; and (iii) Santa Fe and Burlington Northern would bring suit for tortious interference against both Union Pacific and its Chief Executive Officer, personally, if Union Pacific's proposal was advanced.

19. Mr. Krebs' adamant, negative response is not surprising. In violation of his fiduciary duty of loyalty to Santa Fe and its stockholders, defendant Krebs primarily is promoting the Merger Agreement out of self-interest, because he stands to become the CEO of the combined Burlington Northern/Santa Fe enterprise.

20. Thus, without regard to the facts of Union Pacific's proposal, without an examination of their fiduciary duties under the circumstances, and without the Board obtaining an opinion from outside counsel, Mr. Krebs and his counsel responded for Santa Fe by rejecting Union Pacific's proposal out of hand. This self-serving, uninformed, knee-jerk reaction constituted a breach of the fiduciary duties of care and loyalty.

21. The Board then compounded Mr. Krebs' breaches of fiduciary duty the very next day. Despite the superior value offered by Union Pacific, and the complex issues before it, the Board hastily voted to reject Union Pacific's proposal without seeking any communication with, or information from, Union Pacific. The Board did not even seriously consider the Union Pacific proposal, choosing instead to rely solely on (i) the advice of counsel that Santa Fe had no right to terminate the Merger Agreement, which advice was incor-

rect as a matter of Delaware law; and (ii) the self-serving "belief" of Mr. Krebs -- who will become the President and CEO of the combined Burlington Northern/Santa Fe enterprise if the BNI Merger is approved -- that the Union Pacific proposal would not get ICC approval and was intended to prevent consummation of the BNI Merger.

SANTA FE'S FALSE AND MISLEADING DISCLOSURES

22. Santa Fe and Burlington Northern then embarked upon a wrongful campaign to mislead Santa Fe's shareholders and the investing public into believing that (i) Santa Fe cannot lawfully consider the Union Pacific proposal; (ii) the Union Pacific proposal is illusory and was made solely for the purpose of preventing the BNI Merger; and (iii) a merger of Union Pacific and Santa Fe cannot lawfully occur.

23. On or about October 6, 1994, Santa Fe issued a press release stating:

> Robert D. Krebs, chairman, president and chief executive officer, stated his belief that the Union Pacific proposal is unlikely to achieve ICC approval and is motivated more by a desire to derail the Burlington Northern/Santa Fe merger than to achieve its own transaction with Santa Fe.
>
> ...
>
> Union Pacific has now decided to interject a proposal which has little chance of being consummated

> because Union Pacific does not want to compete with a merged Burlington Northern Santa Fe railway.

These assertions have been widely reported in the press.

24. On October 13, 1994, Santa Fe and Burlington Northern disseminated their Joint Proxy Statement For Special Meetings of Stockholders to consider and vote on the BNI Merger (the "Joint Proxy Statement").

25. The Joint Proxy Statement wrongfully claims that Santa Fe does not have the right to terminate the Merger Agreement to secure a superior offer. For example, in a section entitled "Binding Agreement," the Joint Proxy Statement discloses that:

> The [Santa Fe] Board noted that [Santa Fe] has no right to terminate the Merger Agreement and that it is important to avoid breaches of the Merger Agreement, particularly in light of the [Board's] belief that the [BNI Merger] is in the best interest of [Santa Fe] stockholders because (1) the [BNI Merger] has significant benefits for [Santa Fe] stockholders and (2) if the Merger Agreement is terminated and if the [Union Pacific] Proposal cannot be consummated, [Santa Fe] would be left without a strategic combination which is required to protect and enhance shareholder value.

Joint Proxy Statement at 12, 44 (emphasis added). The Joint Proxy Statement, however, fails to disclose that, under Delaware law, the Merger Agreement is invalid or unenforceable to the extent it prevents the Board from considering and securing superior proposals. Thus, Santa Fe stockholders have not been informed that the Board can

terminate the Merger Agreement to facilitate a superior offer, or that the Merger Agreement is void as against public policy.

26. The Joint Proxy Statement also discloses that the Board:

> decided, after being advised by outside counsel that its fiduciary duties under applicable law required such a step, that [Santa Fe] should communicate to [Union Pacific] that, if [Union Pacific] were to make a proposal at a fair price and with an adequate provision for a voting trust that would substantially eliminate the regulatory risk for [Santa Fe] stockholders, the [Board] would consider that proposal in light of its fiduciary duties.

Joint Proxy Statement at 12, 44. This statement is misleading for several reasons. First, it does not disclose that the price offered by Union Pacific is irrelevant to the Santa Fe Board because Union Pacific's proposal is conditioned on termination of the Merger Agreement in accordance with its terms, which the Board has concluded it cannot terminate. Second, it does not disclose that the Merger Agreement, as construed by the Director Defendants, precludes the Board from agreeing to a transaction with Union Pacific until January 1, 1998. Third, it suggests that the $18.00 per share value offered in the Union Pacific proposal is not a fair price, even though Santa Fe's financial advisors have opined that the lower price offered in the BNI Merger is fair.

27. The Joint Proxy Statement also attempts to create the false impression that the Board carefully considered the Union Pacific proposal before rejecting it. See Joint Proxy Statement at 11-12, 43-44. In fact, however, the Board rejected the Union Pacific proposal out-of-hand the day after it was made, based on its conclusion that the Merger Agreement prevented Santa Fe from accepting superior merger proposals, and its perception -- evidently based on Mr. Krebs' self-serving belief -- that Union Pacific's proposal could not get ICC approval and was intended instead to prevent consummation of the BNI Merger:

> The [Santa Fe] Board perceived the [Union Pacific] Proposal as apparently designed to prevent the consummation of the [BNI Merger] and the creation of a strong competitor to [Union Pacific]. The [Santa Fe] board based this perception on Mr. Krebs' belief that ICC approval of a [Union Pacific/Santa Fe] combination is unlikely and on the timing of the [Union Pacific] Proposal.

Joint Proxy Statement at 44.

28. Unless the illegal actions set forth above are enjoined, Union Pacific and Santa Fe shareholders will be irreparably harmed. A vote of Santa Fe shareholders on the BNI Merger without full and fair disclosure of all material facts by the Defendants, in an atmosphere of complete candor, would have a chilling effect

on Union Pacific's proposal and could forever deprive Santa Fe shareholders of the opportunity to consider an offer superior to the BNI Merger.

COUNT I
(DECLARATORY RELIEF AGAINST SANTA FE AND THE DIRECTOR DEFENDANTS)

29. Plaintiffs repeat and reallege each of the preceding paragraphs as if fully set forth here.

30. The construction of the Merger Agreement affects the rights and legal relations of plaintiffs, Santa Fe and the Director Defendants, and the parties' interests are real and adverse.

31. Plaintiffs have a legitimate interest in prompt resolution of the construction of the Merger Agreement and will suffer unnecessary hardship from delay.

32. Pursuant to 10 Del. C. Section 6502, plaintiffs are entitled to a declaration that the Merger Agreement, either impliedly or by operation of law, permits Santa Fe to terminate the Merger Agreement in order to accept a superior proposal from Union Pacific. Alternatively, Plaintiffs seek a declaration that the Merger Agreement is invalid and unenforceable as a matter of law for its failure to provide necessary and appropriate provisions

permitting its termination by Santa Fe in order to secure a more favorable transaction for the Santa Fe stockholders.

33. Plaintiffs have no adequate remedy at law.

COUNT II
(BREACH OF THE FIDUCIARY DUTIES OF
LOYALTY AND CARE BY THE DIRECTOR DEFENDANTS)

34. Plaintiffs repeat and reallege each of the preceding paragraphs as if fully set forth here.

35. By virtue of their positions as directors of Santa Fe, the Director Defendants owe fiduciary duties to Santa Fe and its shareholders, and as a consequence, owed it and them the highest duty of good faith and loyalty. That duty includes but is not limited to the obligation to consider and fairly evaluate all offers for Santa Fe and not to put self-interests and personal considerations of directors ahead of the interests of Santa Fe's stockholders. The Director Defendants are also obligated to conduct the affairs of Santa Fe with due care.

36. The immediate and threatening rejection of the Union Pacific proposal by Mr. Krebs and his counsel was lacking in good faith and could not have been the product of a reasonable inquiry and investigation. The

adamancy of the rejections reflects Mr. Krebs' self-interest in the accomplishment of the BNI Merger so that he might become President and Chief Executive Officer of the powerful surviving entity.

37. Mr. Krebs and the Director Defendants have breached and are threatening further to breach their fiduciary duties to Santa Fe and its shareholders by refusing to negotiate with Union Pacific regarding its merger proposal, which would provide significantly higher value to Santa Fe's stockholders.

38. Unless enjoined by this Court, the Director Defendants will continue to breach their fiduciary duties to the detriment of Santa Fe and its shareholders and Union Pacific.

39. Plaintiffs have no adequate remedy at law.

COUNT III
(BREACH OF FIDUCIARY DUTY OF CANDOR
BY SANTA FE AND THE DIRECTOR DEFENDANTS)

40. Plaintiffs repeat and reallege each of the preceding paragraphs as if fully set forth here.

41. Santa Fe, and by virtue of their positions as directors of Santa Fe, the Director Defendants, owe a fiduciary duty to the shareholders of Santa Fe, which requires them to disclose all material facts relevant to

the shareholder vote on the BNI Merger in an atmosphere of complete candor.

42. Santa Fe and the Director Defendants have breached their duty of candor by making false and misleading statements regarding, among other things, (i) Santa Fe's ability to terminate the Merger Agreement and consider the Union Pacific proposal; and (ii) Union Pacific's purposes in proposing to merge with Santa Fe.

43. Unless enjoined, these breaches of the fiduciary duty of candor will continue and the shareholders of Santa Fe will be denied the right to vote on the Merger Agreement in an atmosphere of complete candor.

44. Plaintiffs have no adequate remedy at law.

COUNT IV
(DECLARATORY RELIEF AGAINST
BURLINGTON NORTHERN AND SANTA FE)

45. Union Pacific repeats and realleges each of the preceding paragraphs as if fully set forth here.

46. The validity and propriety of Union Pacific's actions affects the rights and legal relations of Union Pacific, Burlington Northern and Santa Fe, and the parties' interests are real and adverse.

47. Union Pacific has a legitimate interest in prompt resolution of the validity and propriety of its actions and will suffer unnecessary hardship from delay.

48. Union Pacific's actions in proposing a merger with Santa Fe are entirely justified because they are based on demonstrable benefits of the merger proposal for Union Pacific, Santa Fe, and the nation's railroad system.

49. Union Pacific's actions cannot induce a breach of the Merger Agreement by Santa Fe because Union Pacific's merger proposal is subject to termination of the Merger Agreement in accordance with its own terms.

50. Accordingly, pursuant to 10 Del. C. Section 6501, Union Pacific is entitled to a declaration that its actions in preparing and proposing a merger with Santa Fe have not and will not tortiously interfere with the contractual or other legal rights of Burlington Northern and Santa Fe.

WHEREFORE, plaintiffs pray for judgment as follows:

(a) Declaring that the Merger Agreement is terminable by Santa Fe in order to permit it to accept Union Pacific's superior merger proposal. Alternatively, declaring that the Merger Agreement is invalid and unenforceable as a matter of law for its failure to make

provision permitting its termination by Santa Fe in order to permit Santa Fe to secure a more favorable transaction for the Santa Fe stockholders.

(b) Declaring that the Joint Proxy Statement is false and misleading and enjoining Santa Fe and the Director Defendants from making any additional materially false and misleading disclosures relating to the BNI Merger or Union Pacific's proposal;

(c) Enjoining the November 18, 1994 special meeting of Santa Fe shareholders;

(d) Mandatorily enjoining Santa Fe to negotiate with Union Pacific regarding Union Pacific's merger proposal.

(e) Declaring that Union Pacific has not tortiously interfered with the contractual or other legal rights of the defen- dants.

(f) Enjoining the defendants from instituting, continuing or maintaining any action in any other jurisdiction alleging, in whole or in part, that Union Pacific has tortiously interfered with the contractual or other legal rights of the defendants.

(g) Granting plaintiffs the costs of this action, including reasonable attorneys' fees.

(h) Awarding such further relief and declaration of the rights and legal relations of the parties to this action as the Court may deem appropriate.

_____
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Dated: October 19, 1994

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

IN RE SANTA FE PACIFIC CORPORATION SHAREHOLDER LITIGATION	CONSOLIDATED CIVIL ACTION NO. 13587

ANSWER TO THE SANTA FE DEFENDANTS TO THE CONSOLIDATED AND AMENDED COMPLAINT

Defendant Santa Fe Pacific Corporation ("Santa Fe") and its directors, Bill M. Lindig, Roy S. Roberts, John S. Runnells II, Robert H. West, Joseph F. Alibrandi, George Deukmejian, Jean Head Sisco, Robert D. Krebs, Michael A. Morphy and Edward F. Swift, (hereinafter "Santa Fe defendants"), by their counsel, for their answer to the Consolidated and Amended Complaint, state as follows:

1. The Santa Fe defendants deny the allegations of paragraph 1, except as to those assertions which merely characterize plaintiff's purported action, for which no response is required.

2. The Santa Fe defendants deny the allegations of paragraph 2.

3. The Santa Fe defendants are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations of paragraph 3.

4. The Santa Fe defendants admit the allegations of paragraph 4.

5. The Santa Fe defendants admit the allegations contained in the first sentence of paragraph 5; deny the allegations contained in the second sentence of paragraph 5, and refer to, and incorporate herein by reference, the description of Mr. Krebs' 1993 compensation contained in the Proxy Statement issued in connection with the annual meeting of Santa Fe stockholders that took place on April 26, 1994; and deny the allegations contained in the third sentence of paragraph 5 and state that it is presently anticipated that Mr. Krebs will become the President and Chief Executive Officer of the combined entity if and when the merger transaction is consummated.

6. The Santa Fe defendants admit the allegations of paragraph 6.

7. The allegations of paragraph 7 state conclusions of law to which no responsive pleading is required.

8. The allegations of paragraph 8 are directed solely to Burlington Northern; accordingly, no response by the Santa Fe defendants is required.

9. The allegations of paragraph 9 are directed solely to Burlington Northern; accordingly, no response by the Santa Fe defendants is required.

10. The allegations of paragraph 10 state conclusions of law to which no responsive pleading is required. To the extent such allegations are deemed to constitute allegations of fact, the Santa Fe defendants deny them.

11. The allegations of paragraph 11 state conclusions of law to which no responsive pleading is required. To the extent such allegations are deemed to constitute allegations of fact, the Santa Fe defendants deny them.

12. The Santa Fe defendants admit the allegations of paragraph 12.

13. The Santa Fe defendants deny the allegations of paragraph 13, except that they admit that approximately 14% of the shares in Gold Sub held by Santa Fe were sold to the public in an IPO; that the initial price was $14 per Gold Sub share; that the balance of the Gold Sub shares were spun off to Santa Fe shareholders in September 1994; and that the initial share exchange ratio provided for in the Merger Agreement was .27 share of Burlington Northern stock for each share of Santa Fe stock. Further answering, the Santa Fe defendants refer to, and incorporate herein by reference, Santa Fe's public statements and prospectus relating to the "Gold spinoff" and the pertinent portions of the Joint Proxy Statement.

14. The Santa Fe defendants deny the allegations of paragraph 14, except they admit that the Santa Fe Board approved the Burlington Northern transaction on June 29, 1994; that a shareholder meeting to vote on the transaction has been set for November 18, 1994; that Santa Fe and Burlington Northern engaged in negotiations during 1993; that on November 29, 1993, both companies separately concluded that they could not reach agreement on an exchange ratio; that during the next six months,

the Santa Fe Board was kept informed of and discussed the possibility of resuming merger negotiations with Burlington Northern; and that such negotiations were resumed on or about June 24, 1994. Further answering, the Santa Fe defendants refer to, and incorporate herein by reference, the pertinent portions of the Joint Proxy Statement.

15. The Santa Fe defendants deny the allegations of paragraph 15, except that they admit that in the Gold spinoff, Santa Fe shareholders received one share of Gold Sub for each 1.7 shares of Santa Fe stock; and that the spinoff was completed in September 1994. Further answering, the Santa Fe defendants refer to, and incorporate herein by reference, Santa Fe's public statements relating to the "Gold spinoff" and the pertinent portions of the Joint Proxy Statement.

16. The Santa Fe defendants deny the allegations of paragraph 16, except that they admit that Santa Fe stock had been trading in the $20-$23 per share range prior to the announcements of the Merger Agreement and the spinoff; and that at the initial offering price of $14 per share of Gold Sub stock, the 1.7:1 ratio works out to $8.23-$8.24 for each Santa Fe share. Further answering, the Santa Fe defendants refer to, and incorporate herein by reference, the Merger Agreement, reference to which is made for the terms and contents thereof, and the pertinent portions of the Joint Proxy Statement.

17. The Santa Fe defendants deny the allegations of paragraph 17 except that they admit that Santa Fe common stock

closed at $12.625 and Burlington Northern common stock closed at $49.375 on October 5, 1994.

18. The Santa Fe defendants deny the allegations on paragraph 18.

19. The Santa Fe defendants deny the allegations of paragraph 19, except they admit that Union Pacific issued a press release that announced a purported proposal to merge with Santa Fe; that such proposal was subject to a large number of conditions, including Union Pacific Board approval, due diligence, the termination of the Merger Agreement and approval of the merger by the Interstate Commerce Commission (the "ICC"); that this proposal specified an exchange ratio of .344; that Santa Fe common stock closed at $12.625 on October 5, 1994; and Burlington Northern common stock closed at $49.375 on October 5, 1994. Further answering, the Santa Fe defendants refer to, and incorporate by reference herein, the Union Pacific press release and the pertinent portions of the Joint Proxy Statement.

20. The Santa Fe defendants deny the allegations of paragraph 20, and refer to, and incorporate herein by reference, the pertinent portions of the Joint Proxy Statement.

21. The Santa Fe defendants deny the allegations of paragraph 21, and refer to, and incorporate by reference herein, the Merger Agreement, reference to which is made for the terms and contents thereof, and to the pertinent portions of the Joint Proxy Statement.

22. The Santa Fe defendants deny the allegations of paragraph 22, except that they admit that the Merger Agreement may be terminated by either party in the event the transaction is rejected by the Santa Fe or Burlington Northern stockholders; further answering, the Santa Fe defendants refer to, and incorporate herein by reference, the Merger Agreement, reference to which is made for the terms and contents thereof.

23. To the extent paragraph 23 states conclusions of law, no response is required. To the extent it sets out factual allegations, the Santa Fe defendants deny those allegations and refer to, and incorporate herein by reference, the Merger Agreement, reference to which is made for the terms and contents thereof.

24. The Santa Fe defendants deny the allegations of paragraph 24, except that they admit that the Burlington Northern transaction cannot be consummated without ICC approval.

25. The first sentence of paragraph 25 contains conclusions of law to which no responsive pleading is required; the Santa Fe defendants deny the remaining allegations of this paragraph.

26. The Santa Fe defendants deny the allegations of paragraph 26.

27. The Santa Fe defendants deny the allegations of paragraph 27.

28. The Santa Fe defendants deny the allegations of paragraph 28, state that the Joint Proxy Statement makes full and fair disclosure of all material facts, and refer to, and

incorporate by reference herein, the pertinent portions of that Joint Proxy Statement.

29. The Santa Fe defendants deny the allegations of paragraph 29, state that the Joint Proxy Statement makes full and fair disclosure of all material facts, and refer to, and incorporate by reference herein, the pertinent portions of that Joint Proxy Statement.

30. The Santa Fe defendants deny the allegations of paragraph 30, state that the Joint Proxy Statement makes full and fair disclosure of all material facts, and refer to, and incorporate by reference herein, the pertinent portions of that Joint Proxy Statement.

31. The Santa Fe defendants deny the allegations of paragraph 31, state that the Joint Proxy Statement makes full and fair disclosure of all material facts, and refer to, and incorporate by reference herein, the pertinent portions of that Joint Proxy Statement.

32. The Santa Fe defendants deny the allegations of paragraph 32, state that the Joint Proxy Statement makes full and fair disclosure of all material facts, and refer to, and incorporate by reference herein, the pertinent portions of that Joint Proxy Statement.

33. The Santa Fe defendants deny the allegations of paragraph 33, state that the Joint Proxy Statement makes full and fair disclosure of all material facts, and refer to, and

incorporate herein by reference, the pertinent portions of that Joint Proxy Statement.

34. The Santa Fe defendants deny the allegations of paragraph 34, state that the Joint Proxy Statement makes full and fair disclosure of all material facts, and refer to, and incorporate herein by reference, the pertinent portions of that Joint Proxy Statement.

35. The Santa Fe defendants deny the allegations of paragraph 35, state that the Joint Proxy Statement makes full and fair disclosure of all material facts, and refer to, and incorporate herein by reference, the pertinent portions of that Joint Proxy Statement.

36. The allegations of paragraph 36 state conclusions of law to which no responsive pleading is required.

37. The Santa Fe defendants deny the allegations of paragraph 37.

38. The Santa Fe defendants repeat and restate their answers to the preceding paragraphs.

39. The allegations of paragraph 39 state conclusions of law to which no responsive pleading is required.

40. The Santa Fe defendants deny the allegations of paragraph 40.

41. The Santa Fe defendants deny the allegations of paragraph 41.

42. The Santa Fe defendants deny the allegations of paragraph 42.

43. The Santa Fe defendants repeat and restate their answers to the preceding paragraphs.

44. The Santa Fe defendants deny the allegations of paragraph 44.

45. The Santa Fe defendants deny the allegations of paragraph 45.

46. The Santa Fe defendants deny the allegations of paragraph 46.

47-49. The allegations of these paragraphs are directed solely to Burlington Northern; accordingly no response by the Santa Fe defendants is required. To the extent that the allegations of these paragraphs can be read as being directed in any way to any of the Santa Fe defendants, the Santa Fe defendants deny such allegations.

FIRST AFFIRMATIVE DEFENSE

For their First Affirmative Defense, the Santa Fe defendants state that the plaintiffs have failed to state a claim upon which relief may be granted.

WHEREFORE, the Santa Fe defendants request that the Court dismiss the plaintiff's Consolidated and Amended Complaint, with prejudice, and award to the Santa Fe defendants their costs herein, including attorneys' fees, and such other and further relief as the Court deems just and proper.

Of Counsel:

Mayer, Brown & Platt
190 South LaSalle Street
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(312) 782-0600

Dated: November 3, 1994

/s/ SCOTT R. HAIBER
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Attorneys for the
Santa Fe Defendants

CERTIFICATE OF SERVICE

It is hereby certified that two copies of the foregoing Answer Of The Santa Fe Defendants To The Consolidated And Amended Complaint were served this 3rd day of November, 1994, by hand delivery on local counsel as follows:

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/s/ SCOTT R. HAIBER

Scott R. Haiber

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

UNION PACIFIC CORPORATION and JAMES A. SHATTUCK,	)	
Plaintiffs,	)	
v.	)	Civil Action No. 13778
SANTA FE PACIFIC CORPORATION, BILL M. LINDIG, ROY S. ROBERTS, JOHN S. RUNNELLS II, ROBERT H. WEST, JOSEPH F. ALIBRANDI, GEORGE DEUKMEJIAN, JEAN HEAD SISCO, ROBERT D. KREBS, MICHAEL A. MORPHY, EDWARD F. SWIFT, and BURLINGTON NORTHERN, INC.,	)	
Defendants	)	

ANSWER OF THE SANTA FE DEFENDANTS TO THE FIRST AMENDED AND SUPPLEMENTAL COMPLAINT OF UNION PACIFIC CORPORATION AND JAMES A. SHATTUCK

Defendant Santa Fe Pacific Corporation ("Santa Fe") and its directors, Bill M. Lindig, Roy S. Roberts, John S. Runnels II, Robert H. West, Joseph F. Alibrandi, George Deukmejian, Jean Head Sisco, Robert D. Krebs, Michael A. Morphy and Edward F. Swift (hereinafter "Santa Fe defendants"), by their counsel, for their answer to the First Amended and Supplemental Complaint of plaintiffs Union Pacific Corporation ("UP") and James A. Shattuck, state as follows:

1. The Santa Fe defendants admit that plaintiffs' action purports to seek injunctive and declaratory relief, but deny the remaining allegations of paragraph 1.

2. The Santa Fe defendants deny the allegations of paragraph 2.

3. The Santa Fe defendants deny the allegations of paragraph 3.

4. The Santa Fe defendants admit the allegations contained in the first sentence of paragraph 4. The Santa Fe defendants are without knowledge or information sufficient to permit them to form a belief as to the truth or falsity of the allegations contained in the second sentence of paragraph 4.

5. The Santa Fe defendants are without knowledge or information sufficient to permit them to form a belief as to the truth or falsity of the allegations of paragraph 5.

6. The Santa Fe defendants admit the allegations of paragraph 6.

7. The Santa Fe defendants admit the allegations of paragraph 7.

8. The Santa Fe defendants admit the allegations of paragraph 8.

9. The Santa Fe defendants admit the allegations of paragraph 9.

10. The Santa Fe defendants deny the allegations of paragraph 10, except that they admit that on or about June 29, 1994, Santa Fe and Burlington Northern ("BN") entered into the Merger Agreement, reference to which is made for the terms and contents thereof.

11. The Santa Fe defendants deny the allegations contained in the first sentence of paragraph 11, except that they admit that the allegations refer to the Merger Agreement, reference to which is made for the terms and contents thereof, The Santa Fe defendants deny the allegations contained in the second sentence of paragraph 11; by way

of further answer, the advice provided to the Santa Fe board is accurately reflected in the Joint Proxy Statement, the pertinent portions of which are incorporated herein by reference. The allegations contained in the third sentence of paragraph 11 state conclusions of law to which no responsive pleading is required.

12. The Santa Fe defendants deny the allegations of paragraph 12, except that they admit that the allegations refer to the Merger Agreement, reference to which is made for the terms and contents thereof.

13. The Santa Fe defendants deny the allegations of paragraph 13, except that to the extent that the allegations call for conclusions of law, no responsive pleading is required; by way of further answer, the allegations of paragraph 13 refer to the Merger Agreement, reference to which is made for the terms and contents thereof.

14. The allegations of paragraph 14 state conclusions of law to which no responsive pleading is required.

15. With respect to the allegations of paragraph 15, the Santa Fe defendants state that they are without knowledge of information sufficient to permit them to form a belief as to the truth or falsity of such allegations, except that the Santa Fe defendants believe, for the reasons set out in the Joint Proxy Statement, the pertinent portions of which are incorporated herein by reference, that the purported proposal of UP was not primarily motivated by a desire on the part of UP or its Board to achieve a UP/Sante Fe transaction but rather by a desire to derail the BN/Sante Fe merger.

16. With respect to the allegations of paragraph 16, the Santa Fe defendants state that they are without knowledge or information sufficient to permit them to form a belief as to the truth or falsity of such allegations, except that the Santa Fe defendants believe, for the reasons set out in the Joint Proxy Statement, the pertinent portions of which are incorporated herin by reference, that the purported proposal of UP was not primarily motivated by a desire on the part of UP or its Board to achieve a UP/Santa Fe transaction but rather by a desire to derail the BN/Santa Fe merger.

17. The Santa Fe defendants deny the allegations of paragraph 17, except that they admit that the October 5, 1994 meeting between UP representatives and Mr. Krebs and Santa Fe's counsel and UP's purported proposal are accurately described in the Joint Proxy Statement, the pertinent portions of which are incorporated herein by reference.

18. The Santa Fe defendants deny the allegations of paragraph 18.

19. The Santa Fe defendants deny the allegations of paragraph 19.

20. The Santa Fe defendants deny the allegations of paragraph 20.

21. The Santa Fe defendants deny the allegations of paragraph 21, except that to the extent that conclusions of law are stated therein, no responsive pleading is required.

22. The Santa Fe defendants deny the allegations of paragraph 22.

23. The Santa Fe defendants deny the allegations of paragraph 23 except that they admit that the plaintiffs have accurately quoted selected portions of a press release issued by Santa Fe on October 6, 1994, and that the contents of such press release have been reported in the press.

24. The Santa Fe defendants deny the allegations of paragraph 24, except that they admit that the Joint Proxy Statement was mailed to shareholders on or about October 14, 1994.

25. The Santa Fe defendants deny the allegations of paragraph 25, except that to the extent that conclusions of law are stated therein, no responsive pleading is required; by way of further answer, paragraph 25 refers to the Joint Proxy Statement and the Merger Agreement, reference to which documents is made for the terms and contents thereof.

26. The Santa Fe defendants deny the allegations of paragraph 26, except that they admit that the plaintiffs have accurately quoted selected portions of the Joint Proxy Statement; by way of further answer, the Santa Fe defendants state that the Joint Proxy Statement is not misleading in any respect; that the plaintiffs have mischaracterized both the Merger Agreement and the description of the Board's actions, considerations and deliberations contained in the Joint Proxy Statement; and that such actions, considerations and deliberations are accurately described in the Joint Proxy Statement, the pertinent portions of which are incorporated herein by reference.

27. The Santa Fe defendants deny the allegations of paragraph 27; by way of further answer, the allegations of paragraph 27 refer to the Joint Proxy Statement, reference to which is made for the terms and contents thereof.

28. The Santa Fe defendants deny the allegations of paragraph 28.

29. The Santa Fe defendants repeat and restate their answers to each of the preceding paragraphs.

30. The allegations of paragraph 30 state conclusions of law to which no responsive pleading is required.

31. The Santa Fe defendants deny the allegations of paragraph 31.

32. The Santa Fe defendants deny the allegations contained in the first sentence of paragraph 32. With respect to the second sentence of this paragraph, this sentence merely states the alternative relief that the plaintiffs claim to be seeking, to which no answer is required; to the extent that this second sentence contains factual allegations to which an answer is required, the Santa Fe defendants deny those allegations.

33. The Santa Fe defendants deny the allegations of paragraph 33.

34. The Santa Fe defendants repeat and restate their answers to each of the preceding paragraphs.

35. The allegations of paragraph 35 state conclusions of law to which no responsive pleading is required.

36. The Santa Fe defendants deny the allegations of paragraph 36.

37. The Santa Fe defendants deny the allegations of paragraph 37.

38. The Santa Fe defendants deny the allegations of paragraph 38.

39. The Santa Fe defendants deny the allegations of paragraph 39.

40. The Santa Fe defendants repeat and restate their answers to each of the preceding paragraphs.

41. The allegations of paragraph 41 state conclusions of law to which no responsive pleading is required.

42. The Santa Fe defendants deny the allegations of paragraph 42.

43. The Santa Fe defendants deny the allegations of paragraph 43.

44. The Santa Fe defendants deny the allegations of paragraph 44.

45. The Santa Fe defendants repeat and restate their answers to each of the preceding paragraphs.

46. The allegations of paragraph 46 state conclusions of law to which no responsive pleading is required.

47. The Santa Fe defendants deny the allegations of paragraph 47.

48. The Santa Fe defendants deny the allegations of paragraph 48.

49. The Santa Fe defendants deny the allegations of paragraph 49.

50. The Santa Fe defendants deny the allegations of paragraph 50.

FIRST AFFIRMATIVE DEFENSE

For their First Affirmative Defense, the Santa Fe defendants state that the plaintiffs have failed to state a claim upon which relief may be granted.

SECOND AFFIRMATIVE DEFENSE

For their Second Affirmative Defense, the Santa Fe defendants state that UP lacks standing to assert the purported claims for relief contained in Counts I-III.

THIRD AFFIRMATIVE DEFENSE

For their Third Affirmative Defense, the Santa Fe defendants state that UP is not entitled to declaratory relief under the circumstances alleged in Count IV.

FOURTH AFFIRMATIVE DEFENSE

For their Fourth Affirmative Defense, the Santa Fe defendants state that UP is barred from receiving equitable relief because it comes into this Court with unclean hands.

FIFTH AFFIRMATIVE DEFENSE

For their Fifth Affirmative Defense, the Santa Fe defendants state that the purported claim asserted by UP in Count I is barred under the doctrine of laches.

SIXTH AFFIRMATIVE DEFENSE

For their Sixth Affirmative Defense, the Santa Fe defendants state that this Court lacks subject matter jurisdiction over plaintiffs' claims for declaratory relief for which an adequate remedy exists at law.

SEVENTH AFFIRMATIVE DEFENSE

For their Seventh Affirmative Defense, the Santa Fe defendants state, upon information and belief, that plaintiff James A. Shattuck is not a real party in interest and plaintiffs have made no showing that he was a stockholder of Santa Fe at all relevant times.

EIGHTH AFFIRMATIVE DEFENSE

For their Eighth Affirmative Defense, the Santa Fe defendants state that the action of plaintiff James A. Shattuck should be either stayed or dismissed because of the existence of a prior pending action.

WHEREFORE, the Santa Fe defendants request that the Court dismiss the plaintiffs' First Amended and Supplemental Complaint, with prejudice, and award to the

Santa Fe defendants their costs herein, including attorneys' fees, and such other and further relief as the Court deems just and proper.

/s/ ANNE C. FOSTER

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Of Counsel:

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Dated: October 26, 1994

CERTIFICATE OF SERVICE

I hereby certify that on October 26, 1994, I caused to be served two copies of the foregoing Answer to the following attorneys of record at the addresses indicated:

BY REGULAR MAIL:

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/s/ ANNE C. FOSTER

Anne C. Foster

COURT OF CHANCERY
OF THE
STATE OF DELAWARE

JACK B JACOBS
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October 18, 1994

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Re: UNION PACIFIC CORPORATION & SANTA fE PACIFIC CORPORATION, ET AL.,
C. A. NO. 13778; IN RE SANTA FE PACIFIC CORPORATION SHAREHOLDER
LITIGATION, CONSOL, C. A. NO. 13587
DATE SUBMITTED: OCTOBER 17, 1994

Dear Counsel:

Pending is an application for expedited discovery and an expedited hearing on the plaintiffs' motion for a preliminary injunction. Having reviewed counsels' respective memoranda and related correspondence dated October 13, 14, and 17, 1994, I conclude that no colorable threat of irreparable harm has been articulated or shown that would warrant intervention by this Court on the expedited schedule being requested.

* * *

The plaintiffs have asked me to order a hearing and expedited discovery on their motion for a preliminary injunction, on a schedule that would enable the motion to be heard and decided before the taking of a vote at the November 18, 1994, shareholders' meeting of Santa Fe Pacific Corporation ("Santa Fe"). The injunctive relief that plaintiffs seek would include an order preventing the vote from being taken.

The plaintiffs contend that this expedited schedule is required, because a shareholder vote approving the proposed merger agreement between Santa Fe and Burlington Northern, Inc. ("BNI") would vest in BNI rights that would legally preclude Santa Fe from terminating the agreement, despite any higher offer by plaintiff Union Pacific Corporation ("Union Pacific") or any other bidder.(1) Because the lower priced Santa Fe-BNI transaction is claimed to be the product of breaches of fiduciary duties by the Santa Fe directors, a shareholder vote approving that transaction (with its accompanying preclusive effect) would (it is argued) inflict upon Santa Fe shareholders irreparable harm that could not be remedied at a later time. Therefore, plaintiffs conclude, this Court must hear and decide the preliminary injunction motion before any shareholder vote is taken.

In my opinion, that argument is fatally flawed because under no scenario could a shareholder vote inflict harm that could not be remedied after the shareholders' meeting.

First, all parties agree that if the proposed merger agreement is approved bySanta Fe shareholders, in no event could it be consummated for at least eighteen months--the time needed for the Interstate Commerce Commission approval process to run its course. That time is amply

---

(1) Plaintiffs argue that an "approving" shareholder vote would have that preclusive effect because the merger agreement has no "fiduciary out" termination provision and, by its terms, can be terminated only if the shareholders turn down the merger. In fact, that is not the case. See Sec. 10.1 (iii) of the Merger Agreement, quoted at p. 4. infra-

sufficient for this Court to evaluate the plaintiffs' claims on their merits, and should the plaintiffs prevail, to set aside the merger before any steps are taken to consummate it.

Second, if a shareholder vote were taken and the shareholders rejected the Santa Fe-Union Pacific merger proposal, no judicial action would be needed since the transaction would have been defeated by the shareholders themselves. In that vein, it is noteworthy that Union Pacific, which asks this Court to prevent Santa Fe's shareholders from voting, is presently waging a proxy contest in an effort to persuade those shareholders to defeat the proposed merger. Should Union Pacific succeed in that effort, it would need no relief from this Court.

Third, if the shareholders did vote to approve the challenged merger proposal, two other scenarios might arise, neither of which has been shown to be capable of producing irreparable harm. Assuming (arguendo) that the vote were tainted by reason of proxy disclosure violations (as the shareholder plaintiffs allege in their most recent amended complaint), then the shareholders' vote could be judicially nullified after the meeting. Any judicially nullified shareholder approval could not have the legal effect of "vesting" irrremediable rights in BNI. If, on the other hand, the merger were approved after full disclosure of all material facts(2), on what basis could a fully informed business decision by Santa Fe shareholders to accept a transaction whose value is less than being offered by Union Pacific, constitute irreparable harm to those shareholders? To that question plaintiffs offer no straightforward or persuasive answer.

Finally, even if a fully informed shareholder decision to approve the merger would operate to vest rights that BNI did not possess before the vote, the Merger Agreement

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(2) Certainly Union Pacific would be endeavoring to present a full picture of its position of its position in its proxy material.

nonetheless expressly permits the merger to be abandoned, and the Agreement to be terminated:

> "[A]t any time prior to the Effective Time (notwithstanding any approval of the Agreement by the stockholders of [BNI] or [Santa Fe])... by either [BNI] or [Santa Fe], if any judgment, injunction, order, or decree enjoining [BNI] or [Santa Fe], from consummating the Merger is entered and such judgment, injuction, order or decree should become final and nonappealable."

Merger Agreement, Sec. 10.1 (iii).

* * *

For these reasons, the plaintiffs have failed to demonstrate a need for this Court to involve itself in this dispute before Santa Fe's stockholders decide whether or not to approve the Santa Fe-BNI merger. If after the shareholder vote the plaintiffs are able to present a cognizable basis for seeking expedited relief, any proceeding to determine their entitlement to such relief can be scheduled promptly thereafter. Accordingly, the plaintiffs' motion for expedited proceedings is denied. IT IS SO ORDERED.

Very truly yours,

/s/ Jack B. Jacobs

cc: Register in Chancery

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

UNION PACIFIC CORPORATION AND JAMES A. SHATTUCK, v. Plaintiffs	:	
SANTA FE PACIFIC CORPORATION, BILL M. LINDIG, ROY S. ROBERTS, JOHN S. RUNNELLS, II, ROBERT H. WEST, JOSEPH F. ALIBRANDI, GEORGE DEUKMEJIAN, JEAN HEAD SISCO, ROBERT D. KREBS, MICHAEL A. MORPHY, EDWARD F. SWIFT and BURLINGTON NORTHERN, INC. Defendants.	:	Civil Action No. 13778

NOTICE OF MOTION

TO: Stephen P. Lamb, Esquire
Skadden Arps Slate Meagher & Flom
One Rodney Square
Wilmington, Delaware 19801

David J. Margules, Esquire
Klehr Harrison Harvey Branzburg & Ellers
Suite 1101, 222 Delaware Avenue
Wilmington, Delaware 19899

Pamela S. Tikellis, Esquire
Chimicles Jacobsen & Tikellis
One Rodney Square
Wilmington, Delaware 19801

Anne C. Foster, Esquire
Richards Layton & Finger
One Rodney Square
Wilmington, Delaware 19801

PLEASE TAKE NOTICE that the undersigned defendant will present the attached Motion To Dismiss at the convenience of Court and counsel.

MORRIS, NICHOLS, ARSHT & TUNNELL
/s/ KENNETH J. NACHBAR
Kenneth J. Nachbar
1201 N. Market Street
P.O. Box 1347
Wilmington, Delaware 19899
(302) 658-9200
Attorneys for Defendant
Burlington Northern Inc.

OF COUNSEL:

DAVIS POLK & WARDWELL
Dennis E. Glazer
Vincent T. Chang
450 Lexington Avenue
New York, NY 10017
(212) 450-4000
November 2, 1994

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

UNION PACIFIC CORPORATION, and JAMES A. SHATTUCK,	:	
Plaintiffs, v.	:	
SANTA FE PACIFIC CORPORATION, BILL M. LINDIG, ROY S. ROBERTS, JOHN S. RUNNELLS, II, ROBERT H. WEST, JOSEPH F. ALIBRANDI, GEORGE DEUKMEJIAN, JEAN HEAD SISCO, ROBERT D. KREBS, MICHAEL A. MORPHY, EDWARD F. SWIFT and BURLINGTON NORTHERN, INC.,	:	Civil Action No. 13778
Defendants.	:	

MOTION TO DISMISS

Defendant Burlington Northern Inc. ("Burlington Northern") hereby moves pursuant to Chancery Court Rule 12(b)(6) to dismiss the First Amended And Supplemental Complaint in the referenced action on the grounds that the Complaint fails to state a claim against Burlington Northern upon which relief can be granted.

MORRIS, NICHOLS, ARSHT & TUNNEL

/s/ KENNETH J. NACHBAR
Kenneth J. Nachbar
1201 N. Market Street
P.O. Box 1347
Wilmington, Delaware 19899
(302) 658-9200
Attorneys for Defendant
Burlington Northern Inc.

OF COUNSEL:

DAVIS POLK & WARDWELL
Dennis E. Glazer
Vincent T. Chang
450 Lexington Avenue
New York, NY 10017
(212) 450-4000

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 2nd day of November, 1994, two copies of the foregoing Motion To Dismiss were served, by hand delivery, upon the following:

Stephen P. Lamb, Esquire
Skadden Arps Slate Meagher & Flom
One Rodney Square
Wilmington, Delaware 19801

David J. Margules, Esquire
Klehr Harrison Harvey Branzburg & Ellers
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One Rodney Square
Wilmington, Delaware 19801

KENNETH J. NACHBAR
Kenneth J. Nachbar

SPECIAL MEETING OF STOCKHOLDERS
OF
SANTA FE PACIFIC CORPORATION

PROXY STATEMENT
OF
UNION PACIFIC CORPORATION

SOLICITATION OF PROXIES
IN OPPOSITION TO THE PROPOSED MERGER OF
SANTA FE PACIFIC CORPORATION AND
BURLINGTON NORTHERN INC.

This Proxy Statement is furnished by Union Pacific Corporation, a Utah corporation ("Union Pacific"), in connection with its solicitation of proxies to be used at a special meeting of stockholders of Santa Fe Pacific Corporation, a Delaware corporation ("Santa Fe"), and at any adjournments, postponements or reschedulings thereof (the "Special Meeting"). Pursuant to this Proxy Statement, Union Pacific is soliciting proxies from stockholders of Santa Fe to vote against Santa Fe's proposal to merge Santa Fe with and into Burlington Northern Inc., a Delaware corporation ("BN") (such proposed merger, the "Santa Fe/BN Merger"). According to the Burlington Northern Inc. and Santa Fe Pacific Corporation Joint Proxy Statement (the "Santa Fe Joint Proxy Statement"), Santa Fe has fixed November 18, 1994 as the date of the Special Meeting and October 19, 1994 as the record date for determining those stockholders of Santa Fe who will be entitled to vote at the Special Meeting (the "Record Date"). This Proxy Statement and the enclosed proxy are first being sent or given to stockholders of Santa Fe on or about October 28, 1994. The principal executive offices of Santa Fe are located at 1700 East Golf Road, Schaumburg, Illinois 60173-5860. The principal executive offices of Union Pacific are located at Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018.

On October 5, 1994, Union Pacific made a proposal to acquire Santa Fe in a negotiated merger transaction (the "Union Pacific Proposal"), pursuant to which based on then current market prices the stockholders of Santa Fe would have received Union Pacific common stock representing a substantial premium to the consideration then being offered in the Santa Fe/BN Merger. On October 11, 1994, Union Pacific advised Santa Fe that it is prepared to receive information from Santa Fe that might justify a higher price. On October 27, 1994, BN announced that it had raised the price it proposed to pay in the Santa Fe/BN Merger, and based on current market prices of Union Pacific common stock and BN common stock as of October 26, 1994, the Union Pacific Proposal does not currently represent a premium to the consideration currently being offered in the Santa Fe/BN Merger. Union Pacific stands ready to enter into immediate negotiations with Santa Fe concerning a superior alternative to the Santa Fe/BN Merger. THE UNION PACIFIC PROPOSAL CONSTITUTES AN INVITATION TO THE BOARD OF DIRECTORS OF SANTA FE TO ENTER INTO MERGER NEGOTIATIONS WITH UNION PACIFIC. THE UNION PACIFIC PROPOSAL IS SUBJECT TO CERTAIN MATERIAL CONDITIONS WHICH MAY AFFECT THE ABILITY TO CONSUMMATE A TRANSACTION WITH SANTA FE, AND DOES NOT CONSTITUTE A LEGALLY BINDING OBLIGATION ON THE PART OF UNION PACIFIC. Because of fluctuations in the market value of Union Pacific common stock and BN common stock, there can be no assurances as to the actual value that Santa Fe stockholders would receive pursuant to the Union Pacific Proposal or the Santa Fe/BN Merger. See "Union Pacific Proposal".

IMPORTANT

UNION PACIFIC WILL WITHDRAW THE UNION PACIFIC PROPOSAL IF STOCKHOLDERS OF SANTA FE APPROVE THE SANTA FE/BN MERGER.

REJECTION OF THE SANTA FE/BN MERGER WILL SEND AN IMPORTANT MESSAGE TO YOUR BOARD THAT YOU WANT THEM TO NEGOTIATE WITH UNION PACIFIC IN AN EFFORT TO POSSIBLY MAXIMIZE THE VALUE OF YOUR SHARES.

EVEN IF YOU HAVE ALREADY SENT A PROXY TO THE BOARD OF DIRECTORS OF SANTA FE, YOU HAVE EVERY RIGHT TO CHANGE YOUR VOTE. YOU MAY REVOKE THAT PROXY AND VOTE AGAINST THE SANTA FE/BN MERGER BY SIGNING, DATING AND MAILING THE ENCLOSED GOLD PROXY IN THE ENCLOSED SELF-ADDRESSED ENVELOPE. NO POSTAGE IS NECESSARY IF YOUR PROXY IS MAILED IN THE UNITED STATES.

PLEASE SIGN, DATE AND MAIL THE GOLD PROXY TODAY.

YOUR VOTE IS IMPORTANT NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN.

THIS PROXY STATEMENT IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF OFFERS TO BUY ANY SECURITIES WHICH MAY BE ISSUED IN ANY MERGER OR SIMILAR BUSINESS COMBINATION INVOLVING UNION PACIFIC AND SANTA FE. THE ISSUANCE OF SUCH SECURITIES WOULD HAVE TO BE REGISTERED UNDER THE SECURITIES ACT OF 1933 AND SUCH SECURITIES WOULD BE OFFERED ONLY BY MEANS OF A PROSPECTUS COMPLYING WITH THE REQUIREMENTS OF SUCH ACT.

SEND A MESSAGE TO THE SANTA FE BOARD

The Santa Fe Board of Directors has scheduled a Special Meeting of Stockholders for November 18, 1994, and is trying to solicit votes to approve the Santa Fe/BN Merger. According to the Santa Fe Joint Proxy Statement, it could take almost 18 months to obtain regulatory approval from the Interstate Commerce Commission ("ICC") and "there can be no assurance that the ICC will issue a decision any sooner than the 31-month period permitted the ICC by law." The Santa Fe/BN Merger cannot occur until ICC approval is obtained.

Union Pacific believes that there is no reason for the Santa Fe Board to require Santa Fe stockholders to vote on the Santa Fe/BN Merger now, nor is there any reason for Santa Fe stockholders to rush to judgment on that transaction. Since the Santa Fe Board is insisting on proceeding with a stockholder vote on November 18, 1994, Union Pacific believes that Santa Fe stockholders can best protect their interests by voting AGAINST the merger with BN. By voting AGAINST the Santa Fe/BN Merger, stockholders can send a strong message to Santa Fe's directors that they should negotiate with Union Pacific in accordance with the terms of Santa Fe's existing merger agreement with BN.

On October 27, 1994, BN announced that it had raised the price it proposed to pay in the Santa Fe/BN Merger, and based on current market prices of Union Pacific common stock and BN common stock as of October 26, 1994, the Union Pacific Proposal does not currently represent a premium to the consideration currently being offered in the Santa Fe/BN Merger. Union Pacific stands ready to enter into immediate negotiations with Santa Fe concerning a superior alternative to the Santa Fe/BN Merger.

In addition, based on the current dividend rates of Union Pacific and BN, on a per share equivalent basis the Union Pacific Proposal would provide Santa Fe stockholders with an indicated annual dividend of $.59 for each Santa Fe share, as compared to only $.41 per share pursuant to the Santa Fe/BN Merger. The indicated annual dividend rate is determined by multiplying (i) the current annual dividend rate on shares of common stock of Union Pacific or BN, as the case may be, by (ii) the applicable exchange ratio. There can be no assurance that BN or Union Pacific will continue to pay dividends at rates currently in effect or will pay any dividend in the future.

The Union Pacific Proposal, which is a stock-for-stock merger proposal, is intended to be tax-free to stockholders of Santa Fe. If the combination of Union Pacific and Santa Fe is structured differently, it will not necessarily be tax-free to stockholders of Santa Fe.

UNION PACIFIC PROPOSAL

On October 5, 1994, Mr. Drew Lewis, Chairman and Chief Executive Officer, and Richard K. Davidson, President, of Union Pacific met with Mr. Robert D. Krebs, Chairman, President and Chief Executive Officer of Santa Fe, and Robert A. Helman, of the law firm of Mayer, Brown & Platt, counsel for Santa Fe. At the end of the meeting, Mr. Lewis delivered the following letter to Mr. Krebs describing the Union Pacific Proposal:

October 5, 1994

Mr. Robert D. Krebs
Chairman, President & CEO
Santa Fe Pacific Corporation
1700 E. Golf Road
Schaumburg, IL 60173

Dear Rob:

I would like to thank you for meeting with Dick and me earlier today to discuss a possible combination of our two companies. We have long admired Santa Fe and your excellent management and work force. As we discussed, we at Union Pacific believe that combining the strengths of Santa Fe and Union Pacific represents an extraordinary opportunity for our two companies, our respective shareholders, customers and employees, and the railroad industry.

I was disappointed by your unwillingness to consider our proposal. As I mentioned, we view this transaction as a strategic imperative. Accordingly, I am writing to submit the following proposal to combine our companies. Because of the very significant benefits that it would provide to your Company, your shareholders and other constituencies, we ask that you and your Board of Directors give careful consideration to our proposal.

Mr. Lewis' letter then set forth certain terms of the Union Pacific Proposal, and discussed, among other things, Union Pacific's views of the benefits of a possible combination of Union Pacific and Santa Fe. The letter concluded by stating:

Our Board of Directors strongly supports the proposed transaction and has authorized management to pursue this proposal with you. We are prepared to immediately commence negotiation of a definitive merger agreement containing mutually agreeable terms and conditions.

We have conducted an extensive analysis of Santa Fe based on publicly available information. While our proposal is necessarily subject to confirmation, through appropriate due diligence, that our understanding of Santa Fe based on publicly available information is accurate, we expect that such due diligence will confirm our view of Santa Fe and its prospects. We recognize that you will need to conduct a due diligence review of Union Pacific and its operations, and we are ready to facilitate that process.

Our transaction, like the proposed Burlington Northern merger, is contingent upon ICC approval. Although this is a significant matter for either transaction, we believe that, working together, we can present strong arguments to the Commission as to the benefits of our transaction to customers and the industry.

Our proposal also would be subject to termination of your merger agreement with Burlington Northern, in accordance with the terms of that agreement, approval of a mutually satisfactory merger agreement by our respective Boards of Directors, and approval of our respective shareholders.

Along with our financial advisor, CS First Boston Corporation, and our legal advisor, Skadden, Arps, Slate, Meagher & Flom, we look forward to meeting with you and your advisors to discuss our proposal and to working to implement this transaction. We have the opportunity to build the best railroad in the country and to provide significant immediate and long-term benefits for your shareholders.

I am hopeful your Board will conclude that your shareholders should not be denied the opportunity to consider this offer. We at Union Pacific are determined to take every appropriate action to pursue this transaction. In view of the importance of this matter, time is of the essence and we await your earliest possible response.

Please call me as soon as possible so we can get together to discuss this matter in detail.

Sincerely,

/s/ Drew Lewis

On October 6, 1994, Mr. Krebs delivered the following letter to Mr. Lewis:

October 6, 1994

Mr. Drew Lewis
Chairman and Chief Executive Officer
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018

Dear Mr. Lewis:

The Board of Directors of Santa Fe Pacific Corporation ("SFP") has authorized me to reject, on behalf of SFP, the proposal of Union Pacific Corporation ("UP") dated October 5, 1994, to acquire SFP. You stated at our meeting yesterday that UP might be willing to offer more . . . and would consider using a voting trust for UP's proposed transaction. These statements are inconsistent with UP's proposal and its press release.

If UP makes a proposal at a fair price and with an adequate provision for a voting trust that would substantially eliminate the regulatory risk for SFP shareholders, the Board would consider that proposal in light of its fiduciary duties.

Sincerely,

/s/ Robert D. Krebs

The use of a voting trust would permit stockholders to receive consideration in a transaction prior to receiving ICC approval, which, as discussed below, involves a lengthy review process. If a voting trust is not used in a transaction, ICC approval must be obtained prior to consummating a transaction and prior to stockholders receiving any consideration. At the present time, Union Pacific does not intend to modify the Union Pacific Proposal to include the use of a voting trust, although no final determination has been made.

On October 11, 1994, Mr. Lewis sent a letter to Mr. Krebs expressing disappointment with Santa Fe's failure to give careful consideration to the Union Pacific Proposal or to meet with Union Pacific to discuss a transaction, and stating, among other things, that Union Pacific would be prepared to receive information from Santa Fe that might justify a greater consideration.

On October 11, 1994, Mr. Krebs sent the following letter to Mr. Lewis:

October 11, 1994

Mr. Drew Lewis
Chairman and Chief Executive Officer
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018

Dear Mr. Lewis:

Your October 11, 1994 letter has been reviewed by the Santa Fe Pacific board. The board has concluded that your October 11 letter really adds nothing to your October 5 letter. However, the board has authorized me to ask you to provide us promptly with Union Pacific's "analysis of ICC matters," as referenced in your letter. Unless and until we receive something to change the position set forth in my October 6, 1994 letter to you, that position still stands.

Sincerely,

/s/ ROBERT D. KREBS
Chairman, President and
Chief Executive Officer

On October 12, 1994, Mr. Lewis sent the following letter to Mr. Krebs:

October 12, 1994

Mr. Robert D. Krebs
Chairman, President and CEO
Santa Fe Pacific Corporation
1700 East Golf Road
Schaumburg, IL 60173

Dear Rob:

We are encouraged by your October 11 response indicating a willingness to consider our analysis of regulatory matters relating to our proposed transaction. We will provide materials and would welcome the opportunity, in accordance with your existing merger agreement, to sit down with you and your advisors to address your concerns.

We will be in contact with you shortly to arrange the delivery of materials.

Sincerely,

/s/ Drew Lewis

cc: Board of Directors
Santa Fe Pacific Corporation

ICC MATTERS

Both the Santa Fe/BN Merger and a combination of Santa Fe and Union Pacific would require approval of the ICC. ICC approval is a long and complex process which can take two years or longer. Union Pacific believes that one cannot predict what the ultimate outcome will be and, because one cannot predict such outcome, the issue of ICC approval presents a significant risk to consummating the Union Pacific Proposal. Under the Interstate Commerce Act, the ICC is required to approve a merger between railroads, such as Santa Fe and Union Pacific, if it finds that the transaction is consistent with the public interest. In making that determination, the ICC must consider at least the following factors: (i) the effect of the proposed transaction on the adequacy of transportation to the public; (ii) the effect on the public interest of including, or failing to include, other rail carriers in the area involved in the proposed transaction; (iii) the total fixed charges that result from the proposed transaction; (iv) the interest of carrier employees affected by the proposed transaction; and (v) whether the proposed transaction would have an adverse effect on competition among rail carriers in the affected region.

Three of these factors are, in Union Pacific's view, unlikely to affect whether a Union Pacific/Santa Fe merger is approved by the ICC. As to factor (ii) -- inclusion of other railroads -- the ICC disfavors this remedy, it has rarely been requested, and Union Pacific believes it is unlikely to be requested by any railroad in a Union Pacific/Santa Fe proceeding. As to factor (iii) -- effect on fixed charges -- the transaction presently proposed, a stock-for-stock merger, would have no effect on total fixed charges, and, in any case, the capital structures of Union Pacific and Santa Fe are sufficiently strong that this factor is unlikely, in Union Pacific's view, to be given any weight by the ICC in deciding whether to approve a Union Pacific/Santa Fe merger. As to factor (iv) -- the interest of affected carrier employees -- the ICC has adopted a standard set of labor protective conditions which it imposes in rail merger and control transactions, and Union Pacific expects that those conditions would be imposed upon a Union Pacific/Santa Fe merger and that this would not affect approval of the transaction.

The remaining two factors -- factor (i), effect on the adequacy of transportation, and factor (v), effect on rail competition -- are reflected in the public interest balancing test that the ICC applies in reviewing railroad mergers like the proposed Union Pacific and Santa Fe combination. 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 potential obstacle to approval of a Union Pacific/Santa Fe merger, 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.

The ICC has the authority to approve a merger subject to conditions -- such as grants of trackage rights to other railroads -- that will ameliorate harms that otherwise would result. Also, the ICC favors private settlements aimed at resolving claims of competitive harm through the imposition of agreed-upon conditions. If a merger, as conditioned, is in the public interest, it will be approved.

As described in the following paragraph, Union Pacific will seek to present to the ICC its case that the merger of Union Pacific and Santa Fe satisfies the public interest balancing test. First, Union Pacific will seek to show that a Union Pacific/Santa Fe merger has significant public benefits. Second, Union Pacific will seek to show that a Union Pacific/Santa Fe merger, especially with competition-enhancing conditions that Union Pacific is prepared to agree to in advance in favor of Southern Pacific, BN or other railroads, will have no significant adverse effect on rail competition, and indeed will strengthen such competition.

Union Pacific recently provided the Santa Fe Board with a report summarizing the key elements of the factual case that would be included in Union Pacific's application to the ICC for approval of a combination with Santa Fe. The report describes the substantial rail service improvements and other benefits that Union Pacific believes would result from a Union Pacific/Santa Fe combination, including new single-line service, other significant service benefits, and cost savings and efficiencies. The report also discusses the possible conditions, such as the right of other railroads to provide competitive services over the consolidated system's lines and the sale or lease of lines to other railroads, that Union Pacific would be prepared to grant to other railroads in order to address competitive issues relating to a combination with Santa Fe.

With regard to the public benefits of a Union Pacific/Santa Fe merger, the report indicates that the merger would create substantial new single-line service, including for traffic moving across the Southern Corridor between California and points in Texas, Louisiana and Arkansas, for Union Pacific grain producers moving product to Santa Fe feeder markets in California, Texas and Arizona, for Santa Fe grain producers moving product to export markets, for Union Pacific shippers in the Pacific Northwest and the Intermountain region moving commodities to points on the Santa Fe, and for Santa Fe shippers moving commodities to Gulf ports and Mexico. The report further indicates that a Union Pacific/Santa Fe merger would yield new service improvements, including greater service frequency and reliability and reduced transit time for intermodal, automotive, manifest and bulk commodity traffic and improved utilization of freight cars, and would attract significant volumes of traffic from the highway. Finally, the report indicates that a Union Pacific/Santa Fe merger will generate major savings and efficiencies, including capital savings, savings from using shorter routes, savings from consolidating facilities and eliminating overheads, efficiencies from using the best technologies and systems of each railroad on the combined system, and savings from more efficient use of equipment.

With regard to competition, the report indicates that in the two markets where Union Pacific/Santa Fe would have a combined position that Union Pacific believes would arguably raise competitive concerns -- the Kansas/Oklahoma grain market and the market for the handling of service-sensitive traffic between California and the Midwest -- Union Pacific is prepared to grant conditions to other railroads that will address those competitive concerns. Such conditions, the report states, could include, as examples, a sale or lease of Union Pacific's former Oklahoma, Kansas and Texas Railroad line through Kansas and Oklahoma to Texas, and a grant of trackage rights or other conditions that would significantly strengthen Southern Pacific's already competitive California-Midwest routes.

Union Pacific believes that, in the context of a negotiated merger transaction with Santa Fe and given Union Pacific's willingness to grant appropriate conditions to other railroads, it will be able to make a credible case for ICC approval.

Union Pacific recently retained a panel of experts on ICC and transportation matters and asked them to review the case for a possible Union Pacific/Santa Fe combination. In reaching their conclusion, these experts reviewed the report Union Pacific prepared and provided to the Santa Fe Board. Based on their review of this report, including the benefits and competition-preserving conditions described therein as summarized above, discussions among members of the panel and their own analysis and experience in this area, the panelists reached the following conclusions:

The three ICC experts on the panel concluded:

- Union Pacific has outlined a strong case for ICC approval of a combination with Santa Fe that warrants favorable consideration by the ICC.

- A Union Pacific/Santa Fe combination should have good prospects of obtaining ICC approval.

In reaching these conclusions, the ICC experts stressed, among other things, Union Pacific's willingness to grant competition-preserving conditions and the unwillingness of the applicants in the Santa Fe/Southern Pacific merger case to do so; the significant benefits of a Union Pacific/Santa Fe merger, including its potential to alleviate capacity constraints on both railroads and achieve new levels of service quality; and the importance of such a merger in stimulating trade with Mexico and agricultural exports.

The federal transportation policy expert on the panel concluded:

- The Department of Transportation is unlikely to oppose, and may well support, a Union Pacific/ Santa Fe combination.

In reaching this conclusion, the federal transportation policy expert stressed that the Union Pacific/Santa Fe proposal is in concert with the policy of the Department of Transportation to develop a more effective intermodal transportation system for the United States, and with the Department's policy of increasing the capacity, efficiency and safety of our national highway system.

The expert on logistics and shipper needs concluded:

- A Union Pacific/Santa Fe combination would provide major benefits for the shipping public as well as U.S. industry in general. A combined Union Pacific/Santa Fe will become more cost and service competitive in their markets to the benefit of rail industry customers.

In reaching this conclusion, the expert on logistics and shipper needs stressed that a Union Pacific/Santa Fe merger will address shipper needs in the areas of service quality, management of information, reduction in transportation cost, productive use of transportation assets, reduction of risk and simplification of supplier relationships.

The panel's conclusions also noted that ICC approval is a long and complex process which can take two years or longer, and that at this stage, one cannot predict with certainty the outcome of ICC review of either a Union Pacific or a BN combination with Santa Fe.

The panel of experts consists of Malcolm M.B. Sterrett, an attorney with extensive rail transportation experience and a former ICC Commissioner; John F. DePodesta, an attorney who has represented numerous rail carriers and public bodies in proceedings before the ICC and a former General Counsel of Consolidated Rail Corporation; C. John Langley Jr., Ph.D., John H. "Red" Dove Distinguished Professor of Logistics and Transportation, University of Tennessee; Walter B. McCormick, Jr., Partner, Bryan Cave, Washington, D.C., and former General Counsel of the U.S. Department of Transportation; and Robert N. Kharasch, a Washington, D.C. lawyer for more than 40 years who specialized in transportation law and who was coordinating counsel for railroad opponents to the unsuccessful Santa Fe/Southern Pacific merger. No member of the panel has previously represented Union Pacific before the ICC or on any other matter, except that Dr. C. John Langley, Jr. has in the past done limited consulting for Union Pacific.

IF YOU WOULD LIKE COPIES OF THE CONCLUSIONS AND REPORTS OF THE PANEL OF EXPERTS, PLEASE CONTACT MORROW & CO., INC., AT (800) 856-8309 (TOLL-FREE), OR (212) 754-8000 IF IN NEW YORK CITY, AND THEY WILL BE FURNISHED TO YOU PROMPTLY. COPIES OF SUCH EXPERTS' MATERIALS CAN BE INSPECTED AND COPIED AT THE PUBLIC REFERENCE FACILITIES MAINTAINED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") AT ROOM 1024, JUDICIARY PLAZA, 450 FIFTH STREET, N.W., WASHINGTON, D.C. 20549, AND AT THE SEC'S REGIONAL OFFICES IN NEW YORK (7 WORLD TRADE CENTER, 13TH FLOOR, NEW YORK, NEW YORK 10048) AND IN CHICAGO (NORTHWESTERN ATRIUM CENTER, SUITE 1400, 500 WEST MADISON STREET, CHICAGO, ILLINOIS 60661). COPIES OF THE CONCLUSIONS AND REPORTS OF THE PANEL OF EXPERTS CAN BE OBTAINED AT PRESCRIBED RATES BY WRITING TO THE SEC, PUBLIC REFERENCE SECTION, JUDICIARY PLAZA, 450 FIFTH STREET, N.W., WASHINGTON, D.C. 20549.

SANTA FE/BN MERGER PROPOSAL

Santa Fe has distributed the Santa Fe Joint Proxy Statement to Santa Fe stockholders describing the terms of the Santa Fe/BN Merger, as well as other related matters. A summary description of the Santa Fe/BN Merger based on publicly available information appears below under "Summary of the Santa Fe/BN Merger".

Union Pacific is soliciting proxies from stockholders of Santa Fe in opposition to the Santa Fe/BN Merger. Union Pacific urges all stockholders of Santa Fe to vote AGAINST the Santa Fe/BN Merger.

SUMMARY OF THE SANTA FE/BN MERGER

The Santa Fe/BN Merger provides for the merger of Santa Fe with and into BN. Under the terms of the Santa Fe/BN Merger as originally proposed, each outstanding share of Santa Fe common stock (subject to certain exceptions) would have been converted into 0.27 of a share of common stock of BN, valued at $13.50 per share of Santa Fe common stock, based upon the closing price of BN common stock on October 27, 1994. On October 27, 1994, BN announced that it had increased the exchange ratio in the Santa Fe/BN Merger to 0.34 of a share of common stock of BN, valued at $17.00 per share of Santa Fe common stock, based upon the closing price of BN common stock on October 27, 1994. According to the Santa Fe Joint Proxy Statement, the Santa Fe/BN Merger is intended to be tax-free to stockholders of Santa Fe.

The obligation of the parties to effect the Santa Fe/BN Merger is subject to certain conditions, including, among others, approval by stockholders of Santa Fe and by stockholders of BN and certain regulatory approvals. One of the required approvals is approval of the Interstate Commerce Commission. The Santa Fe/BN Merger must be approved by the holders of a majority of the outstanding shares of Santa Fe common stock and the holders of a majority of the outstanding shares of BN common stock. According to the Santa Fe Joint Proxy Statement, Santa Fe has fixed November 18, 1994 as the date of the Special Meeting and October 19, 1994 as the Record Date for determining those stockholders of Santa Fe who will be entitled to vote at the Special Meeting.

OTHER INFORMATION

Approval of the Santa Fe/BN Merger requires the affirmative vote of the holders of a majority of all outstanding shares of Santa Fe common stock. All outstanding shares of Santa Fe common stock as of the close of business on the Record Date will be entitled to vote at the Special Meeting. Each share of Santa Fe common stock is entitled to one vote. According to the Santa Fe Joint Proxy Statement, there were outstanding 186,996,400 shares of Santa Fe common stock as of October 10, 1994. As of the date hereof, Union Pacific beneficially owns 200 shares of Santa Fe common stock. Shares of Santa Fe common stock not voted (including broker non-votes) and shares of Santa Fe common stock voted to "abstain" from such vote will have the same effect as a vote "against" the Santa Fe/BN Merger.

The accompanying GOLD proxy will be voted in accordance with the stockholder's instructions on such GOLD proxy. Stockholders may vote against the Santa Fe/BN Merger by marking the proper box on the GOLD proxy. If no instructions are given, the GOLD proxy will be voted AGAINST the Santa Fe/BN Merger.

UNION PACIFIC STRONGLY RECOMMENDS A VOTE AGAINST THE SANTA FE/BN MERGER.

VOTING YOUR SHARES

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, WE URGE YOU TO VOTE AGAINST THE SANTA FE/BN MERGER ON THE ENCLOSED GOLD PROXY AND IMMEDIATELY MAIL IT IN THE ENCLOSED ENVELOPE. YOU MAY DO THIS EVEN IF YOU HAVE ALREADY SENT IN A DIFFERENT PROXY SOLICITED BY SANTA FE'S BOARD OF DIRECTORS. IT IS THE LATEST DATED PROXY THAT COUNTS. EXECUTION AND DELIVERY OF A PROXY BY A RECORD HOLDER OF SHARES OF SANTA FE COMMON STOCK WILL BE PRESUMED TO BE A PROXY WITH RESPECT TO ALL SHARES OF SANTA FE COMMON STOCK HELD BY SUCH RECORD HOLDER UNLESS THE PROXY SPECIFIES OTHERWISE.

YOU MAY REVOKE ANY PROXY YOU SUBMIT (WHETHER THE WHITE PROXY SOLICITED BY SANTA FE OR THE GOLD PROXY SOLICITED BY UNION PACIFIC) AT ANY TIME PRIOR TO ITS EXERCISE BY ATTENDING THE SPECIAL MEETING AND VOTING IN PERSON, BY SUBMITTING A DULY EXECUTED LATER DATED PROXY OR BY SUBMITTING A WRITTEN NOTICE OF REVOCATION. UNLESS REVOKED IN THE MANNER SET FORTH ABOVE, DULY EXECUTED PROXIES IN THE FORM ENCLOSED WILL BE VOTED AT THE SPECIAL MEETING ON THE PROPOSED SANTA FE/BN MERGER IN ACCORDANCE WITH YOUR INSTRUCTIONS. IN THE ABSENCE OF SUCH INSTRUCTIONS, SUCH PROXIES WILL BE VOTED AGAINST THE SANTA FE/BN MERGER. IF ANY OTHER MATTERS ARE PROPERLY BROUGHT BEFORE THE SPECIAL MEETING, SUCH PROXIES WILL BE VOTED ON SUCH MATTERS AS UNION PACIFIC, IN ITS SOLE DISCRETION, MAY DETERMINE.

YOUR VOTE IS IMPORTANT.

PLEASE SIGN, DATE AND RETURN THE GOLD PROXY TODAY.

IF YOU HAVE ALREADY SENT A PROXY TO THE BOARD OF DIRECTORS OF SANTA FE, YOU MAY REVOKE THAT PROXY AND VOTE AGAINST THE SANTA FE/BN MERGER BY SIGNING, DATING AND MAILING THE ENCLOSED GOLD PROXY.

If you have any questions about the voting of shares of Santa Fe common stock, please call:

MORROW & CO., INC.

Call Toll Free: (800) 856-8309

In New York City, call: (212) 754-8000

CERTAIN LITIGATION CONCERNING THE SANTA FE/BN MERGER

On October 6, 1994, Union Pacific filed suit in the Court of Chancery in Delaware against Santa Fe, BN and the members of the Board of Directors of Santa Fe seeking, among other things, a declaratory judgment that the Merger Agreement between Santa Fe and BN is terminable by Santa Fe in order to allow Santa Fe to accept Union Pacific's merger proposal, and an injunction requiring Santa Fe to negotiate with Union Pacific regarding the Union Pacific Proposal. Union Pacific is also seeking a declaratory judgment that Union Pacific has not tortiously interfered with the contractual relations of Santa Fe and BN. On October 7, 1994, Union Pacific moved for expedited discovery on the ground that expedition is essential to permit Union Pacific to obtain timely relief against the continuing breaches of fiduciary duty by the Board of Directors of Santa Fe. As of October 21, 1994, the defendants had not yet filed an answer.

On June 30, 1994, four suits were filed in the Court of Chancery in Delaware by stockholders of Santa Fe against Santa Fe, BN and the members of the Board of Directors of Santa Fe. Each of these suits was filed as a class action on behalf of all stockholders of Santa Fe except the defendants and their affiliates, and alleged, among other things, that the defendants had breached their fiduciary duties to the plaintiffs by agreeing to sell Santa Fe's railroad assets to BN for grossly inadequate consideration. On October 6, 1994, an amended complaint was filed in these actions alleging in addition that the defendants had breached their fiduciary duties by failing to fully inform themselves with regard to the Union Pacific Proposal.

On October 6 and 7, 1994, eight additional suits were filed in the Court of Chancery in Delaware by stockholders of Santa Fe against Santa Fe, BN and the members of the Board of Directors of Santa Fe. Each of these suits was filed as a class action on behalf of all stockholders of Santa Fe except the defendants and their affiliates, and alleged, among other things, that the defendants had breached their fiduciary duties to the plaintiffs by failing to negotiate with Union Pacific regarding the Union Pacific Proposal.

On October 14, 1994, the Santa Fe stockholder-plaintiffs in the twelve suits previously filed in the Delaware Court of Chancery filed a Consolidated and Amended Complaint against Santa Fe, the members of its Board of Directors (the "director defendants") and BN, styled In re Santa Fe Pacific Shareholder Litigation, Del. Ch., Cons. C.A. No. 13567 (the "Consolidated Shareholder Action"). The Consolidated Shareholder Action, which was filed as a class action on behalf of all stockholders of Santa Fe as of June 30, 1994 (except for the defendants and their affiliates) who are or will be threatened with injury arising from the defendants' actions, alleged, among other things, that (i) the director defendants breached their fiduciary duties of care and loyalty by failing to inform themselves and explore adequately all alternatives available to Santa Fe stockholders (including the Union Pacific Proposal), by approving and recommending the Santa Fe/BN Merger, and by approving and enforcing the Merger Agreement; (ii) the director defendants breached their fiduciary duties of disclosure by failing to completely disclose all material information in the Santa Fe Joint Proxy Statement; and (iii) BN aided and abetted such breaches of fiduciary duty. The Consolidated Shareholder Action, among other things, seeks preliminary and permanent injunctive relief against the consummation of the Santa Fe/BN Merger, a court order requiring the director defendants to explore alternatives with, provide information to and negotiate in good faith with any bona fide bidder (including Union Pacific), a court order decreeing that the Merger Agreement is terminable by Santa Fe in response to the Union Pacific Proposal, and invalid under Delaware law, and joint and several damages against the defendants as a result of their conduct.

On October 18, 1994, the Delaware Court of Chancery denied Union Pacific's and the Santa Fe stockholder-plaintiffs' motions for expedited discovery. The Court of Chancery, among other things, held that because the Santa Fe/BN Merger, if approved by Santa Fe stockholders, could not be consummated for at least eighteen months, the Court would have sufficient time to evaluate Union Pacific's and the Santa Fe stockholder-plaintiffs' claims and, if necessary, set aside the Santa Fe/BN Merger before any steps are taken to consummate it.

On October 19, 1994, Union Pacific filed its First Amended and Supplemental Complaint, and was joined in that action as plaintiff by James A. Shattuck, an officer of Union Pacific Railroad Company, a subsidiary of Union Pacific, who also is a stockholder of Santa Fe. The First Amended and Supplemental Complaint is styled Union Pacific Corporation and James A. Shattuck v. Santa Fe Pacific Corporation, et. al., C.A. No. 13778. In addition to the claims stated and relief sought in Union Pacific's original complaint, the First Amended and Supplemental Complaint alleged, among other things, that Santa Fe and the director defendants have breached their fiduciary duties of candor by joining BN in a wrongful campaign to mislead Santa Fe's stockholders (via press releases and the Santa Fe Joint Proxy Statement) into believing, among other things, that (i) Santa Fe cannot lawfully consider the Union Pacific Proposal; (ii) the Union Pacific Proposal is illusory and made solely for the purpose of preventing a merger of Santa Fe and Burlington Northern; and (iii) a merger of Union Pacific and Santa Fe cannot lawfully occur.

SOLICITATION OF PROXIES

Proxies will be solicited by mail, telephone, telefax and in person. Union Pacific has retained Morrow & Co., Inc. ("Morrow") for solicitation and advisory services in connection with solicitations relating to the Special Meeting, for which Morrow is to receive an initial proxy advisory retainer fee of $75,000 and an additional fee of $500,000 in connection with the solicitation of proxies for the Special Meeting. Union Pacific has also agreed to reimburse Morrow for its reasonable out-of-pocket expenses and indemnify Morrow against certain liabilities and expenses, including reasonable legal fees and related charges. Morrow will solicit proxies for the Special Meeting from individuals, brokers, banks, bank nominees and other institutional holders. Directors, officers and employees of Union Pacific may assist in the solicitation of proxies without any additional remuneration. The entire expense of soliciting proxies for the Special Meeting by or on behalf of Union Pacific is being borne by Union Pacific.

CS First Boston Corporation ("CS First Boston") is acting as financial advisor to Union Pacific in connection with its effort to acquire Santa Fe. Union Pacific has agreed to pay CS First Boston for its services an initial financial advisory fee of $500,000, an additional financial advisory fee of $2 million (the "Additional Advisory Fee"), $1 million of which was paid on October 17, 1994 and the remaining $1 million of which will become payable on December 31, 1994, an ongoing quarterly advisory fee of $125,000 payable during the term of the engagement ("Quarterly Advisory Fees"), with the first payment payable on March 31, 1995, and a transaction fee payable in connection with Union Pacific's proposed acquisition of Santa Fe, determined based on the size of such transaction, but in an amount not to exceed $12.5 million (the "Transaction Fee"). Any portion of the Additional Advisory Fee and Quarterly Advisory Fees paid prior to consummation of Union Pacific's acquisition of Santa Fe will be fully credited against the Transaction Fee. Union Pacific has also 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. In connection with CS First Boston's engagement as financial

advisor, Union Pacific anticipates that certain employees of CS First Boston may communicate in person, by telephone or otherwise with a limited number of institutions, brokers or other persons who are stockholders of Santa Fe for the purpose of assisting in the solicitation of proxies for the Special Meeting. CS First Boston will not receive any fee for or in connection with such solicitation activities apart from the fees which it is otherwise entitled to receive as described above. CS First Boston has rendered various investment banking and other advisory services to Union Pacific 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 Union Pacific and its affiliates.

CERTAIN INFORMATION ABOUT UNION PACIFIC

Union Pacific, incorporated in Utah, operates, through subsidiaries, in the areas of rail transportation (Union Pacific Railroad Company and Missouri Pacific Railroad Company (collectively, the "Railroad")), oil, gas and mining (Union Pacific Resources Company ("Resources")), trucking (Overnite Transportation Company ("Overnite")), and waste management (USPCI, Inc. ("USPCI")). Each of these subsidiaries is indirectly wholly-owned by Union Pacific. Substantially all of Union Pacific's operations are in the United States.

The Railroad is the third largest railroad in the United States by mileage, with over 17,000 route miles linking West Coast and Gulf Coast ports with the Midwest. The Railroad maintains coordinated schedules with other carriers for the handling of freight to and from the Atlantic seaboard, the Pacific Coast, the Southeast, the Southwest, Canada and Mexico. Export and import traffic is moved through Gulf Coast and Pacific Coast ports and across the Texas-Mexico border.

Resources is an independent oil and gas company engaged in exploration for and production of natural gas, crude oil and associated products. Substantially all of its exploration and production programs are concentrated in the Austin Chalk trend and Carthage area in eastern Texas and Louisiana, the Union Pacific Land Grant in Colorado, Wyoming and Utah, the Gulf of Mexico and Canada. Resources is also responsible for developing Resources' reserves of coal and trona which are located primarily in the Rocky Mountain region.

Overnite, a major interstate trucking company, serves all 50 states and portions of Canada through 166 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.

USPCI provides comprehensive waste management services (analysis, treatment, recovery, recycling, disposal, remediation and transportation) to industry and government. On October 20, 1994, Union Pacific announced that its Board of Directors approved a plan to divest Union Pacific's waste business.

OTHER INFORMATION

The information concerning Santa Fe and the Santa Fe/BN Merger contained herein has been taken from, or based upon, publicly available documents on file with the Securities and Exchange Commission and other publicly available information. Although Union Pacific has no knowledge that would indicate that statements relating to Santa Fe or the Santa Fe/BN Merger contained in this Proxy Statement in reliance upon publicly available information are inaccurate or incomplete, it has not to date had access to the books and records of Santa Fe, was not involved in the preparation of such information and statements and is not in a position to verify any such information or statements. Accordingly, Union Pacific does not take any responsibility for the accuracy or completeness of such information or for any failure by Santa Fe to disclose events that may have occurred and may affect the significance or accuracy of any such information.

Reference is made to the Santa Fe Joint Proxy Statement for information concerning the common stock of Santa Fe, the beneficial ownership of such stock by the principal holders thereof, other information concerning Santa Fe's management, the procedures for submitting proposals for consideration at the next annual meeting of stockholders of Santa Fe and certain other matters regarding Santa Fe and the Special Meeting. Union Pacific assumes no responsibility for the accuracy or completeness of any such information.

Union Pacific is not aware of any other matter to be considered at the Special Meeting. However, if any other matter properly comes before the Special Meeting, Union Pacific will vote all proxies held by it as Union Pacific, in its sole discretion, may determine.

PLEASE SIGN, DATE AND MAIL THE ENCLOSED GOLD PROXY TODAY. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. BY SIGNING AND MAILING THE ENCLOSED GOLD PROXY, ANY PROXY PREVIOUSLY SIGNED BY YOU RELATING TO THE SUBJECT MATTER HEREOF WILL BE AUTOMATICALLY REVOKED.

UNION PACIFIC CORPORATION

Dated October 28, 1994

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SCHEDULE I

INFORMATION CONCERNING THE DIRECTORS AND
EXECUTIVE OFFICERS OF UNION PACIFIC
AND CERTAIN EMPLOYEES AND OTHER
REPRESENTATIVES OF UNION PACIFIC

The following table sets forth the name and title of persons who may be deemed to be participants on behalf of Union Pacific in the solicitation of proxies from stockholders of Santa Fe. Unless otherwise indicated, the principal business address of each director, executive officer, employee or representative is Martin Tower, Eighth and Eaton Avenues, Bethlehem, Pennsylvania 18018.

DIRECTORS AND EXECUTIVE OFFICERS OF UNION PACIFIC

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITION
Robert P. Bauman..... SmithKline Beecham Consumer Healthcare 1500 Littleton Road Parsippany, NJ 07054	Director.
Charles E. Billingsley.....	Vice President and Controller of Union Pacific.
Richard B. Cheney..... American Enterprise Institute 1150 17th Street, NW Suite 1100 Washington, DC 20036	Director.
E. Virgil Conway..... 101 Park Avenue 31st Floor New York, NY 10178	Director.
Richard K. Davidson..... Union Pacific Railroad Company 1416 Dodge Street Omaha, NE 68179	Director, President of Union Pacific.
John E. Dowling.....	Vice President -- Corporate Development of Union Pacific.
Spencer F. Eccles..... First Security Corporation P.O. Box 30006 Salt Lake City, UT 84130	Director.
Ursula F. Fairbairn.....	Senior Vice President -- Human Resources of Union Pacific.
Elbridge T. Gerry, Jr. ..... Brown Brothers Harriman & Co. 59 Wall Street New York, NY 10005	Director.

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITION
William H. Gray, III..... United Negro College Fund, Inc. 8260 Willow Oaks Corporate Drive P.O. Box 10444 Fairfax, VA 22031	Director.
John B. Gremillion, Jr.	Vice President -- Taxes of Union Pacific.
Judith Richards Hope..... Paul, Hastings, Janofsky & Walker 1299 Pennsylvania Avenue, N.W. Tenth Floor Washington, DC 20004	Director.
Lawrence M. Jones..... The Coleman Company, Inc. 250 N. St. Francis Street P.O. Box 1762 Wichita, KS 67201	Director.
Drew Lewis.....	Director, Chairman and Chief Executive Officer of Union Pacific.
Richard J. Mahoney..... Monsanto Company 800 N. Lindbergh Boulevard St. Louis, MO 63167	Director.
Claudine B. Malone..... Financial & Management Consulting, Inc. 7570 Potomac Fall Road McLean, VA 22102	Director.
L. White Matthews, III.....	Director, Executive Vice President -- Finance of Union Pacific.
Mary E. McAuliffe..... 555-13th Street, N.W. Suite 450W Washington, DC 20004	Vice President -- External Relations of Union Pacific.
Jack L. Messman..... Union Pacific Resources Company 801 Cherry Street Fort Worth, TX 76102	Director.
John R. Meyer..... Center for Business and Government Harvard University 79 Kennedy Street Cambridge, MA 02138	Director.

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITION
Thomas A. Reynolds, Jr. ..... Winston & Strawn 35 West Wacker Drive Suite 4700 Chicago, IL 60601	Director.
James D. Robinson, III..... J. D. Robinson Inc. 126 East 56th Street 26th Floor New York, NY 10022	Director.
Robert W. Roth..... P.O. Box 1219 Pebble Beach, CA 93953	Director.
Gary F. Schuster.....	Vice President -- Corporate Relations of Union Pacific.
Richard D. Simmons..... International Herald Tribune 1150 15th Street, NW Washington, DC 20071	Director.
Gary M. Stuart.....	Vice President and Treasurer of Union Pacific.
Judy L. Swantak.....	Vice President and Corporate Secretary of Union Pacific.
Carl W. von Bernuth.....	Senior Vice President and General Counsel of Union Pacific.

CERTAIN EMPLOYEES AND OTHER REPRESENTATIVES
OF UNION PACIFIC WHO MAY ALSO SOLICIT PROXIES

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITION
Mary S. Jones.....	Assistant Treasurer of Union Pacific.
Gary W. Grosz.....	Manager -- Investor Relations of Union Pacific.
John J. Koraleski.....	Executive Vice President, Finance and Information Technologies of Union Pacific Railroad Company.
James A. Shattuck.....	Executive Vice President, Marketing and Sales of Union Pacific Railroad Company.
Arthur L. Shoener.....	Executive Vice President, Operations of Union Pacific Railroad Company.
James V. Dolan.....	Vice President, Law of Union Pacific Railroad Company.
Michael F. Kelly.....	Vice President, Marketing -- Services of Union Pacific Railroad Company.
John H. Rebensdorf.....	Vice President, Strategic Planning of Union Pacific Railroad Company.

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITION
Richard H. Bott..... CS First Boston 55 East 52nd Street New York, NY 10055	Managing Director at CS First Boston.
David A. DeNunzio..... CS First Boston 55 East 52nd Street New York, NY 10055	Managing Director at CS First Boston.
Gerald M. Lodge..... CS First Boston 55 East 52nd Street New York, NY 10055	Managing Director at CS First Boston.
Stephen C. Month..... CS First Boston 55 East 52nd Street New York, NY 10055	Director at CS First Boston.
Scott R. White..... CS First Boston 55 East 52nd Street New York, NY 10055	Associate at CS First Boston.
Samuel H. Schwartz..... CS First Boston 55 East 52nd Street New York, NY 10055	Associate at CS First Boston.
Caroline P. Sykes..... CS First Boston 55 East 52nd Street New York, NY 10055	Analyst at CS First Boston.

In the normal course of its business, CS First Boston may trade the debt and equity securities of Santa Fe for its own account and the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities. As of October 27, 1994, CS First Boston held a net short position of less than 1% of all the outstanding shares of Santa Fe common stock.

SHARES HELD BY UNION PACIFIC, ITS DIRECTORS AND EXECUTIVE OFFICERS

Union Pacific is the beneficial holder of 200 shares of Santa Fe common stock purchased on October 6, 1994. 100 of such shares were purchased for $14 per share in an open market transaction entered into on the over-the-counter market and 100 of such shares were purchased for $13 1/2 per share in an open market transaction executed on the NYSE. No directors or executive officers of Union Pacific own any shares of Santa Fe common stock.

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ADDITIONAL INFORMATION

If your shares of Santa Fe common stock are held in the name of a bank or broker, only your bank or broker can vote your shares of Santa Fe common stock and only upon receipt of your specific instructions. Please instruct your bank or broker to execute the GOLD proxy card today. If you have any questions or require any assistance in voting your shares of Santa Fe common stock, please call:

MORROW & CO., INC.

Call Toll Free: (800) 856-8309

909 Third Avenue
New York, New York 10022
In New York City, call: (212) 754-8000

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SPECIAL MEETING OF STOCKHOLDERS
OF
SANTA FE PACIFIC CORPORATION

SUPPLEMENT TO PROXY STATEMENT

OF
UNION PACIFIC CORPORATION

SOLICITATION OF PROXIES
IN OPPOSITION TO THE PROPOSED MERGER OF
SANTA FE PACIFIC CORPORATION AND
BURLINGTON NORTHERN INC.

This Proxy Statement Supplement is furnished by Union Pacific Corporation, a Utah corporation ("Union Pacific"), in connection with its solicitation of proxies to be used at a special meeting of stockholders of Santa Fe Pacific Corporation, a Delaware corporation ("Santa Fe"), and at any adjournments, postponements or reschedulings thereof (the "Special Meeting"). Union Pacific is soliciting proxies from stockholders of Santa Fe to vote against Santa Fe's proposal to merge Santa Fe with and into Burlington Northern Inc., a Delaware corporation ("BN") (such proposed merger, the "Santa Fe/BN Merger"). According to the Burlington Northern Inc. and Santa Fe Pacific Corporation Joint Proxy Statement (the "Santa Fe Joint Proxy Statement"), the Special Meeting is scheduled to be held on Friday, November 18, 1994, at 3:00 p.m., Chicago time, at the Hyatt Regency O'Hare, 9300 West Bryn Mawr Avenue, Rosemont, Illinois. This Proxy Statement Supplement amends and modifies, and should be read in conjunction with, Union Pacific's Proxy Statement, dated October 28, 1994 (the "Union Pacific Proxy Statement"), which was first sent or given to stockholders of Santa Fe on or about October 28, 1994. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Union Pacific Proxy Statement.

The Revised Union Pacific Proposal described in this Proxy Statement Supplement is conditioned, among other things, on termination of the Santa Fe/BN merger agreement in accordance with its terms, the stockholders of Santa Fe not having approved the Santa Fe/BN Merger and negotiation of a mutually satisfactory merger agreement between Santa Fe and Union Pacific in accordance with the terms of Santa Fe's existing merger agreement with BN.

IMPORTANT

UNION PACIFIC WILL WITHDRAW THE REVISED UNION PACIFIC PROPOSAL IF STOCKHOLDERS OF SANTA FE APPROVE THE SANTA FE/BN MERGER.

EVEN IF YOU HAVE ALREADY VOTED IN FAVOR OF THE SANTA FE/BN MERGER, YOU HAVE EVERY RIGHT TO CHANGE YOUR VOTE. YOU MAY REVOKE YOUR PRIOR PROXY AND VOTE AGAINST THE SANTA FE/BN MERGER BY SIGNING, DATING AND MAILING THE ENCLOSED GOLD PROXY IN THE ENCLOSED SELF-ADDRESSED ENVELOPE. NO POSTAGE IS NECESSARY IF YOUR PROXY IS MAILED IN THE UNITED STATES.

PLEASE SIGN, DATE AND MAIL THE GOLD PROXY TODAY. YOUR VOTE IS IMPORTANT NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN.

THIS PROXY STATEMENT SUPPLEMENT IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF OFFERS TO BUY ANY SECURITIES WHICH MAY BE ISSUED IN ANY MERGER OR SIMILAR BUSINESS COMBINATION INVOLVING UNION PACIFIC AND SANTA FE. THE ISSUANCE OF SUCH SECURITIES WOULD HAVE TO BE REGISTERED UNDER THE SECURITIES ACT OF 1933 AND SUCH SECURITIES WOULD BE OFFERED ONLY BY MEANS OF A PROSPECTUS COMPLYING WITH THE REQUIREMENTS OF SUCH ACT.

THE REVISED UNION PACIFIC PROPOSAL AND TENDER OFFER TO STOCKHOLDERS OF SANTA FE

On November 8, 1994, Union Pacific made a proposal to acquire Santa Fe in a negotiated merger transaction (the "Revised Union Pacific Proposal"). Pursuant to the Revised Union Pacific Proposal, Union Pacific would acquire Santa Fe in a two-step transaction in which Union Pacific would purchase approximately 57% of the Company's outstanding shares of common stock on a fully diluted basis in a cash tender offer for $17.50 per share. Union Pacific would acquire the remaining shares of Santa Fe common stock in a second-step merger in exchange for Union Pacific common stock (the "Proposed Merger"). Based on the closing price of Union Pacific's common stock on November 8, 1994 (the last trading day prior to the public announcement of the Revised Union Pacific Proposal), the consideration to be received in the second-step merger would have a value equivalent to the tender offer price.

Under the Revised Union Pacific Proposal, Union Pacific has proposed to place all shares of Santa Fe common stock acquired by Union Pacific (whether pursuant to the first-step cash tender offer or the second-step merger) into a voting trust (the "Voting Trust") that would be independent of Union Pacific. Neither the cash tender offer nor the Proposed Merger would be conditioned upon receipt of Interstate Commerce Commission ("ICC") approval (other than approval of the Voting Trust -- see "ICC Matters; The Voting Trust"). The Revised Union Pacific Proposal is subject, among other things, to termination of the Burlington Northern/Santa Fe merger agreement in accordance with its terms, negotiation of a mutually satisfactory merger agreement with Santa Fe in accordance with the terms of Santa Fe's existing merger agreement with BN and approval of the respective Boards of Directors of Santa Fe and Union Pacific. A vote of stockholders of Santa Fe and Union Pacific is not required to consummate the cash tender offer. Approval of Santa Fe stockholders (but not Union Pacific stockholders) is required to consummate the second-step merger. The Santa Fe/BN Merger is subject to approval of the ICC and the respective stockholders of Burlington Northern and Santa Fe. The Revised Union Pacific Proposal would be a taxable transaction for federal income tax purposes.

Union Pacific stands ready to enter into immediate negotiations with Santa Fe concerning the Revised Union Pacific Proposal. In addition, Union Pacific has advised Santa Fe that it is also prepared to negotiate Union Pacific's previous proposal to negotiate a stock-for-stock merger, without a Voting Trust, as described in the Union Pacific Proxy Statement and other solicitation materials previously sent to Santa Fe stockholders. THE REVISED UNION PACIFIC PROPOSAL CONSTITUTES AN INVITATION TO THE BOARD OF DIRECTORS OF SANTA FE TO ENTER INTO MERGER NEGOTIATIONS WITH UNION PACIFIC. THE REVISED UNION PACIFIC PROPOSAL IS SUBJECT TO CERTAIN MATERIAL CONDITIONS AS DESCRIBED HEREIN WHICH MAY AFFECT THE ABILITY TO CONSUMMATE A TRANSACTION WITH SANTA FE, AND DOES NOT CONSTITUTE A LEGALLY BINDING OBLIGATION ON THE PART OF UNION PACIFIC. Because of fluctuations in the market value of Union Pacific common stock and BN common stock, there can be no assurances as to the actual value that Santa Fe stockholders would receive pursuant to the Proposed Merger or the Santa Fe/BN Merger.

On November 9, 1994, UP Acquisition Corporation, a Utah corporation and a wholly owned subsidiary of Union Pacific (the "Purchaser"), commenced a cash tender offer (the "Offer") to acquire 115,903,127 shares of Santa Fe common stock at $17.50 net per share. The Offer, proration period and withdrawal rights will expire at 12:00 midnight, New York City Time on Thursday, December 8, 1994, unless the Offer is extended. A complete description of the terms and conditions of the Offer and certain additional information

relating to the Voting Trust is contained in the Offer to Purchase dated November 9, 1994 (as it may be amended from time to time, the "Offer to Purchase"). A copy of the Offer to Purchase may be obtained without charge from Morrow & Co., Inc., by calling either of the telephone numbers set forth at the end of this Proxy Statement Supplement.

THIS PROXY STATEMENT SUPPLEMENT IS NEITHER AN OFFER TO PURCHASE NOR A SOLICITATION OF OFFERS TO SELL SHARES OF SANTA FE COMMON STOCK. ANY SUCH OFFER IS MADE ONLY PURSUANT TO THE OFFER TO PURCHASE.

TENDERING SHARES OF SANTA FE COMMON STOCK WILL NOT CONSTITUTE THE GRANT OF A PROXY TO VOTE IN CONNECTION WITH THE SANTA FE/BN MERGER. ACCORDINGLY, UNION PACIFIC URGES SANTA FE STOCKHOLDERS TO SUBMIT A GOLD PROXY TO VOTE AGAINST THE SANTA FE/BN MERGER, WHETHER OR NOT YOU TENDER YOUR SANTA FE SHARES PURSUANT TO THE OFFER.

The Offer is conditioned on, among other things, (1) there being validly tendered and not withdrawn prior to the expiration of the Offer a number of Santa Fe shares which, when added to the Santa Fe shares beneficially owned by the Purchaser and its affiliates, constitutes at least a majority of the Santa Fe shares outstanding on a fully diluted basis, (2) Santa Fe having entered into a definitive Merger Agreement with Union Pacific and the Purchaser to provide for the acquisition of Santa Fe pursuant to the Offer and the Proposed Merger, (3) the stockholders of Santa Fe not having approved the Santa Fe/BN Merger (the "Stockholder Vote Condition"), (4) the Purchaser being satisfied that Section 203 of the Delaware General Corporation Law has been complied with or is invalid or otherwise inapplicable to the Offer and the Proposed Merger, (5) the Purchaser being satisfied that the Agreement and Plan of Merger providing for the Santa Fe/BN Merger has been terminated in accordance with its terms and (6) receipt of an informal written opinion in form and substance satisfactory to the Purchaser from the Staff of the ICC, without the imposition of any conditions unacceptable to the Purchaser, that the Voting Trust to be used in connection with the Offer and the Proposed Merger is consistent with the policies of the ICC against unauthorized acquisitions of control of a regulated carrier. The Offer is also subject to other terms and conditions described in the Offer to Purchase. The Offer is not subject to the ICC's approval of the Purchaser's acquisition of control of Santa Fe (other than approval of the Voting Trust -- see "ICC Matters; The Voting Trust"), a due diligence condition or Union Pacific obtaining financing.

The Offer is subject to conditions which may or may not be satisfied. Unless all of the conditions to the Offer are either satisfied or waived, there can be no assurances that Union Pacific will purchase any shares of Santa Fe common stock pursuant to the Offer.

The Purchaser is currently reviewing its options with respect to the Offer and may consider, among other things, changes to the material terms of the Offer. In addition, Union Pacific and the Purchaser intend to continue to seek to negotiate with Santa Fe with respect to the acquisition of Santa Fe by Union Pacific or the Purchaser. The Purchaser has reserved the right to amend the Offer (including amending the number of shares to be purchased, the purchase price and the proposed second-step merger consideration) upon entry into a second-step merger agreement with Santa Fe or to negotiate a merger agreement with Santa Fe not involving a tender offer pursuant to which the Purchaser would terminate the Offer and the shares of Santa Fe common stock would, upon consummation of such merger, be converted into cash, Union Pacific common stock and/or securities in such amounts as are negotiated by Union Pacific and Santa Fe. Accordingly, such

negotiations could result in, among other things, amendment or termination of the Offer and submission of a different acquisition proposal to Santa Fe's stockholders for their approval.

The purpose of the Offer is to acquire a majority of the shares of Santa Fe common stock as the first-step in a negotiated acquisition of the entire equity interest in Santa Fe. Union Pacific is seeking to negotiate with Santa Fe a definitive merger agreement pursuant to which Santa Fe would, as soon as practicable following consummation of the Offer, consummate a merger or other business combination with the Purchaser or another direct or indirect wholly-owned subsidiary of Union Pacific.

THERE IS NO REQUIREMENT THAT SANTA FE STOCKHOLDERS WISHING TO ACCEPT THE OFFER VOTE THEIR SHARES OF COMMON STOCK IN ANY SPECIFIC WAY AND THERE IS NO REQUIREMENT THAT SANTA FE STOCKHOLDERS TENDER THEIR SHARES IN ORDER TO VOTE AGAINST THE SANTA FE/BN MERGER. However, by voting AGAINST the Santa Fe/BN Merger, stockholders will be voting to satisfy one of the conditions to the Offer. Even if the Stockholder Vote Condition is satisfied, there can be no assurance that the other conditions to the Offer will be satisfied and accordingly there can be no assurance that any shares of Santa Fe common stock will be purchased in the Offer.

ICC MATTERS; THE VOTING TRUST

Certain activities of subsidiaries of Santa Fe 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, the Purchaser's acquisition of control of Santa Fe. The Purchaser intends to deposit the shares of Santa Fe common stock purchased pursuant to the Offer or the Proposed Merger or otherwise in the Voting Trust in order to ensure that the Purchaser does not acquire and directly or indirectly exercise control over Santa Fe prior to obtaining necessary ICC approvals or exemptions. ICC approval is not a condition to the Offer or the Proposed Merger. However, the Offer and the Proposed Merger are conditioned upon issuance by the Staff of the ICC of an informal, non-binding opinion, without the imposition of any conditions unacceptable to the Purchaser, that the use of the Voting Trust is consistent with the policies of the ICC against unauthorized acquisition of control of a regulated carrier. Union Pacific and the Purchaser will promptly request 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. Generally, the ICC Staff has issued such opinions within one to two weeks of a request, although there can be no assurance that Union Pacific and Purchaser will be able to obtain an opinion this quickly. Union Pacific and Purchaser believe they will obtain such opinion from the Staff of the ICC.

Recently, the ICC requested public comment with regard to certain issues raised by a proposed voting trust agreement submitted by Illinois Central Corporation, under which the stock of Illinois Central Railroad Company would have been placed in trust and Kansas City Southern Industries, Inc., would have been merged into Illinois Central Corporation. Union Pacific believes that the Voting Trust Agreement does not raise issues comparable to those raised by the Illinois Central/Kansas City Southern transaction. The ICC's concerns with regard to that transaction focused on a proposal to move top Illinois Central managers to Kansas City Southern during the pendency of the voting trust. No such arrangement is being proposed with respect to

the proposed acquisition. However, there can be no assurance that the ICC will not seek changes in, or request public comment regarding, the Voting Trust Agreement.

Also, it is possible that railroad competitors of Union Pacific, or others, may argue that Union Pacific should not be permitted to use the voting trust mechanism to acquire Santa Fe prior to final ICC approval of the acquisition of control of Santa Fe. Union Pacific 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 proposed terms of the Voting Trust, it is expected that Southwest Bank of St. Louis (the "Trustee") would hold the shares of Santa Fe common stock 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 is expected to provide that the Trustee would have sole power to vote the Santa Fe shares held in the Voting Trust, and would contain certain other terms and conditions designed to ensure that neither the Purchaser nor Union Pacific would control Santa Fe during the pendency of the ICC proceedings. In addition, it is expected that the Voting Trust would provide that the Purchaser or its successor in interest would be entitled to receive any dividends paid by Santa Fe other than stock dividends.

RECEIPT OF ICC APPROVAL (OTHER THAN APPROVAL OF THE VOTING TRUST AS DESCRIBED ABOVE) IS NOT A CONDITION TO CONSUMMATION OF THE OFFER OR THE PROPOSED MERGER. IF THE ICC APPROVAL IS NOT OBTAINED OR THE ICC IMPOSES UNACCEPTABLE CONDITIONS, THE PURCHASER WILL BE REQUIRED TO USE ITS BEST EFFORTS TO SELL OR OTHERWISE DISPOSE OF THE SHARES OF SANTA FE COMMON STOCK DEPOSITED IN THE VOTING TRUST AFTER THE ICC ORDER DENYING SUCH APPROVAL BECOMES FINAL OR AFTER UNION PACIFIC DETERMINES NOT TO ASSUME CONTROL OF THE SANTA FE SHARES BECAUSE UNACCEPTABLE CONDITIONS WOULD BE IMPOSED BY THE ICC. IN SUCH CASE, THE PURCHASER WOULD BE ENTITLED TO ANY PROCEEDS OF SUCH SALE OR OTHER DISPOSITION.

CERTAIN LITIGATION CONCERNING THE SANTA FE/BN MERGER -- RECENT DEVELOPMENTS

On October 26, 1994, Santa Fe and the director defendants filed an Answer denying the allegations of the First Amended and Supplemental Complaint. On November 2, 1994, BN moved to dismiss the First Amended and Supplemental Complaint for failure to state a claim against BN upon which relief can be granted.

ADDITIONAL INFORMATION REGARDING PARTICIPANTS

In addition to the persons identified in Schedule I to the Union Pacific Proxy Statement, the following persons may be deemed to be participants on behalf of Union Pacific in the solicitation of proxies from stockholders of Santa Fe. The principal business address of each such person is Martin Tower, Eighth and Eaton Avenues, Bethlehem, PA 18018. Such persons are: David A. Heywood, General Tax Counsel -- Federal; Robert M. Knight, Jr., Assistant Treasurer -- Banking and Cash Management; John B. Larsen, Assistant Treasurer -- Corporate Finance and Development; Fred H. van Naerssen, Director -- Accounting Practice and Planning; Joseph E. O'Connor, Jr., Director -- Planning; and Thomas O. Powell, Assistant Controller -- Planning and Analysis. None of the foregoing persons own any shares of Santa Fe common stock, except for Mr. Heywood who beneficially owns 48 shares.

PLEASE SIGN, DATE AND MAIL THE ENCLOSED GOLD PROXY TODAY. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. BY SIGNING AND MAILING THE ENCLOSED GOLD PROXY, ANY PROXY PREVIOUSLY SIGNED BY YOU RELATING TO THE SUBJECT MATTER HEREOF WILL BE AUTOMATICALLY REVOKED.

UNION PACIFIC CORPORATION

Dated: November 9, 1994

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ADDITIONAL INFORMATION

If your shares of Santa Fe common stock are held in the name of a bank or broker, only your bank or broker can vote your shares of Santa Fe common stock and only upon receipt of your specific instructions. Please instruct your bank or broker to execute the GOLD proxy card today. If you have any questions or require any assistance in voting your shares of Santa Fe common stock, please call:

MORROW & CO., INC.

Call Toll Free: (800) 662-5200

909 Third Avenue
New York, New York 10022
In New York City, call: (212) 754-8000

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