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**ADDITIONAL INFORMATION ON RARE, THREATENED,  
AND ENDANGERED SPECIES IN THE AREA OF CONSTRUCTION SITES  
IN KANSAS**

Location	Known and Potential Occurrence of Rare, Threatened, and Endangered Species in the Area
Brookville	Bald eagle Eastern spotted skunk Eskimo curlew Least tern Peregrine falcon Piping plover Snowy plover White-faced ibis Whooping crane
Bucklin	Bald eagle Eastern spotted skunk Least tern White-faced ibis Mountain plover Arkansas darter Arkansas river shiner Peregrine falcon Whooping crane
Caldwell	Arkansas darter Arkansas River shiner Bald eagle Eastern spotted skunk Eskimo curlew Least tern Peregrine falcon Piping plover Snowy plover Speckled chub White-faced ibis Whooping crane Checkered garter snake New Mexico blind snake Speckled chub
Cline	Arkansas darter Arkansas River shiner Bald eagle Eastern spotted skunk Eskimo curlew Least tern Peregrine falcon White-faced ibis Whooping crane Speckled chub
Dorrance	(same as Brookville)
Furley	(same as Caldwell)

**ADDITIONAL INFORMATION ON RARE, THREATENED,  
AND ENDANGERED SPECIES IN THE AREA OF CONSTRUCTION SITES  
IN KANSAS  
(concluded)**

Location	Known and Potential Occurrence of Rare, Threatened, and Endangered Species in the Area
Grainfield	Bald eagle Black-footed ferret Eastern spotted skunk Least tern Peregrine falcon Piping plover Snowy plover White-faced ibis Whooping crane
Herington-1	American burying beetle Bald eagle Eastern spotted skunk Eskimo curlew Least tern Peregrine falcon Piping plover Snowy plover Sturgeon chub White-faced ibis Whooping crane
Herington-2	(same as Herington-1)



Kansas

# United States Department of the Interior

## FISH AND WILDLIFE SERVICE

Kansas Field Office  
315 Houston Street, Suite E  
Manhattan, Kansas 66502-6172

October 6, 1995

Julie Donsky  
Environmental Scientist  
Dames & Moore  
One Continental Towers  
1701 Golf Road, Suite 1000  
Rolling Meadows, Illinois 60008

Dear Ms. Donsky:

I was forwarded your letter of September 22, 1995, which was sent to our Denver Regional Office, describing proposed abandonment of two sections of existing railway line, one between Herington and Bridgeport in Dickinson and Saline Counties, and the other between Newton and Whitewater in Butler and Harvey Counties, Kansas.

In accordance with Section 7(c) of the Endangered Species Act (16 U.S.C. 1531 et seq.), we have determined that the bald eagle (Haliaeetus leucocephalus) could occur in the vicinity of both project areas, particularly large trees along the Smoky Hill River in Saline County. If the proposed abandonments may result in the removal of large perch trees, thereby affecting this listed species, the Interstate Commerce Commission should initiate formal Section 7 consultation with this office. If there will be no effect, or if the Fish and Wildlife Service concurs in writing there will be beneficial effects, further consultation is not necessary.

The Service encourages the Union Pacific and Southern Pacific Railroad Companies to keep the right-of-way in a natural condition for the benefit of native wildlife, plants, and the public. You may wish to contact Mary Mae Hardt, National Park Service, Omaha, Nebraska (402) 221-3350, for more information on the "Rails to Trails" Program. You may also wish to contact the Kansas Department of Wildlife and Parks in Pratt, Kansas (316-672-5911) to determine their interest in acquiring a nature trail.

In the future, please direct all inquiries regarding Kansas projects to this office, rather than going through our Denver office. This should help eliminate unnecessary delays in our response. Thank you for this opportunity to comment on your proposals.

Sincerely,

*William H. Gill*

William H. Gill  
Field Supervisor

cc: FWS/ES, Denver, CO (Section 7 Coordinator)  
KDWP, Pratt, KS (Environmental Services)

**RARE, THREATENED, AND ENDANGERED SPECIES  
IN THE AREA OF ABANDONMENTS AND/OR CONSTRUCTION SITES  
IN LOUISIANA**

Common Name	Scientific Name	Status
Bald eagle	<i>Haliaeetus leucocephalus</i>	F(T)
Least tern	<i>Sterna antillarum</i>	F(E)
American alligator	<i>Alligator mississippiensis</i>	F(T)

F = Federal;  
S = State;  
(E) = Endangered;  
(T) = Threatened

**RARE, THREATENED, AND ENDANGERED SPECIES  
IN THE AREA OF ABANDONMENTS AND/OR CONSTRUCTION SITES  
IN NEVADA**

Common Name	Scientific Name	Status
Wood stork	<i>Mycteria americana</i>	S(SS)

S = State;

(SS) = Special Species, in several levels

Endangered, Threatened, and Candidate Species List  
Guadalupe County, New Mexico  
October 25, 1995

Black-footed ferret, Mustela nigripes, E  
Pecos River muskrat, Ondatra zibethicus ripensis, C2  
Small-footed myotis, Myotis ciliolabrum, C2  
Spotted bat, Euderma maculatum, C2  
Swift fox, Vulpes velox, C1  
American peregrine falcon, Falco peregrinus anatum, E  
Arctic peregrine falcon, Falco peregrinus tundrius, T (S/A)  
Baird's sparrow, Ammodramus bairdii, C2  
Bald eagle, Haliaeetus leucocephalus, T  
Brown pelican, Pelecanus occidentalis, E  
Ferruginous hawk, Buteo regalis, C2  
Loggerhead shrike, Lanius ludovicianus, C2  
Mountain plover, Charadrius montanus, C1  
South-western willow flycatcher, Empidonax traillii extimus, E w/PCH  
White-faced ibis, Plegadis chihi, C2  
Flathead chub, Platygobio (= Hybopsis) gracilis, C2  
Plains minnow, Hybognathus placirus, C2  
Rio Grande shiner, Notropis iamezani, C2  
Texas horned lizard, Phrynosoma cornutum, C2  
Puzzle sunflower, Helianthus paradoxus, C1

Endangered, Threatened, and Candidate Species List  
 Lincoln County, New Mexico  
 October 25, 1995

- Arizona black-tailed prairie dog, Cynomys ludovicianus arizonensis, C2  
 Black-footed ferret, Mustela nigripes, E  
 Cave myotis, Myotis velifer, C2  
 Fringed myotis, Myotis thysanodes, C2  
 Gray-footed chipmunk, Tamias canipes, C2  
 Long-legged myotis, Myotis volans, C2  
 New Mexican meadow jumping mouse, Zapus hudsonius luteus, C2  
 Occult little brown bat, Myotis lucifugus occultus, C2  
 Organ Mountains Colorado chipmunk, Eutamias quadrivittatus australis, C2  
 Pale Townsend's (=western) big-eared bat, Plecotus townsendii pallascens, C2  
 Pecos River muskrat, Ondatra zibethicus ripensis, C2  
 Small-footed myotis, Myotis ciliolabrum, C2  
 Yuma myotis, Myotis yumanensis, C2  
 American peregrine falcon, Falco peregrinus anatum, E  
 Arctic peregrine falcon, Falco peregrinus tundrius, T (S/A)  
 Baird's sparrow, Ammodramus bairdii, C2  
 Bald eagle, Haliaeetus leucocephalus, T  
 Ferruginous hawk, Buteo regalis, C2  
 Loggerhead shrike, Lanius ludovicianus, C2  
 Mexican spotted owl, Strix occidentalis lucida, T w/CH  
 Mountain plover, Charadrius montanus, C1  
 Northern aplomado falcon, Falco femoralis septentrionalis, E  
 Northern goshawk, Accipiter gentilis, C2  
 Southwestern willow flycatcher, Empidonax traillii eximius, E w/PCH  
 Longfin dace, Aqosia chrysogaster, C2  
 Sonora sucker, Catostomus insignis, C2  
 White Sands pupfish, Cyprinodon tularosa, C2  
 Sacramento mountain salamander, Aneides hardii, C2  
 Texas horned lizard, Phrynosoma cornutum, C2  
 Bonita diving beetle, Deronectes neomexicana, C2  
 Goodding's onion, Allium gooddingii, C1  
 Grama grass cactus, Pediocactus papyracanthus, C2  
 Kerr's milk-vetch, Astragalus kerrii, C2  
 Kuenzler's hedgehog cactus, Echinocereus fendleri var. kuenzleri, E  
 Sierra Blanca cliff daisy, Chaetopappa elegans, C2

Endangered, Threatened, and Candidate Species List  
Otero County, New Mexico  
October 25, 1995

- Arizona black-tailed prairie dog, Cynomys ludovicianus arizonensis, C2  
Big free-tailed bat, Nyctinomops macrotis (= Tadarida m., T. molossa), C2  
Black-footed ferret, Mustela nigripes, E  
Cave myotis, Myotis velifer, C2  
Desert pocket gopher, Geomys bursarius arenarius, C2  
Fringed myotis, Myotis thysanodes, C2  
Gray-footed chipmunk, Tamias canipes, C2  
Greater western mastiff bat, Eumops perotis californicus, C2  
Guadalupe southern pocket gopher, Thomomys umbrinus guadalupensis, C2  
Long-legged myotis, Myotis volans, C2  
New Mexican meadow jumping mouse, Zapus hudsonius luteus, C2  
Occult little brown bat, Myotis lucifugus occultus, C2  
Pale Townsend's (= western) big-eared bat, Plecotus townsendii pallascens, C2  
Small-footed myotis, Myotis ciliolabrum, C2  
White Sands woodrat, Neotoma micropus leucophaea, C2  
American peregrine falcon, Falco peregrinus anatum, E  
Arctic peregrine falcon, Falco peregrinus tundrius, T(S/A)  
Baird's sparrow, Ammodramus bairdii, C2  
Bald eagle, Haliaeetus leucocephalus, T  
Black tern, Chelidonias niger, C2  
Ferruginous hawk, Buteo regalis, C2  
Interior least tern, Sterna antillarum athalassos, E  
Loggerhead shrike, Lanius ludovicianus, C2  
Mexican spotted owl, Strix occidentalis lucida, T w/CH  
Northern aplomado falcon, Falco femoralis septentrionalis, E  
Northern goshawk, Accipiter gentilis, C2  
Southwestern willow flycatcher, Empidonax traillii extimus, E w/PCH  
Western burrowing owl, Athene cucularia hypuga, C2  
White-faced ibis, Plegadis chihi, C2  
White Sands pupfish, Cyprinodon tularosa, C2  
Sacramento mountain salamander, Aneides hardii, C2  
Texas horned lizard, Phrynosoma cornutum, C2  
Alamo beartongue, Penstemon alamosensis, C2  
Goodding's onion, Allium gooddingii, C1  
Grama grass cactus, Pediocactus papyracanthus, C2  
Guadalupe rabbitbrush, Chrysothamnus nauseosus var. texensis, C2  
Gypsum scalebroom, Lepidospartum burgessii, C2  
Kuenzler's hedgehog cactus, Echinocereus fendleri var. kuenzleri, E  
Night-blooming cereus, Cereus greggii var. greggii, C2  
Sacramento Mountains thistle, Cirsium vinaceum, T  
Sacramento prickly poppy, Argemone pleiacantha ssp. pinnatisecta, E  
Sierra Blanca cliff daisy, Chaetopappa elegans, C2  
Todsan's pennyroyal, Hedeoma todsenii, E  
Villard's pincushion cactus, Escobaria villardii, C2

Endangered, Threatened, and Candidate Species List  
Quay County, New Mexico  
October 25, 1995

Black-footed ferret, Mustela nigripes, E  
Swift fox, Vulpes velox, C1  
American peregrine falcon, Falco peregrinus anatum, E  
Arctic peregrine falcon, Falco peregrinus tundrius, T (S/A)  
Baird's sparrow, Ammodramus bairdii, C2  
Bald eagle, Haliaeetus leucocephalus, T  
Black tern, Chelidonias niger, C2  
Ferruginous hawk, Buteo regalis, C2  
Loggerhead shrike, Lanius ludovicianus, C2  
Mountain plover, Charadrius montanus, C1  
Southwestern willow flycatcher, Empidonax traillii extimus, E w/PCH  
Western burrowing owl, Athene cunicularia hypugea, C2  
White-faced ibis, Plegadis chihi, C2  
Arkansas River shiner, Notropis girardi, PE w/CH  
Arkansas River speckled chub, Hybopsis aestivalis tetranemus, C2  
Flathead chub, Platygobio (= Hybopsis) gracilis, C2  
Plains minnow, Hybognathus placitus, C2  
Texas horned lizard, Phrynosoma cornutum, C2

Index

E	=	Endangered
PE	=	Proposed Endangered
PE w/CH	=	Proposed Endangered with critical habitat
T	=	Threatened
PT	=	Proposed Threatened
PT w/CH	=	Proposed Threatened with critical habitat
PCH	=	Proposed critical habitat
C1	=	Category 1 Candidate
C2	=	Category 2 Candidate
S/A	=	Similarity of Appearance

Endangered, Threatened, and Candidate Species List

Doña Ana County, New Mexico

October 27, 1995

- Big free-tailed bat, Nyctinomops macrotis (= Tadarida m., T. molossa), C2
- Black-footed ferret, Mustela nigripes, E
- Desert pocket gopher, Geomys bursarius arenarius, C2
- Fringed myotis, Myotis thysanotis, C2
- Greater western mastiff bat, Eumops perotis californicus, C2
- Occult little brown bat, Myotis lucifugus occultus, C2
- Organ Mountains Colorado chipmunk, Eutamias quadrivittatus australis, C2
- Pale Townsend's (= western) big-eared bat, Plecotus townsendii lallescens, C2
- Pecos River muskrat, Ondatra zibethicus ripensis, C2
- Small-footed myotis, Myotis ciliolabrum, C2
- Spotted bat, Euderma maculatum, C2
- White Sands woodrat, Neotoma micropus leucophaea, C2
- Yuma myotis, Myotis yumanensis, C2
- American peregrine falcon, Falco peregrinus anatum, E
- Arctic peregrine falcon, Falco peregrinus tundrius, T (S/A)
- Baird's sparrow, Ammodramus bairdii, C2
- Bald eagle, Haliaeetus leucocephalus, T
- Black tern, Chlodonias niger, C2
- Ferruginous hawk, Buteo regalis, C2
- Interior least tern, Sterna antillarum, E
- Loggerhead shrike, Lanius ludovicianus, C2
- Mexican spotted owl, Strix occidentalis lucida, T w/CH

## Endangered, Threatened, and Candidate Species List

Grant County, New Mexico

October 27, 1995

- Black-footed ferret, Mustela nigripes, E
- Cave myotis, Myotis velifer, C2
- Fringed myotis, Myotis thysanodes, C2
- Greater western mastiff bat, Eumops perotis californicus, C2
- Long-eared myotis, Myotis evotis, C2
- Long-legged myotis, Myotis volans, C2
- Mexican gray wolf, Canis lupus baileyi, E
- Occult little brown bat, Myotis lucifugus occultus, C2
- Pale Townsend's (= western) big-eared bat, Plecotus townsendii pallescens, C2
- Small-footed myotis, Myotis ciliolabrum, C2
- Spotted bat, Euderma maculatum, C2
- White-sided jackrabbit, Lepus callotis gaillardii, C2
- Yuma myotis, Myotis yumanensis, C2
- American peregrine falcon, Falco peregrinus anatum, E
- Arctic peregrine falcon, Falco peregrinus tundrius, T (S/A)
- Baird's sparrow, Ammodramus bairdii, C2
- Bald eagle, Haliaeetus leucocephalus, T
- Brown pelican, Pelecanus occidentalis, E
- Ferruginous hawk, Buteo regalis, C2
- Loggerhead shrike, Lanius ludovicianus, C2
- Mexican spotted owl, Strix occidentalis lucida, T w/CH
- Northern aplomado falcon, Falco femoralis septentrionalis, E

- Northern aplomado falcon, Falco femoralis septentrionalis, E  
Southwestern willow flycatcher, Empidonax traillii extimus, E w/PCH  
Western burrowing owl, Athene cunicularia hypugea, C2  
White-faced ibis, Plegadis chihi, C2  
Whooping crane, Grus americana, E  
Texas horned lizard, Phrynosoma cornutum, C2  
Anthony blister beetle, Lytta mirifica, C2  
Doña Ana talussnail, Sonorella todsani, C2  
Alamo beardtongue, Penstemon alamosensis, C2  
Grama grass cactus, Pediocactus papyracanthus, C2  
Mescalero milkwort, Polygala rimulicola var. mescalorum, C2  
Night-blooming cereus, Cereus greggii var. greggii, C2  
Nodding cliff daisy, Perityle cernua, C2  
Organ Mountain evening primrose, Oenothera organensis, C2  
Organ Mountain figwort, Scrophularia laevis, C2  
Sand prickly pear, Opuntia arenaria, C2  
Sandhill goosefoot, Chenopodium cycloides, C2  
Sneed's pincushion cactus, Coryphantha sneedii var. sneedii, E  
Standley's whitlowgrass, Draba standleyi, C2

- Northern goshawk, Accipiter gentilis, C2
- Northern gray hawk, Buteo nitidus maximus, C2
- Southwestern willow flycatcher, Empidonax traillii extimus, E w/PCH
- Whooping crane, Grus americana, E
- Beautiful shiner, Cyprinella formosa, T
- Chihuahua chub, Gila nigrescens, T
- Desert sucker, Catostomus clarkii, C2
- Gila chub, Gila intermedia, C2
- Gila topminnow, Poeciliopsis occidentalis, E
- Gila trout, Oncorhynchus gilae, E
- Loach minnow, Rhinichthys cobitis, T
- Longfin dace, Agosia chrysogaster, C2
- Roundtail chub, Gila robusta, C2
- Sonora sucker, Catostomus insignis, C2
- Speckled dace, Rhinichthys osculus (Gila drainage), C2
- Spikedace, Meda fulgida, T
- Mexican garter snake, Thamnophis eques, C2
- Narrowhead garter snake, Thamnophis rufipunctatus, C2
- Texas horned lizard, Phrynosoma cornutum, C2
- Arizona southwestern toad, Bufo microscaphus, C2
- Chiricahua leopard frog, Rana chiricahuensis, C1
- Lowland leopard frog, Rana yavapaiensis, C2
- Gila springsnail, "Fontelicella" gilae, C1
- New Mexico hotspring snail, "Fontelicella" thermalis, C1
- Shortneck snaggletooth (snail), Gastrocopta dalliana dalliana, C2

- Dwarf milkweed, Asclepias uncialis, C2  
Grama grass cactus, Pediocactus papyracanthus, C2  
Mimbres figwort, Scrophularia macrantha, C1  
Night-blooming cereus, Cereus greggii var. greggii, C2  
Parish's alkali grass, Puccinellia parishii, PE  
Pinos Altos flameflower, Talinum humile, C2  
Porsild's starwort, Stellaria porsildii, C2  
San Carlos wild-buckwheat, Eriogonum capillare, C2  
Slender spiderflower, Cleome multicaulis, C2  
Wright's dogweed, Adenophyllum wrightii, C2

## Endangered, Threatened, and Candidate Species List

Hidalgo County, New Mexico

October 27, 1995

- Arizona shrew, Sorex arizonae, C2
- Big free-tailed bat, Nyctinomops macrotis (= Tadarida m., T. molossa), C2
- Black-footed ferret, Mustela nigripes, E
- California leaf-nosed bat, Macrotus californicus, C2
- Cave myotis, Myotis velifer, C2
- Fringed myotis, Myotis thysanodes, C2
- Greater western mastiff bat, Eumops perotis californicus, C2
- Lesser long-nosed bat, Leptonycteris curasoae verbabuenae, E
- Long-legged myotis, Myotis volans, C2
- Mearns' southern pocket gopher, Thomomys umbrinus mearnsi, C2
- Mexican gray wolf, Canis lupus baileyi, E
- Mexican long-nosed bat, Leptonycteris nivalis, E
- Mexican long-tongued bat, Choeronycteris mexicana, C2
- Occult little brown bat, Myotis lucifugus occultus, C2
- Pale Townsend's (= western) big-eared bat, Plecotus townsendii pallescens, C2
- Small-footed myotis, Myotis ciliolabrum, C2
- Spotted bat, Euderma maculatum, C2
- White-sided jackrabbit, Lepus callotis gaillardi, C2
- Yellow-nosed cotton rat, Sigmodon ochrognathus, C2
- Yuma myotis, Myotis yumanensis, C2
- American peregrine falcon, Falco peregrinus anatum, E
- Arctic peregrine falcon, Falco peregrinus tundrius, T (S/A)

- Baird's sparrow, Ammodramus bairdii, C2  
Bald eagle, Haliaeetus leucocephalus, T  
Ferruginous hawk, Buteo regalis, C2  
Loggerhead shrike, Lanius ludovicianus, C2  
Mexican spotted owl, Strix occidentalis lucida, T w/CH  
Northern aplomado falcon, Falco femoralis septentrionalis, E  
Northern goshawk, Accipiter gentilis, C2  
Northern gray hawk, Buteo nitidus maximus, C2  
Southwestern willow flycatcher, Empidonax traillii extimus, E w/PCH  
Western burrowing owl, Athene cunicularia hypugae, C2  
Desert sucker, Catostomus clarkii, C2  
Loach minnow, Rhinichthys cobitis, T  
Longfin dace, Agosia chrysogaster, C2  
Roundtail chub, Gila robusta, C2  
Sonora sucker, Catostomus insignis, C2  
Spikedace, Meda fulgida, T  
Canyon (giant) spotted whiptail, Cnemidophorus burti, C2  
Gray-checkered whiptail, Cnemidophorus dixonii, C2  
Mexican garter snake, Thamnophis eques, C2  
Narrowhead garter snake, Thamnophis rufipunctatus, C2  
New Mexican ridge-nosed rattlesnake, Crotalus willardi obscurus, T  
Texas horned lizard, Phrynosoma cornutum, C2  
Arizona southwestern toad, Bufo microscaphus microscaphus, C2  
Chiricahua leopard frog, Rana chiricahuensis, C1  
Lowland leopard frog, Rana yavapaiensis, C2

- Animas minute moss beetle, Limnebius aridus, C2
- Hacheta Grande woodlandsnail, Ashmunella hebardi, C2
- Shortneck snaggleteeth (snail), Gastrocopta dalliana dalliana, C2
- Chiricahua mudflower, Limosella publiflora, C2
- Five-leaf scurfpea, Pedimelum pentaphyllum, C2
- Grama grass cactus, Pediocactus papyracanthus, C2
- Gypsum hot spring aster, Machaeranthera gypsitherma, C2
- Limestone rosewood, Vauquelinia californica ssp. pauciflora, C2
- Night-blooming cereus, Cereus greggii var. greggii, C2
- San Carlos wild-buckwheat, Eriogonum capillare, C2

## Endangered, Threatened, and Candidate Species List

Luna County, New Mexico

October 27, 1995

- Black-footed ferret, Mustela nigripes, E
- Cave myotis, Myotis velifer, C2
- Desert pocket gopher, Geomys bursarius arenarius, C2
- Fringed myotis, Myotis thysanodes, C2
- Greater western mastiff bat, Eumops perotis californicus, C2
- Long-legged myotis, Myotis volans, C2
- Mexican gray wolf, Canis lupus baileyi, E
- Pale Townsend's (= western) big-eared bat, Plecotus townsendii pallescens, C2
- Spotted bat, Euderma maculatum, C2
- White-sided jackrabbit, Lepus callotis gaillardi, C2
- American peregrine falcon, Falco peregrinus anatum, E
- Arctic peregrine falcon, Falco peregrinus tundrius, T (S/A)
- Baird's sparrow, Ammodramus bairdii, C2
- Bald eagle, Haliaeetus leucocephalus, T
- Ferruginous hawk, Buteo regalis, C2
- Loggerhead shrike, Lanius ludovicianus, C2
- Mountain plover, Charadrius montanus, C1
- Northern aplomado falcon, Falco femoralis septentrionalis, E
- Northern gray hawk, Buteo nitidus maximus, C2
- Southwestern willow flycatcher, Empidonax traillii extimus, E w/PCH
- Western burrowing owl, Athene cunicularia hypugea, C2
- Whooping crane, Grus americana, E

- Beautiful shiner, Cyprinella formosa, T
- Longfin dace, Agosia chrysogaster, C2
- Chiricahua leopard frog, Rana chiricahuensis, C1
- Lowland leopard frog, Rana yavapaiensis, C2
- Texas horned lizard, Phrynosoma cornutum, C?
- Cook's Peak woodlandsnail, Ashmunella macromphala, C2
- Florida mountainsnail, Oreohelix florida, C2
- Shortneck snaggleteeth (snail), Gastrocopta dalliana dalliana, C2
- Grama grass cactus, Pediocactus papyracanthus, C2
- Mimbres figwort, Scrophularia macrantha, C1
- Night-blooming cereus, Cereus greggii var. greggii, C2
- Sand prickly pear, Opuntia arenaria, C2

# Index

E	=	Endangered
PE	=	Proposed Endangered
PE w/CH	=	Proposed Endangered with critical habitat
T	=	Threatened
PT	=	Proposed Threatened
PT w/CH	=	Proposed Threatened with critical habitat
PCH	=	Proposed critical habitat
C1	=	Category 1 Candidate
C2	=	Category 2 Candidate
S/A	=	Similarity of Appearance

Known and Potential Occurrence of Rare, Threatened and Endangered Species:

Plants

New Mexico

Kuebler's hedgehog cactus (*Echinocereus fendleri* var. *kuenzleri*)

Federal status: Endangered  $\frac{1}{2}$  S

Critical habitat along segment - NO

May occur along Tularosa segment as the habitat is Pinyon/juniper woodland and Plains and Great Basin grassland, both of which are represented along this segment.

Sacramento Mountains thistle (*Cirsium vinaceum*)

Federal status: Threatened

Critical habitat along segment - NO

May occur along southern portion of segment as the habitat is in wet canyon bottoms or limestone springs, however, no habitat was identified and it is very unlikely any exist along segment.

Birds

American peregrine falcon (*Falco peregrinus anatum*)

Federal status: Endangered  $\frac{1}{2}$  S

Critical habitat along segment - NO

May occur along Tularosa segment, but unlikely due to the lack of cliff nesting sites and large body of water. Probably a migrant through the area.

Arctic peregrine falcon (*Falco peregrinus tundrius*)

Federal status: Threatened

Northern aplomado falcon (*Falco femoralis septentrionalis*)

Federal status: Endangered  $\frac{1}{2}$  S

Critical habitat along segment - NO

May occur along Tularosa segment due to its preferred habitat of desert, open arid country, and grassland, but unlikely as they are mainly south of the U.S.

Southwestern willow flycatcher (*Empidonax traillii extimus*)

Federal status: Endangered

Critical habitat along segment - NO

May occur along segment, but very unlikely due to the lack of true riparian woodland sites.

Mountain plover (*Charadrius montanus*)

Federal Status: C1

Likely Occurrence: This species is found in dry upland prairies and plains. It could occur along this segment.



New Mexico

The University of New Mexico

New Mexico Natural Heritage Program  
Department of Biology  
2500 Yale Blvd. SE, Suite 100  
Albuquerque, NM 87131-1091  
Telephone (505) 277-1991  
FAX (505) 277-7587

October 25, 1995

Michael Huff  
Dames & Moore  
Cambric Corporate Center  
1790 East River Road, Ste E-300  
Tucson, AZ 85718-5876

RE: D&M Job No. 00173-089-001

Dear Mr. Huff:

Regarding your request for data concerning the railway construction sites, we have found Occurrence Records for the following species in our database:

Guadalupe Co.

Pastura NE and Santa Rosa Quads

Cryptotis parva (Least Shrew) State Status-E2 TNC State Rank-S1  
Helianthus paradoxus (Puzzle Sunflower) State Status-E  
Federal Status-C1 TNC State, Global Rank-S3?,G3?

Lincoln Co.

Lone Mountain Quad

No Records, but Potentially:

Echinocereus fendleri var. kuenzleri (Kuenzler's Hedgehog Cactus)  
State Status-E Federal Status-LE TNC State, Global Rank-S1,G4T1

Otero Co.

Tularosa NE Quad

Toumeyia papyracantha (Crama-grass Cactus) State Status-S  
Federal Status-C3 TNC State, Global Rank-S3,G3

Grant Co.

Hidalgo Co.

All Quads

No Records, but Potentially:

Atriplex griffithsii (Griffith's Saltbush) State Status-S  
Federal Status-C2 TNC State, Global Rank-S2,G3

New Mexico

Luna Co.

Gage and Gage NW Quads

Potentially Atriplex griffethsii

Carne Quad

Peniocereus greggii (Desert Night-Blooming Cereus) State Status-E  
Federal Status-C2 TNC State, Global Rank-S2,G4

Dona Ana Co.

La Union Quad

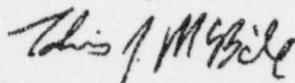
Opuntia arenaria (Sand Prickly Pear) State Status-E  
Federal Status-C2 TNC State, Global Rank-S2,G2

All Quads:

Potentially Opuntia arenaria and Peniocereus greggii

Many of these areas have never been adequately searched, therefore full surveys would be appropriate. I hope that this information is helpful, if you have any questions, or need anything else please let us know.

Sincerely,



Tobias J. McBride  
Assistant Information Manager

Enclosures: (3)

DEFINITIONS OF NEW MEXICO NATURAL HERITAGE PROGRAM RANKS OF ENDANGERMENT**GLOBAL RANKS**

- G1 = Critically imperiled globally because of extreme rarity (5 or fewer occurrences or very few remaining individuals or acres) or because of some factor(s) making it especially vulnerable to extinction.
- G2 = Imperiled globally because of rarity (6 to 20 occurrences or few remaining individuals or acres) or because of some factor(s) making it very vulnerable to extinction throughout its range.
- G3 = Either very rare and local throughout its range or found locally (even abundantly at some of its locations) in a restricted range (ie, the Mogollon Plateau) or because of other factors making it vulnerable to extinction throughout its range; in terms of occurrences, in the range of 21 to 100.
- G4 = Apparently secure globally, though it may be quite rare in parts of its range, especially at the periphery.
- G5 = Demonstrably secure globally, though it may be quite rare in parts of its range, especially at the periphery.
- GH = Of historical occurrence throughout its range, ie, formerly part of the established biota, with the expectation that it may be rediscovered (ie, Bachman's Warbler)
- GU = Possibly in peril range-wide but status uncertain; need more information.
- GX = Believed to be extinct throughout range (ie, Passenger Pigeon) with virtually no likelihood that it will be rediscovered.
- T = Taxa below the species level can be ranked by placing a T-rank next to the global rank.
- Q = A Q next to a global rank indicates the taxonomy of the species or taxon has been questioned.

**STATE RANKS**

Note: Migratory species receive 2 state ranks, one for Breeding status, one for Non-breeding status.

- S1 = Critically imperiled in state because of extreme rarity (5 or fewer occurrences or very few remaining individuals or acres) or because of some factor(s) making it especially vulnerable to extirpation from the state.
- S2 = Imperiled in state because of rarity (6 to 20 occurrences or few remaining individuals or acres) or because of some factor(s) making it very vulnerable to extirpation from the state.
- S3 = Rare or uncommon in state (on the order of 21 to 100 occurrences)
- S4 = Apparently secure in state, with many occurrences.
- S5 = Demonstrably secure in state and essentially ineradicable under present conditions.
- SA = Accidental in NM, including species (usually birds or butterflies) recorded once or twice or only at very great intervals.
- SB = Migratory species that breeds in the state.
- SE = An exotic established in state; may be native elsewhere in North America; includes fish native to NM but introduced into watersheds where the species is non-native.
- SH = Of historical occurrence in state, perhaps having not been verified in the past 20 years, and suspected to be still extant, or if occurrence known to be destroyed or extensively and unsuccessfully looked for.

SB = Breeds in the state.

SN = Regularly occurring, usually migratory and typically nonbreeding.

SR = Reported from the NM, but without persuasive documentation which would provide a basis for either accepting or rejecting (ie, misidentified specimen) the report.

SX = Apparently extirpated from New Mexico.

SXC = Apparently extirpated from its natural habitat in the state, but being held in captivity.

SU = Possibly in peril in NM but status uncertain; need more information

**FEDERAL STATUS DEFINITIONS**  
(Determined by US Fish and Wildlife Service)

LE = Endangered

LT = Threatened

PE= Taxa proposed to be listed as endangered.

PT= Taxa proposed to be listed as threatened.

C1= Taxa for which the USFWS has on file enough substantial information on biological vulnerability and threat(s) to support proposals to list them as endangered or threatened species.

C2= Taxa for which there is some evidence of vulnerability, but for which there are not enough data to support listing proposals at this time. Taxa that are possibly extinct are indicated by an asterisk (\*) and those that are known to exist only in cultivation are marked by double asterisks (\*\*).

3A= Taxa for which the USFWS has persuasive evidence of extinction.

3B= Names that, on the basis of current taxonomic understanding, do not represent distinct taxa.

3C= Taxa that have proven to be more abundant or widespread than previously believed and/or those that are not subject to any identifiable threat.

**STATE STATUS DEFINITIONS OF ENDANGERMENT: ANIMALS**  
(Determined by NM Dept. of Game and Fish)

E1= "Endangered, group 1," any species or subspecies whose prospects of survival or recruitment in New Mexico are in jeopardy.

E2= "Endangered, group 2," any species or subspecies whose prospects of survival or recruitment in New Mexico are likely to be in jeopardy within the foreseeable future.

**STATE STATUS DEFINITIONS OF ENDANGERMENT: PLANTS**  
(Determined by Energy, Minerals and Natural Resources Dept.)

E = "Endangered Plant Species," any plant species whose prospects of survival within the state are in jeopardy or are likely, within the foreseeable future, to become jeopardized.

S = "Sensitive Plant"; any plant taxon that is considered to be rare because of restricted distribution or low numerical density.

R = "Review List"; any plant taxon about which more information is needed. The species is either taxonomically questionable or poorly understood as to distribution or endangerment.

**RARE, THREATENED, AND ENDANGERED SPECIES  
IN THE AREA OF ABANDONMENTS AND/OR CONSTRUCTION SITES  
IN OKLAHOMA**

Common Name	Scientific Name	Status
Arkansas river speckled chub	<i>Hybopsis aestivalis tetranemus</i>	F(C2)
Flathead chub	<i>Platygobio gracilis</i>	F(C2)
Texas horned lizard	<i>Phrynosoma cornutum</i>	F(C2)
Bald eagle	<i>Haliaeetus leucocephalus</i>	F(T)
Least tern	<i>Sterna antillarum</i>	F(E)
Whooping crane	<i>Grus americana</i>	F(E)
Piping plover	<i>Charadrius melodus</i>	F(T)
Peregrine falcon	<i>Falco peregrinus</i>	F(T)

F = Federal;  
 S = State;  
 (T) = Threatened;  
 (E) = Endangered;  
 (C2) = Category 2 Candidate

**ADDITIONAL INFORMATION ON RARE, THREATENED,  
AND ENDANGERED SPECIES IN THE AREA OF CONSTRUCTION SITES  
IN OREGON**

Location	Known and Potential Occurrence of Rare, Threatened, and Endangered Species in the Area
Barnes	Clouded salamander Tailed frog Oregon slender salamander Western toad Cope's giant salamander Larch mountain salamander Northern red-legged frog Cascade frog Spotted frog Cascade seep salamander Painted turtle Northwestern pond turtle Tricolored blackbird Crackling Canada goose Pileated woodpecker Streaked horned lark Northern pygmy owl Bald eagle Lewis' woodpecker Mountain quail Vesper sparrow Purple martin Western bluebird Northern spotted owl Pacific pallid bat Gray wolf California wolverine Pacific western big-eared bat
Cascade Tunnels	Same as Barnes
Kenton Line-1	Same as Barnes
Kenton Line-2	Same as Barnes
OT Jct	Same as Barnes
Portland	Same as Barnes

**ADDITIONAL INFORMATION ON PARKS  
IN THE AREA OF CONSTRUCTION SITES  
IN OREGON**

Location	Parks, Forests, Refuges, or Sanctuaries within 5 Miles
Barnes	Albina Park Arbor Lodge Park Bonny Slope Park Bybee Howell County Park Carter Park Cathedral Park Chimney Park Columbia Park East Delta Park Farragut Park Forest Park Fruit Valley Park Holman Park John Ball Park Kelly Point Park Lakes Park Macleay Park Madrona Park Marine Park Marshall Park McKenna Park Northgate Park Pier Park Pittock Park Renton Park Short Park Smith & Bybee Lakes Park St. Johns Park University Park Waterfront Park West Delta Park

**ADDITIONAL INFORMATION ON PARKS  
IN THE AREA OF CONSTRUCTION SITES  
IN OREGON**  
(continued)

Location	Parks, Forests, Refuges, or Sanctuaries within 5 Miles
Kenton Line-1	Alberta Park Albina Park Arbor Lodge Arnada Park Bagley Center Park Buckman Park Central Park Charlotte Park Columbia Park David Douglas Park Dawson Park DuBois Park East Delta Park Evergreen Park Farragut Park Father Blanchet Park Fern Hill Park Forest Park Frazer Park Gammans Park Gen. Anderson Park Glen Haven Park Grant Park Gustafson Park Holladay Park Holman Park Irving Park John Ball Park Johnson Wood Park Laurelhurst Park Macleay Park Madrona Park Marine Park Martin Luther King Park McKenna Park Meadow Brook Park Montavilla Park Normandie Park Northgate Park Oregon Park Overlook Park Patton Park Peninsula Park Pittcock Park Quarnberg Park Renton Park Rock Butte State Park Sacajawea Park Sam Brown Park

**ADDITIONAL INFORMATION ON PARKS  
IN THE AREA OF CONSTRUCTION SITES  
IN OREGON**  
(continued)

Location	Parks, Forests, Refuges, or Sanctuaries within 5 Miles
Kenton Line-1 (continued)	Sanctuary of Our Sorrowful Mother Seawallcrest Park Short Park Smith & Bybee Lakes Park South Cliff Park St. Helens Park St. Francis Park Trenton Park University Park Unthank Park Washington Park Waterfront Park Waterworks Park Wellington Park West Delta Park Wilshire Park Winter Park

**ADDITIONAL INFORMATION ON PARKS  
IN THE AREA OF CONSTRUCTION SITES  
IN OREGON**  
(concluded)

Location	Parks, Forests, Refuges, or Sanctuaries within 5 Miles
Kenton Line-2	<p>Argay Park Aspen Park Beech Park Berrydale Park Chinook Landing Marine City Park Cleone Park Earl Boyles Park Forest Lawn Memorial Park Glen Howen Park Glenfair Park Hall School Park Hancock Park Harrison Park Hollydale Park Joseph Woodhill Park Kirk Park Knott Park Lynch View Park Montavilla Park Parklane Park Parkrose Thompson Park Powell Butte Nature Park Powell Park Powellhurst Park Red Sunset Park Rock Butte State Park Rockwood Central Park Sacajawea Park Sanctuary of Our Sorrowful Mother Vance Park Ventura Park Village City Park Wellington Park Wy'cast Park</p>
Cascade Tunnels	<p>Willamette National Forest Deschutes National Forest Waldo Lake Sno-Park Pacific Crest National Scenic Trail Diamond Peak Wilderness Greenwaters Park</p>

**RARE, THREATENED, AND ENDANGERED SPECIES  
IN THE AREA OF ABANDONMENTS AND/OR CONSTRUCTION SITES  
IN OREGON**

Common Name	Scientific Name	Status
Clouded salamander	<i>Aneides ferreus</i>	S(SS)
Tailed frog	<i>Ascaphus truei</i>	F(C2)
Oregon slender salamander	<i>Batrachoseps wrighti</i>	S(SS)
Western toad	<i>Bufo boreas</i>	F(C2)
Cope's giant salamander	<i>Dicamptodon copei</i>	S(SS)
Larch mountain salamander	<i>Plethodon larselli</i>	F(C2)
Northern red-legged frog	<i>Rana aurora aurora</i>	F(C2)
Cascade frog	<i>Rana cascadae</i>	F(C2)
Spotted frog	<i>Rana pretiosa</i>	F(C1)
Cascade seep salamander	<i>Rhyacotriton cascadae</i>	S(SS)
Painted turtle	<i>Chrysemys picta</i>	S(SS)
Northwestern pond turtle	<i>Clemmys marmorata marmorata</i>	F(C2)
Tri-colored blackbird	<i>Agelaius tricolor</i>	F(C2)
Cackling Canada goose	<i>Branta canadensis minima</i>	S(SS)
Pileated woodpecker	<i>Dryocopus pileatus</i>	S(SS)
Streaked horned lark	<i>Eremophila alpestris strigata</i>	S(SS)
Northern pygmy owl	<i>Glaucidium gnoma</i>	S(SS)
Bald eagle	<i>Haliaeetus leucocephalus</i>	F(T)
Lewis' woodpecker	<i>Melanerpes lewis</i>	S(SS)
Mountain quail	<i>Oreortyx pictus</i>	F(C3)
Vesper sparrow	<i>Poocetes gramineus</i>	S(SS)
Purple martin	<i>Progne subis</i>	S(SS)
Western bluebird	<i>Siala mexicana</i>	S(SS)
Northern spotted owl	<i>Strix occidentalis caurina</i>	F(T)
Pacific pallid bat	<i>Antrozous pallidus pacificus</i>	S(SS)
Gray wolf	<i>Canis lupus</i>	F(E)
California wolverine	<i>Gulo gulo luteus</i>	F(C2)
Pacific western big-eared bat	<i>Plecotus townsendii townsendii</i>	F(C2)
Yellow-billed cuckoo	<i>Coccyzus americanus</i>	S(SS)

F = Federal;  
S = State;  
(E) = Endangered;  
(PE) = Proposed Endangered;

**RARE, THREATENED, AND ENDANGERED SPECIES  
IN THE AREA OF ABANDONMENTS AND/OR CONSTRUCTION SITES  
IN OREGON  
(concluded)**

- (T) = Threatened;
- (PT) = Proposed Threatened;
- (C2) = Category 2 Candidate;
- (C3) = Category 3 Candidate;
- (SS) = Special Species, in several levels

**ADDITIONAL INFORMATION ON PARKS  
ALONG CONSTRUCTION SITES  
IN OREGON**

Location	Parks, Forests, Refuges, or Sanctuaries within 5 Miles
Barnes	Albina Park Arbor Lodge Park Bonny Slope Park Bybee Howell County Park Carter Park Cathedral Park Chimney Park Columbia Park East Delta Park Farragut Park Forest Park Fruit Valley Park Holman Park John Ball Park Kelly Point Park Lakes Park Macleay Park Madrona Park Marine Park Marshall Park McKenna Park Northgate Park Pier Park Pittock Park Renton Park Short Park Smith & Bybee Lakes Park St. Johns Park University Park Waterfront Park West Delta Park

**ADDITIONAL INFORMATION ON PARKS  
ALONG CONSTRUCTION SITES  
IN OREGON**  
(continued)

Location	Parks, Forests, Refuges, or Sanctuaries within 5 Miles
Kenton Line-1	Alberta Park Albina Park Arbor Lodge Arnada Park Bagley Center Park Buckman Park Central Park Charlotte Park Columbia Park David Douglas Park Dawson Park DuBois Park East Delta Park Evergreen Park Farragut Park Father Blanchet Park Fern Hill Park Forest Park Frazer Park Gammans Park Gen. Anderson Park Glen Haven Park Grant Park Gustafson Park Holladay Park Holman Park Irving Park John Ball Park Johnson Wood Park Laurelhurst Park Macleay Park Madrona Park Marine Park Martin Luther King Park McKenna Park Meadow Brook Park Montavilla Park Normandie Park Northgate Park Oregon Park Overlook Park Patton Park Peninsula Park Pittcock Park Quarnberg Park Renton Park Rock Butte State Park Sacajawea Park Sam Brown Park

**ADDITIONAL INFORMATION ON PARKS  
ALONG CONSTRUCTION SITES  
IN OREGON**  
(continued)

Location	Parks, Forests, Refuges, or Sanctuaries within 5 Miles
Kenton Line-1 (continued)	Sanctuary of Our Sorrowful Mother Seawallcrest Park Short Park Smith & Bybee Lakes Park South Cliff Park St. Helens Park St. Francis Park Trenton Park University Park Unthank Park Washington Park Waterfront Park Waterworks Park Wellington Park West Delta Park Wilshire Park Winter Park

**ADDITIONAL INFORMATION ON PARKS  
ALONG CONSTRUCTION SITES  
IN OREGON**  
(concluded)

Location	Parks, Forests, Refuges, or Sanctuaries within 5 Miles
Kenton Line-2	Argay Park Aspen Park Beech Park Berrydale Park Chinook Landing Marine City Park Cleone Park Earl Boyles Park Forest Lawn Memorial Park Glen Howen Park Glenfair Park Hall School Park Hancock Park Harrison Park Hollydale Park Joseph Woodhill Park Kirk Park Knott Park Lynch View Park Montavilla Park Parklane Park Parkrose Thompson Park Powell Butte Nature Park Powell Park Powellhurst Park Red Sunset Park Rock Butte State Park Rockwood Central Park Sacajawea Park Sanctuary of Our Sorrowful Mother Vance Park Ventura Park Village City Park Wellington Park Wy'east Park
Cascade Tunnels	Willamette National Forest Deschutes National Forest Waldo Lake Sno-Park Pacific Crest National Scenic Trail Diamond Peak Wilderness Greenwaters Park

**RARE, THREATENED, AND ENDANGERED SPECIES  
IN THE AREA OF ABANDONMENTS AND/OR CONSTRUCTION SITES  
IN TEXAS**

Common Name	Scientific Name	Status
Whooping crane	<i>Grus americana</i>	F(E)
Red-cockaded woodpecker	<i>Picoides borealis</i>	S(E); F(E)
American alligator	<i>Alligator mississippiensis</i>	F(T)
Least tern	<i>Sterna albifrons</i>	F(E)
Texas prairie dawn	<i>Hymenoxys texana</i>	F(E)
Comanche springs pupfish	<i>Cyprinodon elegans</i>	S(E); F(E)
Pecos gambusia	<i>Gambusia nobilis</i>	S(E); F(E)
Golden-cheeked warbler	<i>Dendroica virens</i>	F(E)
Black-capped vireo	<i>Vireo atricapillus</i>	F(E)

F = Federal;  
 S = State;  
 (E) = Endangered;  
 (PE) = Proposed Endangered;  
 (T) = Threatened;  
 (PT) = Proposed Threatened;  
 (C2) = Category 2 Candidate;  
 (C3) = Category 3 Candidate;  
 (SS) = Special Species, in several levels

## Enclosure

## Federally Listed Threatened and Endangered Species

## Brazos County

Navasota ladies'-tresses	(E)	<i>Spiranthes parksii</i>
Ferruginous hawk	(2)	<i>Buteo regalis</i>
Loggerhead shrike	(2)	<i>Lanius ludovicianus migrans</i>
Texas horned lizard	(2)	<i>Phrynosoma cornutum</i>
Blue sucker	(2)	<i>Cycleptus elongatus</i>
Sharpnose shiner	(2)	<i>Notropis oxyrhynchus</i>
Smalleye shiner	(2)	<i>Notropis buccula</i>
Houston meadowrue	(2)	<i>Thalictrum texanum</i>
Small-headed pipewort	(2)	<i>Eriocaulon kornickianum</i>
Texas windmill grass	(2)	<i>Chloris texensis</i>

## Robertson County

Bald eagle	(E ◊)	<i>Haliaeetus leucocephalus</i>
Houston toad	(E w/CH)	<i>Bufo houstonensis</i>
Large-fruited sand verbena	(E)	<i>Abronia macrocarpa</i>
Navasota ladies'-tresses	(E)	<i>Spiranthes parksii</i>
Loggerhead shrike	(2)	<i>Lanius ludovicianus migrans</i>
Smalleye shiner	(2)	<i>Notropis buccula</i>
Sharpnose shiner	(2)	<i>Notropis oxyrhynchus</i>
Texas horned lizard	(2)	<i>Phrynosoma cornutum</i>
Umbrella sedge	(2)	<i>Cyperus grayioides</i>

- E = Endangered  
 T = Threatened  
 P/ = Proposed ...  
 □ = with special rule  
 TSA = Threatened due to similarity of appearance  
 CH = Critical Habitat (in Texas unless annotated ‡)  
 ‡ = CH designated (or proposed) outside Texas  
 ◊ = bald eagle status west of 100° is Endangered, east of 100° is Endangered & Proposed as Threatened

**STATUS:** Endangered (47 FR 19539-May 6, 1982) without critical habitat.

**DESCRIPTION:** This member of the orchid family (Orchidaceae) is an erect, slender-stemmed perennial herb 8-15 inches tall. The roots are clusters of tubers. The linear leaves are arranged in a rosette, and are absent during flowering. Flowers are in a spiral arrangement on the stalk, giving the plant its generic name. Conspicuously white-tipped bracts occur underneath each 0.25 inch long flower. Flower petals are rounded or ovate, side petals have a green central stripe, and the lip (bottom petal) is distinctly ragged.

**HABITAT:** Occurs primarily in moist sandy soils in small openings amongst Post Oak Savanna vegetation associated with the Navasota and Brazos River drainages.

**DISTRIBUTION:**

Present: In Texas: populations are known to occur in Brazos, Burleson, Freestone, Grimes, Jasper, Leon, Madison, Robertson, and Washington Counties.

Historic: Unknown.

**THREATS AND REASONS FOR DECLINE:** Habitat loss and degradation due to development, road construction, mining, limited range, low numbers, and possible predation (browsing by deer).

**OTHER INFORMATION:** Almost all known populations occur on privately owned lands (except for a populations that occurs in College Station, Texas and a population in Jasper County, Texas). This orchid buds in early to late October, flowers from mid-October to mid-November, and forms fruit from late-October to the first frost (late-November). Each fruit normally contains thousands of microscopic seeds. This species is not cultivated very easily and identification is usually not possible without flowers to examine.

**REFERENCES:**

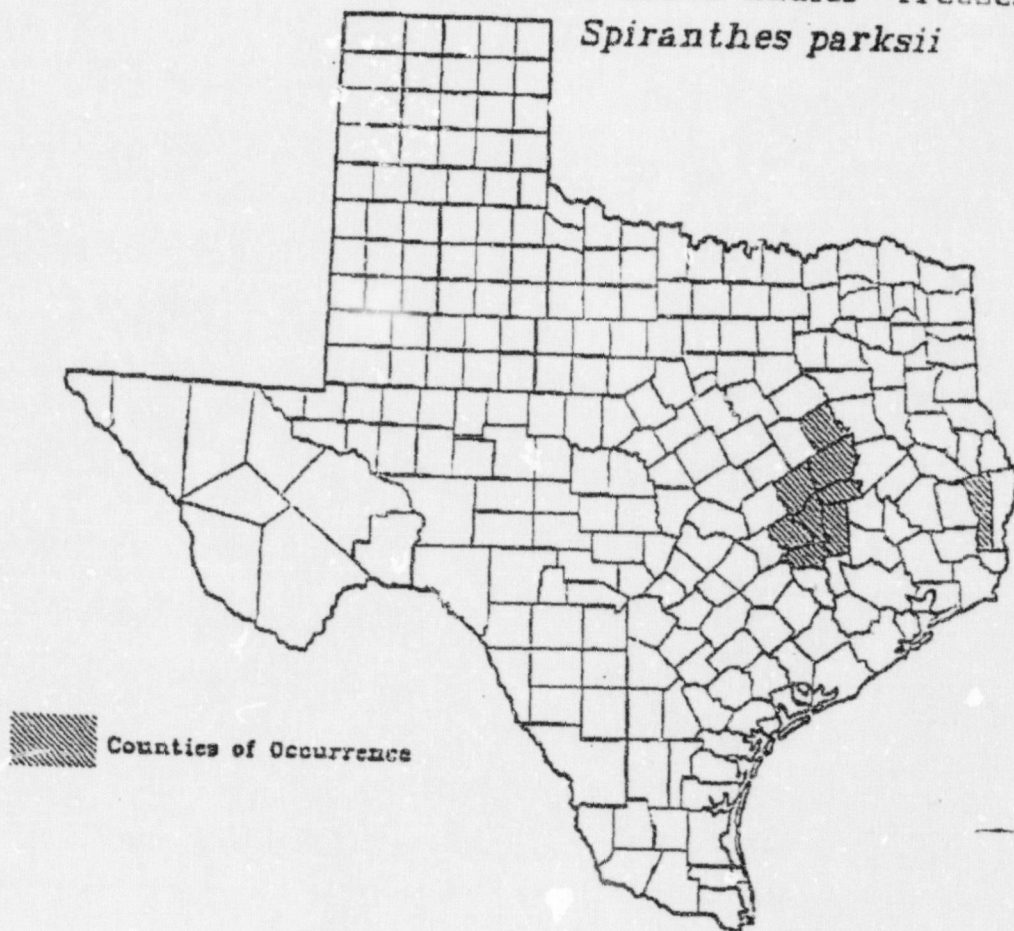
- Callie, P.M. and K.L. McIntosh. 1979. Rediscovery of *Spiranthes parksii* Correll. Sida 8:188-193.  
Mahler, W.P. 1980. Status Report on *Spiranthes parksii*. U.S. Fish and Wildlife Service, Endangered Species Office, Albuquerque, NM.  
Poole, J.M. and D.H. Riskind. 1987. Endangered, Threatened, or Protected Native Plants of Texas. Texas Parks and Wildlife Department, Austin, Texas.  
U.S. Fish and Wildlife Service. 1984. Navasota Ladies'-Tresses Recovery Plan. Endangered Species Office, Albuquerque, NM.



REV. DATE 6/95

Texas

Navasota Ladies'-Tresses  
*Spiranthes parksii*



**SECTION H**

**HISTORIC RESOURCES**

## HISTORIC RESOURCES

The following tables taken from UP and SP bridge reports provide the location, length, and year built of bridges and other structures along the proposed abandonments.

### ARKANSAS

#### Gurden to Campden (MP 428.3 to 457.0)

Mile Post		Length (feet)	Year Built
434.10	Wooden Bridge over Road	60.00	1940
434.80	Wooden Bridge over Waterway	108.00	1945
434.90	Wooden Bridge over Waterway	168.00	1946
435.10	Wooden Bridge over Waterway	120.00	1946
435.20	Wooden Bridge over Waterway	239.00	1945
435.40	Wooden Bridge over Waterway	83.00	1947
435.50	Wooden Bridge over Waterway	395.00	1945
435.70	Wooden Bridge over Waterway	69.00	1928
436.00	Wooden Bridge over Waterway	299.00	1945
436.20	Wooden Bridge over Waterway	120.00	1944
436.40	Wooden Bridge over Waterway	318.00	1944
436.70	Wooden Bridge over Waterway	223.00	1896
437.00	Wooden Bridge over Waterway	330.00	1945
437.20	Wooden Bridge over Waterway	330.00	1944
438.20	Wooden Bridge over Waterway	23.00	1945
439.80	Wooden Bridge over Waterway	108.00	1946
439.90	Wooden Bridge over Waterway	308.00	1941
440.50	Wooden Bridge over Waterway	84.00	1945
440.90	Wooden Bridge over Waterway	72.00	1946
441.10	Wooden Bridge over Waterway	48.00	1946
441.50	Wooden Bridge over Waterway	36.00	1949
441.70	Wooden Bridge over Waterway	82.00	1949
441.80	Wooden Bridge over Waterway	48.00	1949
442.40	Wooden Bridge over Waterway	14.00	1947
442.70	Wooden Bridge over Waterway	36.00	1948
442.90	Wooden Bridge over Waterway	14.00	1947
443.50	Wooden Bridge over Waterway	37.00	1949
444.00	Wooden Bridge over Waterway	36.00	1949
444.40	Wooden Bridge over Waterway	36.00	1949
445.20	Wooden Bridge over Waterway	24.00	1948
447.20	Wooden Bridge over Waterway	36.00	1945
447.80	Wooden Bridge over Waterway	35.00	1930

**ARKANSAS (CON'T)**  
**Gurden to Campden (MP 428.3 to 457.0)**

Mile Post		Length (feet)	Year Built
448.10	Wooden Bridge over Waterway	35.00	1924
448.40	Wooden Bridge over Waterway	13.00	1944
448.80	Wooden Bridge over Waterway	80.00	1939
449.10	Wooden Bridge over Waterway	61.00	1949
449.30	Wooden Bridge over Waterway	47.00	1930
449.80	Wooden Bridge over Waterway	49.00	1949
450.00	Wooden Bridge over Waterway	61.00	1948
450.10	Wooden Bridge over Waterway	37.00	1930
450.20	Wooden Bridge over Waterway	49.00	1949
450.30	Wooden Bridge over Waterway	12.00	1948
450.50	Wooden Bridge over Waterway	36.00	1949
450.80	Wooden Bridge over Waterway	36.00	1949
451.10	Wooden Bridge over Waterway	36.00	1949
451.20	Wooden Bridge over Waterway	60.00	1949
451.40	Wooden Bridge over Waterway	36.00	1930
451.50	Wooden Bridge over Waterway	48.00	1949
452.20	Wooden Bridge over Waterway	25.00	1949
453.00	Wooden Bridge over Waterway	37.00	1947
453.40	Wooden Bridge over Waterway	35.00	1930
454.60	Wooden Bridge over Waterway	46.00	1930

# CALIFORNIA

## Alturas to Wendel (MP 455.0 to 360.0)

Mile Post		Length (feet)	Year Built
366.81	Wooden Bridge	15	1930
368.36	Wooden Bridge	30	1930
370.42	Wooden Bridge	45	1930
371.78	Wooden Bridge	60	1930
372.60	Wooden Bridge	60	1930
374.92	Wooden Bridge	15	1930
379.95	Wooden Bridge	15	1930
380.08	Wooden Bridge	15	1930
387.53	Wooden Bridge	60	1930
390.46	Wooden Bridge	15	1930
392.5	Telephone booth at Crest		NL
397.9	Water Tank at Ravendale (pump house built in 1958)		ca. 1930/31
403.84	Wooden Bridge	75	1930
412.37	Wooden Bridge	15	1930
415.15	Wooden Bridge	15	1930
418.08	Wooden Bridge	10	1930
418.18	Water tank and pump house at Madeline		1931
423.51	Wooden Bridge	10	1930
425.91	Wooden Bridge	20	1930
436.06	Wooden Bridge	20	1930
436.12	Wooden Bridge	10	1930
438.7	Water tower and pump house at Likely		1931
439.19	Wooden Bridge Track 1	30	1929
439.19	Wooden Bridge Track 2	30	1927
439.32	Wooden Bridge Track 1	30	1929
439.32	Wooden Bridge Track 2	30	1927

## Magnolia Tower to Melrose (MP 5.8 to 10.7)

Mile Post		Length (feet)	Year Built
010.20	Steel Bridge over California 185	112.80	1949
010.40	Steel Bridge over City Storm Drain	36.00	1907

**CALIFORNIA (CON'T)**

**Whittier Jct. to Colima Jct. (MP 0.0 to 5.18)**

Mile Post		Length (feet)	Year Built
003.00	Steel Bridge over Pickering Avenue	100.00	1917
003.05	Bridge over Whittier Boulevard	272.00	1933

# COLORADO

## Sage to Malta (MP 335.0 to 271.0)

Mile Post		Length (feet)	Year Built
334.74	Steel Bridge over Dry Was	24	1930
329.75	Steel Bridge over Brush Creek	144	1924
328.70	Steel Bridge over 12th Eagle River Segment A	42	1941
	Segment B	146	1903
	Segment C	42	1941
327.93	Concrete Bridge over dry wash	64	ca. 1929
327.02	Concrete Bridge over dry wash	64	ca. 1929
326.80	Concrete Bridge over dry wash	48	ca. 1929
321.22	Steel Bridge over Milk Creek	32	1931
320.30	Steel Bridge over 11th Eagle River	181	1927
319.28	Steel Bridge over 10th Eagle River	181	1927
312.17	Steel Bridge over Berry Creek	24	1926
304.26	Steel Bridge over 9th Eagle River	231	1927
303.96	Steel Bridge over 8th Eagle River	179	1927
299.21	Steel Bridge over wash Track 1	48	1902
	Track 2	48	1902
298.60	Wooden Bridge over wash	40	NL
297.91	Steel Bridge over 7th Eagle River	80	1907
296.82	Rock Creek Tunnel	408	NL
296.45	Steel Bridge over 6th Eagle River	80	1907
296.25	Steel Bridge over 5th Eagle River	80	1907
296.06	Belden Tunnel	396	NL
294.47	Steel Bridge over 4th Eagle River Track 1	80	1907
294.25	Steel Bridge over 3rd Eagle River Track 1	48	1907
294.25	Steel Bridge over 3rd Eagle River Track 2	48	1907
287.09	Steel Bridge over Grouse Creek	16	1910
286.55	Pando Tunnel	242	NL
283.85	Steel Bridge over 1st Eagle River Track 1	33	1948
283.85	Steel Bridge over 1st Eagle River Track 2	33	1948
281.48	Tennessee Pass Tunnel	2,550	NL
273.44	Steel Bridge over 12th Arkansas River	48	1924

# **COLORADO (CON'T)**

## **Malta to Canon City (MP 271.00 to 162.00)**

Mile Post		Length (feet)	Year Built
267.94	Concrete Bridge over 11th Arkansas River	48	ca.1929
267.47	Concrete Bridge over 10th Arkansas River	112	ca.1929
262.61	Concrete Bridge over dry wash	48	ca.1929
260.04	Steel Bridge over Twin Lakes Creek	51	1926
259.69	Steel Bridge over 9th Arkansas River	100	1926
259.26	Wooden Bridge over dry wash	40	ca.1929
258.82	Wooden Bridge over dry wash	40	ca.1929
258.56	Concrete Bridge over dry wash	16	ca.1929
258.09	Concrete Bridge over Low Pass Creek	48	ca.1929
257.50	Concrete Bridge over dry wash	16	ca.1929
254.01	Steel Bridge over 8th Arkansas River	120	1920
253.01	Steel Bridge over Pine Creek	20	1916
249.46	Concrete Bridge over Morrison Creek	32	ca.1929
246.43	Steel Bridge over 7th Arkansas River	121	1920
243.53	Concrete Bridge over dry wash	48	ca.1929
242.17	Steel Bridge over 6th Arkansas River	192	1926
240.21	Steel Bridge over Cottonwood Creek	64	1901
236.79	Steel Bridge over 5th Arkansas River	150	1903
234.88	Steel Bridge over Trout Creek	24	1903
233.87	Steel Bridge over 4th Arkansas River	150	1903
232.25	Steel Bridge over Chalk Creek Viaduct	148	1912
230.38	Steel Bridge over 3rd Arkansas River	164	1923
229.83	Concrete Bridge over Byars Draw	10	ca.1929
229.47	Concrete Bridge over Black Wash	80	ca.1929
228.75	Concrete Bridge over Ayer Wash	12	ca.1929
227.55/65	Concrete Bridge over dry wash	18	ca.1929
225.27	Steel Bridge over dry wash	32	1912
224.56	Concrete Bridge over dry wash	32	ca.1929
216.28	Concrete Bridge over Ute Trail	80	ca.1929
215.66	Wooden Bridge over Silver House Gulch Track 1	14	ca.1929
215.66	Wooden Bridge over Silver House Gulch Track 2	14	ca.1929
215.66	Wooden Bridge over Silver House Gulch Track 3	14	ca.1929
215.66	Wooden Bridge over Silver House Gulch Track 4	14	ca.1929
215.66	Wooden Bridge over Silver House Gulch Track 5	14	ca.1929
215.46	Wooden Bridge over Horse Gulch Track 1	14	ca.1929
215.46	Wooden Bridge over Horse Gulch Track 2	14	ca.1929
215.46	Wooden Bridge over Horse Gulch Track 3	14	ca.1929
215.46	Wooden Bridge over Horse Gulch Track 4	14	ca.1929
215.46	Wooden Bridge over Horse Gulch Track 5	14	ca.1929

214.85    Wooden Bridge over Carter Gulch Track 1                      14            ca.1929  
**COLORADO (CON'T)**  
**Malta to Canon City (MP 271.00 to 162.00)**

Mile Post		Length (feet)	Year Built
214.85	Wooden Bridge over Carter Gulch Track 2	14	ca.1929
214.85	Wooden Bridge over Carter Gulch Track 3	14	ca.1929
214.85	Wooden Bridge over Carter Gulch Track 4	14	ca.1929
214.85	Wooden Bridge over Carter Gulch Track 5	14	ca.1929
214.45	Wooden Bridge over dry wash Track 1	68	ca.1929
214.45	Wooden Bridge over dry wash Track 2	68	ca.1929
213.83	Wooden Bridge over dry wash Track 1	41	ca.1929
213.83	Wooden Bridge over dry wash Track 2	41	ca.1929
212.65	Wooden Bridge over dry wash Track 1	41	ca.1929
212.65	Wooden Bridge over dry wash Track 2	41	ca.1929
212.05	Concrete Bridge over dry wash	48	ca.1929
211.28	Steel Bridge over dry wash	24	1916
209.33	Concrete Bridge over dry wash	64	ca.1929
208.68	Concrete Bridge over dry wash	8	ca.1929
208.51	Steel Bridge over dry wash	60	1936
207.03	Concrete Bridge over dry wash	64	ca.1929
206.33	Red Hill Tunnel	508	NL
205.44	Steel Bridge over Badger Creek	110	1917
205.07	Concrete Bridge over dry wash	21	ca.1929
204.86	Concrete Bridge over dry wash	131	ca.1929
204.58	Wooden Bridge over dry wash	12	ca.1929
204.36	Concrete Bridge over dry wash	161	ca.1929
203.97	Steel Bridge over dry wash	33	1916
203.92	Concrete Bridge over dry wash	81	ca.1929
203.08	Steel Bridge over dry wash Track 1	48	1913
203.08	Steel Bridge over dry wash Track 2	42	1913
202.80	Steel Bridge over San Gulch	48	1913
202.14	Steel Bridge over dry wash	24	1916
210.52	Steel Bridge over county road	32	1913
201.15	Concrete Bridge over dry wash	32	ca.1929
200.13	Steel Bridge over dry wash	48	1913
199.70	Concrete Bridge over dry wash	162	ca.1929
198.86	Steel Bridge over dry wash	48	1913
196.50	Steel Bridge over dry wash	50	1941
195.50	Wooden Bridge over dry wash Track 1	40	ca.1929
195.50	Wooden Bridge over dry wash Track 2	40	ca.1929
195.37	Wooden Bridge over dry wash Track 1	40	ca.1929
195.37	Wooden Bridge over dry wash Track 2	40	ca.1929

193.13	Concrete Bridge over dry wash	16	ca.1929
192.85	Concrete Bridge over dry wash	80	ca.1929

### COLORADO (CON'T)

#### Malta to Canon City (MP 271.00 to 162.00)

Mile Post		Length (feet)	Year Built
191.94	Concrete Bridge over dry wash	64	ca.1929
191.77	Steel Bridge over Bernard Creek Track 1	72	1941
191.77	Steel Bridge over Bernard Creek Track 2	72	1941
190.65	Concrete Bridge over dry wash	32	ca.1929
190.49	Concrete Bridge over dry wash	16	ca.1929
190.27	Concrete Bridge over dry wash	16	ca.1929
190.03	Concrete Bridge over dry wash	16	ca.1929
189.97	Concrete Bridge over dry wash	16	ca.1929
189.46	Concrete Bridge over dry wash	16	ca.1929
189.21	Concrete Bridge over dry wash	48	ca.1929
188.27	Concrete Bridge over Fern Creek	82	ca.1929
186.26	Concrete Bridge over dry wash	64	ca.1929
186.05	Steel Bridge over dry wash	24	1905
185.50	Concrete Bridge over dry wash	64	ca.1929
185.21	Steel Bridge over dry wash	24	1905
184.30	Concrete Bridge over dry wash Track 1	64	ca.1929
184.30	Concrete Bridge over dry wash Track 2	64	ca.1929
182.72	Concrete Bridge over dry wash	18	ca.1929
180.71	Wooden Bridge over dry wash	14	ca.1929
180.40	Concrete Bridge over dry wash	48	ca.1929
180.20	Concrete Bridge over dry wash	80	ca.1929
179.99	Wooden Bridge over dry wash Segment A	14	NL
179.99	Steel Bridge over dry wash Segment B	18	1936
179.99	Wooden Bridge over dry wash Segment C	14	NL
177.50	Concrete Bridge over dry wash	48	ca.1929
175.23	Steel Bridge over Spikebuck Creek	32	1913
174.42	Steel Bridge over dry wash	24	1913
173.36	Concrete Bridge over dry wash	16	ca.1929
172.91	Steel Bridge over dry wash	24	1916
171.07	Steel Bridge over Cattle Pass Track 1	16	1938
171.07	Steel Bridge over Cattle Pass Track 2	16	1938
170.49	Steel Bridge over Currant Creek Track 1	128	1913
168.14	Steel Bridge over dry wash	20	ca.1910s
167.18	Steel Bridge over dry wash	32	1916
166.23	Hanging Bridge	274	1879

# COLORADO (CON'T)

Towner to NA Jct (MP 747.0 to 869.4)

Mile Post		Length (feet)	Year Built
760.50	Bridge over Waterway	78.10	1938
761.20	Bridge over Waterway	41.09	1938
763.70	Bridge over Waterway	65.10	1938
765.30	Bridge over Drainage Ditch	91.06	1938
772.50	Bridge over Rush Creek	369.04	1934
786.10	Bridge over Hwy 287	106.00	1939
786.30	Bridge over Waterway	153.06	1939
794.10	Bridge over Waterway	96.02	1954
798.50	Bridge over Waterway	105.00	1939
799.40	Bridge over Waterway	105.03	1936
800.30	Bridge over Waterway	79.02	1937
800.80	Bridge over Waterway	53.00	1947
810.10	Bridge over Waterway	65.09	1937
811.60	Bridge over Waterway	39.10	1940
812.30	Bridge over Waterway	24.03	1922
814.50	Bridge over Waterway	39.07	1945
820.10	Bridge over Waterway	78.11	1939
820.20	Bridge over Waterway	78.09	1939
820.30	Bridge over Adobe Creek	328.07	1935
821.10	Bridge over Waterway	53.02	1941
822.90	Bridge over Waterway	66.00	1936
827.00	Bridge over Waterway	90.02	1940
828.80	Bridge over Waterway	95.00	1929
831.00	Bridge over Waterway	65.10	1940
833.00	Bridge over Waterway	65.05	1936
837.50	Bridge over Black Slough	225.06	1933
842.40	Bridge over Land, Drainage Ditch, Land	96.02	1923
848.20	Bridge over Irrigation Ditch	65.00	1941
850.70	Bridge over Bob Creek	92.10	1932
856.70	Bridge over Waterway	54.05	1930
858.60	Bridge over Waterway	78.10	1938
858.90	Bridge over Waterway	79.10	1934
863.70	Bridge over Waterway	159.09	1936
867.00	Bridge over Waterway	52.11	1940
868.60	Bridge over Kramer Creek	384.03	1943

## ILLINOIS

## Barr to Girard (MP 51.0 to 89.4)

Mile Post		Length (feet)	Year Built
055.50	Steel Bridge over Cantrall Creek	300.80	1921
057.28	Steel Bridge over Roadway/River	1,110.30	1913
058.39	Bridge over Drainage	126.70	1912
060.07	Steel Bridge over Drainage	179.50	1912
060.40	Steel Bridge over Highway #125	43.40	1913
060.74	Wooden Bridge over Spring Creek	395.20	1913
061.64	Steel Bridge over Creek/Highway	196.90	1923
062.90	Concrete/Steel Bridge over Highway #1	352.00	1923
066.37	Steel Bridge over State Hwy. 36 & 54	153.30	1912
066.43	Steel Bridge over Black Top Road	118.10	1912
067.30	Steel Bridge over GM&O RR	72.11	1912
067.47	Bridge over Tractor Drive	175.60	1912
068.69	Wooden Bridge over Roadway	39.00	1939
069.45	Bridge over Lick Creek	295.20	1920
069.58	Wooden Bridge of Highway #7-S	81.00	1913
075.98	Wooden Bridge over Roadway/Creek	90.00	1938
077.83	Wooden Bridge over Cattle Pass	52.00	1938
080.88	Wooden Bridge over Roadway	65.00	1938
081.80	Wooden Bridge over Tractor Drive	45.60	1913
082.12	Bridge over Sugar Creek	110.50	1912
082.21	Steel Bridge over BNRR	83.00	1912
082.31	Wooden Bridge over Blacktop Roadway	118.60	1913
084.79	Wooden Bridge over Cattle Pass	39.00	1938
085.65	Bridge over Cattle Pass/Creek	50.80	1926
087.04	Bridge over Cattle Pass/Creek	79.50	1924
087.10	Bridge over Highway #12	87.20	1936

# KANSAS

## Hope to Bridgeport (MP 459.2 to 491.2)

Mile Post		Length (feet)	Year Built
454.20	Concrete/Steel Bridge over Land, Lyons Creek, Land	406.00	1931
457.80	Concrete Bridge over Waterway	110.00	1931
463.10	Concrete/Steel Bridge over Land, E. Turkey Creek, Land	335.00	1931
463.70	Wooden/Concrete Bridge over Overflow Bridge	120.00	1931
463.80	Concrete/Steel Bridge over Land, W. Turkey Creek, Land	172.00	1931
463.90	Concrete/Steel Bridge over Overflow Bridge	120.00	1931
464.00	Concrete/Steel Bridge over Land, Public Road, Land	87.00	1931
464.90	Wooden Bridge over Waterway	130.00	1931
465.80	Wooden Bridge over Waterway	146.00	1931
468.30(1)	Concrete Bridge over Waterway	103.00	1919
468.30(2)	Wooden Bridge over Waterway	144.00	1931
469.80	Concrete/Steel Bridge over Land, E. Holland Creek, Land	171.00	1931
471.40	Concrete Bridge over Waterway	129.00	1931
471.70	Concrete/Steel Bridge over Land, W. Holland Creek, Land	146.00	1931
474.20	Concrete/Steel Bridge over Land, Public Road, Land	104.00	1931
476.10	Wooden Bridge over Waterway	46.00	1921
477.70	Concrete Bridge over Waterway	214.00	1953
479.10	Wooden Bridge over Waterway	57.00	1919
480.50	Concrete/Steel Bridge over Waterway	69.20	1938
482.20	Wooden Bridge over Waterway	117.00	1948
483.50	Wooden Bridge over Waterway	78.00	1937
483.60	Wooden/Concrete Bridge over Land, Public Road, Land	110.00	1937
484.30	Wooden Bridge over Waterway	141.00	1939
487.90	Concrete/Steel Bridge over Land, Public Road, Land	150.00	1930
488.90	Concrete/Steel Bridge over Land, Public Road, Land	126.00	1930
489.20	Wooden Bridge over Farm Road	143.00	1930
489.40	Wooden Bridge over Waterway	157.00	1930
489.70	Concrete/Steel Bridge over Smoky Hill River, Land	202.00	1940

# KANSAS (CON'T)

Whitewater to Newton (MP 476.0 to 485.0)

Mile Post		Length (feet)	Year Built
477.70	Wooden Bridge over Gypsum Creek	139.00	1940
482.60	Wooden Bridge over Jester Creek	124.00	1939

# LOUISIANA

Iowa Jct. to Manchester (MP 680.0 to 688.5)

Mile Post		Length (feet)	Year Built
681.70	Wooden Bridge over Waterway	39.00	1949
682.70	Wooden Bridge over Waterway	52.00	1947
683.60	Wooden Bridge over Waterway	26.00	1949
684.70	Wooden Bridge over Drainage Canal	41.00	1929
686.40	Wooden Bridge over Waterway	55.00	1929
687.20	Wooden Bridge over Waterway	40.00	1949
687.70	Wooden Bridge over Waterway	65.00	1949

# TEXAS

## Seabrook to San Leon (MP 30.0 to 40.5)

Mile Post		Length (feet)	Year Built
31.99	Thru Plate Girder (Swing) Bridge over Clear Creek	150	1907
31.99	Packed Cord Trestle over Clear Creek	150	1944
34.29	Packed Cord Trestle	15	1938
35.55	Packed Cord Trestle	15	1934
38.31	Open Deck Trestle	30	1932
38.77	Packed Cord Trestle (Segment A)	190	1947
38.77	Thru Plate Girder (Swing) Bridge (Segment B) over Dickinson Bayou	150	1907
38.77	Packed Cord Trestle (Segment C)	450	1947

## Suman to Bryan (MP 117.6 to 101.4)

Mile Post		Length (feet)	Year Built
117.55	Deck Plate Girder Bridge over Little Pine Oak Creek	128	1899
112.96	Deck Plate Girder Bridge over Spring Creek	120	1899
109.73	Deck Plate Girder Bridge over Campbell Creek	120	1899
105.24	Packed Cord Trestle	135	1940
104.34	Packed Cord Trestle	150	1942

## Troup to Whitehouse (MP 0.5 to 8.0)

Mile Post		Length (feet)	Year Built
002.60	Wooden Bridge over Waterway	302.00	1938
002.70	Wooden Bridge over Waterway	84.00	1915
003.60	Wooden Bridge over Mud Creek	828.00	1940
004.30	Wooden Bridge over Waterway	138.00	1944

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Finance Docket No. 32760, VOLUME 7

25



Before the  
INTERSTATE COMMERCE COMMISSION

**FILED**

Finance Docket No. 32760

NOV 30 1995

INTERSTATE  
COMMERCE COMMISSION

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY  
AND MISSOURI PACIFIC RAILROAD COMPANY  
— CONTROL AND MERGER —

SOUTHERN PACIFIC RAIL CORPORATION,  
SOUTHERN PACIFIC TRANSPORTATION COMPANY, ST. LOUIS  
SOUTHWESTERN RAILWAY COMPANY, SPCSL CORP. AND THE  
DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

**RAILROAD MERGER APPLICATION**

**VOLUME 7**

EXHIBITS 2, 6, 7, 9, 20 and 21

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November 30, 1995

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AGREEMENT AND PLAN OF MERGER  
by and among  
UNION PACIFIC CORPORATION,  
UP ACQUISITION CORPORATION,  
UNION PACIFIC RAILROAD COMPANY  
and  
SOUTHERN PACIFIC RAIL CORPORATION  
dated as of  
August 3, 1995

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## AGREEMENT AND PLAN OF MERGER

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE I

### THE OFFER AND MERGER

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

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

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

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

#### Section 1.2 Company Actions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### CONVERSION OF SHARES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) The Exchange Agent will distribute with respect to Shares as to which a Cash Election has been made the Cash Consideration with respect to a fraction of such Shares, the numerator of which fraction shall be 40% of the number of outstanding Shares minus the number of Tender Shares and the denominator of which shall be the aggregate number of Shares covered by Cash Elections.

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

equal to the Conversion Fraction for each Share so converted.

(f) If Non-Electing Shares are not converted under either Section 2.3(c) or Section 2.3(e), the Exchange Agent shall distribute with respect to each such Non-Electing Share, the Cash Consideration with respect to a fraction of such Non-Electing Share, where such fraction is calculated in a manner that will result in the sum of (i) the number of Shares converted into cash pursuant to this Section 2.3(f), (ii) the number of Shares for which Cash Elections have been received and (iii) the number of Shares purchased pursuant to the Offer being as close as practicable to 40% of the outstanding Shares. Each Non-Electing Share not converted into the right to receive the Cash Consideration as set forth in the preceding sentence shall be converted in the Merger into the right to receive a number of Shares of Parent Common Stock equal to the Conversion Fraction for each Non-Electing Share so converted.

(g) For the purposes of this Section 2.3, outstanding Shares as to which an Election is not in effect at the Election Deadline (other than Shares purchased pursuant to the Offer) shall be called "Non-Electing Shares". If Parent and the Company shall determine that any Election is not properly made with respect to any Shares, such Election shall be deemed to be not in effect, and the Shares covered by such Election shall, for purposes hereof, be deemed to be Non-Electing Shares.

(h) No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, no dividend or distribution with respect to shares shall be payable on or with respect to any fractional share and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a stockholder of Parent. In lieu of any such fractional share of Parent Common Stock, Parent shall pay to each former stockholder of the Company who otherwise would be entitled to receive a fractional share of Parent Common Stock an amount in cash determined by multiplying (i) the Average Parent Share Price (as defined below) on the date on which the Effective Time occurs by (ii) the fractional interest in a share of Parent Common Stock to which such holder would otherwise be entitled. For purposes hereof,

the "Average Parent Share Price" shall mean the average closing sales price, rounded to four decimal points, of the Parent Common Stock as reported on the New York Stock Exchange Composite Tape, for the twenty (20) consecutive trading days ending on the trading day which is five (5) trading days prior to the Effective Time.

Section 2.4 Issuance of Parent Common Stock. Immediately following the Effective Time, Parent shall deliver, in trust, to the Exchange Agent, for the benefit of the holders of Shares, certificates representing an aggregate number of shares of Parent Common Stock as nearly as practicable equal to the product of the Conversion Fraction and the number of Shares to be converted into Parent Common Stock as determined in Section 2.3. As soon as practicable after the Effective Time, each holder of Shares converted into Parent Common Stock pursuant to Section 2.1(a), upon surrender to the Exchange Agent (to the extent not previously surrendered with a Form of Election) of one or more certificates for such Shares for cancellation, shall be entitled to receive certificates representing the number of shares of Parent Common Stock into which such Shares shall have been converted in the Merger. No dividends or distributions that have been declared will be paid to persons entitled to receive certificates for shares of Parent Common Stock until such persons surrender their certificates for Shares, at which time all such dividends shall be paid. In no event shall the persons entitled to receive such dividends be entitled to receive interest on such dividends. If any certificate for such Parent Common Stock is to be issued in a name other than that in which the certificate for Shares surrendered in exchange therefor is registered, it shall be a condition of such exchange that the person requesting such exchange shall pay to the Exchange Agent any transfer or other taxes required by reason of issuance of certificates for such Parent Common Stock in a name other than the registered holder of the certificate surrendered, or shall establish to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable. Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto shall be liable to a holder of Shares for any Parent Common Stock or dividends thereon delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

Section 2.5 Payment of Cash Consideration. At the Closing, Parent shall deposit in trust with the Exchange Agent, for the benefit of the holders of Shares, an amount in cash equal to \$25.00 multiplied by the number of Shares to be converted into the right to receive the Cash Consideration as determined in Section 2.3. As soon as practicable after the Effective Time, the Exchange Agent shall distribute to holders of Shares converted into the right to receive the Cash Consideration pursuant to Section 2.1(a), upon surrender to the Exchange Agent (to the extent not previously surrendered with a Form of Election) of one or more certificates for such Shares for cancellation, a bank check for an amount equal to \$25.00 times the number of Shares so converted. In no event shall the holder of any such surrendered certificates be entitled to receive interest on any of the Cash Consideration to be received in the Merger. If such check is to be issued in the name of a person other than the person in whose name the certificates for the Shares surrendered for exchange therefor are registered, it shall be a condition of the exchange that the person requesting such exchange shall pay to the Exchange Agent any transfer or other taxes required by reason of issuance of such check to a person other than the registered holder of the certificates surrendered, or shall establish to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable. Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto shall be liable to a holder of Shares for any amount paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

Section 2.6 Equity Incentive Plan. Prior to the purchase of Shares pursuant to the Offer, the Board of Directors (or, if appropriate, any committee administering the Equity Incentive Plan) shall adopt such resolutions or take such other actions as are necessary to assure that no holder of an outstanding Award with respect to which Shares might otherwise be issued at or after the Effective Time shall have any right to receive equity securities of the Company, the Surviving Corporation or any Subsidiary at or after the Effective Time (any such right having been adjusted to be a right to receive other securities, property or cash in accordance with Section 5.2(b) of the Equity Incentive Plan). The Company shall also ensure that, following the Effective Time, no participant in any other stock-based plan,

agreement, program or arrangement (including, without limitation, the Employee Stock Purchase Plan) shall have any right thereunder to acquire equity securities of the Company, the Surviving Corporation, or any Subsidiary.

Section 2.7 Stock Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers of Shares on the records of the Company. If, after the Effective Time, certificates representing Shares are presented to the Surviving Corporation, they shall be cancelled and exchanged for cash and/or certificates representing Parent Common Stock pursuant to this Article II.

Section 2.8 No Dissenter's Rights. In accordance with Schwabacher v. United States, 334 U.S. 192 (1948), stockholders of the Company will not have any dissenter's rights, provided, however, that if the Interstate Commerce Commission (the "ICC") (or any successor agency) or a court of competent jurisdiction determines that dissenter's rights are available to holders of Shares, then holders of Shares shall be provided with dissenter's rights in accordance with the DGCL.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent, UPRR and Sub as follows:

Section 3.1 Organization. Each of the Company and its Subsidiaries is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and has all requisite corporate or other power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power, authority and governmental approvals would not have a material adverse effect on the Company and its Subsidiaries taken as a whole. Each of the Company and its Subsidiaries is duly qualified or licensed to do business and in good standing

in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not, in the aggregate, have a material adverse effect on the Company and its Subsidiaries taken as a whole. As used in this Agreement, the word "Subsidiary" means, with respect to any party, any corporation or other organization, whether incorporated or unincorporated, of which (i) such party or any other Subsidiary of such party is a general partner (excluding such partnerships where such party or any Subsidiary of such party do not have a majority of the voting interest in such partnership) or (ii) at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries. As used in this Agreement, (except to the extent used in Sections 6.1(c), 6.2(c) and 6.2(e) hereof and conditions (j) and (k) to the Offer set forth in Annex A hereto), any reference to any event, change or effect having a material adverse effect on or with respect to any entity (or group of entities taken as a whole) means such event, change or effect, individually or in the aggregate with such other events, changes, or effects, which is materially adverse to the financial condition, business, results of operations, assets, liabilities (after taking into account any corresponding increase in assets) or properties of such entity. If "material adverse effect" is used with respect to more than one entity, it shall mean such events, changes or effects with respect to all such entities taken as a whole. Section 3.1 of the Disclosure Schedule delivered by the Company to Parent on or prior to the date hereof (the "Disclosure Schedule") sets forth a complete list of the Company's Subsidiaries.

Section 3.2 Capitalization. (a) The authorized capital stock of the Company consists of 300,000,000 Shares and 10,000,000 preferred shares, par value \$.01 per share (the "Preferred Stock"). As of the date hereof, (i) 156,137,884 shares of Company Common Stock are issued and outstanding and 2,178,514 shares of

Company Common Stock are reserved for issuance pursuant to awards previously granted pursuant to the Company's 1993 Equity Incentive Plan (the "Equity Incentive Plan"), (ii) no shares of Preferred Stock are issued and outstanding, and (iii) no Shares or shares of Preferred Stock are issued and held in the treasury of the Company. All the outstanding shares of the Company's capital stock are, and all shares which may be issued pursuant to the Equity Incentive Plan will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable. Except as disclosed in Section 3.2(a) of the Disclosure Schedule, there are no bonds, debentures, notes or other indebtedness having voting rights (or convertible into securities having such rights) ("Voting Debt") of the Company or any of its Subsidiaries issued and outstanding. Except as set forth above and except for the transactions contemplated by this Agreement, as of the date hereof, (i) there are no shares of capital stock of the Company authorized, issued or outstanding and (ii) there are no existing options, warrants, calls, pre-emptive rights, subscriptions or other rights, convertible securities, agreements, arrangements or commitments of any character, relating to the issued or unissued capital stock of the Company or any of its Subsidiaries, obligating the Company or any of its Subsidiaries to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock or Voting Debt of, or other equity interest in, the Company or any of its Subsidiaries or securities convertible into or exchangeable for such shares or equity interests or obligations of the Company or any of its Subsidiaries to grant, extend or enter into any such option, warrant, call, subscription or other right, convertible security, agreement, arrangement or commitment. Except as disclosed in Section 3.2(a) of the Disclosure Schedule, there are no outstanding contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any Shares or the capital stock of the Company or any subsidiary or affiliate of the Company or to provide funds to make any investment (in the form of a loan, capital contribution or otherwise) in any Subsidiary or any other entity. Except as permitted by this Agreement, following the Merger, neither the Company nor any of its Subsidiaries will have any obligation to issue, transfer or sell any shares of its capital stock pursuant to any employee benefit plan or otherwise.

(b) Except as disclosed in Section 3.2(b) of the Disclosure Schedule, all of the outstanding shares of capital stock of each of the Subsidiaries are beneficially owned by the Company, directly or indirectly, and all such shares have been validly issued and are fully paid and nonassessable and are owned by either the Company or one of its Subsidiaries free and clear of all liens, charges, security interests, options, claims or encumbrances of any nature whatsoever.

(c) Except for the Corporate Matters Agreement, dated as of August 1, 1993, among the Company, MSLEF, TAC and certain other parties referred to therein, and the Parent Stockholder Agreement, there are no voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of the capital stock of the Company or any of the Subsidiaries. None of the Company or its Subsidiaries is required to redeem, repurchase or otherwise acquire shares of capital stock of the Company, or any of its Subsidiaries, respectively, as a result of the transactions contemplated by this Agreement. The Company has delivered to Parent a letter agreement which causes the termination, as of the Effective Time, of the Corporate Matters Agreement.

(d) At the Effective Time, the number of shares of Company Common Stock outstanding shall not exceed 158,316,398.

Section 3.3 Corporate Authorization; Validity of Agreement; Company Action. (a) The Company has full corporate power and authority to execute and deliver this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement and, subject in the case of this Agreement to obtaining any necessary approval of its stockholders as contemplated by Section 1.7 hereof with respect to the Merger, to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement, and the consummation by it of the transactions contemplated hereby and thereby, have been duly and validly authorized by its Board of Directors and, except in the case of this Agreement for obtaining the approval of its stockholders as contemplated by Section 1.7 hereof with respect to the

Merger, no other corporate action or proceedings on the part of the Company is necessary to authorize the execution and delivery by the Company of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement and the consummation by it of the transactions contemplated hereby and thereby. Each of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement has been duly executed and delivered by the Company and, assuming this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement constitute valid and binding obligations of Parent, UPRR and Sub, constitute valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) The Board of Directors of the Company has duly and validly approved and taken all corporate action required to be taken by the Board of Directors for the consummation of the transactions contemplated by this Agreement (including, without limitation, the Offer, the acquisition of Shares pursuant to the Offer and the Merger, and the Ancillary Agreements to which it is a party), the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement, including, but not limited to, all actions necessary to render the provisions of Section 203 of the DGCL inapplicable to such transactions. The affirmative vote of the holders of a majority of the Shares is the only vote of the holders of any class or series of Company capital stock necessary to approve the Merger.

Section 3.4 Consents and Approvals; No Violations. Except as disclosed in Section 3.4 of the Disclosure Schedule, and except for all filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Exchange Act, the Interstate Commerce Act (the "ICA"), the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), if any, and for the approval of

this Agreement by the Company's stockholders and the filing and recordation of the Certificate of Merger as required by the DGCL, neither the execution, delivery or performance of this Agreement, the Parent Stockholder Agreement or the Parent/Company Registration Rights Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby or thereby nor compliance by the Company with any of the provisions hereof or thereof will (i) conflict with or result in any breach of any provision of the certificate of incorporation or by-laws or similar organizational documents of the Company or of any of its Subsidiaries, (ii) require any filing with, or permit, authorization, consent or approval of, any court, arbitral tribunal, administrative agency or commission or other governmental or other regulatory authority or agency (a "Governmental Entity"), except where the failure to obtain such permits, authorizations, consents or approvals or to make such filings would not have a material adverse effect on the Company and its Subsidiaries and would not, or would not be reasonably likely to, materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby, (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, guarantee, other evidence of indebtedness (collectively, the "Debt Instruments"), lease, license, contract, agreement or other instrument or obligation to which the Company or any of its Subsidiaries is a party or by which any of them or any of their properties or assets may be bound (a "Company Agreement") or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Company, any of its Subsidiaries or any of their properties or assets, except in the case of clause (iii) or (iv) for such violations, breaches or defaults which would not, individually or in the aggregate, have a material adverse effect on the Company and its Subsidiaries, and which would not, or would not be reasonably likely to, materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby.

Section 3.5 SEC Reports and Financial Statements. The Company has filed with the SEC, and has heretofore made available to Parent true and complete copies of, all forms, reports, schedules, statements and other documents required to be filed by it and its Subsidiaries since January 1, 1992 under the Exchange Act or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Company SEC Documents"). As of their respective dates or, if amended, as of the date of the last such amendment, the Company SEC Documents, including, without limitation, any financial statements or schedules included therein (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. Each of the consolidated financial statements included in the Company SEC Documents have been prepared from, and are in accordance with, the books and records of the Company and/or its consolidated Subsidiaries, comply in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position and the consolidated results of operations and cash flows (and changes in financial position, if any) of the Company and its consolidated Subsidiaries as at the dates thereof or for the periods presented therein.

Section 3.6 Absence of Certain Changes. Except to the extent disclosed in the Company SEC Documents filed prior to the date of this Agreement or as otherwise disclosed to Parent in Section 3.6 of the Disclosure Schedule, from June 30, 1995 through the date of this Agreement, the Company and its Subsidiaries have conducted their respective businesses and operations in the ordinary course of business consistent with past practice. From June 30, 1995 through the date of this Agreement, there has not occurred (i) any events, chang-

es, or effects (including the incurrence of any liabilities of any nature, whether or not accrued, contingent or otherwise) having or, which would be reasonably likely to have, individually or in the aggregate, a material adverse effect on the Company and its Subsidiaries; (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to the equity interests of the Company or of any of its Subsidiaries, other than regular quarterly cash dividends or dividends paid by wholly owned Subsidiaries; or (iii) any change by the Company or any of its Subsidiaries in accounting principles or methods, except insofar as may be required by a change in GAAP. Except as set forth on Schedule 3.6 of the Disclosure Schedule, from June 30, 1995 through the date of this Agreement, neither the Company nor any of its Subsidiaries has taken any of the actions prohibited by Section 5.1 hereof.

Section 3.7 No Undisclosed Liabilities.

Except (a) to the extent disclosed in the Company SEC Documents filed prior to the date of this Agreement and (b) for liabilities and obligations incurred in the ordinary course of business consistent with past practice, during the period from June 30, 1995 through the date of this Agreement, neither the Company nor any of its Subsidiaries have incurred any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, that have, or would be reasonably likely to have, a material adverse effect on the Company and its Subsidiaries or would be required to be reflected or reserved against on a consolidated balance sheet of the Company and its Subsidiaries (including the notes thereto) prepared in accordance with GAAP as applied in preparing the June 30, 1995 consolidated balance sheet of the Company and its Subsidiaries. Section 3.7 of the Disclosure Schedule sets forth each instrument evidencing indebtedness of the Company and its Subsidiaries which will accelerate or become due or payable, or result in a right of redemption or repurchase on the part of the holder of such indebtedness, or with respect to which any other payment or amount will become due or payable, in any such case with or without due notice or lapse of time, as a result of this Agreement, the Merger, the Ancillary Agreements or the other transactions contemplated hereby and thereby.

Section 3.8 Information in Proxy Statement/Prospectus. The Proxy Statement/Prospectus (or any amendment thereof or supplement thereto), at the date mailed to Company Stockholders and at the time of the Special Meetings, on the date filed with the SEC and at the time of the Special Meetings, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, provided, however, that no representation is made by the Company with respect to statements made therein based on information supplied by Parent, UPRR or Sub for inclusion in the Proxy Statement/Prospectus. None of the information supplied by the Company for inclusion or incorporation by reference in the Registration Statement will, at the date it becomes effective and at the time of the Special Meetings contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Subject to the proviso set forth in the second preceding sentence, the Proxy Statement/Prospectus will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder.

Section 3.9 Employee Benefit Plans; ERISA. As of the date of this Agreement, except as set forth in Section 3.9 of the Disclosure Schedule: (a)(i) there are no material employee benefit plans, arrangements, practices, contracts or agreements (including, without limitation, employment agreements, change of control employment agreements and severance agreements, incentive compensation, bonus, stock option, stock appreciation rights and stock purchase plans) of any type (including but not limited to plans described in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), maintained by the Company, any of its Subsidiaries or any trade or business, whether or not incorporated (an "ERISA Affiliate"), that together with the Company would be deemed a "controlled group" within the meaning of section 4001(a)(14) of ERISA, or with respect to which the Company or any of its Subsidiaries has or may have a liability, other than those listed on Section 3.9(a) of the Disclosure Schedule (the "Benefit Plans"). Except as disclosed in Schedule 3.9(a)(ii) (or

as otherwise permitted by this Agreement) neither the Company nor any ERISA Affiliate has any formal plan or commitment, whether legally binding or not, to create any additional Benefit Plan or modify or change any existing Benefit Plan that would affect any employee or terminated employee of the Company or any ERISA Affiliate.

(b) Except as disclosed in Schedule 3.9(b), under the applicable laws of all jurisdictions within the United States of America and all foreign jurisdictions, with respect to any Benefit Plan, there are no material amounts accrued but unpaid as of the most recent balance sheet date that are not reflected on that balance sheet prepared in accordance with GAAP.

(c) With respect to each Benefit Plan except as disclosed on Schedule 3.9(c) and as would not have a Material Adverse Effect on the Company and its Subsidiaries: (i) if intended to qualify under section 401(a), 401(k) or 403(a) of the Code, such plan so qualifies, and its trust is exempt from taxation under section 501(a) of the Code; (ii) such plan has been administered in accordance with its terms and applicable law; (iii) no breaches of fiduciary duty have occurred; (iv) no disputes are pending, or, to the knowledge of the Company, threatened; (v) no prohibited transaction (within the meaning of Section 406 of ERISA) has occurred; and (vi) all contributions and premiums due (including any extensions for such contributions and premiums) have been made in full.

(d) Except as disclosed in Schedule 3.9(d), none of the Benefit Plans has incurred or will incur any "accumulated funding deficiency," as such term is defined in section 412 of the Code, whether or not waived.

(e) Except as disclosed on Schedule 3.9(e): (i) neither the Company nor any ERISA Affiliate has incurred any liability under Title IV of ERISA since the effective date of ERISA that has not been satisfied in full except as would not have or would not reasonably be likely to have a material adverse effect on the Company and its Subsidiaries (including sections 4063-4064 and 4069 of ERISA) and, to the knowledge of the Company, no basis for any such liability exists; (ii) neither the Company nor any ERISA Affiliate maintains (or contributes

to), or has maintained (or has contributed to) within the last six years, any employee benefit plan that is subject to Title IV of ERISA; and (iii) there is no pending dispute between the Company or any ERISA Affiliate concerning payment of contributions or payment of withdrawal liability payments.

(f) With respect to each Benefit Plan that is a "welfare plan" (as defined in section 3(1) of ERISA), except as specifically disclosed in Section 3.9(f) of the Disclosure Schedule, no such plan provides medical or death benefits with respect to current or former employees of the Company or any of its Subsidiaries beyond their termination of employment, other than on an employee-pay-all basis, and each such welfare plan may be amended or terminated by the Company or any of its Subsidiaries at any time with respect to such former or current employees.

(g) With respect to each Benefit Plan that is intended to provide special tax treatment to participants (including sections 79, 105, 106, 125, 127 and 129 of the Code), to the Company's knowledge, such Benefit Plan has satisfied all of the material requirements for the receipt of such special tax treatment since January 1, 1992.

(h) Except as specifically set forth in Section 3.9(h) of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not (i) entitle any individual to severance pay or accelerate the time of payment or vesting, or increase the amount, of compensation or benefits due to any individual with respect to any Benefit Plan, or (ii) constitute or result in a prohibited transaction under section 4975 of the Code or section 406 or 407 of ERISA with respect to any Benefit Plan.

(i) Except as disclosed on Schedule 3.9(i), neither the Company, any Benefits Affiliate nor any "administrator" as that term is defined in section 3(16) of ERISA, has any liability with respect to or connected with any Benefit Plan for excise taxes payable under the Code or civil penalties payable under ERISA and, to the Company's knowledge, no basis for any such liability exists.

(j) Except as disclosed on Schedule 3.9(j), there is no Benefit Plan that is a "multiemployer plan," as such term is defined in section 3(37) of ERISA, or which is covered by section 4063 or 4064 of ERISA.

(k) With respect to each Benefit Plan except Plans in which employees of Parent or its Affiliates participate and except Multiemployer Plans from which the Company has withdrawn, the Company has delivered or made available to Parent accurate and complete (with inadvertent or de minimis omissions) copies of all plan texts, summary plan descriptions, summaries of material modifications, trust agreements and other related agreements including all amendments to the foregoing; the two most recent annual reports; the most recent annual and periodic accounting of plan assets; the most recent determination letter received from the United States Internal Revenue Service (the "Service"); and the two most recent actuarial reports, to the extent any of the foregoing may be applicable to a particular Benefit Plan.

(l) With respect to each Benefit Plan that is a "group health plan" as such term is defined in section 5000(b) of the Code, except as specifically set forth in Section 3.9(l) of the Disclosure Schedule, to the Company's knowledge, each such Benefit Plan complies and has complied with the requirements of Part 6 of Title I of ERISA and Sections 4980B and 5000 of the Code except where the failure to so comply would not have a material adverse effect on the Company and its Subsidiaries.

(m) There are no material plans, arrangements, practices, contracts or agreements (including change of control agreements, severance agreements, retirement agreements, stock option or purchase agreements, medical or death benefit agreements) maintained by the Company or an ERISA Affiliate or with respect to which the Company or any of its Subsidiaries has a material liability to a director or former director (as a director) of the Company or an ERISA Affiliate other than those listed on Section 3.9(m) of the Disclosure Schedule or disclosed in the Company's most recent proxy statement (the "Director Plans"). Neither the Company nor any ERISA Affiliate has any formal plan or commitment, whether legally binding or not, to create any Director Plan or modify or change any existing Director Plan that would

affect any director or former director of the Company or any ERISA Affiliate.

Section 3.10 Litigation; Compliance with Law.

(a) Except to the extent disclosed in the Company SEC Documents filed prior to the date of this Agreement, as of the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the best knowledge of the Company, threatened against or affecting, the Company or any of its Subsidiaries which, individually or in the aggregate, is reasonably likely to have a material adverse effect on the Company and its Subsidiaries, or would, or would be reasonably likely to, materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby.

(b) The Company and its Subsidiaries have complied with all laws, statutes, regulations, rules, ordinances, and judgments, decrees, orders, writs and injunctions, of any court or governmental entity relating to any of the property owned, leased or used by them, or applicable to their business, including, but not limited to, equal employment opportunity, discrimination, occupational safety and health, environmental, interstate commerce, antitrust laws, ERISA and laws relating to Taxes (as defined in Section 3.12) except where the failure to so comply would not have a material adverse effect on the Company and its Subsidiaries.

Section 3.11 No Default. The business of the Company and each of its Subsidiaries is not being conducted in default or violation of any term, condition or provision of (a) its respective articles of incorporation or by-laws or similar organizational documents, (b) any Company Agreement or (c) except as disclosed in Section 3.11 of the Disclosure Schedule, any federal, state, local or foreign law, statute, regulation, rule, ordinance, judgment, decree, order, writ, injunction, concession, grant, franchise, permit or license or other governmental authorization or approval applicable to the Company or any of its Subsidiaries, excluding from the foregoing clauses (b) and (c), defaults or violations that would not have a material adverse effect on the Company and its Subsidiaries or would not, or would not

be reasonably likely to, materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby. No investigation or review by any Governmental Entity with respect to the Company or any of its Subsidiaries is pending or, to the best knowledge of the Company, threatened, nor to the best knowledge of the Company, has any Governmental Entity indicated an intention to conduct the same, except such investigation or review as would not reasonably be expected to have a material adverse effect on the Company and its Subsidiaries, or would not materially impair the consummation of the Offer or the Ancillary Agreements or the ability of the Company to consummate the Merger or the other transactions contemplated hereby or thereby.

Section 3.12 Taxes. (a) As of the date of this Agreement, except as set forth in Section 3.12 of the Disclosure Schedule and except as such failure of any representation or warranty made in this Section 3.12(a) to be true and correct which would not have a material adverse effect on the Company and its Subsidiaries:

(i) the Company and its Subsidiaries have (I) duly filed (or there have been filed on their behalf) with the appropriate governmental authorities all Tax Returns (as hereinafter defined) required to be filed by them and such Tax Returns are true, correct and complete, and (II) duly paid in full or made provision in accordance with GAAP (or there has been paid or provision has been made on their behalf) for the payment of all Taxes (as hereinafter defined) for all periods ending through the date hereof;

(ii) the Company and its Subsidiaries have complied in all respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes (including withholding of Taxes pursuant to Sections 1441 and 1442 of the Code or similar provisions under any foreign laws) and have, within the time and the manner prescribed by law, withheld from employee wages and paid over to the proper governmental authorities all amounts required to be so withheld and paid over under applicable laws;

(iii) no federal, state, local or foreign audits or other administrative proceedings or court proceedings are presently pending with regard to any Taxes or Tax Returns of the Company or its Subsidiaries and neither the Company nor its Subsidiaries has received a written notice of any pending audits or proceedings;

(iv) neither the Service nor any other taxing authority (whether domestic or foreign) has asserted, or to the best knowledge of the Company, is threatening to assert, against the Company or any of its Subsidiaries any deficiency or claim for Taxes; and

(v) all transactions that could give rise to an understatement of the federal income tax liability of the Company or any of its Subsidiaries within the meaning of Section 6662(d) of the Code are adequately disclosed on Tax Returns in accordance with Section 6662(d)(2)(B) of the Code if there is or was no substantial authority for the treatment giving rise to such understatement.

(b) As of the date of this Agreement, except as set forth in Section 3.12 of the Disclosure Schedule:

(i) there are no material liens for Taxes upon any property or assets of the Company or any Subsidiary thereof, except for liens for Taxes not yet due and payable and liens for Taxes that are being contested in good faith by appropriate proceedings;

(ii) neither the Company nor any of its Subsidiaries has agreed to or is required to make any adjustment under Section 481(a) of the Code;

(iii) the federal income Tax Returns of the Company and its Subsidiaries have been examined by the Service (or the applicable statutes of limitation for the assessment of federal income Taxes for such periods have expired) for all periods through and including December 31, 1990, except for the periods during which the Company or any Subsidiary was a member of the Santa Fe Pacific Corporation consolidated group;

(iv) neither the Company nor any of its Subsidiaries is a party to any material agreement providing for the allocation or sharing of Taxes;

(v) neither the Company nor any of its Subsidiaries has, with regard to any assets or property held or acquired by any of them, filed a consent to the application of Section 341(f) of the Code, or agreed to have Section 341(f)(2) of the Code apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by the Company or any of its Subsidiaries;

(c) The schedules attached to the copy of the 1993 consolidated federal income tax return of the Company provided to Parent accurately reflect the net operating loss carryovers, investment tax credit carryovers and other carryovers of the Company and its Subsidiaries as of the end of the 1993 taxable year, except to the extent such carryovers are subject to adjustment as a result of items reflected in the Revenue Agent's Report, Engineer's Report and Protest for the taxable periods ending July 31, 1989, December 31, 1989 and December 31, 1990 and any items raised in the audit currently being conducted by the Internal Revenue Service for the 1991 through 1993 taxable years. The Company will provide to Parent a copy of the similar schedules attached to the 1994 consolidated Federal income tax return of the Company within 45 days after the date such return is filed with the Internal Revenue Service. Except as set forth in Section 3.12 of the Disclosure Schedule such carryovers are not subject to limitations imposed by Sections 382, 383 or 384 of the Code (or any predecessor thereto) or otherwise (including under Sections 1.1502-21 and 1502-22 of the Treasury Regulations).

(d) "Taxes" shall mean any and all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, excise, real or personal property, sales, withholding, social security, railroad retirement, railroad unemployment, occupation, use, service, service use, license, net worth, payroll, franchise, transfer and recording taxes, fees and charges, imposed by the Service or any taxing authority (whether domestic or foreign including, without limitation, any state, county, local or foreign government or any subdivision or taxing agency thereof (includ-

ing a United States possession)), whether computed on a separate, consolidated, unitary, combined or any other basis; and such term shall include any interest whether paid or received, fines, penalties or additional amounts attributable to, or imposed upon, or with respect to, any such taxes, charges, fees, levies or other assessments. "Tax Return" shall mean any report, return, document, declaration or other information or filing required to be supplied to any taxing authority or jurisdiction (foreign or domestic) with respect to Taxes, including, without limitation, information returns, any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration or other information.

Section 3.13 Contracts. Each Company Agreement is valid, binding and enforceable and in full force and effect, except where failure to be valid, binding and enforceable and in full force and effect would not have a material adverse effect on the Company and its Subsidiaries, and there are no defaults thereunder, except those defaults that would not have a material adverse effect on the Company and its Subsidiaries. Neither the Company nor any Subsidiary is a party to any agreement that expressly limits the ability of the Company or any Subsidiary to compete in or conduct any line of business or compete with any person or in any geographic area or during any period of time, other than existing cooperative agreements or arrangements with other rail carriers or customers in the ordinary course of business consistent with past practice.

Section 3.14 Assets; Real Property. The assets, properties, rights and contracts, including, without limitation (as applicable), title thereto, of the Company and its Subsidiaries, taken as a whole, are sufficient to permit the Company and its Subsidiaries to conduct their business as it is currently being conducted, except where the failure to have such assets, properties, rights and contracts would not have a material adverse effect on the Company and its Subsidiaries. All material real property owned by the Company and its Subsidiaries (the "Real Property") is owned free and clear of all liens, charges, security interests, options, claims, mortgages, pledges, easements, rights-of-way or other encumbrances and restrictions of any nature whatsoever.

ever, except as described in Section 3.14(b) of the Disclosure Schedule and those that do not materially adversely interfere with the use of such Real Property as currently used.

Section 3.15 Environmental Matters. As of the date of this Agreement, except to the extent disclosed in the Company SEC Documents filed prior to the date hereof or as set forth in Section 3.15 of the Disclosure Schedule and except as would not have a material adverse effect on the Company and its Subsidiaries:

(a) The Company and its Subsidiaries have obtained all permits, licenses and other authorizations which are required under the Environmental Laws (as hereafter defined) for the ownership, use and operation of each location owned, operated or leased by the Company or its Subsidiaries (the "Property"), all such permits, licenses and authorizations are in effect, no appeal nor any other action is pending to revoke or modify in a manner adverse to the Company any such permit, license or authorization, and the Company and its Subsidiaries are in full compliance with all terms and conditions of all such permits, licenses and authorizations.

(b) The Company, its Subsidiaries and the Property are in compliance with all Environmental Laws including, without limitation, all restrictions, conditions, standards, limitations, prohibitions, requirements, obligations, schedules and timetables contained in the Environmental Laws or contained in any regulation, code, plan, code, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder.

(c) The Company has heretofore made available to Parent true and complete copies of (i) all environmental studies submitted to or issued by a governmental agency or made by or at the direction of the Company or its Subsidiaries relating to the Property or any other property or facility previously owned, operated or leased by the Company for which the Company reasonably would be expected to be exposed to material Environmental Liabilities and Costs and (ii) and all studies or reports relating to the health and welfare of employees of the Company and to the impact of any Hazardous Substances, Oils, Pollutants or Contaminants from any facility of the

Company upon residents in the area of the facilities and upon surrounding properties.

(d) There is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter which would reasonably be expected to result in liability existing or pending, or to the best knowledge of the Company threatened, relating to the Company, its Subsidiaries, the Property or any other property or facility owned, operated or leased, or previously owned operated or leased by the Company or its Subsidiaries relating in any way to the Environmental Laws or any regulations, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder.

(e) Neither the Company nor any of its Subsidiaries have, and to the best of the Company's knowledge, no other person has, Released, placed, stored, buried or dumped any Hazardous Substances, Oils, Pollutants or Contaminants or any other wastes produced by, or resulting from, any business, commercial or industrial activities, operations or processes, on or beneath the Property or any property formerly owned, operated or leased by the Company or its Subsidiaries except for inventories of such substances to be used, and wastes generated therefrom, in the ordinary course of business of the Company (which inventories and wastes, if any, were and are disposed of in accordance with applicable laws and regulations and in a manner such that there has been no Release of any such substances into the environment in violation of the Environmental Laws).

(f) No Release, or Cleanup has occurred at the Property which could result in the assertion or creation of a lien on the Property by any governmental body or agency with respect thereto, nor has any such assertion of a lien been made by any governmental body or agency with respect thereto.

(g) Neither the Company nor any of its Subsidiaries have received any written notice or order from any governmental agency or private or public entity advising it that it is responsible for or potentially responsible for paying for any material cost of Cleanup of any Hazardous Substances, Oils, Pollutants or Contami-

nants or any other waste or substance and neither the Company nor its Subsidiaries has entered into any such agreements concerning such Cleanup, nor is the Company aware of any facts which might reasonably give rise to such notice, order or agreement.

(h) Neither the Company nor any of its Subsidiaries are currently undertaking any Cleanup, removal, treatment or remediation of any Hazardous Substances, Oils, Pollutants or Contaminants which would, or would reasonably be expected to, expose the Company to Material Environmental Liabilities and Costs.

(i) With regard to the Company, its Subsidiaries and the Property, there are no past or present (or, to the best knowledge of the Company, future) events, conditions, circumstances, activities, practices, incidents, actions or plans which may interfere with or prevent compliance or continued compliance, with the Environmental Laws as in effect on the date hereof or with any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, or which may give rise to any common law or legal liability under the Environmental Laws, based on or related to the manufacture, generation, processing, distribution, use, treatment, storage, place of disposal, transport or handling, or the Release or threatened Release into the indoor or outdoor environment by the Company or its Subsidiaries or a facility of the Company or its Subsidiaries, of any Hazardous Substances, Oils, Pollutants or Contaminants.

(j) For purposes of this Section 3.15, the following definitions shall apply:

"Cleanup" means all actions required by Environmental Laws to: (1) clean up, remove, treat or remediate Hazardous Substances, Oils, Pollutants or Contaminants in the indoor or outdoor environment; (2) prevent the Release of Hazardous Substances, Oils, Pollutants or Contaminants so that they do not migrate, endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (3) perform studies and investigations and monitoring and care; or (4) respond to any government requests for information or documents in any way relating to clean up, removal, treatment or remediation or potential clean up, removal,

treatment or remediation of Hazardous Substances, Oils, Pollutants or Contaminants in the workplace or outdoor environment.

"Environmental Laws" means all applicable foreign, federal, state and local laws, common law, regulations, rules and ordinances relating to pollution or protection of health, safety and the environment, including, without limitation, laws relating to Releases or threatened Releases of Hazardous Substances, Oils, Pollutants or Contaminants into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater, land, surface and subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Substances, Oils, Pollutants or Contaminants, and all laws and regulations with regard to recordkeeping, notification, disclosure and reporting requirements respecting chemicals, Hazardous Substances, Oils, Pollutants or Contaminants, and all laws relating to endangered or threatened species of fish, wildlife and plants and the management or use of natural resources.

"Hazardous Substances, Oils, Pollutants or Contaminants" means all substances defined as such in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. § 300.5, or defined as such by, or regulated as such under, any Environmental Law.

"Environmental Liabilities and Costs" means all liabilities, obligations, responsibilities, obligations to conduct cleanup, losses, damages, deficiencies, punitive damages, consequential damages, treble damages, costs and expenses (including, without limitation, all reasonable fees, disbursements and expenses of counsel, expert and consulting fees and costs of investigations and feasibility studies and responding to government requests for information or documents), fines, penalties, restitution and monetary sanctions, interest, direct or indirect, known or unknown, absolute or contingent, past, present or future, resulting from any claim or demand, by any person or entity, whether based in contract, tort, implied or express warranty, strict liability, joint and several liability, criminal or civil statute, under any Environmental Law, or arising from environmental, health or safety conditions, or the Release or threatened Re-

lease of Hazardous Substances, Oils, Pollutants or Contaminants into the environment, as a result of past or present ownership, leasing or operation of any Properties, owned, leased or operated by the Company;

"Release" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater, and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Substances, Oils, Pollutants or Contaminants through or in the air, soil, surface water, groundwater or property.

#### Section 3.16 Transactions with Affiliates.

Except to the extent disclosed in the Company SEC Documents filed prior to the date of this Agreement, continuing activities under the terms of the agreements listed in Section 3.16 of the Disclosure Schedule or as disclosed in writing to Parent and Sub on the date hereof, from January 1, 1992 through the date of this Agreement there have been no transactions, agreements, arrangements or understandings between the Company or its Subsidiaries, on the one hand, and the Company's affiliates (other than wholly-owned Subsidiaries of the Company) or other Persons, on the other hand, that would be required to be disclosed under Item 404 of Regulation S-K under the Securities Act.

#### Section 3.17 Opinion of Financial Advisor.

The Company has received an opinion from Morgan Stanley to the effect that the consideration to be received by the stockholders of the Company pursuant to the Offer and Merger, taken together, as of the date of this Agreement, is fair from a financial point of view to such stockholders, a copy of which opinion has been delivered to Parent.

### ARTICLE IV

#### REPRESENTATIONS AND WARRANTIES OF PARENT, UPRR AND SUB

Parent, UPRR and Sub represent and warrant to the Company as follows:

Section 4.1 Organization. Each of Parent, UPRR and Sub is a corporation duly organized, validly existing and in good standing under the laws of Utah, Utah and Delaware respectively, and has all requisite corporate or other power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power, authority and governmental approvals would not have a material adverse effect on Parent and its Subsidiaries. Parent and each of its Subsidiaries is duly qualified or licensed to do business and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not have a material adverse effect on Parent and its Subsidiaries taken as a whole.

Section 4.2 Capitalization. (a) The authorized capital stock of Parent consists of 500,000,000 shares of Parent Common Stock and 20,000,000 preferred shares, no par value (the "Parent Preferred Stock"). As of the date hereof, (i) 205,359,000 shares of Parent Common Stock are issued and outstanding, (ii) no shares of Parent Preferred Stock are issued and outstanding, (iii) 26,593,616 shares of Parent Common Stock and no shares of Parent Preferred Stock are issued and held in the treasury of Parent, and (iv) 9,699,504 shares of Parent Common Stock are reserved for issuance upon exercise of then outstanding options and 9,914,320 shares of Parent Common Stock are reserved for issuance under Parent's 1993 Stock Option and Retention Stock Plan, the 1990 Retention Stock Plan and the 1988 Stock Option and Restricted Stock Plan (collectively, the "Parent Plans"). All of the outstanding shares of Parent's capital stock are, and all shares which may be issued pursuant to the exercise of outstanding options or pursuant to the Parent Plans will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable. Except for Parent's 4.75% Convertible Debentures due April 1, 1999 there are no bonds, debentures, notes or other indebtedness having voting rights (or convertible into securities having such rights) ("Parent Voting Debt") of Parent or any of its

Subsidiaries issued and outstanding. Except as set forth above, and except as set forth in Section 4.2 of the Disclosure Schedule delivered to the Company on or prior to the date hereof (the "Parent Disclosure Schedule") and except for transactions contemplated by this Agreement, as of the date hereof, (i) there are no shares of capital stock of Parent authorized, issued or outstanding and (ii) there are no existing options, warrants, calls, preemptive rights, subscriptions or other rights, convertible securities, agreements, arrangements or commitments of any character, relating to the issued or unissued capital stock of Parent or any of its Subsidiaries, obligating Parent or any of its Subsidiaries to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock or Parent Voting Debt of, or other equity interest in, Parent or any of its Subsidiaries or securities convertible into or exchangeable for such shares or equity interests or obligations of Parent or any of its Subsidiaries to grant, extend or enter into any such option, warrant, call, subscription or other right, convertible security, agreement, arrangement or commitment. There are no outstanding contractual obligations of Parent or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of Parent Common Stock or the capital stock of Parent or any subsidiary or affiliate of Parent or to provide funds to make any investment (in the form of a loan, capital contribution or otherwise) in any Subsidiary or any other entity.

(b) There are no voting trusts or other agreements or understandings to which Parent or any of its Subsidiaries is a party with respect to the voting of the capital stock of Parent or its Subsidiaries. None of Parent or its Subsidiaries is required to redeem, repurchase or otherwise acquire shares of capital stock of Parent, or any of its Subsidiaries, respectively, as a result of the transactions contemplated by this Agreement.

Section 4.3 Corporate Authorization; Validity of Agreement; Necessary Action. Each of Parent, UPRR and Sub has full corporate power and authority to execute and deliver this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement to which it is a party and, subject in the case of this Agreement to obtaining any necessary approval of Parent's

stockholders as contemplated by Section 1.7 hereof with respect to the Merger, to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Parent, UPRR and Sub of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement to which they are parties and the consummation by Parent, UPRR and Sub of the transactions contemplated hereby and thereby have been duly and validly authorized by their respective Boards of Directors and, except in the case of this Agreement for obtaining any necessary approval of Parent's stockholders as contemplated by Section 1.7 hereof, no other corporate action or proceedings on the part of Parent, UPRR and Sub are necessary to authorize the execution and delivery by Parent, UPRR and Sub of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement to which they are parties and the consummation by Parent, UPRR and Sub of the transactions contemplated hereby and thereby. Each of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement has been duly executed and delivered by Parent, UPRR and Sub, as the case may be to the extent a party thereto, and, assuming this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement constitute valid and binding obligations of the Company, constitute valid and binding obligations of each of Parent, UPRR and Sub, as the case may be to the extent a party thereto, enforceable against them in accordance with their respective terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. The shares of Parent Common Stock to be issued pursuant to the Merger will be duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights.

Section 4.4 Consents and Approvals; No Violations. Except for filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Exchange Act, the Securities Act, the DGCL, the ICA, the HSR Act, if any, state blue sky laws and any applicable state takeover

laws and the approval by Parent's stockholders of the issuance of Parent Common Stock in the Merger, neither the execution, delivery or performance of this Agreement, the Parent Stockholder Agreement and the Parent/Company Registration Rights Agreement by Parent, UPRR and Sub nor the consummation by Parent, UPRR and Sub of the transactions contemplated hereby or thereby nor compliance by Parent, UPRR and Sub with any of the provisions hereof or thereof will (i) conflict with or result in any breach of any provision of the certificate of incorporation or by-laws of Parent, UPRR and Sub, (ii) require any filing with, or permit, authorization, consent or approval of, any Governmental Entity (except where the failure to obtain such permits, authorizations, consents or approvals or to make such filings would not have a material adverse effect on Parent and its Subsidiaries or would not, or would not be reasonably likely to, materially impair the consummation of the Ancillary Agreements or the ability of Parent, UPRR and Sub to consummate the Offer, the Merger or the other transactions contemplated hereby or thereby), (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, guarantee, other evidence of indebtedness, lease, license, contract, agreement or other instrument or obligation to which Parent or any of its Subsidiaries is a party or by which any of them or any of their properties or assets may be bound or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Parent, any of its Subsidiaries or any of their properties or assets, except in the case of clauses (iii) and (iv) for violations, breaches or defaults which would not have a material adverse effect on Parent and its Subsidiaries or would not, or would not be reasonably likely to, materially impair the consummation of the Ancillary Agreements or the ability of Parent, UPRR or Sub to consummate the Offer, the Merger or the other transactions contemplated hereby or thereby.

Section 4.5 SEC Reports and Financial Statements. Parent has filed with the SEC, and has heretofore made available to the Company true and complete copies of, all forms, reports, schedules, statements and other documents required to be filed by it and its Sub-

sidiaries since January 1, 1992 under the Exchange Act or the Securities Act (as such documents have been amended since the time of their filing, collectively, the "Parent SEC Documents"). As of their respective dates or, if amended, as of the date of the last such amendment, the Parent SEC Documents, including, without limitation, any financial statements or schedules included therein (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may be, and the applicable rules and regulations of the SEC thereunder. Each of the consolidated financial statements included in the Parent SEC Documents have been prepared from, and are in accordance with, the books and records of Parent and/or its consolidated Subsidiaries, comply in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position and the consolidated results of operations and cash flows (and changes in financial position, if any) of Parent and its consolidated Subsidiaries as at the dates thereof or for the periods presented therein.

#### Section 4.6 Absence of Certain Changes.

Except as contemplated by Section 5.4 hereof or to the extent disclosed in the Parent SEC Documents filed prior to the date of this Agreement, from June 30, 1995 through the date of this Agreement, Parent and its Subsidiaries have conducted their respective businesses in the ordinary course of business consistent with past practice. From June 30, 1995 through the date of this Agreement, there has not occurred (i) any events, changes, or effects (including the incurrence of any liabilities of any nature, whether or not accrued, contingent or otherwise) having or, which would be reasonably likely to have, individually or in the aggregate, a material adverse effect on Parent and its Subsidiaries; (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with

respect to the equity interests of Parent or of any of its Subsidiaries other than regular quarterly cash dividends or dividends paid by wholly owned Subsidiaries; or (iii) any change by Parent or any of its Subsidiaries in accounting principles or methods, except insofar as may be required by a change in GAAP.

Section 4.7 No Undisclosed Liabilities.

Except (a) to the extent disclosed in the Parent SEC Documents filed prior to the date of this Agreement and (b) for liabilities and obligations incurred in the ordinary course of business consistent with past practice, during the period from June 30, 1995 through the date of this Agreement, neither Parent nor any of its Subsidiaries have incurred any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, that have, or would be reasonably likely to have, a material adverse effect on Parent and its Subsidiaries or would be required to be reflected or reserved against on a consolidated balance sheet of Parent and its Subsidiaries (including the notes thereto) prepared in accordance with GAAP as applied in preparing the June 30, 1995 consolidated balance sheet of Parent and its Subsidiaries.

Section 4.8 Information in Proxy Statement/Prospectus. The Registration Statement (or any amendment thereof or supplement thereto) will, at the date it becomes effective and at the time of the Company Special Meeting, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, provided, however, that no representation is made by Parent, UPRR or Sub with respect to statements made therein based on information supplied by the Company for inclusion in the Registration Statement. None of the information supplied by Parent, UPRR or Sub for inclusion or incorporation by reference in the Proxy Statement/Prospectus will, at the date mailed to stockholders and at the time of the Special Meetings, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Subject to the proviso set forth in the second preceding sentence, the Registra-

tion Statement will comply in all material respects with the provisions of the Securities Act and Exchange Act, respectively, and the rules and regulations thereunder.

Section 4.9 Litigation; Compliance with Law.

(a) Except to the extent disclosed in the Parent SEC Documents filed prior to the date of this Agreement, as of the date of this Agreement, there is no suit, claim, action, proceeding or investigation pending or, to the best knowledge of Parent, threatened against or affecting, Parent or any of its Subsidiaries, which, individually or in the aggregate, is reasonably likely to have a material adverse effect on Parent and its Subsidiaries or would, or would be reasonably likely to, materially impair the consummation of the Ancillary Agreements or the ability of Parent to consummate the Offer, the Merger or the other transactions contemplated hereby or thereby.

(b) Parent and its Subsidiaries have complied with all laws, statutes, regulations, rules, ordinances, and judgments, decrees, orders, writs and injunctions, of any court or governmental entity relating to any of the property owned, leased or used by them, or applicable to their business, including, but not limited to, equal employment opportunity, discrimination, occupational safety and health, environmental, interstate commerce and antitrust laws, except where the failure to so comply would not have a material adverse effect on Parent and its Subsidiaries.

Section 4.10 Employee Benefit Plan; ERISA. As of the date of this Agreement, except as would not have a material adverse effect on Parent and its Subsidiaries, the material employee benefit plans, arrangements, practices, contracts and agreements (including, without limitation, employment agreements, change of control employment agreements and severance agreements, incentive compensation, bonus, stock option, stock appreciation rights and stock purchase plans, and including, but not limited to, plans described in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), maintained by Parent, any of its Subsidiaries or any trade or business, whether or not incorporated, that together with Parent would be deemed a "controlled group" within the meaning of section 4001(a)(14) of

ERISA, or with respect to which the Parent or any of its subsidiaries has or may have a liability (the "Parent Plans") are in substantial compliance with applicable laws, including ERISA and the Internal Revenue Code of 1986, as amended from time to time.

Section 4.11 Taxes. Except as set forth in Section 4.11(a) of the Parent Disclosure Schedule (which schedule shall be provided by Parent to Company within twenty (20) business days of the date of this Agreement) and except as such failure of any representation or warranty made in this Section 4.11(a) to be true and correct which would not have a material adverse effect on the Parent and its Subsidiaries:

(a) Parent and its Subsidiaries have (i) duly filed (or there have been filed on their behalf) with the appropriate governmental authorities all Tax Returns required to be filed by them and such Tax Returns are true, correct and complete, and (ii) duly paid in full or made provision in accordance with GAAP (or there has been paid or provision has been made on their behalf) for the payment of all Taxes for all periods ending through the date hereof; and

(b) Parent and its Subsidiaries have complied in all respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes (including withholding of Taxes pursuant to Sections 1441 and 1442 of the Code or similar provisions under any foreign laws) and have, within the time and the manner prescribed by law, withheld from employee wages and paid over to the proper governmental authorities all amounts required to be so withheld and paid over under applicable laws.

Section 4.12 Environmental. Except as set forth in the Parent SEC Documents, to the best knowledge of the Chief Executive Officer, Chief Financial Officer, the most senior officer, and the most senior legal officer directly in charge of environmental matters of Parent, there are no Environmental Liabilities and Costs of Parent and its Subsidiaries that would have or are reasonably likely to have a material adverse effect on Parent and its Subsidiaries.

Section 4.13 Financing. Either Parent, UPRR or Sub has, or will have prior to the consummation of the Offer or the satisfaction of the conditions to the Merger, as the case may be, sufficient funds available to purchase the Shares pursuant to the Offer and the Shares converted into the right to receive Cash Consideration in the Merger.

Section 4.14 Opinion of Financial Advisor. Parent has received an opinion from CS First Boston Corporation ("CS First Boston") dated the date of this Agreement to the effect that, as of such date, the consideration to be paid by Parent in the Offer and the Merger, taken together, is fair to Parent from a financial point of view, a copy of which opinion has been delivered to the Company.

## ARTICLE V

### COVENANTS

Section 5.1 Interim Operations of the Company. The Company covenants and agrees that, except (i) as expressly provided in this Agreement, or (ii) with the prior written consent of Parent, after the date hereof and prior to the Effective Time:

(a) the business of the Company and its Subsidiaries shall be conducted only in the ordinary course of business consistent with past practice or pursuant to Customary Actions and, to the extent consistent therewith, each of the Company and its Subsidiaries shall use its best efforts to preserve its business organization intact and maintain its existing relations with customers, suppliers, employees, creditors and business partners;

(b) except as disclosed in Section 5.1(b) of the Disclosure Schedule, the Company will not, directly or indirectly, split, combine or reclassify the outstanding Company Common Stock, or any outstanding capital stock of any of the Subsidiaries of the Company;

(c) neither the Company nor any of its Subsidiaries shall: (i) except as disclosed in Section 5.1(c) of the Disclosure Schedule, amend its articles of

incorporation or by-laws or similar organizational documents; (ii) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock other than dividends paid by the Company's Subsidiaries to the Company or its Subsidiaries; (iii) issue, sell, transfer, pledge, dispose of or encumber any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class of the Company or its Subsidiaries, other than issuances pursuant to exercise of stock-based awards outstanding on the date hereof as disclosed in Section 3.2 or in Section 5.1(c) of the Disclosure Schedule; (iv) transfer, lease, license, sell, mortgage, pledge, dispose of, or encumber any material assets other than (a) in the ordinary course of business consistent with past practice or (b) pursuant to existing agreements disclosed in Section 5.1(c) of the Disclosure Schedule; or (v) except as set forth on Section 5.1(c) of the Disclosure Schedule, redeem, purchase or otherwise acquire directly or indirectly any of its capital stock;

(d) neither the Company nor any of its Subsidiaries shall: (i) except as otherwise provided in this Agreement, grant any increase in the compensation payable or to become payable by the Company or any of its Subsidiaries to any officer or employee (including through any new award made under, or the exercise of any discretion under, the Southern Pacific Rail Corporation Equity Incentive Plan; however, Chairman's Circle Awards in accordance with past practice may be made payable in cash or, with the written consent of Parent, in Shares), provided, however, the Company may increase compensation (x) as required pursuant to collective bargaining agreements and (y) for employees who have merit promotions and/or industry-competitive salary adjustments in the ordinary course and consistent with past practice (ii) adopt any new, or (B) amend or otherwise increase, or accelerate the payment or vesting of the amounts payable or to become payable under any existing, bonus, incentive compensation, deferred compensation, severance, profit sharing, stock option, stock purchase, insurance, pension, retirement or other employee benefit plan agreement or arrangement; (iii) enter into any, or amend any existing, employment or severance agreement with or, except in accordance with the existing written policies of the

Company, grant any severance or termination pay to any officer, director or employee of the Company or any of its Subsidiaries; or (iv) make any additional contributions to any grantor trust created by the Company to provide funding for non-tax-qualified employee benefits or compensation; or (v) provide any severance program to any Subsidiary which does not have a severance program as of the date of this Agreement, other than a program which is substantially identical to the Southern Pacific Lines Non-Agreement Severance Benefit Plan as revised on August 25, 1993; provided, however, the foregoing clauses (i) and (iii) shall not apply with respect to the initial compensation package for any officer or employee hired after the date of this Agreement if such package is industry-competitive and conforms to past practice.

(e) neither the Company nor any of its Subsidiaries shall modify, amend or terminate any of the Company Agreements or waive, release or assign any material rights or claims, except in the ordinary course of business consistent with past practice and except for a Customary Action;

(f) neither the Company nor any of its Subsidiaries shall permit any material insurance policy naming it as a beneficiary or a loss payable payee to be cancelled or terminated without notice to Parent, except in the ordinary course of business consistent with past practice and except for a Customary Action;

(g) except as set forth in Section 5.1(g) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries shall: (i) incur or assume any debt except for (A) borrowings under existing credit facilities in an amount not to exceed \$450 million and replacements therefor and refinancings thereof; provided, however, that the Company and its Subsidiaries shall not prepay or call any long-term borrowings, (B) capital leases under the Company's existing program to finance the rebuilding of freight cars and to finance equipment under existing purchase commitments; and (C) borrowings in the ordinary course of business consistent with past practice that do not exceed \$12.5 million in the fiscal year ending December 31, 1995, \$25 million in the fiscal year ending December 31, 1996 and \$12.5 million in the fiscal quarter ending March 31, 1997; (ii) assume, guarantee, endorse or otherwise become liable or responsible

(whether directly, contingently or otherwise) for the obligations of any other person, except in the ordinary course of business consistent with past practice; (iii) make any loans, advances or capital contributions to, or investments in, any other person (other than to wholly owned Subsidiaries of the Company or customary loans or advances to employees in accordance with past practice); or (iv) enter into any material commitment (including, but not limited to, any capital expenditure or purchase of assets) other than in the ordinary course of business consistent with past practice or, in the case of capital expenditures, pursuant to Customary Actions;

(h) neither the Company nor any of its Subsidiaries shall change any of the accounting principles used by it unless required by GAAP;

(i) neither the Company nor any of its Subsidiaries shall pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction of any such claims, liabilities or obligations, (x) reflected or reserved against in, or contemplated by, the consolidated financial statements (or the notes thereto) of the Company and its consolidated Subsidiaries, (y) incurred in the ordinary course of business consistent with past practice or which are Customary Actions or (z) which are legally required to be paid, discharged or satisfied;

(j) except as disclosed in Section 5.1(j) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries will adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization of the Company or any of its Subsidiaries or any agreement relating to a Takeover Proposal (as defined in Section 5.6) (other than the Merger);

(k) neither the Company nor any of its Subsidiaries knowingly will take, or agree to commit to take, any action that would make any representation or warranty of the Company contained herein inaccurate in any respect at, or as of any time prior to, the Effective Time;

(1) other than between or among wholly-owned Subsidiaries of the Company which remain wholly-owned or between the Company and its wholly-owned Subsidiaries which remain wholly-owned, neither the Company nor any of its Subsidiaries will engage in any transaction with, or enter into any agreement, arrangement, or understanding with, directly or indirectly, any of the Company's affiliates, including, without limitation, any transactions, agreements, arrangements or understandings with any affiliate or other Person covered under Item 404 of Regulation S-K under the Securities Act that would be required to be disclosed under such Item 404, other than pursuant to such agreements, arrangements, or understandings existing on the date of this Agreement (which are set forth on Section 5.1(1) of the Disclosure Schedule) or as disclosed in writing to Parent and Sub on the date hereof; provided, however, that any such agreement, arrangement or understanding disclosed in such writing shall be approved by at least two independent directors of the Company, after having received an appraisal or valuation from an independent appraiser or expert (reasonably acceptable to Parent) that the terms are fair to the Company and are no less favorable to the Company than could be obtained in an arms-length transaction with an unaffiliated party, and, provided, further, that the Company provides Parent with all information concerning any such agreement, arrangement or understanding that Parent may reasonably request; and

(m) neither the Company nor any of its Subsidiaries will enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

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

Section 5.2 Interim Operations of Parent.  
Parent covenants and agrees that, except (i) as expressly provided in this Agreement, or (ii) with the prior written consent of the Company, after the date hereof and prior to the Effective Time:

(a) Parent will not, directly or indirectly, split, combine or reclassify the outstanding Parent Common Stock;

(b) Parent shall not: (i) amend its articles of incorporation; or (ii) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock except for quarterly cash dividends consistent in amount with past practice, provided that Parent may increase its dividend rate consistent with the amount reflected in Parent's long-range plan previously furnished to the Company, and except for dividends paid by Parent's Subsidiaries to Parent or its Subsidiaries;

(c) neither Parent nor any of its Subsidiaries shall change any of the accounting principles used by it unless required by GAAP;

(d) Parent will not issue, sell, transfer, pledge or dispose of direct or indirect beneficial ownership of the capital stock of UPRR or permit UPRR to sell, transfer or dispose of any substantial portion of or all of the assets of UPRR; and

(e) neither Parent nor any of its Subsidiaries will enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

Section 5.3 Access to Information. (a) To the extent permitted by applicable law, the Company shall (and shall cause each of its Subsidiaries to) afford to the officers, employees, accountants, counsel, financing sources and other representatives of Parent, access, during normal business hours, during the period prior to the Effective Time, to all of its and its Subsidiaries' properties, books, contracts, commitments and records (including any Tax Returns or other Tax related information pertaining to the Company and its Subsidiaries) and, during such period, the Company shall (and shall cause each of its Subsidiaries to) furnish promptly to Parent (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws and (b) all other information concerning

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its business, properties and personnel as Parent may reasonably request (including any Tax Returns or other Tax related information pertaining to the Company and its Subsidiaries); *provided, however*, that access to certain Company information may require the entry of a protective order by the ICC, after which date full access will be granted to such information consistent with this paragraph and subject to the terms of such order. Parent will hold any such information which is nonpublic in confidence in accordance with the provisions of the existing confidentiality agreement between the Company and Parent (the "Confidentiality Agreement").

(b) To the extent permitted by applicable law, Parent shall (and shall cause each of its Subsidiaries to) afford to the officers, employees, accountants, counsel, financing sources and other representatives of the Company, access, during normal business hours, during the period prior to the Effective Time, to all of its and its Subsidiaries' properties, books, contracts, commitments and records (including any Tax Returns or other Tax related information pertaining to Parent and its Subsidiaries) and, during such period, Parent shall (and shall cause each of its Subsidiaries to) furnish promptly to the Company (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of the federal securities laws and (b) all other information as the Company may reasonably request (including any Tax Returns or other Tax related information pertaining to Parent and its Subsidiaries); *provided, however*, that access to certain Parent information may require the entry of a protective order by the ICC, after which date full access will be granted to such information consistent with this paragraph and subject to the terms of such order. The Company will hold any such information which is nonpublic in confidence in accordance with the provisions of the Confidentiality Agreement.

Section 5.4 Spinco Spin-off. The Company acknowledges that Parent has announced its intention to effect an initial public offering of no more than 17.25% (not including employee shares or employee options) of, and to distribute to its stockholders, as a pro rata dividend, the remainder of, the shares of capital stock of Spinco. Parent agrees that no dividend shall be declared for any distribution of shares of capital stock

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

Section 5.5 Consents and Approvals. (a) Parent and the Company shall, and each shall cause each of its Subsidiaries to, subject to the following sentence, (i) cooperate with one another to prepare and present to the ICC, or any successor applying substantially similar standards of review and procedures (a "Similar Successor"), as soon as practicable all filings and other presentations in connection with seeking any ICC or Similar Successor approval, exemption or other authorization necessary to consummate the transactions contemplated by this Agreement (including, without limitation, the matters contemplated by Section 5.3 hereof) and the Ancillary Agreements, (ii) prosecute such filings and other presentations with diligence, (iii) diligently oppose any objections to, appeals from or petitions to reconsider or reopen any such ICC or Similar Successor approval by persons not party to this Agreement, and (iv) take all such further action as in Parent's and the Company's judgment reasonably may facilitate obtaining a final order or orders of the ICC or Similar Successor approving such transactions consistent with this Agreement and the Ancillary Agreements. Subject to consultation with the Company and after giving good faith consideration to the views of the Company, Parent shall have final authority over the development, presentation and conduct of the ICC or Similar Successor case, including over decisions as to whether to agree to or acquiesce in conditions.

(b) Each of the Company, Parent, UPRR and Sub will take all reasonable actions necessary to comply promptly with all legal requirements which may be imposed on it with respect to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and

thereby (which actions shall include, without limitation, furnishing all information in connection with approvals of or filings with any Governmental Entity, including, without limitation, any schedule, or reports required to be filed with the SEC, (other than the ICC or a Similar Successor which is covered by subsection (a) of this Section 5.5)), and will promptly cooperate with and furnish information to each other in connection with any such requirements imposed upon any of them or any of their Subsidiaries in connection with this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby. Each of the Company, Parent, UPRR and Sub will, and will cause its Subsidiaries to, take all reasonable actions necessary to obtain any consent, authorization, order or approval of, or any exemption by, any Governmental Entity or other public or private third party (other than the ICC or a Similar Successor which is covered by subsection (a) of this Section 5.5), required to be obtained or made by Parent, UPRR, Sub, the Company or any of their Subsidiaries in connection with the Offer, the Merger or the taking of any action contemplated thereby or by this Agreement or the Ancillary Agreements. Subject to consultation with the Company and after giving good faith consideration to the views of the Company, Parent shall have final authority over the development, presentation and conduct of any case before a Governmental Entity in connection with this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby.

Section 5.6 Employee Benefits. (a) Parent agrees to cause Surviving Corporation and its Subsidiaries to honor and assume, and Surviving Corporation agrees to honor and assume, the Employment Agreements, Contractual Supplemental Executive Retirement Agreements and Stock Bonus Agreements, all as listed under those categories on Section 3.9(a)(i) of the Disclosure Schedule, true and accurate copies of which have previously been made available to Parent. Notwithstanding the foregoing, nothing in this Section 5.6 shall be deemed to require the employment of any nonagreement employee to be continued for any particular period of time.

(b) Parent agrees to cause Surviving Corporation and its Subsidiaries to honor and assume, and Surviving Corporation agrees to honor and assume, the Company's employee benefit plans and employee programs,

arrangements and agreements listed on Section 3.9 of the Disclosure Schedule, true and accurate copies of which have previously been made available to Parent. Nothing in this Agreement shall prohibit Parent, Surviving Corporation or its Subsidiaries from amending or terminating any such plan, program, arrangement or agreement at any time in accordance with applicable law (except as to benefits already vested thereunder); provided that the severance plan for employees of the Company and its Subsidiaries who are terminated other than for cause, as in effect on the date of this Agreement, shall be continued in effect for at least one year following the Effective Time.

(c) Parent and Surviving Corporation agree to cause the Committee under the Southern Pacific Rail Corporation Equity Incentive Plan (the "EIP") to make adequate provision for the adjustment of outstanding Awards under the Stock Bonus Agreements issued under EIP, in accordance with Section 5.2(b) of EIP.

(d) Promptly after the completion of the purchase of Shares pursuant to the Offer, the Company and its Subsidiaries shall establish a "Management Continuity Plan (the 'MCP') " that will provide certain payments described in Section 5.6(d) of the Disclosure Schedule (the "MCP Awards") to certain nonagreement employees of the Company or its Subsidiaries (whether employed at the date of this Agreement or hired subsequently). Promptly after the later of (i) the establishment of the MCP or (ii) a nonagreement employee's date of hire (or promotion, if applicable), the Company will communicate in writing to each nonagreement employee who is eligible to participate in the MCP the amount of his or her potential MCP Award and its conditions of payment. Certain eligible non-agreement employees and their potential MCP Awards are listed in Section 5.6(d) of the Disclosure Schedule; other eligible employees will be designated at the later of the date the MCP is established or the respective employee's date of hire (or promotion, if applicable). In order to become an "MCP Participant", the eligible employee must waive, within 60 days of the later of completion of purchase of Shares pursuant to the Offer or his or her date of hire (or promotion, if applicable), any right to receive a payment from any other incentive plan, incentive program or incentive arrangement maintained by the Company (or its Subsidiaries) or the Surviving Corpo-

ration (or its Subsidiaries), except for rights under the two Stock Bonus Agreements listed in Section 3.9(a), Part I of the Stock Bonus Agreement category, of the Disclosure Schedule.

Payment of each MCP Award shall be made in two parts, subject to the respective MCP Participant's fulfilling certain conditions:

First Payment:

If the MCP Participant is employed by the Company or its Subsidiaries on December 25, 1995 and has not, prior to December 25, 1995, received a written notice from the employer that the MCP Participant is not fulfilling his or her work performance obligations, then, if the MCP Participant is a Group I Employee, sixty percent (60%) of the MCP Award shall be paid to such MCP Participant prior to December 31, 1995, or, if the MCP Participant is not a Group I Employee, fifty percent (50%) of the MCP Award shall be paid to such MCP Participant prior to December 31, 1995.

Second Payment:

If the MCP Participant is employed by the Company or its Subsidiaries at the Effective Time and has not, prior to the Effective Time, received a written notice from the employer that the MCP Participant is not fulfilling his or her work performance obligations, the MCP Participant becomes entitled to the remainder of his or her MCP Award (the "Second Payment"), subject to the further condition that the MCP Participant continue to be so employed for at least sixty (60) days immediately following the Effective Time, unless such employment is earlier terminated at the request of the Surviving Corporation or its Subsidiaries. The Second Payment shall be made at the earlier of the 60th day following the Effective Time or the day of such earlier termination.

(e) Promptly after completion of the purchase of Shares pursuant to the Offer, the Company and its Subsidiaries shall establish an enhanced severance program (the "Enhanced Severance Program") that will

provide certain additional severance amounts to terminated nonagreement employees who become entitled to severance pursuant to (i) the Southern Pacific Line Non-Agreement Severance Benefit Plan as revised August 25, 1993 (the "Severance Plan"), (ii) the substantially identical plans to be established for certain Subsidiaries which do not currently have a severance plan (the "New Identical Plans"), or (iii) the individual agreements in existence on the date of this Agreement which provide severance benefits. The payments to be made pursuant to this Section 5.6(e) are described in Section 5.6(e) of the Disclosure Schedule. The Parent agrees to cause the Surviving Corporation and its Subsidiaries to maintain and honor, and the Surviving Corporation agrees that it will maintain and honor, the Enhanced Severance Program, the Severance Plan and the New Identical Plans, without any amendment, for one year after the Effective Time. Parent and Surviving Corporation agree the Severance Plan and New Identical Plans may be amended to provide that the following events shall constitute a constructive termination thereunder which will entitle a Group A or Group B Employee to severance thereunder: (i) reduction in base salary, (ii) being required to work at a job which is not commensurate with the individual's skills, or (iii) being required to accept a new principal place of work which is at least fifty (50) miles farther from the individual's old residence than the individual's old residence was from the individual's former place of work. Parent and Surviving Corporation agree the Severance Plan and New Identical Plans may be amended to provide that the following event shall constitute a constructive termination thereunder which will entitle a Group C Employee to severance thereunder: reduction in base salary.

Section 5.7 No Solicitation. (a) The Company (and its Subsidiaries, and affiliates over which it exercises control) will not, and the Company (and its Subsidiaries, and affiliates over which it exercises control) will use their best efforts to ensure that their respective officers, directors, employees, investment bankers, attorneys, accountants and other agents do not, directly or indirectly: (i) initiate, solicit or encourage, or take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Takeover Proposal (as defined below) of the Company or any Subsidiary or an inquiry with respect

thereto, or, (ii) in the event of an unsolicited Takeover Proposal for the Company or any Subsidiary or affiliate of the Company, engage in negotiations or discussions with, or provide any information or data to, any corporation, partnership, person or other entity or group (other than Parent, any of its affiliates or representatives) ("Person") relating to any Takeover Proposal, except in the case of clause (ii) above to the extent that the Company's Board of Directors determines, after having received the oral or written opinion of outside legal counsel to the Company, that the failure to engage in such negotiation or discussions or provide such information would result in a breach of the Board of Directors' fiduciary duties under applicable law. The Company shall notify Parent, UPRR and Sub orally and in writing of any such offers, proposals, inquiries or Takeover Proposals (including, without limitation, the material terms and conditions thereof and the identity of the Person making it), within 24 hours of the receipt thereof, shall thereafter inform Parent on a reasonable basis of the status and content of any discussions or negotiations with such a third party, including any material changes to the terms and conditions thereof, and shall give Parent three days' advance notice of any information to be supplied to any Person making such offer, proposal, inquiry or Takeover Proposal. The Company shall, and shall cause its Subsidiaries and affiliates, and their respective officers, directors, employees, investment bankers, attorneys, accountants and other agents to, immediately cease and cause to be terminated all discussions and negotiations that have taken place prior to the date hereof, if any, with any parties conducted heretofore with respect to any Takeover Proposal relating to the Company.

(b) As used in this Agreement, "Takeover Proposal" when used in connection with any Person shall mean any tender or exchange offer involving the capital stock of such Person, any proposal for a merger, consolidation or other business combination involving such Person or any Subsidiary of such Person, any proposal or offer to acquire in any manner a substantial equity interest in, or a substantial portion of the business or assets of, such Person or any Subsidiary of such Person, any proposal or offer with respect to any recapitalization or restructuring with respect to such Person or any Subsidiary of such Person or any proposal or offer with

respect to any other transaction similar to any of the foregoing with respect to such Person or any Subsidiary of such Person other than pursuant to the transactions to be effected pursuant to this Agreement.

Section 5.8 Additional Agreements. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable, whether under applicable laws and regulations or otherwise, or to remove any injunctions or other impediments or delays, legal or otherwise, to consummate and make effective the Merger and the other transactions contemplated by this Agreement. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of the Company and Parent shall use their best efforts to take, or cause to be taken, all such necessary actions.

Section 5.9 Publicity. So long as this Agreement is in effect, neither the Company nor Parent nor affiliates which either of them control shall issue or cause the publication of any press release or other public statement or announcement with respect to this Agreement or the Ancillary Agreements or the transactions contemplated hereby or thereby without the prior consultation of the other party, except as may be required by law or by obligations pursuant to any listing agreement with a national securities exchange.

Section 5.10 Notification of Certain Matters. The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (a) the occurrence, or non-occurrence of any event the occurrence or non-occurrence of which would cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect at or prior to the Effective Time and (b) any material failure of the Company or Parent, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 5.10 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 5.11 Directors' and Officers' Insurance and Indemnification. Parent agrees that at all times after the Effective Time, it shall indemnify, or shall cause the Surviving Corporation and its Subsidiaries to indemnify, each person who is now, or has been at any time prior to the date hereof, an employee, agent, director or officer of the Company or of any of the Company's Subsidiaries, successors and assigns (individually an "Indemnified Party" and collectively the "Indemnified Parties"), to the same extent and in the same manner as is now provided in the respective charters or by-laws of the Company and such Subsidiaries or otherwise in effect on the date hereof, with respect to any claim, liability, loss, damage, cost or expense (whenever asserted or claimed) ("Indemnified Liability") based in whole or in part on, or arising in whole or in part out of, any matter existing or occurring at or prior to the Effective Time. Parent shall, and shall cause the Surviving Corporation to, maintain in effect for not less than six (6) years after consummation of the Offer the current policies of directors' and officers' liability insurance maintained by the Company and its Subsidiaries on the date hereof (provided that Parent may substitute therefor policies having at least the same coverage and containing terms and conditions which are no less advantageous to the persons currently covered by such policies as insured) with respect to matters existing or occurring at or prior to the Effective Time; provided, however, that if the aggregate annual premiums for such insurance at any time during such period shall exceed 200% of the per annum rate of premium currently paid by the Company and its Subsidiaries for such insurance on the date of this Agreement, then Parent shall cause the Surviving Corporation to, and the Surviving Corporation shall, provide the maximum coverage that shall then be available at an annual premium equal to 200% of such rate, and Parent, in addition to the indemnification provided above in this Section 5.11, shall indemnify the Indemnified Parties for the balance of such insurance coverage on the same terms and conditions as though Parent were the insurer under those policies. Without limiting the foregoing, in the event any Indemnified Party becomes involved in any capacity in any action, proceeding or investigation based in whole or in part on, or arising in whole or in part out of, any matter, including the transactions contemplated hereby, existing or occurring at or prior to the Effective Time, then to the extent permitted

by law Parent shall, or shall cause the Surviving Corporation to, periodically advance to such Indemnified Party its legal and other expenses (including the cost of any investigation and preparation incurred in connection therewith), subject to the provision by such Indemnified Party of an undertaking to reimburse the amounts so advanced in the event of a final determination by a court of competent jurisdiction that such Indemnified Party is not entitled thereto. Promptly after receipt by an Indemnified Party of notice of the assertion (an "Assertion") of any claim or the commencement of any action against him in respect to which indemnity or reimbursement may be sought against Parent, the Company, the Surviving Corporation or a Subsidiary of the Company or the Surviving Corporation ("Indemnitors") hereunder, such Indemnified Party shall notify any Indemnitor in writing of the Assertion, but the failure to so notify any Indemnitor shall not relieve any Indemnitor of any liability it may have to such Indemnified Party hereunder except where such failure shall have materially and irreversibly prejudiced Indemnitor in defending against such Assertion. Indemnitors shall be entitled to participate in and, to the extent Indemnitors elect by written notice to such Indemnified Party within 30 days after receipt by any Indemnitor of notice of such Assertion, to assume the defense of such Assertion, at their own expense, with counsel chosen by Indemnitors and reasonably satisfactory to such Indemnified Party. Notwithstanding that Indemnitors shall have elected by such written notice to assume the defense of any Assertion, such Indemnified Party shall have the right to participate in the investigation and defense thereof, with separate counsel chosen by such Indemnified party, but in such event the fees and expenses of such counsel shall be paid by such Indemnified Party. No Indemnified Party shall settle any Assertion without the prior written consent of Parent, nor shall Parent settle any Assertion without either (i) the written consent of all Indemnified Parties against whom such Assertion was made, or (ii) obtaining a general release from the party making the Assertion for all Indemnified Parties as a condition of such settlement. The provisions of this Section 5.11 are intended for the benefit of, and shall be enforceable by, the respective Indemnified Parties.

Section 5.12 Rule 145 Affiliates. At least 40 days prior to the Closing Date, the Company shall deliver

to Parent a letter identifying, to the best of the Company's knowledge, all persons who are, at the time of the Company Special Meeting, deemed to be "affiliates" of the Company for purposes of Rule 145 under the Securities Act ("Company Affiliates"). The Company shall use its best efforts to cause each Person who is identified as a Company Affiliate to deliver to Parent at least 30 days prior to the Closing Date an agreement substantially in the form of Exhibit I to this Agreement.

Section 5.13 Cooperation. Parent and the Company shall together, or pursuant to an allocation of responsibility to be agreed upon between them, coordinate and cooperate (a) with respect to the timing of the Company Special Meeting, (b) in determining whether any action by or in respect of, or filing with, any Governmental Entity (other than the ICC which is covered by Section 5.5(a) hereof) is required, or any actions, consents approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, and (c) in seeking any such actions, consents, approvals or waivers or making any such filings, furnishing information required in connection therewith and timely seeking to obtain any such actions, consents approvals or waivers. Subject to the terms and conditions of this Agreement, Parent and the Company will each use its best efforts to have the Registration Statement declared effective under the Securities Act as promptly as practicable after the Registration Statement is filed, and Parent and the Company shall, subject to applicable law, confer on a regular and frequent basis with one or more representatives of one another to report operational matters of significance to the Merger and the general status of ongoing operations insofar as relevant to the Merger, provided that the parties will not confer on any matter to the extent inconsistent with law.

Section 5.14. Proxy Statement/Prospectus. As soon as practicable following the consummation of the Offer, Parent and the Company shall prepare and file with the SEC the Proxy Statement/Prospectus and each shall use its best efforts to have the Proxy Statement/Prospectus cleared by the SEC as promptly as practicable. As soon as practicable following such clearance Parent shall prepare and file with the SEC the Registration Statement,

of which the Proxy Statement/Prospectus will form a part, and shall use its best efforts to have the Registration Statement declared effective by the SEC as promptly as practicable thereafter. Parent and the Company shall cooperate with each other in the preparation of the Proxy Statement/Prospectus, and each will provide to the other promptly copies of all correspondence between it or any of its representatives and the SEC. Each of the Company and Parent shall furnish all information concerning it required to be included in the Registration Statement and the Proxy Statement/Prospectus, and as promptly as practicable after the effectiveness of the Registration Statement, the Proxy Statement/Prospectus will be mailed to the stockholders of the Company. No amendment or supplement to the Registration Statement or the Proxy Statement/Prospectus will be made without the approval of each of the Company and Parent, which approval will not be unreasonably withheld or delayed. Each of the Company and Parent will advise the other promptly after it receives notice thereof, of the time when the Registration Statement has become effective or any amendment thereto or any supplement or amendment to the Proxy Statement/Prospectus has been filed, or the issuance of any stop order, or the suspension of the qualification of the Parent Common Stock to be issued in the Merger for offering or sale in any jurisdiction, or of any request by the SEC or the NYSE for amendment of the Registration Statement or the Proxy Statement/Prospectus.

Section 5.15 Tax-Free Reorganization. The parties intend the transaction to qualify as a reorganization under Sections 368(a)(1)(A) and 368(a)(2)(D) of the Code; each party and its affiliates shall use all reasonable efforts to cause the Merger to so qualify; neither party nor any affiliate shall take any action that would cause the Merger not to qualify as a reorganization under those Sections; and the parties will take the position for all purposes that the Merger qualifies as a reorganization under those Sections.

Section 5.16 Restructuring. Parent covenants and agrees that, no later than one day prior to the Effective Time, it shall cause (a) Union Pacific Holdings, Inc. ("Holdings") to distribute all of its assets and liabilities (by merger or otherwise) to Parent in a complete liquidation under Section 332 of the Code and (b) Sub to distribute all of its assets and liabilities

(by merger or otherwise) to UPRR in a complete liquidation under Section 332 of the Code.

## ARTICLE VI

### CONDITIONS

Section 6.1 Conditions to the Obligations of Each Party. The obligations of the Company, on the one hand, and Parent, UPRR and Sub, on the other hand, to consummate the Merger are subject to the satisfaction (or, if permissible, waiver by the party for whose benefit such conditions exist) of the following conditions:

(a) this Agreement shall have been adopted by the stockholders of the Company in accordance with the DGCL;

(b) if required by the rules of the New York Stock Exchange, Inc. ("NYSE") or by law, the issuance of Parent Common Stock in the Merger shall have been approved by the stockholders of Parent in accordance with the rules of the NYSE and applicable law;

(c) no court, arbitrator or governmental body, agency or official shall have issued any order, decree or ruling and there shall not be any statute, rule or regulation, restraining, enjoining or prohibiting the consummation of the merger or which would materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by this Agreement; and

(d) the Registration Statement shall have become effective under the Securities Act and no stop order suspending effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the SEC.

Section 6.2 Conditions to the Obligations of Parent, UPRR and Sub. The obligations of Parent, UPRR and Sub to consummate the Merger are subject to the satisfaction (or waiver by Parent) of the following further conditions:

(a) the representations and warranties of the Company shall have been true and accurate both when made and (except for those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time which need only be true and accurate as of such date or with respect to such period) as of the Effective Time as if made at and as of such time, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), would not have and is not reasonably likely to have a material adverse effect on the Company and its Subsidiaries;

(b) the Company shall have performed in all material respects its obligations hereunder required to be performed by it at or prior to the Effective Time;

(c) (i) the ICC or any Similar Successor shall have issued a decision (which decision shall not have been stayed or enjoined) that (A) constitutes a final order approving, exempting or otherwise authorizing consummation of the Merger and all other transactions contemplated by this Agreement and the Ancillary Agreements (or subsequently presented to the ICC or a Similar Successor by agreement of Parent and the Company) as may require such authorization and (B) does not (1) change or disapprove of the Merger Consideration or other material provisions of Article II of this Agreement or (2) impose on Parent, the Company or any of their respective Subsidiaries any other terms or conditions (including, without limitation, labor protective provisions but excluding conditions heretofore imposed by the ICC in New York Dock Railway -- Control-- Brooklyn Eastern District, 360 I.C.C. 60 (1979)) that materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by this Agreement; or (ii) no successor to the ICC (other than a Similar Successor) shall have required any divestiture, hold separate, or other restriction or action in connection with the expiration or termination of any waiting period applicable to this Agreement and the transactions contemplated hereby, or in connection with any other action by or in respect of or filing with such

successor, that would materially and adversely affect the long-term benefits expected to be received by Parent from the transactions contemplated by this Agreement;

(d) all actions by or in respect of or filings with any governmental body, agency official, or authority required to permit the consummation of the Merger (other than approval of the ICC or any Similar Successor, which is addressed in Section 6.2(c) hereof) shall have been obtained but excluding any consent, approval, clearance or confirmation the failure to obtain which would not have a material adverse effect on Parent, the Company or, after the Effective Time, the Surviving Corporation;

(e) each of the Ancillary Agreements shall be valid, in full force and effect and complied with in all material respects (including, without limitation, the absence of any challenge, change or disapproval of the Ancillary Agreements by the ICC or any successor), except for such failure to be in full force and effect and such non-compliance that does not materially and adversely affect the benefits expected to be received by Parent, UPRR and Sub under the Anschutz Stockholder Agreement, the Parent/Company Registration Rights Agreement, this Agreement and the Ancillary Agreements;

(f) since the date of this Agreement, there shall not have occurred any event, change or effect having, or which would be reasonably likely to have, individually or in the aggregate (after taking into account the proceeds of insurance coverage), a material adverse effect on the Company and its Subsidiaries, taken as a whole, as a result of or arising out of "force majeure" (where "force majeure" shall mean any act of God (including, without limitation, earthquake, hurricane, flood, tornado or fire)), accident, damage to or destruction of facilities, properties or assets (tangible or intangible), war, civil disturbance, national calamity (excluding an economic crisis in and of itself) or acts of terrorism; and

(g) Parent shall have received an opinion of nationally recognized tax counsel to Parent, to the effect that the Merger (whether or not the Offer is integrated with the Merger for federal income tax

purposes) will qualify as a reorganization within the meaning of Section 368 of the Code and in rendering such opinion tax counsel may rely upon representations provided by the parties hereto as well as certain stockholders of the parties.

Section 6.3 Conditions to the Obligations of the Company. The obligations of the Company to consummate the Merger are subject to the satisfaction (or waiver by the Company) of the following further conditions:

(a) the representations and warranties of Parent, UPRR and Sub (other than the representations and warranties set forth in Sections 4.7, 4.10, 4.11 and 4.12) shall have been true and accurate both when made and (except for those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time which need only be true and accurate as of such date or with respect to such period) as of the Effective Time as if made at and as of such time, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), would not have and is not reasonably likely to have, individually or in the aggregate, a material adverse effect on Parent and its Subsidiaries;

(b) each of Parent, UPRR and Sub shall have performed in all material respects all of the respective obligations hereunder required to be performed by Parent, UPRR or Sub, as the case may be, at or prior to the Effective Time;

(c) the Parent Common Stock to be issued in the Merger shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

(d) the ICC shall have issued a decision (which decision shall not have been stayed or enjoined) that (i) constitutes a final order approving, exempting or otherwise authorizing consummation of the Merger and all other transactions contemplated by this Agreement or subsequently presented to the ICC by agreement of the Company and Parent, as may require such authorization and (ii) does not

change or disapprove of the Merger Consideration or other material provisions of Article II of this Agreement;

(e) since the date of this Agreement, there shall not have occurred any event, change or effect having, or which would be reasonably likely to have, individually or in the aggregate (after taking into account the proceeds of insurance coverage), a material adverse effect on Parent and its Subsidiaries, taken as a whole, as a result of or arising out of "force majeure" (where "force majeure" shall mean any act of God (including, without limitation, earthquake, hurricane, flood, tornado or fire)), accident, damage to or destruction of facilities, properties or assets (tangible or intangible), war, civil disturbance, national calamity (excluding an economic crisis in and of itself) or acts of terrorism; and

(f) the Company shall have received an opinion of nationally recognized tax counsel to the Company, to the effect that the Merger (whether or not the Offer is integrated with the Merger for federal income tax purposes) will qualify as a reorganization within the meaning of Section 368(a) of the Code and in rendering such opinion tax counsel may rely upon representations provided by the parties hereto as well as certain stockholders of the parties.

## ARTICLE VII

### TERMINATION

Section 7.1 Termination. Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated and the Merger contemplated herein may be abandoned at any time prior to the Effective Time, whether before or after stockholder approval thereof:

(a) By the mutual consent of the Board of Directors of Parent and the Board of Directors of the Company.

(b) By either of the Board of Directors of the Company or the Board of Directors of Parent:

(i) if the Merger shall not have occurred on or prior to March 31, 1997; provided, however, that the right to terminate this Agreement under this Section 7.1(b)(i) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Merger to occur on or prior to such date;

(ii) if any Governmental Entity shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties hereto shall use their best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable; or

(iii) if Parent or Sub has not purchased Shares in accordance with the terms of the Offer within 90 days following the commencement of the Offer; provided, however, that the right to terminate this Agreement under this Section 7.1(b)(iii) shall not be available to any party whose failure to fulfill any obligations under this Agreement has been the cause of, or resulted in, the failure to satisfy the conditions to the Offer.

(c) By the Board of Directors of the Company:

(i) if, prior to the purchase of 39,034,471 Shares pursuant to the Offer, or if fewer than 39,034,471 Shares are tendered, the purchase of at least 15% of the outstanding Shares pursuant to the Offer, the Board of Directors of the Company shall have (A) withdrawn, or modified or changed in a manner adverse to Parent or Sub its approval or recommendation of this Agreement or the Merger in order to approve and permit the Company to execute a definitive agreement relating to a Takeover Proposal, and (B) determined, after having received the oral or written opinion of outside legal counsel to the Company, that the failure to take such action as set forth in the preceding clause (A) would result in a breach of the Board of Directors' fiduciary du-

ties under applicable law; provided, however, that (1) the Board of Directors of the Company shall have determined that notwithstanding a binding commitment to consummate an agreement of the nature of this Agreement entered into in the proper exercise of their applicable fiduciary duties, and notwithstanding all concessions which may be offered by Parent, UPRR or Sub in negotiations entered into pursuant to clause (2) below, such fiduciary duties would also require the directors to terminate this Agreement as a result of such Takeover Proposal; and (2) prior to any such termination, the Company shall, and shall cause its respective financial and legal advisors to, negotiate with Parent, UPRR or Sub to make such adjustments in the terms and conditions of this Agreement as would enable the Company to proceed with the transactions contemplated herein on such adjusted terms, and (3) the Company shall have given Parent and Sub three days' advance notice of any termination pursuant to this Section 7.1(c)(i); or

(ii) if Parent, UPRR or Sub (x) breaches or fails in any material respect to perform or comply with any of its material covenants and agreements contained herein or (y) breaches its representations and warranties in any material respect and such breach would have or would be reasonably likely to have a material adverse effect on Parent and its Subsidiaries, in each case such that the conditions set forth in Section 6.1 or Section 6.2 would not be satisfied; provided, however, that if any such breach is curable by the breaching party through the exercise of the breaching party's best efforts and for so long as the breaching party shall be so using its best efforts to cure such breach, the Company may not terminate this Agreement pursuant to this Section 7.1(c)(ii).

(d) By the Board of Directors of Parent:

(i) if the Company (x) breaches or fails in any material respect to perform or comply with any of its material covenants and agreements contained herein or (y) breaches its representations and warranties in any material respect and such breach would have or would be reasonably likely to have a material adverse effect on the Company and

its Subsidiaries, in each case such that the conditions set forth in Section 6.1 or Section 6.3 would not be satisfied; provided, however, that if any such breach is curable by the Company through the exercise of the Company's best efforts and for so long as the Company shall be so using its best efforts to cure such breach, Parent may not terminate this Agreement pursuant to this Section 7.1(d)(i); or

(ii) if (A) prior to the Effective Time, the Board of Directors of the Company shall have withdrawn, or modified or changed in a manner adverse to Parent, UPRR or Sub its approval or recommendation of this Agreement or the Offer or Merger or shall have recommended a Takeover Proposal or other business combination, or the Company shall have entered into an agreement in principle (or similar agreement) or definitive agreement providing for a Takeover Proposal or other business combination with a person or entity other than Parent, UPRR, Sub or their Subsidiaries (or the Board of Directors of the Company resolves to do any of the foregoing), or (B) prior to the certification of the vote of the Company's shareholders to approve the Merger at the Company Special Meeting, it shall have been publicly disclosed or Parent, UPRR or Sub shall have learned that (x) any person, entity or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act) (an "Acquiring Person"), other than Parent or its Subsidiaries, or the Anschutz Holders, shall have acquired beneficial ownership (determined pursuant to Rule 13d-3 promulgated under the Exchange Act) of more than 25% of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of more than 25% of any class or series of capital stock of the Company (including the Shares) other than as disclosed in a Schedule 13D on file with the SEC on the date hereof; or (y) any such person, entity or "group" (as that term is defined in Section 13(d)(3) of the Exchange Act), other than Parent or its Subsidiaries, or the Anschutz Holders, which, prior to the date hereof, had filed a Schedule 13D with the

SEC, shall have acquired or proposed to acquire beneficial ownership (determined pursuant to Rule 13d-3 promulgated under the Exchange Act) of additional shares of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, constituting 1% or more of any such class or series, or shall have been granted any option, right or warrant, conditional or otherwise, to acquire beneficial ownership of additional shares of any class or series of capital stock of the Company (including the Shares) constituting 1% or more of any such class or series.

Section 7.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 7.1, written notice thereof shall forthwith be given to the other party or parties specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become null and void, and there shall be no liability on the part of the Parent, UPRR, Sub or the Company except (A) for fraud or for material breach of this Agreement and (B) as set forth in Sections 8.1 and 8.2 hereof.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.1 Fees and Expenses. Except for expenses incurred in connection with printing the Offer Documents, Schedule 14D-9, Proxy/Prospectus and the Registration Statement, as well as the filing fees relating thereto, which costs shall be shared equally by Parent and the Company, all costs and expenses incurred in connection with this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby shall be paid by the party incurring such expenses.

Section 8.2 Finders' Fees. (a) Except for Morgan Stanley, a copy of whose engagement agreement has been or will be provided to Parent and whose fees will be paid by the Company, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of the

Company or any of its Subsidiaries who might be entitled to any fee or commission from the Company or any of its Subsidiaries upon consummation of the transactions contemplated by this Agreement.

(b) Except for CS First Boston, a copy of whose engagement agreement has been or will be provided to the Company and whose fees will be paid by Parent, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Parent or any of its Subsidiaries who might be entitled to any fee or commission from Parent or any of its Subsidiaries upon consummation of the transactions contemplated by this Agreement.

Section 8.3 Amendment and Modification.

Subject to applicable law, this Agreement may be amended, modified and supplemented in any and all respects, whether before or after any vote of the stockholders of the Company contemplated hereby, by written agreement of the parties hereto, pursuant to action taken by their respective Boards of Directors, at any time prior to the Closing Date with respect to any of the terms contained herein; provided, however, that after the approval of this Agreement by the stockholders of the Company, no such amendment, modification or supplement shall reduce or change the consideration to be received by the Company's stockholders in the Merger.

Section 8.4 Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or in any schedule, instrument or other document delivered pursuant to this Agreement shall survive the Effective Time.

Section 8.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by an overnight courier service, such as FedEx, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent, UPRR or Sub, to:

Union Pacific Corporation  
Martin Tower

Eighth & Eaton Avenues  
Bethlehem, Pennsylvania 18018  
Attention: Carl W. von Bernuth, Esq.  
Telephone No.: (610) 861-3200  
Telecopy No.: (610) 861-3111

with a copy to:

Paul T. Schnell, Esq.  
Skadden, Arps, Slate, Meagher & Flom  
919 Third Avenue  
New York, New York 10022  
Telephone No.: (212) 735-3000  
Telecopy No.: (212) 735-2001

and

(b) if to the Company, to:

Southern Pacific Rail Corporation  
Southern Pacific Building  
One Market Plaza  
San Francisco, California 94105  
Attention: Cannon Y. Harvey, Esq.  
Telephone No.: (415) 541-1000  
Telecopy No.: (415) 541-1881

with a copy to:

Joseph W. Morrissey, Jr., Esq.  
Holme Roberts & Owen LLC  
1700 Lincoln  
Suite 4100  
Denver, Colorado 80203  
Telephone No.: (303) 861-7000  
Telecopy No.: (303) 866-0200

and

Peter D. Lyons, Esq.  
Shearman & Sterling  
599 Lexington Avenue  
New York, New York 10022  
Telephone No.: (212) 848-4000  
Telecopy No.: (212) 848-7179

Section 8.6 Interpretation. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include", "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation". The phrase "made available" in this Agreement shall mean that the information referred to has been made available if requested by the party to whom such information is to be made available. The phrases "the date of this Agreement", "the date hereof", and terms of similar import, unless the context otherwise requires, shall be deemed to refer to August 3, 1995. As used in this Agreement, the term "affiliate(s)" shall have the meaning set forth in Rule 12b-2 of the Exchange Act.

Section 8.7 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 8.8 Entire Agreement; No Third Party Beneficiaries; Rights of Ownership. This Agreement, the Ancillary Agreements and the Confidentiality Agreement (including the exhibits hereto and the documents and the instruments referred to herein and therein): (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, and (b) except as provided in Section 5.6 with respect to the obligations of the Company thereunder and Section 5.11, are not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

Section 8.9 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 8.10 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to the remedy of specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 8.11 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law thereof.

Section 8.12 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties, except that Sub may assign, in its sole discretion, any or all of its rights, interests and obligations hereunder to Parent or to any direct or indirect wholly owned Subsidiary of Parent; provided, however, that no such assignment shall relieve Parent from any of its obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

IN WITNESS WHEREOF, Parent, UPRR, Sub and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

UNION PACIFIC CORPORATION

By: /s/ Drew Lewis  
Name: Drew Lewis  
Title: Chairman and Chief  
Executive Officer

UP ACQUISITION CORPORATION

By: /s/ L. White Matthews, III  
Name: L. White Matthews, III  
Title: Executive Vice  
President - Finance

UNION PACIFIC RAILROAD COMPANY

By: /s/ R.K. Davidson  
Name: R.K. Davidson  
Title: Chairman and Chief  
Executive Officer

SOUTHERN PACIFIC RAIL CORPORATION

By: /s/ Cannon Y. Harvey  
Name: Cannon Y. Harvey  
Title: Executive Vice  
President

CONDITIONS TO THE OFFER

Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) Sub's rights to extend and amend the Offer at any time in its sole discretion (subject to the provisions of the Merger Agreement), Sub shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to Sub's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction referred to above, the payment for, any tendered Shares, and may terminate the Offer as to any Shares not then paid for, if (1) Sub does not receive prior to the expiration of the Offer an informal written opinion in form and substance satisfactory to Sub from the staff of the ICC, without the imposition of any conditions unacceptable to Sub, that the use of a voting trust (the "Voting Trust") is consistent with the policies of the ICC against unauthorized acquisitions of control of a regulated carrier, or (2) Sub does not receive prior to the expiration of the Offer an informal statement from the Premerger Notification Office either that (i) no review of the Offer, the Merger and the transactions contemplated by the Ancillary Agreements will be undertaken pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), or (ii) the transactions contemplated by the Offer, the Merger and the transactions contemplated by the Ancillary Agreements are not subject to the HSR Act, or in the absence of the receipt of such informal statement referred to in clause (i) or (ii) above, any applicable waiting period under the HSR Act shall have expired or been terminated prior to the expiration of the Offer, (3) at any time on or after August 3, 1995 and prior to the acceptance for payment of Shares, any of the following events shall occur or shall be determined by Sub to have occurred:

(a) there shall be instituted, pending or threatened any action or proceeding by any government or governmental authority or agency, domestic or foreign, (i) challenging or seeking to make illegal, to delay materially or otherwise directly or indirectly to restrain or prohibit the making of the Offer, the acceptance for payment of or payment for some of or all the Shares by Parent, UPRR or Sub or the consummation by Parent, UPRR or Sub of the Merger, seeking to obtain material damages relating to the Merger Agreement, the Ancillary Agreement or any

of the transactions contemplated thereby or otherwise seeking to prohibit directly or indirectly the transactions contemplated by the Offer or the Merger, or challenging or seeking to make illegal the transactions contemplated by the Ancillary Agreements or otherwise directly or indirectly to restrain, prohibit or delay the transactions contemplated by the Ancillary Agreements, (ii) except for the Voting Trust, seeking to restrain, prohibit or delay Parent's, UPRR's, Sub's or any of their subsidiaries' ownership or operation of all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, or to compel Parent or any of its subsidiaries to dispose of or hold separate all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, (iii) except for the Voting Trust, seeking to impose or confirm material limitations on the ability of Parent, UPRR, Sub or any of their subsidiaries or affiliates effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote any Shares acquired or owned by Parent, UPRR, Sub or any of their subsidiaries on all matters properly presented to the Company's stockholders in accordance with the terms of the Parent Stockholder Agreement, or (iv) seeking to require divestiture by Parent, or Sub or any of their subsidiaries of any Shares; or

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

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

(d) there shall have occurred any event, change or effect which has, or would be reasonably likely to have, individually

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

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

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

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

(h) the Company shall have breached or failed to observe or perform in any material respect any of its covenants or agreements under the Merger Agreement, or any of the representations and warranties of the Company set forth in the Merger Agreement shall not be true and accurate both when made and, in the case of the representations set forth in Sections 3.10(b) and 3.11 of the Merger Agreement at any time prior to consummation of the Offer, as if made at and as of such time, except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), does not have, and is not likely to have, individually or in the aggregate, a material adverse effect on the Company and its Subsidiaries taken as a whole; or

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

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

(k) Sub or Parent shall have breached or failed to perform any of its agreements under the Parent Stockholders Agreement or breached any of its representations and warranties in such agreement or such agreement shall not be valid, binding and enforceable, except for such breaches or failures or failures to

be valid, binding and enforceable that do not materially and adversely affect the benefits expected to be received by the Company under such agreement;

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

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

## ANSCHUTZ SHAREHOLDERS AGREEMENT

AGREEMENT, dated as of August 3, 1995, by and among Union Pacific Corporation, a Utah corporation ("Parent"), UP Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Purchaser"), The Anschutz Corporation, a Kansas corporation ("TAC"), Anschutz Foundation, a Colorado not-for-profit corporation (the "Foundation"), and Mr. Philip F. Anschutz ("Mr. Anschutz" and, collectively with TAC and the Foundation, the "Shareholders").

### W I T N E S S E T H:

WHEREAS, simultaneously with the execution of this Agreement, Parent, Purchaser, Union Pacific Railroad Company, a Utah corporation ("UPRR"), and Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such Agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which Purchaser has agreed, among other things, to commence a cash tender offer (the "Offer") to purchase up to 39,034,471 shares of common stock, \$.001 par value, of the Company (the "Company Common Stock") and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, as of the date hereof, Shareholders are the record and beneficial owner of, and have the sole right to vote and dispose of, an aggregate of 49,643,008 shares (the "Shares") of Company Common Stock; and

WHEREAS, as an inducement and a condition to its entering into the Merger Agreement and the Ancillary Agreements (as defined in the Merger Agreement), and incurring the obligations set forth therein, including the Offer and the Merger, Parent has required that Shareholders agree, and Shareholders have agreed, to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual premises, representations, warranties, covenants and agreements contained herein and in the Merger Agreement and the Ancillary Agreements, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Certain Definitions. Capitalized terms used and not defined herein have the respective meanings

ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For purposes of this Agreement, with respect to any Shareholder, "Affiliate" shall not include the Company or Parent and the Persons that directly, or indirectly through one or more intermediaries, are controlled by the Company or Parent, as the case may be.

(b) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all Affiliates of such Person and all other Persons with whom such Person would constitute a "group" within the meaning of Section 13(d) of the Exchange Act and the rules promulgated thereunder.

(c) "Company Voting Securities" shall mean any securities of the Company entitled, or which may be entitled, to vote generally in the election of directors and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of the Company). For purposes of determining the percentage of Company Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of the Company entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(d) "Current Market Price" shall mean, as applied to any class of stock on any date, the average of the daily "Closing Prices" (as hereinafter defined) for

the 20 consecutive trading days immediately prior to the date in question. The term "Closing Price" on any day shall mean the last sales price, regular way, per share of such stock on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if shares of such stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of such stock are listed or admitted to trading, or, if the shares of such stock are not listed or admitted to trading on any national securities exchange on the NASDAQ National Market System or, if the shares of such stock are not quoted on the NASDAQ National Market System, the average of the high bid and low asked prices in the over-the-counter market as reported by the National Association of Securities Dealers Inc.'s Automated Quotation System.

(e) "including" shall mean including without limitation.

(f) "Parent Voting Securities" shall mean any securities of Parent entitled, or which may be entitled, to vote generally in the election of directors and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of Parent). For purposes of this Agreement, Parent Voting Securities shall not include Company Voting Securities. For purposes of determining the percentage of Parent Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of Parent entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(g) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(h) "Transfer" shall mean, with respect to a security, the sale, transfer, pledge, hypothecation, encumbrance, assignment or disposition of such security or the Beneficial Ownership thereof, the offer to make such a sale, transfer or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. As a verb, "Transfer" shall have a correlative meaning.

2. Tender of Shares; Pledge. (a) The parties agree that Shareholders may, but shall have no obligation to, tender (or cause the record owner of the Shares to tender), pursuant to and in accordance with the terms of the Offer, any or all of the Shares and any other shares of Company Common Stock hereafter Beneficially Owned by Shareholders. Shareholders hereby acknowledge and agree that Parent's and Purchaser's obligation to accept for payment and pay for Shares in the Offer, including any Shares tendered by Shareholders, is subject to the terms and conditions of the Offer. The parties agree that Shareholders will, for all Shares tendered by Shareholders in the Offer and accepted for payment and paid for by Purchaser, receive the same per Share consideration paid to other shareholders who have tendered into the Offer.

(b) TAC has advised Parent that shares of Company Common Stock Beneficially Owned by TAC are or may be pledged to Bank of America National Trust and Savings Association or Citibank, N.A., respectively (collectively, the "Banks") pursuant to pledge agreements (substantially in the forms reviewed by Parent, collectively, the "Existing Pledge Agreements") to secure indebtedness borrowed from the Banks. TAC represents and warrants that the Existing Pledge Agreements do not or, before indebtedness borrowed therefrom is secured by any such shares, will not prevent, limit or interfere with TAC's compliance with, or performance of its obligations under, this Agreement, absent a default under the applicable Existing Pledge Agreements. TAC represents and warrants that it is not in default under the Existing Pledge Agreements. TAC has heretofore delivered to Parent a letter from Bank of America National Trust and Savings Association acknowledging this Agreement and agreeing in effect that, notwithstanding any default under the Existing Pledge Agreement, TAC (and Purchaser with respect to the proxy

described in Section 3(b) hereof) shall have the right to exercise all voting rights with respect to the Company Common Stock pledged thereunder as set forth in Section 3 of this Agreement and the proxy described in Section 3(b) hereof. TAC shall deliver to Parent a similar letter from Citibank, N.A. before shares of Company Common Stock shall be pledged under the applicable Existing Pledge Agreement to secure any indebtedness. Shareholders may hereafter effect one or more pledges of Company Voting Securities or Parent Voting Securities to be received pursuant to the Merger or otherwise, or grants of security interests therein, to one or more financial institutions (other than the Banks) that are not Affiliates of any Shareholder (collectively, "Other Financial Institutions") as security for the payment of bona fide indebtedness owed by one or more of the Shareholders or their Affiliates to such Other Financial Institutions. Except as set forth in the proviso below, neither the Bank nor any Other Financial Institution which hereafter becomes a pledgee of Company Voting Securities or Parent Voting Securities shall incur any obligations under this Agreement with respect to such Company Voting Securities or such Parent Voting Securities, as the case may be, or shall be restricted from exercising any right of enforcement or foreclosure with respect to any related security interest or lien; provided, however, that it shall be a condition to any such pledge to any Other Financial Institution that, in the case of Company Voting Securities, the pledgee shall agree that TAC (and Purchaser with respect to the proxy described in Section 3(b) hereof) shall have the right to exercise all voting rights with respect to the Company Voting Securities pledged thereunder as set forth in Section 3 of this Agreement and the proxy described in Section 3(b) hereof and, in the case of Company Voting Securities or Parent Voting Securities, no such pledge shall prevent, limit or interfere with Shareholders' compliance with, or performance of their obligations under, this Agreement, absent a default under such pledge agreement. The obligations of the Banks and the Other Financial Institutions under or with respect to Section 3 hereof and such proxy shall terminate on the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement in accordance with Article VII thereof.

3. Voting of Company Common Stock; Irrevocable Proxy.

(a) Shareholders hereby agree that during the period commencing on the date hereof and continuing until the earlier of (x) the consummation of the Merger and (y) six months following the termination of the Merger Agreement in accordance with Section 7.1(c)(i) or 7.1(d)(ii) thereof, and (z) upon the termination of the Merger Agreement in accordance with any provision of Section 7.1 other than Section 7.1(c)(i) or 7.1(d)(ii) (such period being referred to as the "Voting Period"), at any meeting (whether annual or special, and whether or not an adjourned or postponed meeting) of the Company's shareholders, however called, or in connection with any written consent of the Company's shareholders, subject to the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Shareholders shall vote (or cause to be voted) the Shares and all other Company Voting Securities that they Beneficially Own, whether owned on the date hereof or hereafter acquired: (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval and adoption of the Merger Agreement and the terms thereof and each of the other actions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements and any actions required in furtherance thereof and hereof; (ii) against any action or agreement that would (A) result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or any of the Ancillary Agreements to which it is a party or of Shareholders under this Agreement or (B) impede, interfere with, delay, postpone, or adversely affect the Offer, the Merger or the transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements; and (iii) except as otherwise agreed to in writing in advance by Parent, against the following actions (other than the Merger and the transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements): (A) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving the Company or any of its subsidiaries; (B) any sale, lease or transfer of a substantial portion of the assets or business of the Company or its subsidiaries, or reorganization, restructuring, recapitalization, special dividend, dissolution or liquidation of the Company or its subsidiaries; or (C) any change in the present capi-

talization of the Company including any proposal to sell a substantial equity interest in the Company or any of its subsidiaries. Shareholders shall not enter into any agreement, arrangement or understanding with any Person the effect of which would be inconsistent or violative of the provisions and agreements contained in this Section 3.

(b) At the request of Parent, each Shareholder, in furtherance of the transactions contemplated hereby and by the Merger Agreement and the Ancillary Agreements, and in order to secure the performance by Shareholders of their duties under this Agreement, shall promptly execute and deliver to Purchaser an irrevocable proxy, in the form of Exhibit A hereto. Shareholders acknowledge and agree that the proxy executed and delivered pursuant to this Section 3(b) shall be coupled with an interest, shall constitute, among other things, an inducement for Parent to enter into this Agreement, the Merger Agreement and the Ancillary Agreements to which it is a party, shall be irrevocable during the Voting Period and shall not be terminated by operation of law upon the occurrence of any event.

4. Restrictions on Transfer, Proxies; No Solicitation. (a) Shareholders shall not, during the Voting Period, directly or indirectly: (i) except as provided in Section 2 hereof, Transfer (including but not limited to the Transfer of any securities of an Affiliate which is the record holder or Beneficial Owner of Company Voting Securities if, as the result of such Transfer, such Person would cease to be an Affiliate of a Shareholder) to any Person any or all of the Company Voting Securities Beneficially Owned by Shareholders, provided that a Shareholder may Transfer Company Voting Securities to any other Shareholder, (ii) except as provided in Sections 2(b) and 3(b) of this Agreement, grant any proxies or powers of attorney, deposit any such Company Voting Securities into a voting trust or enter into a voting agreement, understanding or arrangement with respect to the Company Voting Securities; or (iii) take any action that would make any representation or warranty of Shareholders contained herein untrue or incorrect or would result in a breach by Shareholders of their obligations under this Agreement or a breach by the Company of its obligations under the Merger Agreement or any of the Ancillary Agreements to which it is a party. Notwithstanding any provisions of this Agreement to the contrary, Shareholders may Transfer in the aggregate, fol-

lowing the consummation of the Offer and prior to the Effective Time, a number of Shares in the aggregate not greater than 10% of the Shares Beneficially Owned by Shareholders immediately following the consummation of the Offer; and provided, further, that any such Shares which are so Transferred by TAC, or Transferred by the Foundation in an amount in excess of 1,558,254 Shares, prior to the Company Special Meeting, shall continue to be subject to the voting agreement in Section 3(a) hereof and the proxy referred to in Section 3(b) hereof, and, as a condition to any such Transfer of Shares, Shareholders shall enter into a written agreement with the transferee of such Shares, in form and substance satisfactory to Parent, granting Shareholders the right to vote such Shares in accordance with the Voting Agreement in Section 3(a) hereof and the proxy referred to in Section 3(b) hereof.

(b) During the Voting Period, Shareholders shall not, and shall cause their respective Affiliates and the respective officers, directors, employees, partners, investment bankers, attorneys, accountants and other agents and representatives of Shareholders and such Affiliates (such Affiliates, officers, directors, employees, partners, investment bankers, attorneys, accountants, agents and representatives of any Person are hereinafter collectively referred to as the "Representatives" of such Person) not to, directly or indirectly, (i) initiate, solicit or encourage, or take any action to facilitate the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Takeover Proposal (as defined in the Merger Agreement) of the Company or any Affiliate or any inquiry with respect thereto, or (ii) in the event of an unsolicited Takeover Proposal for the Company or any Affiliate of the Company, engage in negotiations or discussions with, or provide any information or data to, any Person (other than Parent, any of its Affiliates or representatives) relating to any Takeover Proposal. Shareholders shall notify Parent and the Purchaser orally and in writing of any such offers, proposals, or inquiries relating to the purchase or acquisition by any Person of the Shares Beneficially Owned by the Shareholders (including, without limitation, the terms and conditions thereof and the identity of the Person making it), within 24 hours of the receipt thereof; provided that Shareholders shall have no such notification obligation with respect to any proposal, offer or inquiry relating to any Takeover Proposal (which Takeover Proposal notification shall be reported

to the Board of Directors of the Company) other than to the extent that such proposal contemplates treating Shareholders, as shareholders of the Company, in any manner different than or inconsistent with the treatment of other shareholders of the Company, whether as to terms, the entering into of separate agreements or otherwise. Shareholders shall, and shall cause their Representatives to, immediately cease and cause to be terminated all existing activities, discussions and negotiations, if any, with any parties conducted heretofore with respect to any Takeover Proposal relating to the Company, other than discussions or negotiations with Parent and its Affiliates.

(c) During the Voting Period, Shareholders will not, and will cause their Affiliates not to, directly or indirectly, make any public comment, statement or communication, or take any action that would otherwise require any public disclosure by Shareholders, Parent or any other Person, concerning the Merger, the Offer, the Spin-off (as described in Section 5.4 of the Merger Agreement) and the other transactions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements, except for any disclosure (i) concerning the status of Shareholders as parties to such agreements the terms thereof, and their beneficial ownership of Shares required pursuant to Section 13d of the Exchange Act or (ii) required in the Schedule 14D-9 or the Proxy Statement/Prospectus.

(d) Notwithstanding the restrictions set forth in Section 4(b), any Person who is a director or officer of the Company may exercise his fiduciary duties in his capacity as a director or officer with respect to the Company, as opposed to taking action with respect to the direct or indirect ownership of any Shares, and no such exercise of fiduciary duties shall be deemed to be a breach of, or a violation of the restrictions set forth in, Section 4(b) and none of the Shareholders shall have any liability hereunder for any such exercise of fiduciary duties by such Person in his capacity as a director and officer of the Company. Nothing in this Section 4(d) shall relieve or affect any of the Company's or its Affiliates' obligations under the Merger Agreement.

5. Standstill and Related Provisions.

(a) Subject to the paragraph at the end of this Subsection 5(a), Shareholders agree that for a period commencing on the date hereof and terminating on the seventh anniversary of the Effective Time or, if earlier, the termination of this Agreement in accordance with the terms of Section 13 hereof (the "Standstill Period"), without the prior written consent of the Board of Directors of Parent (the "Board") specifically expressed in a resolution adopted by a majority of the directors of Parent, Shareholders will not, and Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others:

(i) acquire, offer or propose to acquire, or agree to acquire (except, in any case, by way of (A) following consummation of the Merger, stock dividends or other distributions or rights offerings made available to holders of any shares of Parent Common Stock generally, share-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Parent, (B) following consummation of the Merger, the conversion, exercise or exchange of Parent Voting Securities in accordance with the terms thereof and (C) the issuance and delivery of Parent Voting Securities pursuant to the Merger Agreement, provided, that any such securities shall be subject to the provisions hereof), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) (other than groups consisting solely of Shareholders and their Affiliates, all of which are or, prior to the formation of such group, become, parties to this Agreement) or otherwise, any Parent Voting Securities; provided, however, that if Parent shall issue additional Parent Voting Securities following consummation of the Merger, Shareholders and their Affiliates may purchase or acquire additional Parent Voting Securities to bring their Beneficial Ownership up to the greater of 5.5% and the percentage of outstanding Parent Voting Securities Beneficially Owned by the Shareholders immediately prior to such issuance by Parent; provided, further, without limiting the immediately preceding proviso, if as a result of Transfers of Parent Voting Securities, Shareholders Beneficially Own less than 5.5% of the then out-

standing shares of Parent Voting Securities, Shareholders may purchase or acquire additional Parent Voting Securities to bring their Beneficial Ownership up to, but not in excess of, 5.5% of the then outstanding shares of Parent Voting Securities. In addition, in the event that a Shareholder or an Affiliate thereof inadvertently and without knowledge (an "Inadvertent Acquisition") indirectly acquires Beneficial Ownership of not more than one-quarter of one percent of the Parent Voting Securities in excess of the amount permitted to be owned by the Shareholders pursuant to this Section 5(a) pursuant to a transaction by which a Person (that was not then an Affiliate of a Shareholder before the consummation of such transaction) owning Parent Voting Securities becomes an Affiliate of such Shareholder, then all Parent Voting Securities so acquired shall thereupon become subject to this Agreement and such Shareholder shall be deemed not to have breached this Agreement provided that such Shareholder, within 120 days thereafter, causes a number of such Parent Voting Securities in excess of the amount permitted to be so owned (or, at the election of such Shareholder, an equal number of the other Parent Voting Securities that are Beneficially Owned by a Shareholder) to be Transferred, in a transaction subject to Section 6 hereof, to a transferee that is not a Shareholder, an Affiliate thereof or a member of a "group" in which a Shareholder or an Affiliate is included (or, if Parent or its assignee shall exercise any purchase rights under Section 6(b) hereof, to Parent or its assignee);

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

(iii) seek, propose, or make any statement with respect to, any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, reorganization, restructuring, recapitalization, change in capitalization, change in corporate structure or business or similar transaction involving Parent or its subsidiaries (including Spingo) (any of the foregoing being referred to herein as a "Specified Parent Transaction"); provided that the foregoing shall not prevent (A) voting in accordance with Section 5(c) hereof (but shall prevent any public comment, statement or communication, and any action that would otherwise require any public disclosure by Shareholders, Parent or any other Person, concerning such voting) or (B) the Shareholder Designee (as defined in Section 7 hereof) from exercising his fiduciary duties in his capacity as a director by participating in any Board deliberations or vote of the Board of Directors of Parent with respect to a Specified Parent Transaction;

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

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

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

(vii) otherwise act, alone or in concert with others, to control or seek to control or influence or seek to influence the management, Board of Directors or policies of Parent (except to the extent the actions by a Shareholder Designee relating to Parent's Board of Directors in the exercise of his fiduciary

duties in his capacity as a director may be viewed as influencing or seeking to influence the management, Board of Directors or policies of Parent);

(viii) seek, alone or in concert with others, representation on the Board of Directors of Parent (except as provided in Section 7 of this Agreement), or seek the removal of any member of such Board or a change in the composition or size of such Board;

(ix) make any publicly disclosed proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 5(a)), or make any proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 5(a)) in a manner that would require any public disclosure by Shareholders, Parent or any other Person, or enter into any discussion with any Person (other than directors and officers of Parent), regarding any of the foregoing;

(x) make or disclose any request to amend, waive or terminate any provision of Section 5(a) of this Agreement; or

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

The restrictions set forth in this Section 5(a) shall not prevent Shareholders from (A) performing their obligations and exercising their rights under this Agreement, including, without limitation, (w) Transferring any Company Voting Securities or Parent Voting Securities in accordance with Sections 2(b), 4 and 6 hereof, (x) selecting the Shareholder Designee, (y) serving in the positions described in or resigning from such positions as described in Section 7(a) hereof, and (z) voting in accordance with Sections 3(a) and 5(b) hereof and granting a proxy to Purchaser in accordance with Section 3(b) hereof; (B) communicating in a non-public manner with any

other Shareholder or their Affiliates; and (C) complying with the requirements of Sections 13(d) and 16(a) of the Exchange Act and the rules and regulations thereunder, in each case, as from time to time in effect, or any successor provisions or rules with respect thereto, or any other applicable law, rule, regulation, judgment, decree, ruling, order, award, injunction, or other official action of any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government (whether federal, state, county or local, domestic or foreign).

(b) Shareholders agree that during the period commencing on the date hereof and continuing until the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement, Shareholders will not, and Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others, acquire, offer or propose to acquire, or agree to acquire, whether by purchase, tender or exchange offer, though the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" or otherwise, any Company Voting Securities (except by way of stock dividends or other distributions or rights offerings made available to holders of any shares of Company Common Stock generally, stock-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Company).

(c) Subject to the receipt of proper notice and the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Shareholders agree that during the Standstill Period Shareholders will, and will cause their Affiliates to, (i) be present, in person or represented by proxy, at all annual and special meetings of shareholders of Parent so that all Parent Common Stock Beneficially Owned by Shareholders and their Affiliates and then entitled to vote may be counted for the purposes of determining the presence of a quorum at such meetings, and (ii) vote in accordance with the recommendation of the Board of Directors of Parent in the election of directors and as directed by the Persons acting as Proxies in respect of proxies solicited by the Board of Directors of Parent (including the manner in which such Parent Common Stock shall be cumulated). On all other matters presented for a vote of shareholders of Parent, Shareholders may vote in their discretion.

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

Parent, and (iii) Shareholders may pledge their Parent Voting Securities as provided in Section 2(b) hereof and the pledgee may Transfer such Parent Voting Securities in connection with the enforcement or foreclosure of any related security interest or lien following a default.

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

such sale is not effected within such 30 day period such shares shall remain subject to the provisions of this Agreement. Notwithstanding the foregoing, the right of first refusal set forth in this Subsection (b) shall not apply to the sale by Shareholders of Parent Voting Securities (i) made in an underwritten public offering pursuant to an effective registration statement under the Securities Act, or (ii) made in a transaction permitted pursuant to, and made in compliance with, clauses (i) or (iii) of the proviso to Section 6(a) hereof, or (iii) made in a tender offer, merger or other similar business combination transaction approved by the Board of Directors of Parent. \*Any proposed sale by Shareholders of Parent Voting Securities shall be subject to the restrictions on sales to an acquiror which would Beneficially Own 4% or more of the outstanding Parent Voting Securities, set forth in the proviso in Section 6(a) hereof, whether or not Parent exercises its right of first refusal and consummates the purchase of Parent Voting Securities. If Parent (or its assignee) exercises its right to purchase any Parent Voting Securities but fails to complete the purchase thereof for any reason other than the failure of such Shareholder to perform its obligations hereunder with respect to such purchase, then, on the 30th day following such Shareholder's receipt of the Purchase Notice, such Parent Voting Securities shall cease to be subject to Sections 5(c), 6 and 12 hereof for any purpose whatsoever. If the purchase price described in any 2% Sale Notice is not solely made up of cash or marketable securities, the 2% Sale Notice shall include a good faith estimate of the cash equivalent of such other consideration, and the consideration payable by Parent or its assignee (if Parent elects to purchase (or to have assignee purchase) the Parent Voting Securities described in the 2% Sale Notice) in place of such other consideration shall be cash equal to the amount of such estimate; provided, however, that if Parent in good faith disagrees with such estimate and states a different good faith estimate in the Purchase Notice, and if Parent and such Shareholder cannot agree on the cash equivalent of such other (i.e., other than cash or marketable securities) consideration, such cash equivalent shall be determined by a reputable investment banking firm without material connections with either party. Such investment banking firm shall be selected by both parties or, if they shall be unable to agree, by an arbitrator appointed by the American Arbitration Association. The fees and expenses of any such investment banking firm and/or arbitrator shall be shared equally by Parent and such Shareholder,

unless otherwise determined by such firm or arbitrator. In the event of such differing estimates by Parent and such Shareholder, periods of time which would otherwise run under this Section 6(b) from the date of such Shareholder's receipt of the Purchase Notice shall run instead from the date on which the parties agree on such cash equivalent or, in the absence of such agreement, the date on which such cash equivalent is determined by such investment banking firm. If the purchase price described in any 2% Sale Notice shall include marketable securities, the purchase price payable by Parent (or its designee) shall include, to the extent marketable securities were included as a portion of the consideration provided for in the 2% Sale Notice, an amount in cash determined by reference to the Current Market Price of such securities on the day the Purchase Notice is received by such Shareholder.

(c) Not later than the tenth day following the end of any calendar month during the Standstill Period in which one or more dispositions of Parent Voting Securities by Shareholders or any of their Affiliates shall have occurred, the relevant Shareholder shall give written notice to Parent of all such dispositions. Such notice shall state the date upon which each such disposition was effected, the price and other terms of each such disposition, the number and type of Parent Voting Securities involved in each such disposition, the means by which each such disposition was effected and, to the extent known, the identity of the Persons acquiring such Parent Voting Securities.

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

7. Parent Covenants. (a) On or prior to the Effective Time, the Board of Directors of Parent will take all action necessary to elect Mr. Anschutz, or another individual selected by TAC and reasonably acceptable to the Board of Directors of Parent (such director being referred to as the "Shareholder Designee") as a director of Parent's Board of Directors and to appoint Mr. Anschutz, but not any other Shareholder Designee, as Vice Chairman of the Board of Directors as of the Effective Time. Subject to the following sentence of this Section 7, after the Effective Time and during the Standstill Period, Parent shall include the Shareholder Designee in the Board of Directors' slate of nominees for election as directors at Parent's annual meeting of shareholders and shall recommend that the Shareholder Designee be elected as a director of Parent. The Shareholder Designee, if requested by Parent, shall resign from Parent's Board of Directors (a) effective not later than the next annual meeting of shareholders of Parent, if Shareholders and their Affiliates Beneficially Own less than 4% of the Parent Voting Securities then outstanding, provided, however that this Agreement shall continue in full force and effect until the date of such resignation, or (b) immediately if the Shareholders violate or breach any of the material terms or provisions of this Agreement. Notwithstanding any resignation pursuant to clause (b) of the preceding sentence, all of the provisions of this Agreement other than this Section 7 shall continue in full force and effect. The duties and responsibilities of the Vice Chairman shall be as assigned by the Board of Directors of Parent or by the Chairman of the Board, and the Vice Chairman shall receive no additional compensation for serving in such position. So long as a Shareholder Designee serves as a member of the Board of Directors of Parent, Parent agrees that the Shareholder Designee shall serve (subject to the applicable requirements of the New York Stock Exchange or any other security exchange on which the Parent Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers) as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees of the Board. Except as otherwise provided in this Section 7, upon the termination of this Agreement, if so requested by Parent, the Shareholder Designee shall resign as a director of the Parent's Board of Directors.

(b) In the event that any Shareholder Designee shall cease to be a member of the Board of Directors by reason of death, disability or resignation (other than resignations required pursuant to the provisions of this Section 7), Parent shall replace such Shareholder Designee with another Shareholder Designee at the next meeting of the Board of Directors.

(c) The Shareholder Designee, upon nomination or appointment as a director of Parent, shall agree in writing to comply with the obligations of the Shareholders under Section 5(a) hereof and the obligation of such Shareholder Designee under this Section 7(c).

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

#### 8. Additional Limitation on Dispositions.

(a) Notwithstanding any other provision of this Agreement, TAC agrees that it will not, and will cause its Affiliates not to, for a period of two years commencing as of the Effective Time (the "Reorganization Continuity Period"), enter into any transaction or arrangement to the extent such transaction or arrangement (combined with any other transactions or arrangements entered into by TAC or its Affiliates) would result in TAC having entered into an Economic Disposition with respect to an amount of Parent Voting Securities received by TAC in the Merger that exceeds the Threshold Amount unless the condition described in Section 8(b) is satisfied, regardless of whether such transaction or arrangement would be treated as a sale, exchange or other taxable disposition of such Parent Voting Securities for United States federal income tax purposes. For purposes of this Section 8, the "Threshold Amount" equals the number of Parent Voting Securities received by TAC in the Merger multiplied by

the following fraction: the numerator is 20 per cent and the denominator is (A) the percentage of outstanding Company Common Stock currently held by TAC minus (B) the percentage of outstanding Company Common Stock that TAC exchanges for cash in the Offer or the Merger. For purposes of this Section 8, an "Economic Disposition" of shares of Parent Voting Securities shall mean (i) any transaction or arrangement (including an outright sale) that would be treated as a sale, exchange or other taxable disposition for United States federal income tax purposes of shares of Parent Voting Securities received in the Merger and (ii) any transaction or arrangement (or combination of transactions or arrangements) entered into by or on behalf of TAC or its Affiliates that reduces the economic benefits and burdens to TAC of owning shares of Parent Voting Securities (including any swap transaction, notional principal contract or the acquisition or grant of any calls, puts or other options, whether or not cash settlement is permitted or required) to such an extent that such transaction or arrangement causes TAC not to satisfy the "continuity of proprietary interest" requirement under Section 368 of the Internal Revenue Code of 1986, as amended (the "Code") with respect to such shares.

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

(c) The bona fide pledge of any Parent Voting Securities, or the bona fide grant of a security interest therein, to secure the payment of bona fide indebtedness owed by TAC or any of its Affiliates, and the sale, exchange or disposition, or Economic Disposition, at the direction of the pledgee or holder of a security interest, of any of such Parent Voting Securities in connection with the exercise of any right of enforcement or foreclosure in respect thereof, shall not be subject to or prevented by this Section 8.

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

9. Representations and Warranties of Shareholders. Shareholders hereby represent and warrant to Parent and Purchaser as follows:

(a) TAC is a corporation duly organized and validly existing under the laws of the State of Kansas and is in good standing under the laws of the State of Kansas. The Foundation is a not-for-profit corporation duly organized and existing under the laws of the State of Colorado. Shareholders have all necessary power and authority to execute and deliver this Agreement and perform their obligations hereunder. The execution and delivery by TAC and the Foundation of this Agreement and the performance by TAC and the Foundation of their obligations hereunder have been duly and validly authorized by the Board of Directors of TAC and the Foundation, and by the sole stockholder of TAC, and no other proceedings or actions on the part of any Shareholder are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Shareholders and constitutes the valid and binding agreement of Shareholders, enforceable against Shareholders in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Each Shareholder is the sole record holder and Beneficial Owner of the number of Share listed opposite such Shareholder's name on the signature page hereof, and, except as provided in Section 2(b) hereof and to the extent created by either or both of the Corporate Matters Agreement (the "Corporate Matters Agreement") and

the Shareholder Agreement, each dated as of August 1, 1993 and among Company, MSLEF and certain other parties, TAC and certain other parties thereto, each of which the Shareholders agree to terminate as of the Effective Time, has good and marketable title to all of such Shares, free and clear of all liens, claims, options, proxies, voting agreements, security interests, charges and encumbrances. The Shares constitute all of the capital stock of the Company Beneficially Owned by Shareholders, and except for the Shares, neither Shareholders nor any of their Affiliates Beneficially Owns or has any right to acquire (whether currently, upon lapse of time, following the satisfaction of any conditions, upon the occurrence of any event or any combination of the foregoing) any Company Voting Securities. Except as provided in Section 2(b) hereof and in this Section 9(c), each Shareholder has sole power to vote and to dispose of the Shares Beneficially Owned by such Shareholder, and sole power to issue instructions with respect to such Shares to the extent appropriate in respect of the matters set forth in this Agreement, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of such Shares, with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws and the terms of this Agreement. Shareholders do not beneficially own or have any right to acquire (whether currently, upon lapse of time, following the satisfaction of any conditions, upon the occurrence of any event or any combination of the foregoing), except pursuant to the Merger, any Parent Voting Securities.

(d) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Hart-Scott Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), with respect to the acquisition by Shareholders of Parent Voting Securities in the Merger, the Securities Exchange Act of 1934, and the ICA, in each case as amended, (i) no filing with, and no permit, authorization, consent or approval of, any state or federal governmental body or authority is necessary for the execution of this Agreement by Shareholders and the consummation by Shareholders of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Shareholders, the consummation by Shareholders of the transactions contemplated hereby or compliance by Shareholders with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate or incorpora-

tion or by-laws or other organizational documents of TAC or the Foundation, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which any Shareholder is a party or by which any Shareholder or any of its properties or assets (including the Shares) may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to any Shareholder or any of its properties or assets. To the best knowledge of Shareholders, no litigation is pending or threatened involving Shareholders or the Company relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(e) Shareholders understand and acknowledge that Parent is entering into, and causing the Purchaser to enter into, the Merger Agreement and the Ancillary Agreements, and is incurring the obligations set forth therein, in reliance upon Shareholders' execution and delivery of this Agreement.

(f) Except for Morgan Stanley & Co. Incorporated, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Shareholders.

(g) Shareholders have no plan or intention, and as of the Effective Time will have no plan or intention to sell, exchange or otherwise dispose of any of the shares of Parent Voting Securities that they receive in the Merger.

(h) Shareholders have no plan or intention and, provided the IRS requests such a representation, will represent (in the form requested by Parent) that as of the effective date of the distribution of the shares of Spinco capital stock (the "Spin-off") they will have no plan or intention, to sell, exchange, transfer by

gift, or otherwise dispose of any of the shares of Spinco capital stock they receive in the Spin-off.

(i) Shareholders will make such representations as may reasonably be requested by Parent (provided such representations are true at the time given), and in such form as may reasonably be requested by Parent, for use in connection with the request by Parent that the Internal Revenue Service issue a private letter ruling with respect to the tax consequences of the Spin-off.

10. Representations and Warranties of Parent and Purchaser. Parent and Purchaser hereby represent and warrant to Shareholders as follows:

(a) Parent is a corporation duly organized and validly existing under the laws of the State of Utah, and Purchaser is a corporation duly organized and validly existing under the laws of the State of Delaware and each of them is in good standing under the laws of the state of its incorporation. Parent and Purchaser have all necessary corporate power and authority to execute and deliver this Agreement and perform their respective obligations hereunder. The execution and delivery by Parent and Purchaser of this Agreement and the performance by Parent and Purchaser of their respective obligations hereunder have been duly and validly authorized by the Board of Directors of each of Parent and Purchaser and no other corporate proceedings on the part of Parent or Purchaser are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Parent and Purchaser and constitutes a valid and binding agreement each of Parent and Purchaser, enforceable against each of them in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the ICA, the HSR Act, with respect to the sale of Parent Voting Securities to Share-

holders in the Merger, and the ICA (i) no filing with, and no permit, authorization, consent or approval of, any state or federal public body or authority is necessary for the execution of this Agreement by Parent or Purchaser and the consummation by Parent or Purchaser of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Parent or Purchaser, the consummation by Parent or Purchaser of the transactions contemplated hereby or compliance by Parent or Purchaser with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate of incorporation or by-laws of Parent or Purchaser, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which Parent or Purchaser is a party or by which Parent or Purchaser or any of their respective properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to Parent or Purchaser or any of their respective properties or assets. To the best knowledge of Parent, no litigation is pending or threatened involving Parent or Purchaser relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(d) Except for CS First Boston Corporation, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Parent or Purchaser.

11. Further Assurances. (a) From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

(b) Shareholders agree that, prior to the consummation of the Offer, they will enter into an amend-

ment to the existing Registration Rights Agreement, forming Exhibit A to the Corporate Matters Agreement, by and among the Company and the parties named therein, which amendment shall be reasonably satisfactory to Parent, in order to permit Parent to freely exercise its "piggyback" registration rights in accordance with terms and provisions of the Registration Rights Agreement being entered into by the Company, Parent and Purchaser in connection with the execution of the Merger Agreement.

12. Stop Transfer; Legend.

(a) Shareholders agree with and covenant to Parent that Shareholders shall not request that the Company or Parent, as the case may be, register the transfer (book-entry or otherwise) of any certificated or uncertificated interest representing any of the securities of the Company or of Parent, as the case may be, unless such transfer is made in compliance with this Agreement.

(b) During the Standstill Period, Shareholders shall promptly surrender to the Company all certificates representing the Shares, and other Company Voting Securities acquired by Shareholders or their Affiliates after the date hereof, and the Company shall place the following legend on such certificates:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS AGREEMENT, DATED AS OF AUGUST 3, 1995 BY AND AMONG UP ACQUISITION CORPORATION, UNION PACIFIC CORPORATION AND PHILIP F. ANSCHUTZ, THE ANSCHUTZ CORPORATION, ANSCHUTZ FOUNDATION WHICH, AMONG OTHER THINGS, RESTRICTS THE TRANSFER AND VOTING THEREOF."

(c) During the Standstill Period, each certificate representing Parent Voting Securities the Beneficial Ownership of which is acquired by any Shareholder shall bear the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN AGREEMENTS BETWEEN PHILIP F. ANSCHUTZ, THE ANSCHUTZ CORPORATION, ANSCHUTZ FOUNDATION AND UNION PACIFIC CORPORATION, COPIES OF WHICH MAY BE OBTAINED FROM UNION PACIFIC CORPORATION WHICH, AMONG OTHER THINGS, RESTRICT THE TRANSFER AND VOTING THEREOF."

(d) In connection with any Transfer of Company Voting Securities or Parent Voting Securities to any Person, other than a Shareholder, an Affiliate of a Shareholder, any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder or an Affiliate thereof or such other Person is included, pursuant to, and made in compliance with, Section 6 hereof, and from and after the termination of the Standstill Period, the Company may and Parent shall, upon surrender thereto of any certificates representing Company Voting Securities or Parent Voting Securities, as the case may be, that bear a legend required by this Section 12, issue and deliver to the record owner of the securities represented thereby, or to its registered transferee, certificates representing such securities without such legend.

13. Termination. Except as otherwise provided in this Agreement, this Agreement shall terminate (a) if the Effective Time does not occur, upon the termination of the Merger Agreement, provided, however, that if the Merger Agreement shall have been terminated pursuant to Section 7.1(c)(i) or 7.1(d)(ii) thereof, the provisions of Sections 3 and 4 hereof shall survive the termination of this Agreement for a period of six months, or (b) if the Effective Time does occur, on the earliest to occur of (1) the seventh anniversary of the Effective Time, (2) at such time that the Shareholders Beneficially Own, and continue to Beneficially Own, in the aggregate, less than 4% of the Parent Voting Securities then outstanding, it being understood, however, that if the Shareholders at any time Beneficially Own in the aggregate less than 4% of the Parent Voting Securities then outstanding but, prior to the seventh anniversary of the Effective Time, subsequently acquire Beneficial Ownership of any Parent Voting Securities (except pursuant to clauses (A), (B) or (C) of the parenthetical exception to the first sentence in Section 5(a)(i) hereof or in an Inadvertent Acquisition) such that immediately following such acquisition Shareholders become Beneficial Owners in the aggregate of more than 4% of the Parent Voting Securities then outstanding, the provisions of Sections 5, 6, 9, 11, 12, 13 and 14 of this Agreement shall be effective and in full force again as if no such termination had occurred, and (3) if at any time that the Shareholders Beneficially Own in the aggregate more than 4% of the Parent Voting Securities then outstanding (i) the Shareholder Designee

shall not be elected as a director of Parent as provided in this Agreement, (ii) if and so long as Mr. Anschutz shall be a director of Parent, Mr. Anschutz (but not any other Shareholder Designee) shall not be appointed Vice Chairman of the Board of Directors, (iii) subject to applicable requirements of the New York Stock Exchange or any other security exchange on which the Parent Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers, a Shareholder Designee who is then a director shall not be appointed as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees, respectively, of the Board of Directors of Parent (or committees having similar functions) or (iv) Parent shall have breached its covenant in Section 7(b) hereof; provided that TAC, for itself and on behalf of all other Shareholders, may by written notice to Parent irrevocably elect that, from and after the delivery thereof, the references in this Section 13 and in Section 7 hereof to "4%" be deleted and replaced by references to "3%." Notwithstanding anything to the contrary, any agreements or covenants which by their terms require action or performance following termination of this Agreement shall survive such termination.

#### 14. Miscellaneous.

(a) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Shareholders agree that this Agreement and the respective rights and obligations of Shareholders hereunder shall attach to any Company Voting Securities or Parent Voting Securities that may become Beneficially Owned by Shareholders. The obligations of Shareholders under Sections 5(c), 6 and 12 hereof shall terminate with respect to Company Voting Securities and Parent Voting Securities that shall cease to be Beneficially Owned by a Shareholder, an Affiliate thereof or any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, pursuant to a Transfer thereof to any Person other than a Shareholder, an Affiliate of a Shareholder, such other Person or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder, an

Affiliate thereof or such other person is included; provided that such Transfer shall be permitted by, and made in accordance with Section 2(b) hereof, Section 4(a) hereof or Section 6 hereof, as the case may be, and such termination shall be effective upon the Transfer of such securities; such transferees of such securities shall have no obligations or rights under or with respect to this Agreement and, except as otherwise provided herein, shall not be deemed to be Shareholders for any purposes of this Agreement; and thereafter such securities shall not be subject to Sections 5(c), 6 and 12 hereof for any purpose whatsoever. The representations, warranties, covenants, obligations and other agreements of Shareholders made or undertaken in this Agreement are made or undertaken by each Shareholder with respect to itself alone, severally and not jointly, and, no Shareholder shall have any responsibility with respect to the representations, warranties, covenants, obligations and other agreements made or undertaken by any other Shareholder in this Agreement or any liability with respect to the breach thereof by any other Shareholder.

(c) Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, and each of Parent and Purchaser, on the one hand, and Shareholders, on the other hand, shall indemnify and hold the other harmless from and against any and all claims, liabilities or obligations with respect to any brokerage fees, commissions or finders' fees asserted by any person on the basis of any act or statement alleged to have been made by such party or its Affiliates.

(d) Except as provided in the Agreement, this Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other party, provided that Parent may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Parent of its obligations hereunder if such assignee does not perform such obligations.

(e) This Agreement may not be amended, changed, supplemented, or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by each of the parties hereto. The parties may waive compliance by the other parties hereto with any

representation, agreement or condition otherwise required to be complied with by such other party hereunder, but any such waiver shall be effective only if in writing executed by the waiving party.

(f) All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as Federal Express), or by any courier service, such as Federal Express, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to Shareholders:

The Anschutz Corporation  
Suite 2400  
555 Seventeenth Street  
Denver, Colorado 80202

Anschutz Foundation  
Suite 2400  
555 Seventeenth Street  
Denver, Colorado 80202

Philip F. Anschutz  
Suite 2400  
555 Seventeenth Street  
Denver, Colorado 80202

copy to:

and, in either case, with a copy to:

O'Melveny & Myers  
153 East 53rd Street  
New York, New York 10022  
Telephone No.: (212) 326-2000  
Telecopy No.: (212) 326-2091  
Attention: Drake S. Tempest, Esq.

If to Parent or

Purchaser:

Union Pacific Corporation  
Martin Tower  
Eighth and Eaton Avenues  
Bethlehem, Pennsylvania 18018  
Telephone No.: (610) 861-3200

Telecopy No.: (610) 861-3111  
Attention: Carl W. von Bernuth

copy to: Skadden, Arps, Slate,  
Meagher & Flom  
919 Third Avenue  
New York, New York 10022  
Telephone No.: (212) 735-3000  
Telecopy No.: (212) 735-2001  
Attention: Paul T. Schnell, Esq.

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(g) Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(h) Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(i) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise

available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

(l) The representations and warranties made herein shall survive through the term of this Agreement.

(m) Each party hereby irrevocably submits to the nonexclusive jurisdiction of the Supreme Court in the State of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding may be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue therein); provided, however, that such consent to jurisdiction is solely for the purpose referred to in this paragraph (m) and shall not be deemed to be a general submission to the jurisdiction of said Court or in the State of New York other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(n) The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(o) This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Parent, Purchaser and Shareholders have caused this Agreement to be duly executed as of the day and year first above written.

UNION PACIFIC CORPORATION

By: [Signature]  
Name:  
Title:

UP ACQUISITION CORPORATION

By: [Signature]  
Name:  
Title:

No. of Shares: 48,084,754

THE ANSCHUTZ CORPORATION

By: [Signature]  
Name:  
Title:

No. of Shares: 1,558,254

ANSCHUTZ FOUNDATION

By: [Signature]  
Name:  
Title:

No. of Shares: 48,084,754  
[by reason  
of ownership  
of TAC]

[Signature]  
Philip F. Anschutz

The undersigned agrees to be bound by and comply with the provisions of Section 12(b) of this Agreement.

SOUTHERN PACIFIC RAIL  
CORPORATION

[Signature]  
Name:  
Title:

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commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which Spinco is a party or by which Spinco or any of its properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to Spinco or any of its properties or assets. To the best knowledge of Spinco, no litigation is pending or threatened involving Spinco relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements or any transactions contemplated hereby or thereby.

(d) Except for CS First Boston Corporation, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Spinco.

11. Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

12. Stop Transfer; Legend.

(a) Shareholders agree with and covenant to Spinco that Shareholders shall not request that Spinco register the transfer (book-entry or otherwise) of any certificated or uncertificated interest representing any of the securities of Spinco unless such transfer is made in compliance with this Agreement.

(b) During the Standstill Period, Shareholders shall promptly surrender to Spinco all certificates representing the Spinco Shares, and other Spinco Voting Securities acquired by Shareholders or their Affiliates after the date hereof, and Spinco shall place the following legend on such certificates:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS AGREEMENT, DATED AS OF AUGUST 3, 1995 BY AND AMONG UNION PACIFIC RESOURCES GROUP INC., THE ANSCHUTZ CORPORATION, ANSCHUTZ FOUNDATION AND MR. PHILIP F. ANSCHUTZ WHICH, AMONG

OTHER THINGS, RESTRICTS THE TRANSFER AND VOTING THEREOF."

(c) In connection with any Transfer of Spinco Voting Securities to any Person, other than a Shareholder, an Affiliate of a Shareholder, any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder or an Affiliate thereof or such other Person is included, pursuant to, and made in compliance with, Section 6 hereof, and from and after the termination of the Standstill Period, Spinco shall, upon surrender thereto of any certificates representing Spinco Voting Securities that bear a legend required by this Section 12, issue and deliver to the record owner of the securities represented thereby, or to its registered transferee, certificates representing such securities without such legend.

13. Termination. Except as otherwise provided in this Agreement, this Agreement shall terminate on the earliest to occur of (1) the seventh anniversary of the Effective Time, (2) following consummation of the Spin-off, at such time that the Shareholders Beneficially Own, and continue to Beneficially Own, in the aggregate, less than 4% of the Spinco Voting Securities then outstanding, it being understood, however, that if the Shareholders at any time Beneficially Own in the aggregate less than 4% of the Spinco Voting Securities then outstanding but, prior to the seventh anniversary of the Effective Time, subsequently acquire Beneficial Ownership of any Spinco Voting Securities (except pursuant to clauses (A), (B) or (C) of the parenthetical exception to the first sentence in Section 5(a)(i) hereof or in an Inadvertent Acquisition) if immediately following such acquisition Shareholders become Beneficial Owners in the aggregate of more than 4% of the Spinco Voting Securities then outstanding, the provisions of Sections 5, 6, 9, 11, 12, 13 and 14 of this Agreement shall be effective and in full force again as if no such termination had occurred and (3) if at any time that the Shareholders Beneficially Own in the aggregate more than 4% of the Spinco Voting Securities then outstanding (i) the Shareholder Designee shall not be elected as a director of Parent (other than as a result of a resignation or non-election referred to in Section 7(a)(vi)(A) or 7(a)(vi)(C) hereof), (ii) subject to applicable requirements of the FTC, the New York Stock Exchange or any other security exchange on which the

Spinco Common Stock is listed, or if not so listed, under the rules or regulations of the National Association of Securities Dealers, the Shareholder Designee who is then a director shall not be appointed as a member of the Executive, Finance and Corporate Development, and Compensation, Benefits and Nominating Committees, respectively, of the Board of Directors of Parent (or committees having similar functions) or (iv) Parent shall have breached its covenant in Section 7(b) hereof; provided that TAC, for itself and on behalf of all other Shareholders, may by written notice to Parent irrevocably elect that, from and after the delivery thereof, the references in this Section 13 and in Section 7 hereof to "4%" be deleted and replaced by references to "3%". Notwithstanding anything herein to the contrary, any agreements or covenants contained herein which by their terms require action or performance following termination of this Agreement shall survive such termination.

#### 14. Miscellaneous.

(a) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Shareholders agree that this Agreement and the respective rights and obligations of Shareholders hereunder shall attach to any Spinco Voting Securities that may become Beneficially Owned by Shareholders. The obligations of Shareholders under Sections 5(c), 6 and 12 hereof shall terminate with respect to Spinco Voting Securities that shall cease to be Beneficially Owned by a Shareholder, an Affiliate thereof or any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, pursuant to a Transfer thereof to any Person other than a Shareholder, an Affiliate of a Shareholder, such other Person or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder, an Affiliate thereof or such other person is included; provided that such Transfer shall be permitted by, and made in accordance with Section 3 hereof or Section 6 hereof, as the case may be, and such termination shall be effective upon the Transfer of such securities; such transferees of such securities shall have no obligations or rights under or with respect to this Agreement and, except as otherwise provided herein, shall not be deemed

to be Shareholders for any purposes of this Agreement; and thereafter such securities shall not be subject to Sections 5(c), 6 and 12 hereof for any purpose whatsoever. The representations, warranties, covenants, obligations and other agreements of Shareholders made or undertaken in this Agreement are made or undertaken by each Shareholder with respect to itself alone, severally and not jointly, and, no Shareholder shall have any responsibility with respect to the representations, warranties, covenants, obligations and other agreements made or undertaken by any other Shareholder in this Agreement or any liability with respect to the breach thereof by any other Shareholder.

(c) Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, and each of Spinco, on the one hand, and Shareholders, on the other hand, shall indemnify and hold the other harmless from and against any and all claims, liabilities or obligations with respect to any brokerage fees, commissions or finders' fees asserted by any person on the basis of any act or statement alleged to have been made by such party or its Affiliates.

(d) Except as provided in the Agreement, this Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other party, provided that Spinco may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Spinco no such assignment shall relieve Spinco of its obligations hereunder if such assignee does not perform such obligations.

(e) This Agreement may not be amended, changed, supplemented, or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by each of the parties hereto. The parties may waive compliance by the other parties hereto with any representation, agreement or condition otherwise required to be complied with by such other party hereunder, but any such waiver shall be effective only if in writing executed by the waiving party.

(f) All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly

received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as FedEx), or by any courier service, such as FedEx, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to Shareholders:

The Anschutz Corporation  
Suite 2400  
555 Seventeenth Street  
Denver, Colorado 80202

Anschutz Foundation  
Suite 2400  
555 Seventeenth Street  
Denver, Colorado 80202

Philip F. Anschutz  
Suite 2400  
555 Seventeenth Street  
Denver, Colorado 80202

and, in either case, with a copy to:

O'Melveny & Myers  
153 East 53rd Street  
New York, New York 10022  
Telephone No.: (212) 326-2000  
Telecopy No.: (212) 326-2091  
Attention: Drake S. Tempest, Esq.

If to Spinco:

Union Pacific Resources Group Inc.  
P.O. Box 7, 801 Cherry Street  
Fort Worth, Texas 76101  
Telephone No.: (817) 877-6000  
Telecopy No.: (817) 877-7522  
Attention: B. J. Zimmerman, Esq.

copy to:

Skadden, Arps, Slate,  
Meagher & Flom  
919 Third Avenue  
New York, New York 10022  
Telephone No.: (212) 735-3000  
Telecopy No.: (212) 735-2001  
Attention: Paul T. Schnell, Esq.

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(g) Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(h) Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(i) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to

insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

(l) The representations and warranties made herein shall survive through the term of this Agreement.

(m) Each party hereby irrevocably submits to the nonexclusive jurisdiction of the Supreme Court in the State of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding may be brought in such court (and waives any objection based on forum non conveniens or any other objection to venue therein); provided, however, that such consent to jurisdiction is solely for the purpose referred to in this paragraph (m) and shall not be deemed to be a general submission to the jurisdiction of said Court or in the State of New York other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(n) The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(o) This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Spinco and Shareholders  
have caused this Agreement to be duly executed as of the  
day and year first above written.

UNION PACIFIC RESOURCES  
GROUP INC.

By: Jack L. Messmer  
Name:  
Title:

No. of Shares: 48,084,754

THE ANSCHUTZ CORPORATION

By: [Signature]  
Name:  
Title:

No. of Shares: 1,558,254

ANSCHUTZ FOUNDATION

By: [Signature]  
Name:  
Title:

No. of Shares: of

Philip F. Anschutz

48,084,754  
[by reason of  
ownership of  
TAC]

## REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of August 3, 1995, among Union Pacific Resources Group Inc., a Utah corporation ("Spinco"), The Anschutz Corporation, a Kansas corporation ("TAC"), and Anschutz Foundation, a Colorado not-for-profit corporation (the "Foundation" and, together with TAC, the "Holders").

### W I T N E S S E T H:

WHEREAS, simultaneously with the execution of this Agreement, Union Pacific Corporation, a Utah corporation ("Parent"), Union Pacific Railroad Company, a Utah corporation and an indirect wholly owned subsidiary of Parent ("UPRR"), UP Acquisition Corporation, a Delaware corporation and a direct wholly owned subsidiary of UPRR ("Purchaser"), and Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such Agreement may be amended from time to time, the "Merger Agreement"), pursuant to which, among other things, Purchaser has agreed to commence a cash tender offer (the "Offer") to purchase up to 39,034,471 shares of common stock, \$.001 par value, of the Company and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, pursuant to the Merger, the Holders will receive shares of Common Stock, par value \$2.50 per share, of Parent;

WHEREAS, Parent intends to effect an initial public offering of no more than 17.25% (not including employee shares or employee options) of, and to distribute to its shareholders as a pro rata dividend (the "Spin-off") the remainder of the shares of capital stock of Spinco;

WHEREAS, the Holders, as a result of the Merger and the Spin-off, may beneficially own certain shares of capital stock of Spinco (the "Spinco Shares");

WHEREAS, Spinco and the Holders are simultaneously herewith entering into a Shareholders Agreement

(the "Shareholders Agreement"), pursuant to which, among other things, the Holders have agreed to abide by certain agreements relating to the Spinco Shares;

WHEREAS, as an inducement and a condition to their entering into the Shareholders Agreement and voting for the Merger, the Holders have required that Parent agree, and Parent has agreed, to cause Spinco to enter into this Registration Rights Agreement providing, among other things, for the registration under the Securities Act of 1933, as amended (the "Securities Act"), of Spinco Shares to be disposed of by the Holders;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations, warranties, covenants and agreements contained herein and in the Shareholders Agreement, the parties hereto, intending to be legally bound hereby, agree as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.1. Definitions. Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that, directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For the purposes of this definition, "control" (including, with correlative meanings, the term "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Commission" shall mean the Securities and Exchange Commission.

(c) "Demand Registration" shall mean a Demand Registration as defined in Section 2.1.

(d) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(e) "Piggy-Back Registration" shall mean a Piggy-Back Registration as defined in Section 2.2.

(f) "Registrable Securities" shall mean any Spinco Shares received by the Holders pursuant to the Spin-off until (i) a registration statement covering such security has been declared effective by the Commission and it has been disposed of pursuant to such effective registration statement, (ii) it has been sold under circumstances in which all of the applicable conditions of Rules 145 and 144 or Rule 144A (or any similar provisions then in force) under the Securities Act are met, or (iii) it has been otherwise transferred and Spinco has delivered a new certificate or other evidence of ownership for it not bearing a restrictive legend and it may be resold without subsequent registration under the Securities Act.

(g) "Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement under the Securities Act.

(h) "Termination Date" means the seventh anniversary of the date on which the Spin-off is consummated.

(i) "Underwriter" means a securities dealer which purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

## ARTICLE II

### REGISTRATION RIGHTS

SECTION 2.1. Demand Registrations. (a) Request for Registration. Any Holder may make, at any time or from time to time after the date on which the Spin-off is consummated, subject to the terms herein and until and including the Termination Date of this Agreement, a written request for registration under the Securities Act of all or part of the Registrable Securities then held by such Holder (a "Demand Registration"); provided, that

Spinco shall not be obligated to effect more than three Demand Registrations for the Holders in total pursuant to this Agreement. Such request will specify the number of Registrable Securities proposed to be sold by the Holder(s) and will also specify the intended method of disposition thereof. Spinco will give written notice of such registration request to all the Holders of the Registrable Securities and, subject to Section 2.3, include in such registration all such Registrable Securities with respect to which Spinco has received written requests for inclusion therein within 20 business days after receipt by the Holders of Spinco's notice. Each request will also specify the number of Registrable Securities to be registered and the intended disposition thereof.

(b) Effective Registration. A Demand Registration will not count as a Demand Registration unless and until it has become effective.

(c) Underwriting of Demand Registrations. At the election of the Holders, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. The Holder requesting the Demand Registration (with the consent of Spinco, not to be unreasonably withheld) shall select the book-running managing Underwriter in connection with such offering and any additional investment bankers and managers to be used in connection with the offering. To the extent 10% or more of the Registrable Securities so requested to be registered in a Demand Registration are excluded from the offering in accordance with Section 2.3, there shall be provided one additional Demand Registration under Section 2.1(a).

SECTION 2.2. Piggy-Back Registration. If Spinco proposes to file a registration statement under the Securities Act with respect to an offering by Spinco for its own account or for the account of any of its respective securityholders of any class of equity security (other than a registration statement on Form S-4 or S-8 (or any substitute form that may be adopted by the Commission) or filed in connection with an exchange offer or offering of securities solely to Spinco's existing securityholders or a registration statement filed by Spinco to comply with its obligations under Demand Registrations pursuant to Section 2.1 hereof), then Spinco shall give written notice of such proposed filing to the

Holders of Registrable Securities as soon as practicable (but in no event less than 10 days before the anticipated filing date), and such notice shall offer such Holders the opportunity to register such number of shares of Registrable Securities as each such Holder may request (a "Piggy-Back Registration"). Spinco shall use its best efforts to cause the managing Underwriter or Underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggy-Back Registration to be included on the same terms and conditions as any similar securities of Spinco included therein.

SECTION 2.3. Reduction of Offering. Notwithstanding anything contained in this Registration Rights Agreement, if the managing Underwriter or Underwriters of an offering described in Section 2.1 or 2.2 delivers a written opinion to the Holders of the Registrable Securities to be included in such offering that the success of the offering would be materially and adversely affected by inclusion of all the Registrable Securities requested to be included either because of (a) the size of the offering that the Holders, Spinco and such other persons intend to make or (b) the kind of securities that the Holders, Spinco and any other persons or entities intend to include in such offering, then (A) in the event that the size of the offering is the basis of such Underwriter's opinion, the amount of securities to be offered for the accounts of Holders shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter or Underwriters and Spinco will include in the registration the maximum number of securities which it is so advised can be sold without such adverse effect, allocated, on a pro-rata basis within each following order of priority, as follows:

(i) FIRST, any securities proposed to be registered by Holder(s) exercising a Demand Registration right pursuant to this Agreement or any securities proposed to be included in such Demand Registration by other Holder(s) as contemplated by Section 2.1(a);

(ii) SECOND, any securities proposed to be registered by Spinco for its own account; and

(iii) THIRD, any other securities proposed to be registered for the account of the Holders in a Piggy-Back Registration or any securities proposed to be registered by another holder(s) pursuant to a registration rights agreement entered into between such other holder(s) and Spinco who are exercising "piggy-back" registration rights;

and (B) in the event that the kind of securities to be offered is the basis of such Underwriter's opinion, (x) the Registrable Securities to be included in such offering shall be reduced as described in clause (A) above or (y) if the actions described in the immediately preceding clause (x) would, in the judgment of the managing Underwriter, be insufficient to eliminate substantially the material and adverse effect that inclusion of the Registration Securities requested to be included would have on such offering, such Registrable Securities will be excluded from such offering.

### ARTICLE III

#### REGISTRATION PROCEDURES

SECTION 3.1. Filings; Information. Whenever the Holders have requested that any Registrable Securities be registered pursuant to Section 2.1 hereof, Spinco will use its best efforts to effect the registration and facilitate the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as practicable, and in connection with any such request:

(a) Spinco will as expeditiously as possible prepare and file with the Commission a registration statement on any form for which Spinco then qualifies or which counsel for Spinco shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its best efforts to cause such filed registration statement to become and remain effective for a period of not less than 180 days (90 days in the case of a fully underwritten offering other than pursuant

to Rule 415 under the Securities Act); provided that if Spinco shall furnish to the Holders making a request pursuant to Section 2.1 a certificate signed by either its Chairman or President stating that in his good faith judgment it would be significantly disadvantageous to Spinco or its shareholders for such a registration statement to be filed as expeditiously as possible, Spinco shall have a period of not more than 90 days within which to file such registration statement measured from the date of receipt of the request in accordance with Section 2.1.

(b) Spinco will, if requested, prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish and allow a reasonable time for review and comment to each Selling Holder and each Underwriter, if any, of the Registrable Securities covered by such registration statement copies of such registration statement as proposed to be filed, and thereafter furnish to such Selling Holder and Underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Selling Holder or Underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder.

(c) After the filing of the registration statement, Spinco will promptly notify each Selling Holder of Registrable Securities covered by such registration statement of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) Spinco will use its best efforts to  
(i) register or qualify the Registrable Securities under such other securities or blue sky

laws of such jurisdictions in the United States as any Selling Holder reasonably (in light of such Selling Holder's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of Spinco and do any and all other acts and things that may be reasonably necessary or advisable to enable such Selling Holder to consummate the disposition of the Registrable Securities owned by such Selling Holder; provided that Spinco will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (d), (B) subject itself to taxation in any such jurisdiction, (C) consent to general service of process in any such jurisdiction or (D) consent to any material restrictions on the conduct of its business or any restrictions on payments to any stockholders of Spinco; and provided further that the Holders will not be required to take any action pursuant to this paragraph (d).

(e) Spinco will promptly notify each Selling Holder of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and promptly make available to each Selling Holder any such supplement or amendment.

(f) Spinco and each Selling Holder will enter into customary agreements (including an underwriting agreement in customary form containing customary representations, warranties, covenants, opinions, certificates, cross-indem-

nification and contribution provisions) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities.

(g) Spinco will make available for inspection by any Selling Holder of such Registrable Securities, any Underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any such Selling Holder or Underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of Spinco (collectively, the "Records") as shall be reasonably necessary to conduct due diligence, and cause Spinco's officers, directors and employees to supply all information reasonably requested by any Inspectors in connection with such registration statement. The Selling Holders shall cause such Records which Spinco determines, in good faith, to be confidential and which Spinco notifies the Inspectors are confidential to be kept confidential by the Inspectors and not used for any purpose other than such registration of Registrable Securities, and the Selling Holders shall cause the Inspectors not to disclose the Records unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in such registration statement or (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction. Information obtained by any Selling Holder hereunder as a result of such inspections shall be deemed confidential and shall be kept confidential by the Selling Holders and may not be used by any Selling Holder for any purpose other than such registration of Registrable Securities. Each Selling Holder will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to Spinco and allow Spinco, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential.

(h) Spinco will furnish to each Selling Holder and to each Underwriter, if any, a signed counterpart, addressed to such Selling Holder or Underwriter, of (i) an opinion or opinions of counsel to Spinco and (ii) a comfort letter or comfort letters from Spinco's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the Holders of a majority of the Registrable Securities included in such offering or the managing Underwriter therefor reasonably requests.

(i) Spinco will otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security-holders, as soon as reasonably practicable, an earnings statement covering a period of 12 months, beginning within three months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act.

(j) Spinco will use its best efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by Spinco are then listed.

Each Selling Holder of Registrable Securities agrees to promptly furnish in writing to Spinco such information regarding the distribution of the Registrable Securities as Spinco may from time to time reasonably request and such other information as may be legally required in connection with such registration.

Upon receipt of any notice from Spinco of the happening of any event of the kind described in Section 3.1(e) hereof, each Selling Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.1(e) hereof, and, if so directed by Spinco, such Selling Holder will deliver to Spinco all

copies, other than permanent file copies then in such Selling Holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. In the event Spinco shall give such notice, Spinco shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 3.1(a) hereof) by the number of days during the period from and including the date of the giving of notice pursuant to Section 3.1(e) hereof to the date when Spinco shall make available to the Selling Holders of Registrable Securities covered by such registration statement a prospectus supplemented or amended to conform with the requirements of Section 3.1(e) hereof.

The procedures set forth in this Section 3.1 shall apply to Piggy-Back Registrations pursuant to Section 2.2.

SECTION 3.2. Registration Expenses. In connection with any registration statement required to be filed hereunder, Spinco shall pay the following Registration expenses incurred in connection with the registration hereunder (the "Registration Expenses"): (i) all registration and filing fees, (ii) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (iii) printing expenses, (iv) internal expenses (including without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (v) the fees and expenses incurred in connection with the listing of the Registrable Securities, and (vi) reasonable fees and disbursements of counsel for Spinco and customary fees and expenses for independent certified public accountants retained by Spinco (including the expenses of any comfort letters or costs associated with the delivery by independent certified public accountants of a comfort letter or comfort letters requested pursuant to Section 3.1(h) hereof). Spinco shall have no obligation to pay any underwriting fees, discounts, commissions or expenses attributable to the sale of Registrable Securities, including, without limitation, the fees and expenses of any Underwriters and such Underwriters' counsel, or any out-of-pocket expenses of the Holders (or the agents who manage their accounts), including, without limitation, the fees and expenses of

any counsel retained by the Holders. Such Holders' fees, discounts, commissions and expenses shall be paid promptly by the Holders.

#### ARTICLE IV

##### INDEMNIFICATION AND CONTRIBUTION

###### SECTION 4.1. Indemnification by Spinco.

Spinco agrees to indemnify and hold harmless each Selling Holder of Registrable Securities, its officers, directors and agents, and each Person, if any, who controls such Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) caused by any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities or in any amendment or supplement thereto or in any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished in writing to Spinco by such Selling Holder or on such Selling Holder's behalf expressly for the use therein; provided, that with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus, the indemnity agreement contained in this paragraph shall not apply to the extent that any such loss, claim, damage, liability or expense results from the fact that a current copy of the prospectus was not sent or given to the person asserting any such loss, claim, damage, liability or expense at or prior to the written confirmation of the sale of the Registrable Securities concerned to such person if it is determined that it was the responsibility of such Selling Holder to provide such person with a current copy of the prospectus and such current copy of the prospectus would have cured the defect giving rise to such loss, claim, damage, liability or expense. Spinco also agrees to indemnify any Underwriters of the Registrable Securities, their officers and directors and each person who controls

such underwriters on substantially the same basis as that of the indemnification of the Selling Holders provided in this Section 4.1.

SECTION 4.2. Indemnification by Holders of Registrable Securities. Each Selling Holder agrees, severally but not jointly, to indemnify and hold harmless Spinco, its officers, directors and agents and each Person, if any, who controls Spinco within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from Spinco to such Selling Holder, but only with respect to information furnished in writing by such Selling Holder or on such Selling Holder's behalf expressly for use in any registration statement or prospectus relating to the Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus; and provided that the liability of each Selling Holder under the foregoing indemnity shall be limited to an amount equal to the public offering price of the Registrable Securities sold by such Selling Holder, less the applicable underwriting discounts and commissions. Each Selling Holder also agrees to indemnify and hold harmless Underwriters of the Registrable Securities, their officers and directors and each person who controls such Underwriters on substantially the same basis as that of the indemnification of Spinco provided in this Section 4.2.

SECTION 4.3. Conduct of Indemnification Proceeding. If any action or proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 4.1 or 4.2, such person (an "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (an "Indemnifying Party") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all expenses. Such Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (a) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (b) the named parties to any such action or proceeding

(including any impleaded parties) include both such Indemnified Party and the Indemnifying Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by the Indemnified Parties and shall, in the case of a Demand Registration, be reasonably satisfactory to the Indemnifying Party. The Indemnifying Party shall not be liable for any settlement of any such action or proceeding effected without its written consent, but if settled with its written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of with any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding.

SECTION 4.4. Contribution. If the indemnification provided for in this Article IV is unavailable to the Indemnified Parties in respect of any losses, claims, damages or liabilities referred to herein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (a) as between Spinco and the Selling Holders on the one hand and the Underwriters on the other, in such proportion as is appropriate to reflect the relative benefits received by Spinco and the Selling Holders on the one hand and the Under-

writers on the other from the offering of the securities, or if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of Spinco and the Selling Holders on the one hand and of the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations and (b) as between Spinco on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of Spinco and of each Selling Holder in connection with such statements or omissions, as well as any other relevant equitable considerations. The relative benefits received by Spinco and the Selling Holders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by Spinco and the Selling Holders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the prospectus. The relative fault of Spinco and the Selling Holders on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by Spinco and the Selling Holders or by the Underwriters. The relative fault of Spinco on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

Spinco and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 4.4 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified

Party as a result of the losses, claims, damages or liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitation set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 4.4, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Securities of such Selling Holder were offered to the public exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

## ARTICLE V

### EFFECTIVENESS

SECTION 5.1. Effectiveness. This Agreement shall become effective only upon the consummation of the Spin-off and shall terminate and be void and of no force or effect if the Merger Agreement is terminated in accordance with Article VII thereof.

## ARTICLE VI

### MISCELLANEOUS

SECTION 6.1. Participation in Underwritten Registrations. No Person may participate in any underwritten registration hereunder unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the

Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and these Registration Rights.

SECTION 6.2. Merger, Consolidation, Exchange, Recapitalization etc. In the event, directly or indirectly, (a) Spinco shall merge with and into, or consolidate with, or consummate a share exchange with, any other person, or (b) any person shall merge with and into, or consolidate, Spinco and Spinco shall be the surviving corporation of such merger or consolidation and, in connection with such merger or consolidation, all or part of the Registrable Securities shall be changed into or exchanged for stock or other securities of any person, or (c) any capital stock or other securities are issued in respect of, in exchange for, or in substitution of, any Spinco equity securities by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, split-off, sale of assets, distribution to stockholders or combination of the shares of Spinco equity securities or any Spinco's capital structure, then, in each such case, appropriate adjustments shall be made so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the parties hereto under this Registration Rights Agreement.

SECTION 6.3. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by an overnight courier service, such as FedEx, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Spinco, to:  
Union Pacific Resources Group Inc.  
P.O. Box 7  
801 Cherry Street  
Forth Worth, Texas 76101  
Attention: B.J. Zimmerman, Esq.  
Telephone No.: (817) 877-6000  
Telecopy No.: (817) 877-7522

with a copy to:

Paul T. Schnell, Esq.  
Skadden, Arps, Slate, Meagher, & Flom  
919 Third Avenue  
New York, New York 10022  
Telephone No.: (212) 735-3000  
Telecopy No.: (212) 735-2001

and

(b) if to the Holders, to:

The Anschutz Corporation  
Anschutz Foundation  
Suite 2400  
555 Seventeenth Street  
Denver, Colorado 80202  
Attention: Philip F. Anschutz  
Telephone No.: (303) 298-1000  
Telecopy No.: (303) 298-8881

with a copy to:

O'Melveny & Myers  
153 East 53rd Street  
New York, New York 10022  
Attention: Drake S. Tempest, Esq.  
Telephone No.: (212) 326-2000  
Telecopy No.: (212) 326-2091

SECTION 6.4. No Waivers; Remedies. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver of the right, power or privilege. A single or partial exercise of any right, power or privilege shall not preclude any other or further exercise of the right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 6.5. Amendments, etc. No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by a party to this Agreement from any provision of this Agreement, shall be effective unless it shall be in writing and signed and delivered by the other party to this Agreement, and then it shall be effective only in the specific instance and for the specific purpose for which it is given.

SECTION 6.6. Assignment. The provisions of this Agreement shall not be assignable and any transfer of Registrable Securities shall not transfer any rights under this Agreement to the transferee; provided, however, that (a) either Holder shall have the right to assign its rights under this Agreement to any Person who or which (i) acquires at least 20% of the Spinco Shares then Beneficially Owned by such Holder, (ii) would then be eligible to report its ownership of Spinco Shares (assuming ownership by such Person of a sufficient number of Spinco Shares to require such reporting) on a Schedule 13G, (iii) shall have agreed in writing (which agreement shall be addressed, and shall be reasonably satisfactory in form and substance, to Spinco) to be bound by and comply with this Agreement with the same force and effect as if all references herein to the Holder were references to such Person, and (iv) is reasonably acceptable to Spinco and (b) without the consent of Spinco, but subject to clauses (i) and (iii) of subsection (a) above, either Holder shall have the right to assign its rights under this Agreement to (x) any financial institution to which such Holder has, in accordance with Section 3 of the Shareholders Agreement, pledged Spinco Shares, provided that such assignment shall not be effective until following a default by Holder under such pledge, or (y) any Affiliate of Mr. Philip F. Anschutz (it being understood and agreed that any such rights transferred to any such Affiliate shall terminate if such Affiliate ceases to be an Affiliate of Mr. Philip F. Anschutz).

SECTION 6.7. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the principles of conflicts of laws thereof. All rights and obligations of Spinco and Holders shall be in addition to and not in limitation of those provided by applicable law.

SECTION 6.8. Counterparts; Effectiveness.

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were on the same instrument..

SECTION 6.9. Severability of Provisions.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of the provision in any other jurisdiction.

SECTION 6.10. Headings and References.

Section headings in this Agreement are included for the convenience of reference only and do not constitute a part of this Agreement for any other purpose. Reference to parties and sections in this Agreement are references to the parties to or the sections of this Agreement, as the case may be, unless the context shall require otherwise.

SECTION 6.11. Entire Agreement.

This Agreement embodies the entire agreement and understanding of the respective parties with respect to the Holders' registration rights and supersedes all prior agreements or understandings with respect to such rights.

SECTION 6.12. Survival.

Except as otherwise specifically provided in this Agreement, each representation, warranty or covenant of each party to this Agreement contained in or made pursuant to this Agreement shall survive and remain in full force and effect, notwithstanding any investigation or notice to the contrary or any waiver by any other party of a related condition precedent to the performance by the other party of an obligation under this Agreement.

SECTION 6.13. Non-Exclusive Jurisdiction.

Each party hereto (a) agrees that any action, suit or proceeding (collectively, an "Action") with respect to this Agreement may be brought in the courts of the United States of America for the Southern District of New York, (b) accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts and (c) irrevocably waives any objection, including, without limitation, any objection to the laying of

venue or based on the grounds of FORUM NON CONVENIENS, which it may now or hereafter have to the bringing of any Action in those jurisdictions.

SECTION 6.14. Waiver of Jury Trial. Each party waives any right to a trial by jury in any Action to enforce or defend any right under this Agreement or any amendment, instrument, document or agreement delivered, or which in the future may be delivered, in connection with this Agreement and agrees that any Action shall be tried before a court and not before a jury.

SECTION 6.15. Specific Performance. Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

SECTION 6.16. No Inconsistent Agreements. Spinco is not as of the date hereof subject to any agreement with respect to the registration under the Securities Act of any securities of Spinco or otherwise, and prior to the Termination Date shall not enter into any such agreement that is inconsistent with the provisions of this Agreement, including, without limitation, the order of priority by which the total amount of securities of Spinco to be included in any offering subject to Article II hereof shall be reduced pursuant to Section 2.3 hereof.

IN WITNESS WHEREOF, Spinco and the Holders have caused this Agreement to be duly executed as of the date first above written.

UNION PACIFIC RESOURCES GROUP INC.

By: Jack L. Messner  
Name:  
Title:

THE ANSCHUTZ CORPORATION

By: [Signature]  
Name:  
Title:

ANSCHUTZ FOUNDATION

By: [Signature]  
Name:  
Title:

## PARENT SHAREHOLDERS AGREEMENT

AGREEMENT, dated as of August 3, 1995, by and among Union Pacific Corporation, a Utah corporation ("Parent"), UP Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Purchaser" and, together with Parent, the "Shareholders"), and Southern Pacific Rail Corporation, a Delaware corporation (the "Company").

### W I T N E S S E T H:

WHEREAS, simultaneously with the execution of this Agreement, Parent, Union Pacific Railroad Company, a Utah corporation ("UPRR") and an indirect wholly owned subsidiary of Parent, Purchaser, a direct wholly owned subsidiary of UPRR, and the Company have entered into an Agreement and Plan of Merger (as such Agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which, among other things, Purchaser has agreed to commence a tender offer (the "Offer") to purchase up to 39,034,471 shares (the "Shares") of common stock, \$0.001 par value, of the Company (the "Company Common Stock") and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, as an inducement and a condition to its entering into the Merger Agreement and incurring the obligations set forth therein, the Company has required that Shareholders agree, and Shareholders have agreed, to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations, warranties, covenants and agreements contained herein and in the Merger Agreement, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Certain Definitions. Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For purposes of this Agreement, with respect to any Shareholder, "Affiliate" shall not include

the Company and the Persons that directly, or indirectly through one or more intermediaries, are controlled by the Company.

(b) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all Affiliates of such Person and all other Persons with whom such Person would constitute a "group" within the meaning of Section 13(d) of the Exchange Act and the rules promulgated thereunder.

(c) "Company Voting Securities" shall mean any securities of the Company entitled, or which may be entitled, to vote (whether or not entitled to vote generally in the election of directors) and any securities convertible into or exercisable or exchangeable for such securities (whether or not subject to contingencies with respect to any matter or proposal submitted for the vote or consent of shareholders of the Company). For purposes of determining the percentage of Company Voting Securities Beneficially Owned by a Person, securities Beneficially Owned by any such Person that are convertible, exercisable or exchangeable for securities entitled to vote shall be deemed to be converted, exercised or exchanged and shall represent the number of securities of the Company entitled to vote into which such convertible, exercisable or exchangeable securities (disregarding for such purposes any restrictions on conversion, exercise or exchange) are then convertible, exchangeable or exercisable.

(d) "Current Market Price" shall mean, as applied to any class of stock on any date, the average of the daily "Closing Prices" (as hereinafter defined) for the 20 consecutive trading days immediately prior to the date in question. The term "Closing Price" on any day shall mean the last sales price, regular way, per share of such stock on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York

Stock Exchange or, if shares of such stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of such stock are listed or admitted to trading, or, if the shares of such stock are not listed or admitted to trading on any national securities exchange on the NASDAQ National Market System or, if the shares of such stock are not quoted on the NASDAQ National Market System, the average of the high bid and low asked prices in the over-the-counter market as reported by the National Association of Securities Dealers Inc.'s Automated Quotation System.

(e) "including" shall mean including without limitation.

(f) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(g) "Transfer" shall mean, with respect to a security, the sale, transfer, pledge, hypothecation, encumbrance, assignment or disposition of such security or the Beneficial Ownership thereof, the offer to make such a sale, transfer or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. As a verb, "Transfer" shall have a correlative meaning.

(h) "Trustee" shall mean the trustee of the Voting Trust.

(i) "Voting Trust" shall mean the Voting Trust into which Shares acquired by the Purchaser are to be deposited as described in Section 1.8 of the Merger Agreement.

## 2. Voting of Company Common Stock; Irrevocable Proxy.

(a) Shareholders hereby agree that during the period commencing on the date hereof and continuing until the earlier of (x) the consummation of the Merger and (y) the termination of the Merger Agreement in accordance with Article VII thereof, at any meeting (whether annual or special, and whether or not an adjourned or postponed meeting) of the Company's shareholders, however called,

or in connection with any written consent of the Company's shareholders, subject to the absence of a preliminary or permanent injunction or other final order by any United States federal court or state court barring such action, Shareholders shall vote (or cause to be voted) the Shares purchased pursuant to the Offer and all other Company Voting Securities that they Beneficially Own, whether owned on the date hereof or hereafter acquired, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval and adoption of the Merger Agreement and the terms thereof and each of the other actions contemplated by the Merger Agreement, this Agreement and the Ancillary Agreements and any actions required in furtherance thereof and hereof; (ii) with respect to the election or removal of directors, in the same proportion as all Company Voting Securities that are not Beneficially Owned by Shareholders that vote with respect to such matter ("Voted Non-Shareholder Securities") have been voted with respect to such matter; (iii) with respect to any other proposed merger, business combination, or similar transaction (including, without limitation, any consolidation, sale of all or substantially all the assets, recapitalization, liquidation or winding up or other Specified Company Transaction) involving the Company (other than the transactions contemplated by the Merger Agreement), as the Shareholders may determine, in their sole discretion; and (iv) unless either (A) one of the transactions described in clause (iii) above has been proposed or (B) the matter being proposed would impose on Shareholders limitations not imposed on other shareholders of the Company, on the enjoyment of any of Shareholders and their Affiliates of the legal rights generally enjoyed by shareholders of the Company, with respect to all matters submitted to a vote of the Company's stockholders not specified in (i), (ii) or (iii) above, in the same proportion as all Voted Non-Shareholder Securities have been voted with respect to such matter. Shareholders shall not enter into any agreement or understanding with any Person the effect of which would be inconsistent or violative of the provisions and agreements contained in this Section 2.

(b) Shareholders (or the Trustee, if the Shares are held in the Voting Trust), in furtherance of the transactions contemplated hereby and by the Merger Agreement and the Ancillary Agreements, and in order to secure the performance by Shareholders of their duties under this Agreement, shall following consummation of the Offer execute and deliver to the Company an irrevocable

proxy, in the form of Exhibit A hereto. Shareholders acknowledge and agree that the proxy executed and delivered pursuant to this Section 2(b) shall be coupled with an interest, shall constitute, among other things, an inducement for the Company to enter into this Agreement, the Merger Agreement and the Ancillary Agreements to which it is a party, shall be irrevocable until the earlier of the Company Special Meeting or the termination of the Merger Agreement in accordance with its terms and shall not be terminated by operation of law upon the occurrence of any event.

3. Restrictions on Transfer, Proxies, Pledges.

(a) Shareholders shall not, during the period commencing on the date hereof and continuing until the first to occur of (x) the consummation of the Merger or (y) the termination of the Merger Agreement in accordance with Article VII thereof, directly or indirectly: (i) Transfer (including but not limited to the Transfer by Parent of any securities of Purchaser or any Affiliate of Parent controlling Purchaser) to any Person (other than to the Voting Trust) any or all of the Company Voting Securities (or any interest therein) which it may hereafter acquire in the Offer or otherwise; (ii) except as provided in Sections 2(b) and 4(b) of this Agreement and except for the Voting Trust, grant any proxies or powers of attorney, deposit any Company Voting Securities into a voting trust or enter into a voting agreement, understanding or arrangement with respect to the Company Voting Securities; (iii) take any action that would make any representation or warranty of Shareholders contained herein untrue or incorrect or would result in a breach by Shareholders of their respective obligations under this Agreement or would result in a breach by Shareholders of their respective obligations under the Merger Agreement or any of the Ancillary Agreements to which it is a party; or (iv) take any action covered by Section 4(a)(ii), (iv), (vi) and (viii) hereof, provided, however, in the event a bona fide proposal for a Specified Company Transaction is made by any Person (other than the Shareholders and their Affiliates) only the restrictions set forth in Section 4(a)(viii) shall be applicable.

(b) Following termination of the Merger Agreement in accordance with its terms, Shareholders may effect one or more pledges of Company Voting Securities or grants of security interests therein, to one or more banks or other financial institutions that are not Affiliates of any Shareholder as security for the payment of

bona fide full recourse indebtedness owed by Parent or UPRR to such banks or financial institutions. Except as set forth in the proviso below, such banks and financial institutions shall not incur any obligations under this Agreement with respect to such Company Voting Securities or shall be restricted from exercising any right of enforcement or foreclosure with respect to any related security interest or lien; provided, however, that it shall be a condition to any such pledge that the pledgee shall agree to be bound by the provisions of Sections 4(b) and 5 of this Agreement, except that following an event of default or foreclosure, the pledgee shall be permitted to sell, subject only to the right of first refusal set forth in Section 5(b) hereof, (x) an unlimited number of Voting Company Securities to any Person that is not, and does not control, a Class I Railroad and (y) up to 4% of the then outstanding shares of Company Voting Securities to a Class I Railroad.

#### 4. Standstill and Related Provisions.

(a) Subject to the final paragraph of this Subsection 4(a), in the event that the Merger Agreement is terminated in accordance with Article VII thereof other than Section 7.1(c)(i) or 7.1(d)(ii) thereof, but only in such event, Shareholders agree that for a period commencing on the date of such termination and continuing until the termination of this Agreement in accordance with the terms of Section 12 hereof (any such period being hereafter referred to as the "Standstill Period"), without the prior written consent of the Board of Directors of the Company (the "Board") specifically expressed in a resolution adopted by a majority of the directors of the Company, Shareholders will not, and Shareholders will cause each of their respective Affiliates not to, directly or indirectly, alone or in concert with others:

(i) acquire, offer or propose to acquire, or agree to acquire (except, in any case, by way of (A) stock dividends or other distributions or rights offerings made available to holders of any shares of Company Common Stock generally, share-splits, reclassifications, recapitalizations, reorganizations and any other similar action taken by Company, and (B) the conversion, exercise or exchange of Company Voting Securities in accordance with the terms thereof, provided, that any such securities shall be subject to the provisions hereof), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition

of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) (other than groups consisting solely of Shareholders and their Affiliates, all of which are or, prior to the formation of such group, become parties to this Agreement) or otherwise, any Company Voting Securities; provided, however, that if, solely as a result of the issuance by the Company of additional Company Voting Securities, Shareholders and their Affiliates Beneficially Own less than the amount of shares of Company Voting Securities Beneficially Owned immediately following the consummation of the Offer (the "Ownership Limit"), Shareholders may purchase or acquire additional Company Voting Securities to bring their Beneficial Ownership up to the greater of 5.5% and the percentage of outstanding Company Voting Securities Beneficially Owned by the Shareholders immediately prior to such issuance by the Company; provided, further, if as a result of Transfers of Company Voting Securities, Shareholders Beneficially Own less than 5.5% of the then outstanding Company Voting Securities, Shareholders may purchase or acquire additional Company Voting Securities to bring their Beneficial Ownership up to, but not in excess of, 5.5% of the then outstanding shares of Company Voting Securities. In addition, in the event that a Shareholder or an Affiliate thereof inadvertently and without knowledge indirectly acquires Beneficial Ownership of not more than one-quarter of one percent of the Company Voting Securities in excess of the amount permitted to be owned by the Shareholders pursuant to this Section 5(a) pursuant to a transaction by which a Person (that was not then an Affiliate of a Shareholder before the consummation of such transaction) owning Company Voting Securities becomes an Affiliate of such Shareholder, then all Company Voting Securities so acquired shall thereupon become subject to this Agreement and such Shareholder shall be deemed not to have breached this Agreement provided that such Shareholder, within 120 days thereafter, causes a number of such Company Voting Securities in excess of the amount permitted to be so owned (or, at the election of such Shareholder, an equal number of the other Company Voting Securities that are Beneficially Owned by a Shareholder) to be Transferred, in a transaction subject to Section 5 hereof, to a transferee that is not a Shareholder, an Affiliate thereof or a member of a "group" in which a Shareholder or an Affiliate is included (or, if Parent or its assignee shall exercise any purchase rights

under Section 5(b) hereof, to the Company or its assignee);

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

(iii) seek, propose, or make any statement with respect to, any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, reorganization, restructuring, recapitalization, change in capitalization, change in corporate structure or business or similar transaction involving the Company or its subsidiaries (any of the foregoing being referred to herein as a "Specified Company Transaction"); provided that the foregoing shall not prevent voting in accordance with Section 4(b) hereof (but shall prevent any public comment, statement or communication, and any action that would otherwise require any public disclosure by Shareholders, the Company or any other Person, concerning such voting);

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

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

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

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

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

(ix) make any publicly disclosed proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 4(a)), or make any proposal, comment, statement or communication (including, without limitation, any request to amend, waive or terminate any provision of this Agreement other than Section 4(a)) in a manner that would require any public disclosure by Shareholders or any other Person, or enter into any discussion with any Person (other than directors and officers of the Company), regarding any of the foregoing;

(x) make or disclose any request to amend, waive or terminate any provision of Section 4(a) of this Agreement; or

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

The restrictions set forth in this Section 4(a) shall not prevent Shareholders from (A) performing their obligations and exercising their rights under this Agreement, including, without limitation, (x) Transferring any Company Voting Securities in accordance with Sections 3 and 5 hereof or to the Voting Trust, and (y) voting in

accordance with Sections 2(a) and 4(b) hereof and granting a proxy to the Company in accordance with Section 2(b) hereof; (B) communicating in a non-public manner with any other Shareholder or their Affiliates; and (C) complying with the requirements of Sections 13(d) and 16(a) of the Exchange Act and the rules and regulations thereunder, in each case, as from time to time in effect, or any successor provisions or rules with respect thereto, or any other applicable law, rule, regulation, judgment, decree, ruling, order, award, injunction, or other official action of any agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government (whether federal, state, county or local, domestic or foreign).

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

5. Limitations on Disposition. (a) Shareholders agree that during the Standstill Period they will not, and will cause their Affiliates not to, directly or

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

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

forth in this Subsection (b) shall not apply to the Transfer by Shareholders of Company Voting Securities (i) made in an underwritten public offering pursuant to an effective registration statement under the Securities Act, or (ii) made in a transaction permitted pursuant to, and made in compliance with, clauses (i) or (iii) of the proviso to Section 5(a) hereof, or (iii) made in a tender offer, merger or other similar business combination transaction approved by the Board of Directors of the Company. Any proposed sale by Shareholders of Company Voting Securities shall be subject to the restrictions on sales to an acquiror which would Beneficially Own 6% (or 4%, in the event that the purchaser is or controls a Class I Railroad) or more of the outstanding Company Voting Securities, set forth in the proviso in Section 6(a) hereof, whether or not the Company exercises its right of first refusal and consummates the purchase of Parent Voting Securities. If the Company (or its assignee) exercises its right to purchase any Company Voting Securities but fails to complete the purchase thereof for any reason other than the failure of such Shareholder to perform its obligations hereunder with respect to such purchase, then, on the 30th day following such Shareholder's receipt of the Purchase Notice, such Company Voting Securities shall cease to be subject to Sections 4(b), 5 and 11 hereof for any purpose whatsoever. If the purchase price described in any 2% Sale Notice is not solely made up of cash or marketable securities, the 2% Sale Notice shall include a good faith estimate of the cash equivalent of such other consideration, and the consideration payable by the Company or its assignee (if the Company elects to purchase (or to have assignee purchase) the Company Voting Securities described in the 2% Sale Notice) in place of such other consideration shall be cash equal to the amount of such estimate; provided, however, that if Parent in good faith disagrees with such estimate and states a different good faith estimate in the Purchase Notice, and if the Company and such Shareholder cannot agree on the cash equivalent of such other (i.e., other than cash or marketable securities) consideration, such cash equivalent shall be determined by a reputable investment banking firm without material connections with either party. Such investment banking firm shall be selected by both parties or, if they shall be unable to agree, by an arbitrator appointed by the American Arbitration Association. The fees and expenses of any such investment banking firm and/or arbitrator shall be shared equally by the Company and such Shareholder, unless otherwise determined by such firm or arbitrator.

In the event of such differing estimates by the Company and such Shareholder, periods of time which would otherwise run under this Section 5(b) from the date of such Shareholder's receipt of the Purchase Notice shall run instead from the date on which the parties agree on such cash equivalent or, in the absence of such agreement, the date on which such cash equivalent is determined by such investment banking firm. If the purchase price described in any 2% Sale Notice shall include marketable securities, the purchase price payable by the Company (or its designee) shall include, to the extent marketable securities were included as a portion of the consideration provided for in the 2% Sale Notice, an amount in cash determined by reference to the Current Market Price of such securities on the day the Purchase Notice is received by such Shareholder.

(c) Not later than the tenth day following the end of any calendar month during the Standstill Period in which one or more dispositions of Company Voting Securities by Shareholders or any of their Affiliates shall have occurred, the relevant Shareholder shall give written notice to the Company of all such dispositions. Such notice shall state the date upon which each such disposition was effected, the price and other terms of each such disposition, the number and type of the Company Voting Securities involved in each such disposition, the means by which each such disposition was effected and, to the extent known, the identity of the Persons acquiring such Company Voting Securities.

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

(e) Notwithstanding any provision to the contrary contained in this Agreement, and without being

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

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

7. Access to Information. The Company shall (and shall cause each of its subsidiaries to) afford to the officers, employees, accountants, counsel, financing sources and other representatives of Shareholders, access, during normal business hours, during the term of this Agreement, to all of its and its subsidiaries' properties, books, contracts, commitments and records and, during such period, the Company shall (and shall cause each of its subsidiaries to) furnish promptly to Shareholders (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws and (b) all other information concerning its business, properties and personnel as Shareholders may reasonably request; provided, however, that access to certain Company information may require the entry of a protective order by the ICC, after which date full access will be granted to such information consis-

tent with this paragraph and subject to the terms of such order. Unless otherwise required by law, Shareholders will hold any such information which is nonpublic in confidence in accordance with the provisions of the existing confidentiality agreement between the Company and Parent, subject to the requirements of applicable law.

8. Representations and Warranties of Shareholders. Shareholders hereby represent and warrant to the Company as follows:

(a) Purchaser is a corporation duly organized and validly existing under the laws of the State of Delaware and is in good standing under the laws of the State of Delaware. Parent is a corporation duly organized and validly existing under the laws of the State of Utah and is in good standing under the laws of the State of Utah. Shareholders have all necessary corporate power and authority to execute and deliver this Agreement and perform their obligations hereunder. The execution and delivery by Parent and Purchaser of this Agreement and the performance by Parent and Purchaser of their obligations hereunder have been duly and validly authorized by the Board of Directors of Parent and Purchaser, and by the sole stockholder of Purchaser, and no other corporate proceedings on the part of either Shareholder are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by Shareholders and constitutes the valid and binding agreement of Shareholders, enforceable against Shareholders in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") with respect to the acquisition of Company Voting Securities in the Offer or the Merger, if applicable, the Exchange Act

and the ICA, (i) no filing with, and no permit, authorization, consent or approval of, any state or federal governmental body or authority is necessary for the execution of this Agreement by Shareholders and the consummation by Shareholders of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by Shareholders, the consummation by Shareholders of the transactions contemplated hereby or compliance by Shareholders with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate or incorporation or by-laws of Parent or Purchaser, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which any Shareholder is a party or by which any Shareholder or any of its properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to any Shareholder or any of their respective properties or assets. To the best knowledge of Shareholders, no litigation is pending or threatened involving Shareholders or the Company relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(d) Shareholders understand and acknowledge that the Company is entering into the Merger Agreement and is incurring the obligations set forth therein, in reliance upon Shareholders' execution and delivery of this Agreement.

(e) Except for CS First Boston Corporation, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Shareholders.

9. Representations and Warranties of the Company. The Company hereby represents and warrants to Shareholders as follows:

(a) The Company is a corporation duly organized and validly existing under the laws of the State of Delaware, and is in good standing under the laws of the state of its incorporation. The Company has all necessary corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder. The execution and delivery by the Company of this Agreement and the performance by the Company of its obligations hereunder have been duly and validly authorized by the Board of Directors of the Company and no other corporate proceedings on the part of the Company are necessary to authorize the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

(b) This Agreement has been duly and validly executed and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable against it in accordance with its terms except to the extent (i) such enforcement may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) Except for filings, authorizations, consents and approvals as may be required under, and other applicable requirements of, the ICA, (i) no filing with, and no permit, authorization, consent or approval of, any state or federal public body or authority is necessary for the execution of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by the Company, the consummation by the Company contemplated hereby or compliance by the Company with any of the provisions hereof shall (A) conflict with or result in any breach of the certificate of incorporation or by-laws of the Company, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which the Company is a party or by which the Company or any of its

properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to the Company or any of its properties or assets. To the best knowledge of the Company, no litigation is pending or threatened involving the Company or Shareholders relating in any way to this Agreement, the Merger Agreement, the Ancillary Agreements, or any transactions contemplated hereby or thereby.

(d) Except for Morgan Stanley & Co. Incorporated, no broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Company.

10. Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

11. Stop Transfer; Legend.

(a) Shareholders agree with and covenant to the Company that Shareholders shall not request that the Company register the transfer (book-entry or otherwise) of any certificated or uncertificated interest representing any of the securities of the Company as the case may be, unless such transfer is made in compliance with this Agreement.

(b) Shareholders shall promptly surrender to the Company all certificates representing Company Voting Securities hereafter acquired by Shareholders or their Affiliates after the date hereof pursuant to the Offer or otherwise, and instruct the Company to place the following legend on such certificates:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A SHAREHOLDERS AGREEMENT, DATED AS OF AUGUST 3, 1995 BY AND AMONG SOUTHERN PACIFIC RAIL CORPORATION, UNION PACIFIC CORPORATION AND UP ACQUISITION CORPORATION WHICH, AMONG OTHER THINGS, RESTRICTS THE TRANSFER AND VOTING THEREOF."

(c) Each certificate representing Company Voting Securities the Beneficial Ownership of which is acquired by Shareholders during the term of this Agreement shall bear the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN AGREEMENTS BETWEEN UNION PACIFIC CORPORATION, UP ACQUISITION CORPORATION AND SOUTHERN PACIFIC RAIL CORPORATION, COPIES OF WHICH MAY BE OBTAINED FROM SOUTHERN PACIFIC RAIL CORPORATION WHICH, AMONG OTHER THINGS, RESTRICT THE TRANSFER AND VOTING THEREOF."

(d) In connection with any Transfer of Company Voting Securities to any Person, other than a Shareholder or an Affiliate of a Shareholder, pursuant to, and made in compliance with, Section 5 hereof, and from and after the termination of the Standstill Period, the Company shall, upon surrender thereto of any certificates representing Company Voting Securities, as the case may be, that bear a legend required by this Section 11, issue and deliver to the record owner of the securities represented thereby, or to its registered transferee, certificates representing such securities without such legend.

12. Termination. Except as otherwise provided in this Agreement, this Agreement shall terminate (i) if the Offer is not consummated, upon the termination of the Merger Agreement in accordance with its terms, (ii) if the Effective Time does occur, on the Effective Time or (iii) if the Offer is consummated but the Effective Time does not occur, at such time that Shareholders Beneficially Own, and continues to Beneficially Own, in the aggregate less than 4% of the Company Voting Securities then outstanding, it being understood that if, under the circumstances of this clause (iii), the Shareholders Beneficially Own less than 4% of the Company Voting Securities then outstanding but prior to the seventh anniversary of the Effective Time, subsequently become Beneficial Owners of more than 4% of the Company Voting Securities then outstanding, the provisions of Sections 4, 5, 6, 7, 10, 11, 12, 13 and 14 of this Agreement shall become effective and in full force again as if no such termination had occurred.

13. Voting Trust. The parties hereto acknowledge and agree that the Trustee shall be entitled to exercise any and all rights, and shall be subject to any and all obligations, of Shareholders under this Agreement (as if a Shareholder party hereto) it being understood that Section 4(a) shall not be applicable to the Trustee or the Voting Trust (other than the provisions incorporated by reference into Section 3(a)).

14. Miscellaneous.

(a) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Shareholders agree that this Agreement and the obligations hereunder shall attach to any Company Voting Securities that may become Beneficially Owned by Shareholders. The obligations of Shareholders under Sections 4(b), 5 and 11 hereof shall terminate with respect to Company Voting Securities that shall cease to be Beneficially Owned by a Shareholder, an Affiliate thereof or any heir, distributee, guardian, administrator, executor, legal representative or similar successor in interest, pursuant to a Transfer thereof to any Person other than a Shareholder, an Affiliate of a Shareholder, such other Person or a member of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) in which a Shareholder, an Affiliate thereof or such other person is included; provided that such Transfer shall be permitted by, and made in accordance with Section 3(b) hereof, or Section 5 hereof, as the case may be, and such termination shall be effective upon the Transfer of such securities; such transferees of such securities shall have no obligations or rights under or with respect to this Agreement and, except as otherwise provided herein, shall not be deemed to be Shareholders for any purposes of this Agreement; and thereafter such securities shall not be subject to Sections 4(b), 5 and 11 hereof for any purpose whatsoever.

(c) Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses, and each of Shareholders, on the one hand, and the Company, on the other hand, shall indemnify and hold the

other harmless from and against any and all claims, liabilities or obligations with respect to any brokerage fees, commissions or finders' fees asserted by any person on the basis of any act or statement alleged to have been made by such party or its Affiliates.

(d) Except as provided in the Agreement, this Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other party, provided that the Company may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of the Company, but no such assignment shall relieve the Company of its obligations hereunder if such assignee does not perform such obligations.

(e) This Agreement may not be amended, changed, supplemented, or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by each of the parties hereto. The parties may waive compliance by the other parties hereto with any representation, agreement or condition otherwise required to be complied with by such other party hereunder, but any such waiver shall be effective only if in writing executed by the waiving party.

(f) All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as Federal Express), or by any courier service, such as Federal Express, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to the Company: Southern Pacific Rail Corporation  
Southern Pacific Building  
One Market Plaza  
San Francisco, California  
Attention: Cannon Y. Harvey, Esq.  
Telephone No.: (415) 541-1200  
Telecopy No.: (415) 541-1881

copy to:

Joseph W. Morrissey, Jr., Esq.  
Holme Roberts & Owen LLC  
1700 Lincoln  
Suite 4100  
Denver, Colorado 80203  
Telephone No.: (303) 861-7000  
Telecopy No.: (303) 866-0200

and

Peter D. Lyons, Esq.  
Shearman & Sterling  
599 Lexington Avenue  
New York, New York 10022  
Telephone No.: (212) 848-4000  
Telecopy No.: (212) 848-7179

If to Shareholders: Union Pacific Corporation  
Martin Tower  
Eighth & Eaton Avenues  
Bethlehem, Pennsylvania 18018  
Attention: Carl W. von Bernuth, Esq.  
Telephone No.: (610) 861-3200  
Telecopy No.: (610) 861-3111

copy to:

Skadden, Arps, Slate,  
Meagher & Flom  
919 Third Avenue  
New York, New York 10022  
Telephone No.: (212) 735-3000  
Telecopy No.: (212) 735-2001  
Attention: Paul T. Schnell, Esq.

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(g) Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal

or unenforceable provision or portion of any provision had never been contained herein.

(h) Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(i) All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

(l) The representations and warranties made herein shall survive through the term of this Agreement.

(m) Each party hereby irrevocably submits to the nonexclusive jurisdiction of the Supreme Court in the State of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding shall be brought only in such court (and waives any objection based on forum

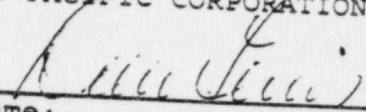
non conveniens or any other objection to venue therein); provided, however, that such consent to jurisdiction is solely for the purpose referred to in this paragraph (m) and shall not be deemed to be a general submission to the jurisdiction of said Court or in the State of New York other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(n) The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

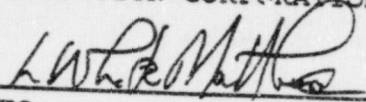
(o) This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Shareholders and the Company have caused this Agreement to be duly executed as of the day and year first above written.

UNION PACIFIC CORPORATION

By:   
Name:  
Title:

UP ACQUISITION CORPORATION

By:   
Name:  
Title:

SOUTHERN PACIFIC RAIL  
CORPORATION

By:   
Name:  
Title:

EXHIBIT A

IRREVOCABLE PROXY

The undersigned hereby revokes any previous proxies and appoints Southern Pacific Rail Corporation, a Delaware corporation (the "Company"), \_\_\_\_\_ and \_\_\_\_\_, and each of them, with full power of substitution, as attorney and proxy of the undersigned to attend any and all meetings of shareholders of the Company (and any adjournments or postponements thereof), to vote all shares of Common Stock, \$.001 par value, of the Company that the undersigned is entitled to vote, and to represent and otherwise to act for the undersigned in the same manner and with the same effect as if the undersigned were personally present, with respect to all matters specified in Section 2(a) of the Shareholders Agreement (the "Shareholders Agreement") dated as of August 3, 1995, by and among Union Pacific Corporation, UP Acquisition Corporation and Southern Pacific Rail Corporation. Capitalized terms used and not defined herein have the respective meanings ascribed to them in, or as prescribed by, the Shareholders Agreement.

This proxy shall be deemed to be a proxy coupled with an interest and is irrevocable until the earli-

er to occur of the special meeting of the Company's shareholders to consider and vote upon the Merger and the termination of the Merger Agreement in accordance with its terms, and has been granted pursuant to Section 2(b) of the Shareholders Agreement.

The undersigned authorizes such attorney and proxy to substitute any other person to act hereunder, to revoke any substitution and to file this proxy and any substitution or revocation with the Secretary of the Company.

Dated: \_\_\_\_\_, 1995

UP ACQUISITION CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

## REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of August 3, 1995, between UP Acquisition Corporation, a Delaware corporation (the "Holder" and, collectively with any of its successors and permitted assigns hereunder, the "Holders") and Southern Pacific Rail Corporation, a Delaware corporation (the "Company").

### W I T N E S S E T H:

WHEREAS, simultaneously with the execution of this Agreement, Union Pacific Corporation, a Utah corporation ("Parent"), Union Pacific Railroad Company, a Utah corporation and an indirect wholly owned subsidiary of Parent ("UPRR"), the Holder, a direct wholly owned subsidiary of UPRR, and the Company have entered into an Agreement and Plan of Merger (as such Agreement may be amended from time to time, the "Merger Agreement"), pursuant to which, among other things, the Holder has agreed to commence a cash tender offer (the "Offer") to purchase up to 39,034,471 shares of common stock, \$.001 par value, of the Company ("Company Common Stock") and the Company will be merged with and into UPRR (the "Merger");

WHEREAS, Parent, the Company and the Holder are simultaneously herewith entering into a Shareholders Agreement (the "Shareholders Agreement"), pursuant to which, among other things, the Holder has agreed to vote its shares of Company Common Stock in favor of the Merger and to abide by certain agreements relating to the shares of Company Common Stock to be purchased in the Offer;

WHEREAS, as an inducement and a condition to its entering into the Shareholders Agreement and the Merger Agreement and commencing the Offer, the Holder has required that the Company agree, and the Company has agreed, to enter into this Registration Rights Agreement providing, among other things, for the registration under the Securities Act of 1933, as amended (the "Securities Act"), of shares of Company Common Stock to be disposed of by the Holder;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations, warranties,

covenants and agreements contained herein and in the Shareholders Agreement and the Merger Agreement, the parties hereto, intending to be legally bound hereby, agree as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.1. Definitions. Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any Person that, directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. For the purposes of this definition, "control" (including, with correlative meanings, the term "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Commission" shall mean the Securities and Exchange Commission.

(c) "Demand Registration" shall mean a Demand Registration as defined in Section 2.1.

(d) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(e) "Piggy-Back Registration" shall mean a Piggy-Back Registration as defined in Section 2.2.

(f) "Registrable Securities" shall mean the Company Common Stock purchased by the Holder pursuant to the Offer until (i) a registration statement covering such security has been declared effective by the Commission and it has been disposed of pursuant to such effective registration statement, (ii) it has been sold under

circumstances in which all of the applicable conditions of Rules 145 and 144 or Rule 144A (or any similar provisions then in force) under the Securities Act are met, or (iii) it has been otherwise transferred and the Company has delivered a new certificate or other evidence of ownership for it not bearing a restrictive legend and it may be resold without subsequent registration under the Securities Act.

(g) "Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement under the Securities Act.

(h) "Termination Date" means the seventh anniversary of the date on which the Holder accepts shares of Company Common Stock for payment pursuant to the Offer.

(i) "Underwriter" means a securities dealer which purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

## ARTICLE II

### REGISTRATION RIGHTS

SECTION 2.1. Demand Registrations. (a) Request for Registration. Any Holder may make, at any time or from time to time after the date on which the Holder accepts shares of Company Common Stock for payment pursuant to the Offer, subject to the terms herein and until and including the Termination Date of this Agreement, a written request for registration under the Securities Act of all or part of the Registrable Securities then held by such Holder (a "Demand Registration"); provided, that the Company shall not be obligated to effect more than six Demand Registrations for the Holders in total pursuant to this Agreement. Such request will specify the number of Registrable Securities proposed to be sold by the Holder(s) and will also specify the intended method of disposition thereof. The Company will give written notice of such registration request to all the Holders of the Registrable Securities and, subject to Section 2.3, include in such registration all such Registrable Securities with respect to which the Company has received written requests for inclusion therein within 20 business

days after receipt by the Holders of the Company's notice. Each request will also specify the number of Registrable Securities to be registered and the intended disposition thereof.

(b) Effective Registration. A Demand Registration will not count as a Demand Registration unless and until it has become effective.

(c) Underwriting of Demand Registrations. At the election of the Holders, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. The Holder requesting the Demand Registration (with the consent of the Company, not to be unreasonably withheld) shall select the book-running managing Underwriter in connection with such offering and any additional investment bankers and managers to be used in connection with the offering. To the extent 10% or more of the Registrable Securities so requested to be registered in a Demand Registration are excluded from the offering in accordance with Section 2.3, there shall be provided one additional Demand Registration under Section 2.1(a).

SECTION 2.2. Piggy-Back Registration. If the Company proposes to file a registration statement under the Securities Act with respect to an offering by the Company for its own account or for the account of any of its respective securityholders of any class of equity security (other than a registration statement on Form S-4 or S-8 (or any substitute form that may be adopted by the Commission) or filed in connection with an exchange offer or offering of securities solely to the Company's existing securityholders or a registration statement filed by the Company to comply with its obligations under Demand Registrations pursuant to Section 2.1 hereof), then the Company shall give written notice of such proposed filing to the Holders of Registrable Securities as soon as practicable (but in no event less than 10 days before the anticipated filing date), and such notice shall offer such Holders the opportunity to register such number of shares of Registrable Securities as each such Holder may request (a "Piggy-Back Registration"). The Company shall use its best efforts to cause the managing Underwriter or Underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggy-Back Registration to be included on the

same terms and conditions as any similar securities of the Company included therein.

SECTION 2.3. Reduction of Offering. Notwithstanding anything contained in this Registration Rights Agreement, if the managing Underwriter or Underwriters of an offering described in Section 2.1 or 2.2 delivers a written opinion to the Holders of the Registrable Securities to be included in such offering that the success of the offering would be materially and adversely affected by inclusion of all the Registrable Securities requested to be included either because of (a) the size of the offering that the Holders, Parent and such other persons intend to make or (b) the kind of securities that the Holders, Parent and any other persons or entities intend to include in such offering, then (A) in the event that the size of the offering is the basis of such Underwriter's opinion, the amount of securities to be offered for the accounts of Holders shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter or Underwriters and the Company will include in the registration the maximum number of securities which it is so advised can be sold without such adverse effect, allocated, on a pro-rata basis within each following order of priority, as follows:

(i) FIRST, any securities proposed to be registered by Holder(s) exercising a Demand Registration right pursuant to this Agreement or any securities proposed to be included in such Demand Registration by other Holder(s) as contemplated by Section 2.1(a);

(ii) SECOND, any securities proposed to be registered by the Company for its own account; and

(iii) THIRD, any other securities proposed to be registered for the account of the Holders in a Piggy-Back Registration or any securities proposed to be registered by another holder(s) pursuant to a registration rights agreement entered into between such other holder(s) and the Company who are exercising "piggy-back" registration rights;

and (B) in the event that the kind of securities to be offered is the basis of such Underwriter's opinion, (x) the Registrable Securities to be included in such offering shall be reduced as described in clause (A) above or (y) if the actions described in the immediately preceding clause (x) would, in the judgment of the managing Underwriter, be insufficient to eliminate substantially the material and adverse effect that inclusion of the Registration Securities requested to be included would have on such offering, such Registrable Securities will be excluded from such offering.

### ARTICLE III

#### REGISTRATION PROCEDURES

SECTION 3.1. Filings; Information. Whenever the Holders have requested that any Registrable Securities be registered pursuant to Section 2.1 hereof, the Company will use its best efforts to effect the registration and facilitate the sale of such Registrable Securities in accordance with the intended method of disposition thereof as promptly as practicable, and in connection with any such request:

(a) The Company will as expeditiously as possible prepare and file with the Commission a registration statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its best efforts to cause such filed registration statement to become and remain effective for a period of not less than 180 days (90 days in the case of a fully underwritten offering other than pursuant to Rule 415 under the Securities Act); provided that if the Company shall furnish to the Holders making a request pursuant to Section 2.1 a certificate signed by either its Chairman or President stating that in his good faith judgment it would be significantly disadvantageous to the Company or its shareholders for such a registration statement to be filed as expedi-

tiously as possible, the Company shall have a period of not more than 90 days within which to file such registration statement measured from the date of receipt of the request in accordance with Section 2.1.

(b) The Company will, if requested, prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish and allow a reasonable time for review and comment to each Selling Holder and each Underwriter, if any, of the Registrable Securities covered by such registration statement copies of such registration statement as proposed to be filed, and thereafter furnish to such Selling Holder and Underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Selling Holder or Underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder.

(c) After the filing of the registration statement, the Company will promptly notify each Selling Holder of Registrable Securities covered by such registration statement of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) The Company will use its best efforts to (i) register or qualify the Registrable Securities under such other securities or blue sky laws of such jurisdictions in the United States as any Selling Holder reasonably (in light of such Selling Holder's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of