

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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Check the appropriate box:

/ / Preliminary Proxy Statement

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/ / Soliciting Material Pursuant to (S)240.14a-11(c) or (S)240.14a-12

Santa Fe Pacific Corporation

Name of Registrant as Specified In Its Charter

Union Pacific Corporation

(Name(s) or Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

/ / \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or
14a-6(i)(2)./ / \$500 per each party of the controversy pursuant to Exchange Act Rule
14a-6(i)(3).

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/ X / Check box if any party of the fee is offset as provided by
Exchange Act Rule 0-11(a)(2) and identify the filing for which the
offsetting fee was paid previously. Identify the previous filing by
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filing.

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SPECIAL MEETING OF STOCKHOLDERS
OF
SANTA FE PACIFIC CORPORATION

SECOND SUPPLEMENT TO PROXY STATEMENT OF
UNION PACIFIC CORPORATION

SOLICITATION OF PROXIES
IN OPPOSITION TO THE PROPOSED MERGER OF
SANTA FE PACIFIC CORPORATION AND BURLINGTON NORTHERN INC.

This Second Proxy Statement Supplement (the "Second Supplement") is furnished by Union Pacific Corporation, a Utah corporation ("Union Pacific"), in connection with its solicitation of proxies to be used at a special meeting of stockholders of Santa Fe Pacific Corporation, a Delaware corporation ("Santa Fe"), and at any adjournments, postponements or reschedulings thereof (the "Special Meeting"). Union Pacific is soliciting proxies from stockholders of Santa Fe to vote against Santa Fe's proposal to merge Santa Fe with and into Burlington Northern Inc., a Delaware corporation ("BN") (such proposed merger, the "Santa Fe/BN Merger"). Santa Fe has publicly announced that the Special Meeting, which Santa Fe previously has postponed four times, is now scheduled to be held on Tuesday, February 7, 1995, at 3:00 p.m., Chicago time, at the Arlington Park Hilton Conference Center, 3400 W. Euclid Ave., Arlington Heights, Illinois, and the record date for determining those stockholders of Santa Fe who will be entitled to vote at the Special Meeting is December 27, 1994. This Second Supplement amends and modifies, and should be read in conjunction with, Union Pacific's Proxy Statement, dated October 28, 1994 (the "Union Pacific Proxy Statement"), as supplemented by the Supplement dated November 9, 1994 (the "First Supplement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Union Pacific Proxy Statement, as supplemented by the First Supplement. Copies of the Union Pacific Proxy Statement and First Supplement are being mailed, together with this Second Supplement, to stockholders who were not previously furnished with the Union Pacific Proxy Statement and First Supplement. Additional copies of the Union Pacific Proxy Statement and First Supplement may be obtained without charge by contacting Morrow & Co., Inc. at the address or telephone number set forth on the back page hereof.

ON JANUARY 17, 1995, UNION PACIFIC ANNOUNCED THAT IT WAS AMENDING ITS PENDING CASH TENDER OFFER FOR SHARES OF SANTA FE COMMON STOCK (THE "SHARES") TO PROVIDE FOR THE PURCHASE OF 100% OF THE OUTSTANDING SANTA FE SHARES AT A PRICE OF \$18.50 PER SHARE IN CASH. Union Pacific's amended cash tender offer (the "Amended Cash Tender Offer") is conditioned, among other things, on termination of the Santa Fe/BN merger agreement (the "Santa Fe/BN Merger Agreement") in accordance with its terms, the stockholders of Santa Fe not having approved the Santa Fe/BN Merger and negotiation of a mutually satisfactory merger agreement between Santa Fe and Union Pacific in accordance with the terms of Santa Fe's existing merger agreement with BN. The Amended Cash Tender Offer is not conditioned upon receipt of approval of the Interstate Commerce Commission ("ICC") of Union Pacific's acquisition of control of Santa Fe. In the event that (a) stockholders of Santa Fe do not approve the Santa Fe/BN Merger and the other conditions to the Amended Cash Tender Offer are satisfied or waived, and (b) there have been validly tendered prior to the expiration of the Amended Cash Tender Offer and not withdrawn at least 90% of the outstanding Shares, Union Pacific will waive the condition that Union Pacific and Santa Fe shall have entered into a mutually satisfactory merger agreement provided that the ICC staff shall have first provided a favorable informal, non-binding opinion with respect to, or the ICC shall have first approved, certain amendments to Union Pacific's Voting Trust. See "The Amended Union Pacific Cash Tender Offer" below.

-----IMPORTANT-----

UNION PACIFIC WILL TERMINATE THE AMENDED CASH TENDER OFFER IF
STOCKHOLDERS OF SANTA FE APPROVE THE SANTA FE/BN MERGER.

EVEN IF YOU HAVE ALREADY VOTED IN FAVOR OF THE SANTA FE/BN MERGER, YOU HAVE EVERY RIGHT TO CHANGE YOUR VOTE. YOU MAY REVOKE YOUR PRIOR PROXY AND VOTE AGAINST THE SANTA FE/BN MERGER BY SIGNING, DATING AND MAILING THE ENCLOSED GOLD PROXY IN THE ENCLOSED SELF-ADDRESSED ENVELOPE. EACH VALIDLY EXECUTED PROXY YOU SUBMIT REVOKES ALL PRIOR PROXIES. NO POSTAGE IS NECESSARY IF YOUR PROXY IS MAILED IN THE UNITED STATES. VALIDLY EXECUTED GOLD PROXIES PREVIOUSLY SOLICITED BY UNION PACIFIC WILL BE VOTED AT THE SPECIAL MEETING UNLESS REVOKED PRIOR THERETO.

PLEASE SIGN, DATE AND MAIL THE GOLD PROXY TODAY. YOUR VOTE IS IMPORTANT NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN.

THIS SECOND SUPPLEMENT AMENDS AND MODIFIES, AND SHOULD BE READ IN CONJUNCTION WITH, THE UNION PACIFIC PROXY STATEMENT AND FIRST SUPPLEMENT.

IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE AMENDED CASH TENDER OFFER, UNION PACIFIC IS NOW TENDERING FOR ALL SHARES OF SANTA FE COMMON STOCK AT A PRICE OF \$18.50 PER SHARE IN CASH. UNION PACIFIC NO LONGER IS PROPOSING TO ISSUE SHARES OF UNION PACIFIC COMMON STOCK OR OTHER SECURITIES IN A SECOND-STEP MERGER.

THE AMENDED UNION PACIFIC CASH TENDER OFFER

On January 17, 1995, Union Pacific announced that it was modifying and improving its proposal to acquire Santa Fe. Pursuant to the terms and subject to the conditions of the Amended Cash Tender Offer, Union Pacific is offering to purchase all of Santa Fe's outstanding Shares (including the associated preferred share purchase rights (the "Rights") issued in connection with Santa Fe's stockholders rights plan (the "Rights Plan")) in a cash tender offer for \$18.50 per Share. Upon completion of the Amended Cash Tender Offer, Union Pacific would acquire any outstanding Shares not tendered and purchased in the Amended Cash Tender Offer (other than dissenting Shares) in a subsequent cash merger (the "Proposed Cash Merger") in exchange for \$18.50 per Share, the same consideration paid in the Amended Cash Tender Offer.

Union Pacific will place all Shares acquired by Union Pacific (whether pursuant to the Amended Cash Tender Offer or the Proposed Cash Merger) into a voting trust (the "Voting Trust") that would be independent of Union Pacific. On November 28, 1994, Union Pacific received an informal, non-binding opinion from the ICC staff authorizing the use of the Voting Trust, and on December 20, 1994 the ICC approved the Voting Trust. Neither the Amended Cash Tender Offer nor the Proposed Cash Merger would be conditioned upon receipt of approval by the ICC of Union Pacific's acquisition of control of Santa Fe. See "ICC Matters; The Voting Trust."

The Amended Cash Tender Offer and withdrawal rights will expire at 12:00 midnight, New York City time, on Tuesday, February 7, 1995, unless the Amended Cash Tender Offer is extended. A complete description of the terms and conditions of the Amended Cash Tender Offer, certain additional information relating to the Voting Trust and other background information is contained in the Offer to Purchase dated November 9, 1994 (as amended by the Supplement to the Offer to Purchase dated January 18, 1995 and as it may be amended from time to time, the "Offer to Purchase").

THIS SECOND SUPPLEMENT IS NEITHER AN OFFER TO PURCHASE NOR A SOLICITATION OF OFFERS TO SELL SHARES OF SANTA FE COMMON STOCK. ANY SUCH OFFER IS MADE ONLY PURSUANT TO THE OFFER TO PURCHASE.

TENDERING SHARES OF SANTA FE COMMON STOCK WILL NOT CONSTITUTE THE GRANT OF A PROXY TO VOTE IN CONNECTION WITH THE SANTA FE/BN MERGER. ACCORDINGLY, UNION PACIFIC URGES SANTA FE STOCKHOLDERS TO SUBMIT A GOLD PROXY CARD TO VOTE AGAINST THE SANTA FE/BN MERGER, WHETHER OR NOT YOU TENDER YOUR SANTA FE SHARES PURSUANT TO THE AMENDED CASH TENDER OFFER.

The Amended Cash Tender Offer is conditioned upon, among other things, (1) there being validly tendered prior to the expiration of the Amended Cash Tender Offer and not withdrawn a number of Shares which, when added to the Shares beneficially owned by UP Acquisition Corporation, a wholly-owned subsidiary of Union Pacific (the "Purchaser"), and its affiliates, constitutes at least a majority of the Shares outstanding on a fully diluted basis, (2) Santa Fe having entered into a definitive merger agreement with Union Pacific and the Purchaser to provide for the acquisition of Santa Fe pursuant to the Amended Cash Tender Offer and the Proposed Cash Merger, (3) the stockholders of Santa Fe not having approved the Santa Fe/BN Merger, (4) the Purchaser being satisfied that Section 203 of the Delaware General Corporation Law has been complied with or is invalid or otherwise inapplicable to the Amended Cash Tender Offer and the Proposed Cash Merger, (5) the Purchaser being satisfied that the Santa Fe/BN Merger Agreement has been terminated in accordance with its terms, (6) the Purchaser being satisfied that the Rights issued pursuant to

the Rights Plan have been redeemed by Santa Fe or the Rights are unenforceable or otherwise inapplicable to the Amended Cash Tender Offer and the Proposed Merger and (7) the absence of any judicial, administrative or other determination invalidating, modifying or imposing limitations unacceptable to the Purchaser on the ICC's approval of the Purchaser's use of a Voting Trust. The Amended Cash Tender Offer is also subject to other terms and conditions described in the Offer to Purchase. The Amended Cash Tender Offer is not conditioned upon approval by the ICC of the Purchaser's acquisition of control of Santa Fe, a due diligence condition or Union Pacific obtaining financing. The purchase of Shares in the Amended Cash Tender Offer and Proposed Cash Merger would be a taxable transaction for federal income tax purposes.

The Purchaser will waive the condition that Santa Fe and Union Pacific enter into a mutually satisfactory merger agreement if at least 90% of the outstanding Shares have been tendered prior to the expiration of the Amended Cash Tender Offer and not withdrawn, and all other conditions to the Amended Cash Tender Offer have been satisfied or waived and (1) the Purchaser is satisfied in its sole discretion that, immediately following the consummation of the Amended Cash Tender Offer, the Purchaser will have the ability to effectuate a short-form merger under Section 253 of the Delaware General Corporation Law (the "Short-Form Merger") and (2) the Purchaser has received a favorable informal, non-binding opinion of the ICC staff with respect to, or ICC approval of, an amendment to the Voting Trust to enable the Trustee to take actions to cause Santa Fe to cooperate with the Purchaser in obtaining approval of the ICC of the acquisition of control of Santa Fe by Union Pacific (the "ICC Control Approval"). Such actions would include (i) amending Santa Fe's Certificate of Incorporation, in connection with effecting the Short-Form Merger, to eliminate the classified form of Santa Fe's Board of Directors and to enable the Trustee to remove Santa Fe's directors without cause and (ii) providing that the Trustee would elect new directors of Santa Fe who are committed to entering into an agreement to cooperate with the Purchaser in obtaining the ICC Control Approval and who are committed to maintain the integrity of Santa Fe's railroad business pending receipt of ICC Control Approval. Although favorable ICC action with respect to the amendment to the Voting Trust is expected, there can be no assurance that such action will be forthcoming. The Purchaser intends to seek ICC approval of such amendment to the Voting Trust at such time as the Purchaser is satisfied that the Santa Fe/BN Merger has not been approved by Santa Fe's stockholders. In the Short-Form Merger, each outstanding Share that is not purchased in the Amended Cash Tender Offer (other than dissenting Shares) would be converted into the right to receive \$18.50 in cash.

The Amended Cash Tender Offer is subject to conditions which may or may not be satisfied. Unless all of the conditions to the Amended Cash Tender Offer are either satisfied or waived, there can be no assurance that the Purchaser will purchase any Shares pursuant to the Amended Cash Tender Offer.

The Purchaser is currently reviewing its options with respect to the Amended Cash Tender Offer and may consider, among other things, changes to the material terms of the Amended Cash Tender Offer. In addition, Union Pacific and the Purchaser intend to continue to seek to negotiate with Santa Fe with respect to the acquisition of Santa Fe by Union Pacific or the Purchaser. The Purchaser has reserved the right to amend the Amended Cash Tender Offer (including amending the number of Shares to be purchased, the purchase price and the proposed second-step merger consideration) upon entry into a merger agreement with Santa Fe or to negotiate a merger agreement with Santa Fe not involving a tender offer. Accordingly, such negotiations could result in, among other things, amendment or termination of the Amended Cash Tender Offer and submission of a different acquisition proposal to Santa Fe's stockholders for their approval.

There is no requirement that Santa Fe stockholders wishing to accept the Amended Cash Tender Offer vote their Shares in any specific way and there is no requirement that Santa Fe stockholders tender their Shares in order to vote against the Santa Fe/BN Merger. However, by voting AGAINST the Santa Fe/BN Merger, stockholders will be voting to satisfy one of the conditions to the Amended Cash Tender Offer. Even if the condition that Santa Fe stockholders do not vote to approve the Santa Fe/BN Merger is satisfied, there can be no assurance that the other conditions to the Amended Cash Tender Offer will be satisfied and accordingly there can be no assurance that any Shares will be purchased in the Amended Cash Tender Offer.

CERTAIN RECENT DEVELOPMENTS
SINCE NOVEMBER 9, 1994

On November 10, 1994, Union Pacific announced that it had signed a commitment letter with a group of banks to provide aggregate financing of \$2 billion for its tender offer which had commenced on November 9, 1994.

According to the BN and Santa Fe Joint Offer to Purchase, dated December 23, 1994, as supplemented by the Supplement dated January 13, 1995, filed with the Securities and Exchange Commission (collectively, the "Joint Offer to Purchase"), on November 11, 1994, Santa Fe requested that BN consider restructuring the merger in response to Union Pacific's announcement that it would establish the Voting Trust. BN did not make a substantive response to this request.

On November 13, 1994, Dick Davidson, President of Union Pacific and Chairman and Chief Executive Officer of Union Pacific Railroad Company, sent the following letter to Robert D. Krebs, Chairman, President and Chief Executive Officer of Santa Fe:

November 13, 1994

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

Dear Rob:

I am writing to express our disappointment with your continued refusal to discuss our proposal. Five days ago, we submitted a newly structured proposal to negotiate an acquisition of Santa Fe. The value of our proposed transaction represents a premium to the consideration in your proposed Burlington Northern merger. We included a voting trust in order to eliminate the risk to Santa Fe shareholders of ICC review of a Santa Fe/Union Pacific combination. Although you have repeatedly said that you would consider such a proposal, we have heard nothing from you.

We believe our proposal is superior to the Burlington Northern merger in terms of price, timing and certainty. We assume you are talking with Burlington Northern to see if they will improve their transaction. One cannot conduct a fair auction by negotiating and sharing information with only one of the bidders. In light of our current proposal, we believe it is contrary to the best interests of your

shareholders and a clear violation of your Board of Directors' fiduciary duties for you to refuse to talk with us.

It is not possible for you to "consider" our proposal fairly without meeting with us. We are prepared to negotiate any and all of the contractual terms of our draft merger agreement provided to you last Thursday. For instance, as we indicated in our draft agreement, we are prepared to discuss the conditions to our tender offer in the context of a negotiated transaction. We are also prepared to discuss any issues you may have concerning the structure of, or process for using, a voting trust.

We note that our draft merger agreement, unlike your agreement with Burlington Northern, would provide Santa Fe with the right to terminate the agreement in order to accept a superior competing offer. We strongly urge that you not enter into any further agreement with Burlington Northern (including any additional amendment to your existing merger agreement) without including such a right of termination. This is especially appropriate and important in light of our proposal.

Delaware law and your Board's fiduciary duties require that you establish a level playing field. You have flexibility to achieve this without violating your contractual obligations to Burlington Northern. It is time for you to act in the best interest of your shareholders and in accordance with your fiduciary obligations by meeting with us now.

Your shareholders' meeting is scheduled to be held in only five days. Please call me so that we can arrange a time and place for a meeting.

Sincerely,

/s/ Dick Davidson

cc: Board of Directors
Santa Fe Pacific Corporation

On November 14, 1994, Santa Fe issued a press release stating that Santa Fe's Board of Directors had postponed the Special Meeting of Stockholders to vote on the Santa Fe/BN Merger until Friday, December 2, 1994.

On November 22, 1994, Santa Fe's Board of Directors recommended that stockholders not tender their Shares to Union Pacific. Santa Fe's Solicitation/Recommendation Statement on Schedule 14D-9, dated November 22, 1994 (together with all amendments thereto, the "Schedule 14D-9"), disclosed that the Santa Fe Board had based its recommendation on the following factors: (i) uncertainty regarding whether or when the ICC opinion will be issued on the Voting Trust and whether the ICC may prevent Union Pacific from using a Voting Trust; (ii) Union Pacific's proposal is a taxable transaction, whereas BN's proposal is nontaxable; and (iii) Union Pacific's offer is subject to a number of other conditions which suggest that the proposal is too uncertain to be considered a firm alternative to the Santa Fe/BN Merger. The Schedule 14D-9 stated that Santa Fe's Board believes that Union Pacific should improve the financial terms of its latest

proposal. Also on November 22, 1994, Mr. Davidson sent the following letter to Mr. Krebs commenting on, among other things, the Schedule 14D-9:

November 22, 1994

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

Dear Rob:

Two weeks ago, we submitted our revised proposal to negotiate an acquisition of Santa Fe. Our terms and structure -- fair price and a voting trust -- meet the criteria that you have set forth on a number of occasions for considering our proposal. Since making our proposal, despite our repeated requests to begin discussions, you have refused to talk or meet with us.

Today, I received your letter and a copy of your Schedule 14D-9 filing in which you publicly recommended that your stockholders not tender their shares. The stated reasons for your Board's rejection of our proposal are unpersuasive and, we believe, misleading in many respects. Of equal importance, the issues you raise are precisely the issues you should have been discussing with us during the last two weeks.

Your first objection relates to our proposed use of a voting trust -- notwithstanding your own previous demands that we propose a voting trust. You point out the obvious fact that we have not yet obtained Interstate Commerce Commission approval to use the trust. Yet, you fail to mention that the use of a trust in a situation such as ours has never been denied by the ICC. We believe that ICC approval of our trust will be forthcoming shortly.

You ask us to improve the financial terms of our proposal, yet you fail to mention that our proposal represents a premium to the consideration in your proposed Burlington Northern merger, which has been endorsed by your financial advisors as fair to your shareholders. We were surprised by the failure in your Schedule 14D-9 to advise Santa Fe shareholders of the views of your financial advisors as to the fairness of our offer. We believe it is highly unusual for a board of directors to make a recommendation without obtaining such advice. If your Board did obtain such advice, it should have been disclosed to your shareholders.

You claim that our proposal is too conditional, yet you fail to mention that we advised you in writing on November 13 that we were prepared to negotiate all contractual terms of our proposal, including the conditions to our tender offer. We believe the condition of ICC approval of your merger with Burlington Northern creates considerable uncertainty for that transaction. Our proposal would eliminate that risk for your shareholders.

You note that our transaction is a taxable one, yet you fail to mention our continued willingness to discuss with Santa Fe our tax-free, stock-for-stock proposal.

Finally, you ask for "clarification" of these issues. Can there be any effective way of obtaining clarification other than for you to meet with us? You say your recommendation is "subject to change as events unfold" that "clarify" our proposal, yet you have resisted obtaining such clarification.

The process you have established of engaging in discussions and sharing information with Burlington Northern while refusing to talk or meet with us prevents us from competing on an equal basis. This process cannot possibly allow you and your Board of Directors to fulfill your fiduciary duty and maximize value for your shareholders.

We again call on you to establish a fair process and meet with us.

Sincerely,

/s/ Dick Davidson

cc: Board of Directors
Santa Fe Pacific Corporation

On November 23, 1994, Union Pacific announced that it expected to extend its tender offer beyond the December 8, 1994 deadline because of Santa Fe's unwillingness to negotiate a merger agreement.

On November 25, 1994 and November 27, 1994, representatives of Santa Fe's financial advisor and representatives of Union Pacific's financial advisor discussed whether Union Pacific would be willing to increase the price of its proposal.

On November 28, 1994, Union Pacific announced that it had received an informal, non-binding opinion from the staff of the ICC authorizing the use of the Voting Trust in its proposed transaction with Santa Fe. Also on November 28, 1994, Union Pacific announced that Mr. Davidson sent the following letter to Mr. Krebs:

November 28, 1994

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

Dear Rob:

In several recent communications, you have insisted that Union Pacific improve its proposal as a pre-condition to your having any discussions or sharing any information with us. We believe this position only creates an additional impediment to your establishing a fair process for the sale of Santa Fe.

Over the last two months, we have unilaterally made three attractive proposals to negotiate an acquisition of Santa Fe. During this period, you have consistently refused to talk or to meet with us and have been unwilling to provide us with any of the confidential information that you furnished to Burlington Northern.

As you know, the Interstate Commerce Commission today approved the use of a voting trust in our proposed acquisition. We believe our current proposal is superior to that of Burlington Northern in terms of price, form of consideration, timing and certainty. The next step should be yours. It is time to begin discussions and to share information.

Sincerely,

/s/ Dick Davidson

cc: Board of Directors
Santa Fe Pacific Corporation

On November 29, 1994, Santa Fe announced that it had postponed from December 2, 1994 to December 16, 1994 the Special Meeting of Stockholders to vote on the Santa Fe/BN Merger. Santa Fe also announced that it would meet with Union Pacific in an effort to clarify and improve Union Pacific's offer and that Santa Fe's Board had adopted the Rights Plan. In addition, Santa Fe stated that the Board had postponed the distribution date of the Rights from December 1, 1994 to December 16, 1994. Later on November 29, 1994, Union Pacific's financial advisor telephoned Santa Fe's financial advisor to discuss a possible negotiation process between the parties and Union Pacific's access to certain confidential information regarding Santa Fe.

According to the Joint Offer to Purchase, on December 2, 1994, Santa Fe asked BN to consider revising the original Santa Fe/BN merger agreement to provide for a higher exchange ratio combined with tender offers by BN and Santa Fe for Shares and open market repurchases by Santa Fe of Shares after the tender offer and prior to consummation of the merger, in each case contingent on stockholder approval of the merger. Santa Fe advised BN that, based on discussions with some of Santa Fe's large stockholders, such a revision might draw the support of those stockholders. BN made no substantive response to this request.

On December 3, 1994, representatives of Union Pacific and Union Pacific's legal and financial advisors met with Santa Fe's legal advisors to review and discuss certain financial and other information regarding Santa Fe. After appropriate provisions had been agreed to limiting Union Pacific's access to certain commercially sensitive information, Union Pacific's legal and financial advisors were allowed to review certain additional information.

On December 4, 1994, representatives of Union Pacific met with representatives of Santa Fe at Santa Fe's offices in Schaumburg, Illinois. At this meeting, the parties discussed certain financial and other information regarding Santa Fe.

During early December, legal advisors of Union Pacific and legal advisors of Santa Fe conducted discussions with respect to a proposed merger agreement. During these discussions, the legal advisors discussed, among other things, the conditions to the original tender offer and a proposed merger agreement. In order to address Santa Fe's concerns set forth in the Schedule 14D-9 (as set forth above and below), Union Pacific's legal advisors sent revised conditions to Santa Fe's legal advisors. Union Pacific and the Purchaser believe that substantial progress was made in these discussions in negotiating a mutually satisfactory merger agreement, although no final agreement was reached.

On December 7, 1994, Union Pacific announced that it had extended the expiration date of its tender offer to 12:00 Midnight, New York City time, on Friday, December 23, 1994.

According to the Joint Offer to Purchase, on December 13, 1994, representatives of BN informed representatives of Santa Fe that BN might be willing, subject to approval of BN's Board of Directors, to combine an increase in the exchange ratio for the merger with a tender offer by both BN and Santa Fe for Shares and possible repurchases by Santa Fe of Shares in the open market after the tender offer and prior to consummation of the Santa Fe/BN Merger, in each case contingent on stockholder approval of the merger. Representatives of BN and representatives of Santa Fe then discussed the possible terms such a transaction might include.

According to the Joint Offer to Purchase, on or about December 14, 1994, Santa Fe postponed its Special Meeting of Stockholders to vote on the original Santa Fe/BN Merger to January 27, 1995, and changed the record date for that meeting to December 27, 1994. Also on December 14, representatives of BN and representatives of Santa Fe continued the discussions they had conducted the previous day.

On December 14, 1994, despite Union Pacific's receipt of an informal non-binding staff opinion from the ICC authorizing the use of the Voting Trust, Santa Fe's Board of Directors continued to recommend that stockholders not tender their Shares to Union Pacific. According to Amendment No. 3 to the Schedule 14D-9, Santa Fe disclosed that the Santa Fe Board had based its recommendation on the fact that:

the Union Pacific Offer is subject to a number of conditions that are of concern to [Santa Fe]. These conditions provide Union Pacific with the broad discretionary ability to terminate its [o]ffer upon the occurrence of certain events, many of which are not necessarily in the direct control of [Santa Fe]. Such conditions include, but are not limited to, the occurrence of a threat or commencement of any action or proceeding by any person challenging the transactions contemplated by the [o]ffer or any subsequent merger; any material adverse change in prices generally of shares on the New York Stock Exchange; armed hostilities directly or indirectly involving the United States; and any tender or exchange offer or any public proposal of a tender or exchange offer for any common stock of [Santa Fe] by any other person.

In the Schedule 14D-9, Santa Fe further based its recommendation on the fact that:

the merger agreement that Union Pacific is asking [Santa Fe] to execute as a condition to consummating the [o]ffer would require that [Santa Fe] make a number of representations and warranties and that the accuracy of those representations and warranties be a condition to consummation of the merger. This requirement is problematic for [Santa Fe] because it creates a risk that Union Pacific could consummate the [o]ffer but fail to consummate the merger, leaving Santa Fe's present stockholders as minority stockholders.

On December 14, 1994, Drew Lewis, Chairman and Chief Executive Officer of Union Pacific, sent the following letter to Mr. Krebs:

December 14, 1994

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

Dear Rob:

I am writing to advise you, as requested by your advisors, of our position concerning our merger proposal.

Our response at this stage is a function of Santa Fe's having pursued a flawed sale process. Your advisors have repeatedly demanded that we improve our proposal while refusing to establish any procedures for considering competing proposals on a fair and equal basis. In fact, your advisors have frequently told us you will not negotiate with Union Pacific unless we agree to pay at least \$20 per Santa Fe share. This position is clearly inconsistent with your negotiating and recommending several transactions with Burlington Northern at prices well below \$20.

We believe our current proposal is an extremely attractive one and in the best interests of Santa Fe and its shareholders and customers. Despite this, you have continued to pursue a process that favors any result other than a transaction with Union Pacific. We are prepared to continue discussions with you, but we urge you to establish a fair and open sale process.

Sincerely,

/s/ Drew

On December 15, 1994, Union Pacific's legal advisor sent the following letter to Santa Fe's legal advisor:

December 15, 1994

Scott J. Davis, Esq.
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60606

Dear Scott:

On behalf of Union Pacific, I am writing to raise a number of concerns with the process that Santa Fe has established for considering competing proposals to acquire Santa Fe. These issues were described yesterday in detail by CS First Boston to Goldman Sachs and also were referred to in a letter from Drew Lewis to Robert Krebs.

As CS First Boston advised Goldman Sachs yesterday, Santa Fe has not necessarily received Union Pacific's best proposal. Union Pacific has been and is willing to consider and discuss revisions to its proposal. However, Union Pacific's response at this stage is a function of Santa Fe's having pursued what we believe is a flawed sale process. Santa Fe has failed to treat bidders on a fair and equal basis and appears to be pursuing a process that favors any outcome other than a transaction with Union Pacific.

Specifically, among other things, Santa Fe's financial advisors have repeatedly stated that Santa Fe will not negotiate a transaction with Union Pacific unless Union Pacific confirms that it is prepared to provide value of at least \$20 per Santa Fe share. This position is inconsistent with Santa Fe's negotiating and recommending several transactions with Burlington Northern, all of which have been at prices well below \$20. We are concerned that your insistence on such a high price as a condition to a transaction with Union Pacific serves to discourage any transaction with Union Pacific while you pursue a variety of alternative transactions with Burlington Northern at a lower value level. If you also have told Burlington Northern and any other interested parties that you will not negotiate a transaction unless it provides value of at least \$20 per share, you should disclose to us and the public that you have established a \$20 bidding floor for all potential purchasers.

We are further concerned that Santa Fe has limited itself to "clarifying" Union Pacific's proposal, while apparently engaging in extensive substantive negotiations with Burlington Northern. Santa Fe's process appears designed to use Union Pacific as a stalking horse, and use what we discuss with you in your negotiations with Burlington Northern.

There have been reports about Santa Fe's consideration of alternative structures for a transaction. We are prepared to consider alternative structures and request that you promptly advise us of any alternatives which your client may prefer.

Please advise Santa Fe that Union Pacific is eager to participate in a fair process, and is willing to consider and negotiate revisions to its proposal. Union Pacific asks only that it be treated on an equal basis with Burlington Northern.

You will be receiving today by separate cover a revised form of merger agreement. Union Pacific's draft merger agreement contains fewer conditions, and provides greater certainty, than your agreement with Burlington Northern. Notwithstanding this, Union Pacific is prepared to discuss any and all remaining concerns you may have.

We note that our agreement does not contain any "lock-up" provision, despite Union Pacific's having unilaterally offered Santa Fe a right to terminate any agreement with Union Pacific in order to accept a superior proposal -- a right which does not exist in your current agreement with Burlington Northern. We expect that your concerns about providing Union Pacific with any lock-up or expense reimbursement apply equally to Burlington Northern and that you will not provide Burlington Northern any stock or asset rights, a "bust up" fee or other arrangement that would in any manner impede Union Pacific's efforts to pursue a transaction with Santa Fe.

I would appreciate your discussing these matters with your client and responding to us at your earliest convenience.

Sincerely,

/s/ Paul T. Schnell
Skadden, Arps, Slate, Meagher &
Flom

cc: Carl W. von Bernuth, Esq.

Also on December 15, 1994, Mr. Krebs sent the following letter in response to Mr. Lewis' letter:

December 15, 1994

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

Dear Drew:

This is in response to your letter dated December 14, 1994 concerning the process that Santa Fe is currently pursuing. Your letter assumes that Santa Fe is conducting an auction. In fact, however, the board of Santa Fe has never put the company up for sale. Instead, subject to shareholder approval, the board agreed to a strategic combination with the Burlington Northern, which is designed to achieve significant long-term growth for Santa Fe's shareholders far beyond the current value of the Burlington Northern stock that is to be exchanged in the merger. After that agreement was announced, Union Pacific made an unsolicited merger proposal to Santa Fe.

As you know, under our contract with Burlington Northern, Santa Fe could not provide confidential information to or negotiate with any other potential merger partner unless the board was advised by counsel that it had a fiduciary duty to do so. After Union Pacific improved its offer and obtained the ICC staff's approval of its proposed voting trust, we were advised by our counsel that we did have a fiduciary duty to provide information and to negotiate with Union Pacific. In the past two weeks, we have made available to Union Pacific all of the information that was given to Burlington Northern, and more. In fact, at a meeting in our office on December 4, 1994, your executive vice president-finance, L. White Matthews III, told a group of our senior officers that the amount of information Union Pacific had received from Santa Fe was more than they "dreamed" of obtaining. In addition, we have negotiated in good faith the terms of Union Pacific's proposed merger agreement and tender offer.

Throughout our discussions over the past two weeks we have continually emphasized the need for Union Pacific to improve its offer as soon as possible. We have also been negotiating with Burlington Northern with a view toward improving the existing merger agreement. In all of these discussions, our goal has been to achieve the best result for our shareholders, taking into account both short-term and long-term objectives.

I believe that we have done everything we can to enable Union Pacific to improve its offer, and, as our financial advisors have been telling your financial advisors for many days, we hope you will do so promptly. The process we have followed is designed to promote the best interests of our shareholders.

Sincerely,

/s/ Rob

According to the Joint Offer to Purchase, on December 15, 1994, Santa Fe's Board met and heard a presentation from Santa Fe's management and financial and legal advisors regarding BN's proposal. Santa Fe's Board authorized its representatives to negotiate with BN representatives to attempt to reach a definitive agreement.

On December 15, 1994, Union Pacific issued a press release confirming that it continued to hold discussions with Santa Fe in response to Santa Fe's request that Union Pacific clarify its acquisition proposal. Union Pacific also requested that Santa Fe clarify its process for considering competing proposals.

Also on December 15, 1994, Santa Fe announced that Santa Fe's Board had postponed the distribution date of the Rights from December 16, 1994 to January 31, 1995.

On December 16, 1994, Union Pacific announced that it would consider revising its proposal if Santa Fe established a fair process. Also on December 16, 1994, Mr. Lewis sent the following letter to Mr. Krebs:

December 16, 1994

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

Dear Rob:

I have read your December 15 letter, and can only conclude that you have not been kept fully apprised of the actions of your management and advisors.

Your characterization of Santa Fe's process for considering bids, or lack of such a process, is inaccurate and distorted. Most importantly, you have not, as you assert, done everything you can to enable Union Pacific to revise its proposal. On the contrary, Santa Fe has pursued a process that favors any outcome other than a transaction with Union Pacific.

We are extremely disappointed with the flawed and biased sale process being pursued by Santa Fe. Our financial advisor, CS First Boston, expressed our concerns to your financial advisor, Goldman Sachs, on December 14. On December 15, before you sent me your letter, our counsel expressed these concerns in a letter to your counsel, a copy of which is enclosed.

And now, in light of your letter, I will tell you directly of our concerns.

Here are the facts:

1. Your advisors have said you will not even consider a proposal from us at less than \$20 per share, although you negotiated and recommended several transactions with Burlington Northern at prices well below \$20 per share. Your insistence on such a high minimum price as a condition to a transaction with Union Pacific discourages any transaction with Union Pacific while you pursue a variety of alternative transactions with Burlington Northern at a lower value level.

2. Santa Fe has refused to establish any procedures that would permit us to compete on an equal basis with Burlington Northern. While you obviously have continued to engage in serious, substantive negotiations with Burlington Northern, you have simply sought "clarifications" from us while repeatedly asking us to "improve" what for many weeks has been the most attractive proposal on the table. You are using Union Pacific as a stalking horse for an improved Burlington Northern bid. Based on your agreement with Burlington Northern, we must assume that Santa Fe is using information obtained in its discussions with Union Pacific to assist Burlington Northern in its efforts to improve its bid.

3. Santa Fe has discussed alternative acquisition structures with Burlington Northern, but, despite our stated willingness to consider alternative structures and revisions to our current proposal, you have not given us any indication of what alternative structures would be acceptable to Santa Fe.

4. Santa Fe, in its recent Schedule 14D-9 filing, stated that our proposal "is subject to a number of conditions that are of concern to [Santa Fe]." But, the fact is, Union Pacific's proposal contains fewer conditions, and provides greater certainty for your shareholders, than the transaction you willingly agreed to with Burlington Northern.

5. Santa Fe's Board of Directors unilaterally adopted a "poison pill" rights plan that specifically exempts Burlington Northern but is applicable to our proposal.

6. Santa Fe has stood silently by while Burlington Northern, your preferred suitor, has tried unsuccessfully to block ICC approval of our voting trust. This is the voting trust that you specifically asked us to establish more than two months ago and that provides speed and certainty for your shareholders.

7. Santa Fe apparently never asked its financial advisor to express its opinion as to the fairness of our proposal, but, as you know, Santa Fe previously requested and received a fairness opinion on the Burlington Northern merger which, at the time, based on the then current market price, valued Santa Fe shares at approximately \$13.50.

This listing is by no means exhaustive but is illustrative of the flawed and biased sale process undertaken by Santa Fe. In light of this, the assertion that Santa Fe's goal has been to achieve the best results for its shareholders rings hollow.

Let me be very clear. By your actions you have put Santa Fe up for sale and Union Pacific is a very interested buyer. We want to acquire Santa Fe by competing on an equal basis with Burlington Northern and any other potential bidders. If Santa Fe establishes a fair and open process, we would be eager to participate, and would be willing to consider and discuss revisions to our proposal.

Santa Fe has stated that it is considering alternative structures. If you and your Board truly desire a fair process, it is incumbent upon you to inform us promptly of each alternative under consideration, to

state the minimum bidding level (if any) applicable to all interested parties, and to give us the opportunity to consider and respond to each alternative. In addition, you should instruct your management and advisors to establish immediately a fair and unbiased sale process. If you would like our specific suggestions concerning establishing a fair process, our advisors would be pleased to provide them.

Santa Fe has not necessarily received Union Pacific's best proposal. I await your response.

Sincerely,

/s/ Drew

Later on December 16, 1994, Union Pacific's legal advisor sent the following letter to Santa Fe's legal advisor:

December 16, 1994

Scott J. Davis, Esq.
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60606

Dear Scott:

We have not received any response to Drew Lewis' letter to Robert Krebs sent earlier today or to my letter to you dated December 15.

I am writing on behalf of Union Pacific Corporation to suggest that the legal and financial advisors of each party meet briefly to discuss whether we can structure a process for going forward that is acceptable to both our clients.

Based on Union Pacific's willingness to consider and discuss revisions to its proposal, it would be in both parties' interest to continue to progress with the discussions. We hope that a meeting of advisors would enable our clients to do that.

Please call me at any time this evening or over the weekend to discuss this matter.

Sincerely,

/s/ Paul T. Schnell
Skadden, Arps, Slate, Meagher &
Flom

cc: Carl W. von Bernuth, Esq.

Also on December 16, 1994, Union Pacific extended the expiration date of its tender offer to 12:00 Midnight, New York City time, on Thursday, January 19, 1995.

According to the Joint Offer to Purchase, beginning on December 16, 1994, representatives of Santa Fe and BN met to discuss whether a definitive agreement could be reached. In addition, representatives of Santa Fe had discussions with some of Santa Fe's large stockholders to determine whether or under what circumstances they would make written commitments to support the revised merger.

On December 17, 1994, as requested by Union Pacific, Union Pacific's financial and legal advisors conducted a telephonic meeting with Santa Fe's financial and legal advisors. During this meeting, among other things, Union Pacific's advisors, on behalf of Union Pacific, expressed to Santa Fe's advisors the interest of Union Pacific in making an improved proposal to acquire Santa Fe provided that Union Pacific be given an opportunity to bid for Santa Fe on a fair and equal basis with BN. Union Pacific's advisors expressed the concern that Santa Fe had failed to establish a fair and unbiased sale process. In particular, Union Pacific's advisors objected to the fact that Santa Fe would continually advise BN of substantive communications occurring between Santa Fe and Union Pacific, including with respect to any revised acquisition proposal that Union Pacific might make. Santa Fe's advisors asserted, among other things, that Santa Fe was not conducting an auction, time was of the essence and if Union Pacific wanted to improve its bid, it should do so soon.

Also on December 17, 1994, according to the Joint Offer to Purchase, the negotiations between Santa Fe's and BN's representatives continued with no agreement being reached.

On December 17, 1994, Mr. Krebs sent Mr. Lewis the following letter:

Mr. Drew Lewis, Chairman
Union Pacific Corporation
Martin Tower
8th and Eaton Avenues
Bethlehem, PA 18018

Dear Drew:

I am not sure that continuing to trade letters on "process" issues serves any useful function. However, let me briefly reiterate Santa Fe's position. Contrary to the statement in your December 16 letter, the Santa Fe board has NOT put the company up for sale, and it is not conducting an auction. We entered into a contract for a strategic combination with Burlington Northern -- a combination that promises significant long-term growth. We are now negotiating with Burlington Northern in order to improve that agreement.

At the same time, however, we have provided Union Pacific with all of the information about Santa Fe it needs in order to make its best alternative proposal. If you are willing and able to improve your proposal, I suggest that you do so without delay.

Sincerely,

/s/ Rob

According to the Joint Offer to Purchase, on December 18, 1994, Santa Fe and BN representatives reached an agreement on the terms of the revised Santa Fe/BN Merger Agreement.

According to the Joint Offer to Purchase, on December 18, 1994, Santa Fe's Board approved the revised Santa Fe/BN Merger Agreement. Shortly after Santa Fe's Board meeting, BN and Santa Fe entered into the revised Santa Fe/BN Merger Agreement.

On December 18, 1994, Mr. Lewis sent the following letter to Mr. Krebs:

December 18, 1994

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

Dear Rob:

I understand that you sent a letter to my office Saturday.

We continue to be troubled by Santa Fe's refusal to address in any way our concerns about your process for considering acquisition proposals.

As we have repeatedly stated, and said to your advisors yesterday, we want to be in a position to make an improved proposal. We see no reason why you cannot address our concerns, and hope you will give consideration to the specific suggestions made by our advisors.

Sincerely,

/s/ Drew Lewis

On December 18, 1994, Santa Fe announced that BN and Santa Fe would make a joint tender offer to acquire 63,000,000 Shares, or approximately 33% of all such Shares outstanding, at \$20.00 per Share in a recapitalization and merger transaction.

On December 20, 1994, Union Pacific announced that it was reviewing its options concerning its proposal to acquire Santa Fe. Also on December 20, 1994, Mr. Lewis sent the following letter to Mr. Krebs:

December 20, 1994

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

Dear Rob:

The recent actions of Santa Fe are but a continuation of Santa Fe's ongoing efforts to pursue its sale to Burlington Northern, and to prevent a transaction with Union Pacific, at all costs.

We object to Santa Fe's grant of "lock-ups" to Burlington Northern to deter competing bids, and to Santa Fe's repeated refusal to address our objections to its flawed sales process.

With regard to Santa Fe's efforts to deter competing bids, we note with interest that a Burlington Northern representative, who would speak only on the condition of anonymity, was quoted today in the press as stating: "This is a carefully crafted plan designed to accomplish the merger and to make it prohibitively expensive for UP to top."

As we have announced, we will be reviewing our options concerning our acquisition proposal.

Sincerely,

/s/ Drew

Also on December 20, 1994, the ICC issued an order of the full commission approving the Voting Trust.

On December 23, 1994, Santa Fe and BN commenced a tender offer (the "Joint Offer") for up to 63,000,000 Shares (together with the associated Rights) at \$20.00 per Share, net to the tendering stockholder in cash, with Santa Fe severally obligated to purchase up to 38,000,000 Shares and BN severally obligated to purchase up to 25,000,000 Shares pursuant to the Joint Offer upon the terms and subject to the conditions set forth in the Joint Offer to Purchase. See "Santa Fe/BN Joint Offer and Merger Proposal" below.

The original Santa Fe/BN Merger Agreement was amended to provide that, among other things, Santa Fe is obligated under certain circumstances, to pay certain fees to BN upon termination of the Santa Fe/BN Merger Agreement. According to the Joint Offer to Purchase, the Santa Fe/BN Merger Agreement specifically provides that:

[Santa Fe] has agreed that if the [Santa Fe/BN Merger Agreement] shall be terminated due to (a) the acquisition of any Person, entity or "group" other than [BN] of more than 50% or more of the outstanding [Shares], (b) the approvals of the stockholders of [Santa Fe] and [BN] having not have been obtained, (c) the Board of Directors of [Santa Fe], prior to the meeting of stockholders of [Santa Fe], having withdrawn, modified or changed in a manner adverse to [BN], its approval or recommendation of the [Santa Fe/BN Merger Agreement] or the [m]erger, (d) the board of directors of [Santa Fe] having withdrawn or modified in a manner adverse to [BN] its approval or recommendation of the [Joint] Offer, the [Santa Fe/BN Merger Agreement] or the [m]erger in order to permit [Santa Fe] to execute a definitive agreement in connection with a Takeover Proposal (as defined in the [Santa Fe/BN Merger Agreement]) or in order to approve another tender offer for [Shares] or the board of directors of [Santa Fe] shall have recommended any other Takeover Proposal, or (e) if the [Joint] Offer is terminated and [Santa Fe] and [BN] shall not have purchased [Shares] pursuant to the [Joint] Offer, then it will pay [BN] an amount equal to \$50,000,000 plus all out-of-pocket expenses, not to exceed \$10,000,000 incurred by [BN] in connection with the [Santa Fe/BN Merger Agreement], the [Joint] Offer and all related transactions ... provided, that no such payment will be required if the [Santa Fe/BN Merger Agreement] is terminated pursuant to clause (b), (c) or (e) above unless, after December 18, 1994, a new Takeover Proposal involving [Santa Fe] has been announced or made (it being understood that any modification of [Union Pacific's offer] in existence on December 18, 1994 shall be deemed a new Takeover Proposal). [Santa Fe] has also agreed that if the [Santa Fe/BN Merger Agreement] shall be terminated pursuant to clause (b), (c) or (e) above and no payment is required by it in the manner contemplated above, it will reimburse [BN] for all out-of-pocket expenses incurred by [BN] in

connection with the [Santa Fe/BN Merger Agreement], the [m]erger, the [Joint] Offer and all related transactions.

According to the terms of the Santa Fe/BN Merger Agreement, the Amended Cash Tender Offer is an event which, under certain circumstances, would obligate Santa Fe to pay a termination fee to BN in the amount of \$50,000,000 plus an additional amount for expenses incurred by BN up to a maximum of \$10,000,000.

Also on December 23, 1994, according to Amendment No. 6 to the Schedule 14D-9, Santa Fe's Board of Directors continued to recommend that stockholders not tender their Shares to Union Pacific.

On January 15, 1995, Union Pacific's Board of Directors met to consider the various alternatives available to Union Pacific in connection with its efforts to acquire Santa Fe.

On January 17, 1995, the Board of Directors of Union Pacific held a meeting and authorized the Amended Cash Tender Offer.

Also on January 17, 1995, Mr. Lewis sent the following letter to Mr. Krebs:

January 17, 1995

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

Dear Rob:

I am writing to inform you that Union Pacific has revised its acquisition proposal to increase the price to \$18.50 per share in cash and to seek to acquire 100% of Santa Fe's outstanding shares in the tender offer.

By using our Interstate Commerce Commission approved voting trust, your shareholders would receive immediate payment of the entire purchase price in our transaction, without bearing any risk relating to ICC approval of our combination with Santa Fe. By contrast, the new, leveraged Burlington Northern transaction would require a delay of up to several years for payment of two-thirds of the purchase price to Santa Fe shareholders, and would require your shareholders to bear the risk of ICC approval.

In addition to the all-cash advantage of our offer, we believe our transaction is superior to the Burlington Northern acquisition when one discounts BN's purchase price for the time delay in payment, the ICC risk of non-consummation of the BN transaction and the uncertain value of the BN stock to be received.

Our preference remains to negotiate a merger agreement with Santa Fe. As your own advisors stated, we were very close to completing negotiation of a merger agreement before you announced your new

transaction with Burlington Northern. We should be able to conclude our negotiations very quickly in light of our revised offer. We continue to believe it is a violation of your Board's fiduciary duties for Santa Fe to resist negotiating a transaction with Union Pacific.

If you refuse to negotiate with us, we would be prepared to purchase shares in our tender offer without a merger agreement, provided that your shareholders tender at least 90% of Santa Fe's outstanding shares and other impediments such as the rights plan are eliminated. In order to complete the acquisition on a unilateral basis, we would first ask the ICC to approve an amendment to our voting trust agreement that would enable the trustee to cause Santa Fe, following the acquisition of Santa Fe shares, to agree to cooperate with us in obtaining ICC approval of a Santa Fe/Union Pacific combination. We would seek ICC approval of the amended voting trust agreement once Santa Fe shareholders vote to disapprove the Burlington Northern merger.

Our offer, including the conditions to our transaction, remains unchanged in all other material respects. Given your rejection of our alternative \$20 all-stock proposal made several months ago, we confirm our withdrawal of such alternative proposal.

Sincerely,

/s/ Drew

cc: Board of Directors
Santa Fe Pacific Corporation

On January 17, 1995, Union Pacific announced the terms of the Amended Cash Tender Offer described in the above letter.

On January 18, 1995, the Purchaser commenced the Amended Cash Tender Offer.

ICC MATTERS; THE VOTING TRUST

On November 28, 1994, Union Pacific received an informal, non-binding opinion from the staff of the ICC authorizing the use of the Voting Trust in its proposed acquisition of Santa Fe.

Also on November 28, 1994, the ICC, acting through Chairman McDonald (the "Chairman"), denied petitions of BN's railroad subsidiary, Burlington Northern Railroad Company ("BNR"), and the Kansas City Southern Railway Company ("KCS") and a letter request of the State of Colorado Department of Transportation, all seeking to have the ICC formally investigate, and solicit public comment on, Union Pacific's proposed Voting Trust, and a petition of a number of railroad unions (the "Rail Unions") seeking various declaratory orders with regard to the Voting Trust. BNR, KCS and the Rail Unions subsequently appealed this decision to the full ICC, and Union Pacific filed oppositions to these administrative appeals.

On December 6, 1994, the ICC issued a decision denying a request by BNR and others that the ICC staff's informal opinion letter be withdrawn pending resolution of the administrative appeals, and indicating that a decision on those appeals would be forthcoming shortly.

On December 7, 1994, BNR filed actions in the United States Court of Appeals for the Third Circuit (the "Third Circuit") seeking review of the December 6, 1994 decision and an injunction barring Union Pacific and the Purchaser from placing the Shares in the Voting Trust until the ICC conducted a formal investigation.

On December 12, 1994, Union Pacific filed an opposition to BNR's injunction request in the Third Circuit. On December 12, 1994, the ICC filed a memorandum with the Third Circuit indicating that the ICC would shortly be deciding the administrative appeals, and urging the court to refrain from issuing any dispositive orders in the meantime. On December 14, 1994, BNR filed a reply in support of its injunction request.

On December 12, 1994, the Rail Unions filed petitions in the Third Circuit seeking a writ of mandamus against the ICC directing the ICC to investigate the Voting Trust and bar Union Pacific and the Purchaser from using the Voting Trust, and an injunction against Union Pacific and the Purchaser prohibiting the use of the Voting Trust until the ICC has granted Union Pacific authority to control Santa Fe. On December 16, 1994, Union Pacific filed an opposition to these petitions. On December 16, 1994, the ICC filed a memorandum with the Third Circuit indicating that the ICC would shortly be deciding the administrative appeals, and that the Rail Unions' action should thus be dismissed as moot.

On December 20, 1994, the ICC issued a decision of the full commission denying the administrative appeals of BNR, KCS and the Rail Unions from the Chairman's initial decision and approving the Voting Trust subject to a modification clarifying the authority of the ICC to approve any plan of divestiture or sale of the stock held in trust. On December 20, 1994, the ICC also filed a motion with the Third Circuit to dismiss BNR's December 7, 1994 review petition and the Rail Unions' December 12, 1994 mandamus petition, and suggesting that requests for an injunction against Union Pacific and the Purchaser also be dismissed.

Also on December 20, 1994, BNR filed a petition in the Third Circuit for review of the ICC's December 20, 1994 decision. On December 21, 1994, BNR filed a petition with the ICC requesting a stay of the ICC's December 20, 1994 decision pending judicial review and a temporary cease and desist order against Union Pacific to prohibit implementation of the Voting Trust pending judicial review. On January 5, 1995, the Rail Unions filed a similar petition. On December 22, 1994, Union Pacific filed an opposition to the BNR petition, and on January 17, 1995, Union Pacific filed an opposition to the Rail Unions' petition.

On December 28, 1994, BNR filed in the Third Circuit an opposition to the ICC's December 20, 1994 motion, stating that BNR agreed that BNR's December 7, 1994 appeal is moot and could be dismissed, but denying that BNR's injunction request should be dismissed. The Rail Unions filed a similar opposition on January 12, 1995.

On January 6, 1995, the ICC denied the petition filed by BNR with the ICC on December 21, 1994.

On January 10, 1995, BNR filed a motion in the Third Circuit seeking a stay pending judicial review of the ICC's December 20, 1994 decision. On January 11, 1995, the Rail Unions filed a response in support of the BNR motion, and on January 13, 1995, the Rail Unions filed their own, similar stay request. On

January 12, 1995, Union Pacific filed an opposition to the BNR motion, and on January 18, 1995, Union Pacific filed an opposition to the Rail Unions' stay request.

On January 10, 1995, the Rail Unions filed a petition in the United States Court of Appeals for the Tenth Circuit for review of the ICC's December 20, 1994 decision, and a motion for transfer of this review proceeding to the Third Circuit.

On January 13, 1995, the Third Circuit issued an order denying the requests of BNR and the Rail Unions for an injunction against Union Pacific and BNR's motion for a stay pending judicial review of the ICC's December 20, 1994 decision, and dismissing as moot BNR's December 7, 1994 review petition and the Rail Unions' December 12, 1994 mandamus petition.

CERTAIN LITIGATION CONCERNING
THE SANTA FE/BN MERGER -- RECENT DEVELOPMENTS

On January 18, 1995, Union Pacific and James A. Shattuck moved the Court of Chancery in the State of Delaware for leave to file their Second Amended and Supplemental Complaint (the "Second Amended Complaint"). In the proposed Second Amended Complaint, the plaintiffs have withdrawn as moot their claims against the original Santa Fe/BN Merger Agreement and have alleged, among other things, that Santa Fe and members of Santa Fe's Board have breached their fiduciary duties by (i) entering into the revised Santa Fe/BN Merger Agreement without meeting their obligation to act reasonably to seek the transaction offering the best value reasonably available to the stockholders in a sale of Santa Fe; (ii) failing to implement fair and equal procedures for the acceptance and consideration of competing bids for the purchase of Santa Fe; (iii) improperly agreeing to the termination fee and expense reimbursement provisions of the revised Santa Fe/BN Merger Agreement; and (iv) improperly adopting a discriminatory stockholder rights plan in response to Union Pacific's tender offer.

The Second Amended Complaint seeks an order of final judgment, inter alia (a) requiring Santa Fe and Santa Fe's directors to adopt fair and equitable procedures for the acceptance and consideration of competing bids for Santa Fe; (b) enjoining the operation of the Rights pursuant to the Rights Plan and declaring the Rights inapplicable or unenforceable as applied to the Amended Cash Tender Offer and the Proposed Cash Merger; (c) declaring that the termination fee and expense reimbursement provisions of the revised Santa Fe/BN Merger Agreement are invalid and unenforceable; and (d) declaring that Union Pacific has not tortiously interfered with the contractual or other legal rights of Santa Fe or BN.

SANTA FE/BN JOINT OFFER AND MERGER PROPOSAL

On December 23, 1994, Santa Fe and BN commenced the Joint Offer for up to 63,000,000 Shares (together with the associated Rights) at \$20.00 per Share, net to the tendering stockholder in cash, with Santa Fe severally obligated to purchase up to 38,000,000 Shares and BN severally obligated to purchase up to 25,000,000 Shares pursuant to the Joint Offer upon the terms and subject to the conditions set forth in the Joint Offer to Purchase.

According to the Joint Offer to Purchase, of the Shares tendered and accepted for payment in the Joint Offer, Santa Fe is severally obligated to purchase 60.3% of such Shares and BN is severally obligated to purchase 39.7% of such Shares, subject to the terms and conditions of the Joint Offer. According to the Joint

Offer to Purchase and the Santa Fe/BN Merger Agreement, Santa Fe plans to merge into BN whereby the separate existence of Santa Fe will cease with BN continuing as the surviving corporation, and each outstanding Share will be converted into a right to receive 0.40 of a share of BN common stock. As of January 17, 1995, the last full trading day prior to the date of this Second Supplement, 0.40 of a share of BN common stock had a value of \$21.05, based on the closing sales price of BN common stock as reported on the New York Stock Exchange.

The Joint Offer is conditioned upon, among other things, (1) at least 63,000,000 Shares being validly tendered and not withdrawn before the expiration of the Joint Offer, (2) Santa Fe and BN having obtained sufficient financing on terms satisfactory to them to purchase 63,000,000 Shares pursuant to the Joint Offer and (3) approval of the Santa Fe/BN Merger by the stockholders of Santa Fe and BN.

PLEASE SIGN, DATE AND MAIL THE ENCLOSED GOLD PROXY TODAY. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. BY SIGNING AND MAILING THE ENCLOSED GOLD PROXY, ANY PROXY PREVIOUSLY SIGNED BY YOU RELATING TO THE SUBJECT MATTER HEREOF WILL BE AUTOMATICALLY REVOKED. VALIDLY EXECUTED GOLD PROXIES PREVIOUSLY SOLICITED BY UNION PACIFIC WILL BE VOTED AT THE SPECIAL MEETING UNLESS REVOKED PRIOR THERETO.

UNION PACIFIC CORPORATION

Dated: January 18, 1995

ADDITIONAL INFORMATION

If your Shares of Santa Fe common stock are held in the name of a bank or broker, only your bank or broker can vote your Shares of Santa Fe common stock and only upon receipt of your specific instructions. Please instruct your bank or broker to execute the GOLD proxy card today. If you have any questions or require any assistance in voting your Shares of Santa Fe common stock, please call:

MORROW & CO., INC.
Call Toll Free: (800) 662-5200
909 Third Avenue
New York, New York 10022
In New York City, call: (212) 754-8000

SANTA FE PACIFIC CORPORATION

SOLICITATION BY UNION PACIFIC CORPORATION
IN OPPOSITION TO THE PROPOSED
MERGER OF SANTA FE CORPORATION AND
BURLINGTON NORTHERN INC.

PROXY

SPECIAL MEETING OF STOCKHOLDERS OF SANTA FE PACIFIC CORPORATION

The undersigned hereby appoints DREW LEWIS and JUDY L. SWANTAK as proxies, each with the power to appoint a substitute, and hereby authorizes them to represent and to vote all shares of stock of Santa Fe Pacific Corporation, a Delaware corporation ("Santa Fe"), which the undersigned is entitled to vote at the special meeting of stockholders of Santa Fe, now scheduled to be held on February 7, 1995, called for the purpose of considering the proposed merger of Santa Fe with and into Burlington Northern Inc., a Delaware corporation ("BN")(such proposed merger, the "Santa Fe/BN Merger"), or any adjournment(s), postponement(s), or rescheduling(s) thereof.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED AGAINST THE SANTA FE/BN MERGER. IF ANY OTHER MATTERS ARE PROPERLY BROUGHT BEFORE THE SPECIAL MEETING, THIS PROXY WILL BE VOTED ON SUCH MATTERS AS UNION PACIFIC CORPORATION, IN ITS SOLE DISCRETION, MAY DETERMINE.

(Continued and to be dated and signed on reverse side.)

- 1. The Santa Fe/BN Merger.
 Union Pacific strongly recommends a vote "AGAINST" the Santa Fe/BN Merger.

// AGAINST // FOR // ABSTAIN

The undersigned hereby acknowledges receipt of the Union Pacific Corporation Proxy Statement soliciting proxies in opposition to the Santa Fe/BN Merger. The undersigned hereby revokes any proxies heretofore given by the undersigned relating to the subject matter hereof and confirms all that the Proxies may lawfully do by virtue hereof.

DATED: _____, 1995

 (Signature)

 (Signature if jointly held)

Title: _____

Please sign exactly as name appears hereon. When signing as an attorney, executor, administrator, trustee or guardian, please give full title as such.

PLEASE SIGN, DATE AND MAIL PROMPTLY IN THE POSTAGE-PAID ENVELOPE ENCLOSED.

[LOGO]

UNION PACIFIC'S DRAMATICALLY IMPROVED TENDER OFFER:
ALL SHARES -- ALL CASH -- \$18.50 PER SHARE

January 18, 1995

Dear Santa Fe Pacific Shareholder:

UNION PACIFIC IS AS DETERMINED AS EVER TO ACQUIRE ALL SHARES OF SANTA FE PACIFIC COMMON STOCK. So we have evaluated the current Burlington Northern bid and, in response, we have dramatically improved our offer to make it even more attractive to you.

Here's our new offer:

1. UNION PACIFIC IS NOW TENDERING FOR 100% OF SANTA FE'S SHARES AT \$18.50 PER SHARE IN CASH. Under the Burlington Northern transaction, you would receive cash for only one-third of your shares.
2. With our ICC-approved Voting Trust already in place and with no financing condition, WE ARE POSITIONED TO PAY FOR ALL SANTA FE SHARES WITHIN A FEW WEEKS of an executed Union Pacific/Santa Fe merger agreement.
3. By contrast, the Burlington Northern merger would require a delay of up to several years for payment of two-thirds of the purchase price, and would require you to bear the risk of ICC approval.
4. OUR ALL CASH OFFER ELIMINATES YOUR RISK of receiving two-thirds of the purchase price several years from now in the form of Burlington Northern common stock -- a security which will fluctuate in value.

". . . A STRATEGIC COMBINATION . . . IS REQUIRED
TO PROTECT AND ENHANCE SHAREHOLDER VALUE"

Santa Fe/Burlington Northern
Joint Proxy Statement/Prospectus
dated January 13, 1995, page 27.

This conclusion -- that Santa Fe needs a business combination -- was reached several months ago by Santa Fe's board of directors. With Santa Fe's board having publicly taken this position, we believe that Santa Fe would enter into a merger agreement with Union Pacific if the Burlington Northern merger is REJECTED.

Before Santa Fe and Burlington Northern revised their merger agreement last month, Union Pacific and Santa Fe had virtually completed negotiations of a merger agreement. WE BELIEVE THAT WE SHOULD BE LESS THAN 24 HOURS AWAY FROM A FULLY NEGOTIATED MERGER AGREEMENT WITH SANTA FE.

Union Pacific's improved cash tender offer is conditioned on the Burlington Northern merger being rejected by Santa Fe shareholders and on Santa Fe and Union Pacific entering into a negotiated merger agreement. If Santa Fe shareholders approve the Burlington Northern merger, Union Pacific will terminate its cash tender offer. The vote on the Burlington Northern merger is now scheduled to be held on February 7, 1995.

We urge you to protect your interests by voting AGAINST the Burlington Northern merger on the enclosed GOLD proxy card. Your vote is important. Please vote today.

We appreciate your continued consideration and support.

Sincerely,

/S/ Drew Lewis

Drew Lewis
Chairman and
Chief Executive Officer

IMPORTANT

If any of your shares are held in the name of a bank, broker or other nominee, please direct the party responsible for your account to vote AGAINST the Burlington Northern merger. For assistance in voting your shares or further information, please contact the firm assisting us in the solicitation of proxies:

MORROW & CO., INC.
Call toll free 800-662-5200
In New York City, call: (212) 754-8000

UNION PACIFIC'S TENDER OFFER IS SUBJECT, AMONG OTHER THINGS, TO TERMINATION OF THE BURLINGTON NORTHERN/SANTA FE MERGER AGREEMENT IN ACCORDANCE WITH ITS TERMS, NEGOTIATION OF A MERGER AGREEMENT WITH SANTA FE IN ACCORDANCE WITH THE TERMS OF SANTA FE'S EXISTING MERGER AGREEMENT WITH BURLINGTON NORTHERN AND APPROVAL OF A SANTA FE/UNION PACIFIC MERGER AGREEMENT BY THE RESPECTIVE BOARDS OF DIRECTORS OF SANTA FE AND UNION PACIFIC. A VOTE OF SHAREHOLDERS OF SANTA FE AND UNION PACIFIC IS NOT REQUIRED TO CONSUMMATE THE CASH TENDER OFFER. THE UNION PACIFIC TENDER OFFER IS NOT SUBJECT TO APPROVAL OF THE INTERSTATE COMMERCE COMMISSION, A DUE DILIGENCE CONDITION OR FINANCING. THE BURLINGTON NORTHERN/SANTA FE MERGER AGREEMENT IS SUBJECT TO THE APPROVAL OF THE RESPECTIVE STOCKHOLDERS OF BURLINGTON NORTHERN AND SANTA FE, AND THE MERGER OF BURLINGTON NORTHERN AND SANTA FE IS SUBJECT TO THE APPROVAL OF THE INTERSTATE COMMERCE COMMISSION. UNION PACIFIC HAS MODIFIED ITS CASH TENDER OFFER SO THAT IT IS TENDERING FOR ALL SHARES OF SANTA FE COMMON STOCK. UNION PACIFIC NO LONGER IS PROPOSING TO ISSUE SHARES OF UNION PACIFIC COMMON STOCK OR OTHER SECURITIES IN A SECOND-STEP MERGER.