

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**  
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### FILER

#### **SANTA FE PACIFIC CORP**

CIK: **732639** | IRS No.: **363258709** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-08627** | Film No.: **94528172**  
SIC: **4011** Railroads, line-haul operating

Business Address  
1700 EAST GOLF RD  
SCHAUMBURG IL 60173-5860  
7089956000

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For quarter ended March 31, 1994

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-8627

SANTA FE PACIFIC CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation) 36-3258709  
(I.R.S. Employer Identification No.)

1700 East Golf Road, Schaumburg, Illinois 60173-5860  
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (708) 995-6000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding at March 31, 1994
----- Common Stock, \$1.00 par value	----- 186,282,761 shares

<TABLE>

PART I

FINANCIAL INFORMATION (a)

SANTA FE PACIFIC CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF OPERATIONS (b)  
(UNAUDITED)  
(In millions, except per share data)

	Three Months Ended March 31,	
	1994 (c)	1993
<S>	<C>	<C>
Revenues		
Rail	\$ 631.5	\$ 583.2
Gold	84.3	64.4
Pipeline	6.3	5.7
Total Revenues	722.1	653.3
Operating Expenses		
Rail	540.8	512.0
Gold	62.7	35.8
Total Operating Expenses	603.5	547.8
Operating Income	118.6	105.5
Other Income (Expense)-Net	26.1	(5.1)
Gain on Sale of California Lines	-	145.4
Interest Expense	31.7	38.6
Income Before Income Taxes	113.0	207.2
Income Tax	44.9	80.1
Net Income	\$ 68.1	\$ 127.1
Net Income Per Share	\$ 0.36	\$ 0.68
Average Number of Common and Common Equivalent Shares	189.9	185.9

</TABLE>

(See accompanying notes to Consolidated Financial Statements)

-1-

<TABLE>

SANTA FE PACIFIC CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEET  
(In millions)

(Unaudited)  
March 31,

December 31,

	1994	1993
<S>	-----	-----
Assets	<C>	<C>
Current Assets		
Cash and cash equivalents, at cost which approximates market	\$ 26.3	\$ 96.4
Accounts receivable, less allowances	124.4	103.5
Inventories	132.1	120.4
Note receivable - current	72.5	72.5
Current portion of deferred income taxes	80.5	78.1
Other	111.5	107.6
	-----	-----
Total Current Assets	547.3	578.5
	-----	-----
Note Receivable	-	36.2
Other Long-Term Assets	315.1	326.1
	-----	-----
Properties, Plant and Equipment	6,783.8	6,664.4
Less-accumulated depreciation, depletion and amortization	1,705.2	1,668.2
	-----	-----
Net Properties	5,078.6	4,996.2
	-----	-----
Total Assets	\$ 5,941.0	\$ 5,937.0
	=====	=====
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 696.3	\$ 715.7
Deferred gold revenues - current	19.3	15.4
Long-term debt due within one year	181.8	190.7
	-----	-----
Total Current Liabilities	897.4	921.8
	-----	-----
Long-Term Debt Due After One Year	1,106.7	1,185.1
Postretirement Benefits Liability	292.7	291.2
Restructuring Liability	229.9	257.8
Deferred Gold Revenues	124.8	133.8
Other Long-Term Liabilities	692.8	644.4
Deferred Income Taxes	1,254.3	1,234.6
	-----	-----
Total Liabilities	4,598.6	4,668.7
	-----	-----
Shareholders' Equity		
Common stock	190.0	190.0
Paid-in capital	855.3	869.7
Retained income	408.4	340.3
Treasury stock, at cost	(111.3)	(131.7)
	-----	-----
Total Shareholders' Equity	1,342.4	1,268.3
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 5,941.0	\$ 5,937.0
	=====	=====

</TABLE>

(See accompanying notes to Consolidated Financial Statements)

<TABLE>

CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)  
(In millions)

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
Operating Activities		
Net income	\$ 68.1	\$ 127.1
Adjustments to reconcile net income to operating cash flows:		
Depreciation, depletion and amortization	68.2	55.2
Deferred income taxes	17.2	56.4
Rail restructuring costs paid	(19.8)	(18.3)
Imputed interest expense	5.2	7.1
Gain on sales of property, plant and equipment	(0.6)	(147.1)
Other-net	(23.6)	(3.6)
Changes in working capital:		
Accounts receivable	(22.4)	(18.2)
Inventories	(16.6)	(16.6)
Accounts payable and accrued liabilities	(18.6)	3.6
Short-term investments and other current assets	(8.8)	(4.7)
Net Cash Provided By Operating Activities	48.3	40.9
Investing Activities		
Cash used for capital expenditures	(103.9)	(70.4)
Proceeds from sale of property, plant and equipment	5.4	168.5
Other-net	68.6	37.6
Net Cash Provided By (Used For) Investing Activities	(29.9)	135.7
Financing Activities		
Proceeds from long-term borrowings and deferred gold revenues	-	10.0
Principal payments on long-term borrowings and deferred gold revenues	(92.6)	(201.4)
Other-net	4.1	3.5
Net Cash Used For Financing Activities	(88.5)	(187.9)
Decrease in Cash and Cash Equivalents	(70.1)	(11.3)
Cash and Cash Equivalents:		
Beginning of period	96.4	100.1
End of period	\$ 26.3	\$ 88.8
	=====	=====
Supplemental Disclosure of Cash Flow Information		
Cash paid (refunded) during the period for:		
Interest	\$ 24.8	\$ 27.8
Income taxes	\$ (0.3)	\$ (11.2)

</TABLE>

(See accompanying notes to Consolidated Financial Statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

- (a) The consolidated financial statements should be read in conjunction with the Santa Fe Pacific Corporation ("SFP", "Registrant" or "Company") Annual Report on Form 10-K for the year ended December 31, 1993, including those financial statements and notes thereto incorporated by reference from the Registrant's 1993 Annual Report to Shareholders.
- (b) In the opinion of SFP management, the consolidated statement of operations for the three months ended March 31, 1994 and 1993 reflects all adjustments necessary for a fair statement of the results of operations.
- (c) The consolidated statement of operations for the three months ended March 31, 1994 is not necessarily indicative of the results of operations for the full year 1994.
- (d) On April 15, 1994, the Company's wholly-owned subsidiary, Santa Fe Pacific Gold Corporation ("Gold"), filed a registration statement with the Securities and Exchange Commission for the public offering of approximately 15% of its common stock. Following a successful completion of the offering, SFP management and the board of directors will decide whether to distribute the remaining stock of Gold to SFP shareholders. SFP has received a ruling from the Internal Revenue Service that a distribution of its shares in Gold to SFP shareholders would not result in the recognition of taxable income by the Company, its subsidiaries, or its shareholders.
- (e) In the first quarter of 1993, The Atchison, Topeka and Santa Fe Railway Company ("Santa Fe Railway") completed the second stage of three scheduled closings on the sale to eight southern California transportation agencies of certain interests in approximately 340 miles of rail lines and additional property. Santa Fe Railway received \$166.9 million in cash proceeds resulting in a pre-tax gain of \$145.4 million. The gain recognized is net of the cost of the properties and other expenses of the sale. Proceeds of \$126 million were used to retire debt. The final closing occurred in the second quarter of 1993.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS  
OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations  
-----

Current Quarter Compared with Same Quarter of Preceding Year  
-----

Including special items, SFP reported first quarter net income of \$68.1 million or \$0.36 per share compared to net income of \$127.1 million or \$0.68 per share last year. Other income-net in 1994 includes pre-tax gains of \$34.2 million related to a gain on the sale of an investment and a favorable litigation settlement. The first quarter of 1993 included a pre-tax gain of \$145.4 million related to the sale of rail lines in southern California discussed in Note (e) of the notes to consolidated financial statements. Excluding these special items, SFP reported net income of \$47.5 million or \$0.25 per share compared to \$37.9 million or \$0.20 per share last year.

Operating income at Santa Fe Railway for the quarter was \$90.7 million, an increase of \$19.5 million or 27% over the \$71.2 million reported in the first quarter of 1993. The operating ratio improved to 85.6% from 87.8%. Operating revenues of \$631.5 million, which include revenue from miscellaneous transportation related items, improved 8% primarily driven by higher business volumes handled. Freight revenues by business group for the three months ended March 31, 1994 and 1993 were as follows:

	Three Months Ended March 31,	
	1994	1993
	-----	-----
	(In millions)	
Intermodal		
Intermodal Marketing Companies	\$ 97.9	\$ 92.1
Direct Marketing	113.2	93.6
International	51.0	45.6
	-----	-----
Total Intermodal	262.1	231.3
	-----	-----
Carload Commodities		
Petroleum	35.5	35.6
Chemicals & Plastics	33.6	31.5
Consumer/Food Products	34.0	32.6
Building Materials & Paper Products	29.7	26.0
Metals	21.2	18.0
	-----	-----
Total Carload Commodities	154.0	143.7
	-----	-----
Bulk Products		
Coal	59.2	53.2
Minerals, Ores & Other	35.3	36.2
Grain	32.7	41.9
Grain Products	20.8	20.9
	-----	-----
Total Bulk Products	148.0	152.2
	-----	-----
Automotive		
Motor Vehicles	51.0	38.8
Vehicle Parts	6.8	7.4
	-----	-----
Total Automotive	57.8	46.2
	-----	-----
Total Freight Revenue	\$621.9	\$573.4
	=====	=====

Intermodal revenues increased 13% to \$262.1 million, reflecting higher direct marketing and international shipments. Direct marketing revenues increased 21% primarily due to increased UPS shipments and higher less-than-truckload shipments. International revenues increased 12% principally reflecting increased volumes with existing customers. Carload Commodity revenues increased 7% to \$154.0 million reflecting increased shipments of metals and other commodities, partially offset by a decline in average rates. Bulk Products revenues declined 3% as lower export grain shipments were offset by increased coal shipments. Automotive revenues increased 25% due to increased shipments of finished vehicles.



Santa Fe Railway's quarterly operating expenses of \$540.8 million increased 6%, principally due to the increase in volume. Operating expenses for the three months ended March 31, 1994 and 1993 consisted of the following:

	Three Months Ended March 31,	
	1994	1993
	-----	-----
	(In millions)	
Compensation and benefits	\$207.6	\$200.9
Contract services	84.0	72.1
Fuel	58.9	59.2
Equipment rents	60.4	51.7
Depreciation and amortization	49.1	46.0
Materials and supplies	32.5	29.0
Other	48.3	53.1
	-----	-----
Total operating expenses	\$540.8	\$512.0
	=====	=====

Compensation and benefits expense of \$207.6 million increased only 3% as increases due to the higher traffic were partially offset by operating efficiencies. Contract services expense was \$11.9 million higher principally due to increased intermodal and other traffic. Equipment rents of \$60.4 million increased \$8.7 million primarily reflecting the increased volume.

Gold quarterly operating income of \$21.6 million decreased \$7.0 million compared to the same quarter last year; however, the prior year included operating income from coal and aggregate assets, including the receipt of a \$16.0 million annual coal royalty payment, which assets were exchanged with Hanson Natural Resources Company on June 25, 1993. Gold sales increased 156,000 ounces to 209,000 ounces due to the addition of the mines acquired as part of the asset exchange, as well as increased production at the properties owned prior to the transaction. Operating expenses increased reflecting the increase in production and higher exploration expenses due to Gold's expanded exploration program.

SFP's equity investment in the Pipeline Partnership produced operating income of \$6.3 million in the first quarter, compared to \$5.7 million last year, reflecting an increase in revenues from commercial and military shipments.

Other income-net of \$26.1 million increased \$31.2 million due principally to a \$23.7 million gain on the sale of SFP's investment in a publicly-traded insurance company and a pre-tax gain of \$10.5 million related to a favorable litigation settlement. Excluding these items, other income-net was \$3.0 million below last year due to lower income from real estate activities at Santa Fe Railway. Interest expense of \$31.7 million decreased \$6.9 million from 1993 reflecting favorable interest rates, lower imputed interest and higher capitalized interest.

#### Financial Condition and Other Matters

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#### Year-to-Date Cash Flow

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For the three months ended March 31, 1994, net cash provided by operations totaled \$48.3 million. Principal sources of cash from operations included net earnings before depreciation and deferred taxes. Uses of cash from operations included restructuring payments (primarily representing severance, relocation and other labor payments) and changes in working capital. Additional cash was provided through the sale of an investment previously discussed. Total capital expenditures, which include noncash transactions, for the first three months of 1994 were \$151.2 million. Noncash transactions of \$47.3 million primarily represent directly financed locomotive acquisitions and reimbursable projects. Capital spending was primarily funded through cash generated from operations, equipment financings and available cash balances.

Approximately 90% of these expenditures were used for equipment, new facilities, and improvements to track structure and other road properties at Santa Fe Railway with the balance for development of gold properties. Through March 31, 1994, Santa Fe Railway had acquired 27 new locomotives at a cost of \$33.4 million, and has received an additional 23 new locomotives in the second quarter of 1994. Also, Santa Fe Railway has recently committed to acquire an additional 50 locomotives which are anticipated to be received in the third and fourth quarters of 1994. It is currently anticipated that these locomotives will be directly financed. SFP's total 1994 capital expenditures are now expected to exceed \$650 million including a total of 100 locomotives.

#### Gold Registration Statement

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On April 15, 1994, the Company's wholly-owned subsidiary, Gold, filed a registration statement with the Securities and Exchange Commission for the public offering of approximately 15% of its common stock. Following a successful completion of the offering, SFP management and the board of directors will decide whether to distribute the remaining stock of Gold to SFP shareholders. SFP has received a ruling from the Internal Revenue Service that a distribution of its shares in Gold to SFP shareholders would not result in the recognition of taxable income by the Company, its subsidiaries, or its shareholders.

Subsequent Event  
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On April 22, 1994, the Company received an adverse appellate decision involving pension obligations of a subsidiary which was sold in 1984. The Company has filed a petition for reconsideration of this decision. The Company may record a charge related to this decision in the second quarter, depending upon the court's action on the petition for reconsideration. The magnitude of the net charge, if any, would not be expected to exceed \$8 million, or \$0.04 per share.

PART II. OTHER INFORMATION  
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Item 4. Submission of Matters to a Vote of Security Holders  
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At the April 26, 1994, annual meeting of stockholders, the Registrant's stockholders voted on one matter; 186,217,883 shares of common stock were outstanding and entitled to vote as of the March 1, 1994, record date.

Election of Four Directors  
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The stockholders elected the four nominees as directors for a three year term by the following vote:

Nominees Elected -----	For -----	Withheld -----
Bill M. Lindig	156,558,490	938,283
Roy S. Roberts	156,451,467	1,045,306
John S. Runnells II	156,578,205	918,568
Robert H. West	156,630,643	866,130

Directors Whose Terms of Office Continue  
-----

Joseph F. Alibrandi  
George Deukmejian  
Jean Head Sisco  
Robert D. Krebs  
Michael A. Morphy  
Edward F. Swift

Item 6. Exhibits and Reports on Form 8-K  
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(a) See Index to Exhibits on page E-1 for a description of the exhibits filed as part of this Report.

(b) Reports on Form 8-K.

During the quarter ended March 31, 1994 a report on Form 8-K dated January 19, 1994 was filed, reporting on SFP's 1993 earnings.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SANTA FE PACIFIC CORPORATION  
(Registrant)

/s/ Thomas N. Hund

-----  
Thomas N. Hund  
Vice President & Controller  
(On Behalf of the Registrant and as  
Principal Accounting Officer)

Schaumburg, Illinois  
May 12, 1994

EXHIBIT INDEX

EXHIBIT NUMBER -----	Description of Exhibit -----
10(a) *	Santa Fe Pacific Corporation Supplemental Retirement and Savings Plan
12	Statement regarding computation of ratio of earnings to fixed charges (as of March 31, 1994).
21	Subsidiaries of Santa Fe Pacific Corporation

\* Management contract or compensatory plan or arrangement.



SANTA FE PACIFIC CORPORATION

SUPPLEMENTAL RETIREMENT AND SAVINGS PLAN

ARTICLE I

GENERAL

Section 1.1 Establishment of Plan and Purpose. Santa Fe Pacific Corporation (hereinafter the "Company"), has established the Santa Fe Pacific Supplemental Retirement and Savings Plan, (hereinafter the "Plan"), effective May 1, 1994. The purpose of this Plan is to provide certain highly compensated employees of the Company and certain of its subsidiaries (hereinafter the "Employing Companies"), the opportunity to defer the receipt of compensation and to receive additional retirement income from the Employing Companies. This plan is not intended to qualify under Section 401(a) of the Internal Revenue Code of 1986, as amended (hereinafter the "Code"), or be subject to Part 2, 3, or 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended, (hereinafter "ERISA").

Section 1.2 Affiliated Companies. The term "Affiliated Company" shall mean every corporation (including the Company) which is a member of a controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code). The Company and each Affiliated Company which, with the consent of the Company adopts the Plan are referred to herein collectively as the "Employing Companies" and individually as an "Employing Company".

Section 1.3 Plan Administration. The authority to control and manage the operation and administration of the Plan shall be vested in the Employee Benefits Committee (hereinafter the "Committee"), appointed to act under The Santa Fe Pacific Retirement and Savings Plan for Salaried Employees (hereinafter the "Savings Plan"). Any interpretation of the Plan by the Committee or its delegate and any decision made by the Committee or its delegate on any other matter within its discretion are final and binding on all persons. The Committee shall have discretionary authority to administer, construe and interpret the Plan, to decide all questions including but not limited to eligibility, payment of any benefits hereunder and to make all other determinations deemed necessary or advisable for the



administration of the Plan.

The Committee shall act with or without a meeting by the vote or concurrence of a majority of its members; but no member of the Committee who is a Participant shall take part in any Committee action or any matter that has particular reference to his own interest hereunder. The Committee shall administer this Plan and discharge its responsibilities hereunder in a uniform and non-discriminatory manner as to all Participants.

Section 1.4 Non-Alienation. Benefits payable to any individual under the Plan may not be voluntarily or involuntarily assigned, alienated, pledged or subject to attachment, anticipation, garnishment, levy, execution or other legal or equitable process.

Section 1.5 Source of Benefits. Subject to the terms and conditions of the Plan, any amount payable to or on account of a Participant under this Plan by any Employing Company shall be paid from the general assets of that Employing Company or from one or more trusts, the assets of which are subject to the claims of the Employing Companies' general creditors. None of the individuals entitled to benefits under the Plan shall have any preferred claim on, or any beneficial ownership interest in, any assets of any Employing Company or of any such trust, and any rights of such individuals under the Plan or any such trust shall constitute unsecured contractual rights only.

Section 1.6 Plan Not Contract of Employment. The Plan does not constitute a contract of employment, and nothing in the Plan will give any participant the right to be retained in the employ of any Employing Company, nor any right or claim to any benefit under the Plan, except to the extent specifically provided under the terms of the Plan.

Section 1.7 Notices. Any notice or document required to be given to or filed with an Employing Company, the Company or the Committee shall be considered to be given or filed:

(a) on the date delivered to the Vice President - Human Resources of the Company;  
or

(b) three days after the date sent by certified mail to the Secretary of the Company.

Section 1.8 Applicable Law. The Plan shall be construed and administered in accordance with the internal laws of the State of Illinois.

Section 1.9 Gender and Number. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

Section 1.10 Plan Year. The Plan Year shall be the calendar year.

## ARTICLE II

### PARTICIPATION

Section 2.1 Participation. The Compensation and Benefits Committee of the Company shall establish from time to time the Employing Companies which may participate and the class of highly-compensated employees of each Employing Company who shall be eligible for the benefits provided in Article IV below (hereinafter the "Participants"); provided, however, that the class of eligible employees of each Employing Company shall be limited to employees who are members of a select group of management or highly compensated employees within the meaning of Section 401(a)(1) of ERISA. If the Company determines that

participation by one or more Participants shall cause the Plan as applied to any Employing Company to be subject to Part 2, 3, or 4 of Title I of ERISA, the entire interest of such Participant or Participants under the Plan shall be immediately paid to such Participant by the applicable Employing Company, notwithstanding any election of the Participant, or shall otherwise be segregated from the Plan in the discretion of the Company, and such Participant or Participants shall cease to have any interest under the Plan.

### ARTICLE III

#### VESTING

Section 3.1 Vesting. A Participant shall be fully vested in his deferral amounts and earnings at all times and subject to investment gains and losses. A Participant shall be vested in Employer Matching Contributions in accordance with the vesting schedule set forth in Section 6.3 of the Savings Plan.

### ARTICLE IV

#### DEFERRALS

Section 4.1 Deferral Elections. To become a Participant, subject to such additional terms, conditions and limitations as the Committee may from time to time impose, a Participant may make an irrevocable election to defer receipt of certain eligible compensation otherwise payable to him by his Employer for a Plan Year by filing a Deferral Election Form indicating his or her desire to have a portion of his or her eligible compensation deferred. Such deferral elections shall be made as follows:

(a) With the approval of the Compensation and Benefits Committee of the Board, a Participant may elect not to participate in the Savings Plan and may elect to defer up to 12% of i) Compensation as defined in the Savings Plan, ii) base salary that is not eligible compensation under the Savings Plan, and iii) one-half of any cash incentive payments otherwise payable to him by his Employing Company that Plan Year; or

(b) Unless the Compensation and Benefits Committee of the Board otherwise specifies, a Participant may elect to defer i) up to 12% of base salary that is not eligible Compensation under the Savings Plan, ii) up to 12% of one-half of any cash incentive payments, and iii) that to the extent that a Participant is subject to a limitation on before-tax contributions under Section 402(g)(1) of the Code to the Savings Plan, the amounts which could have been deferred into the Savings Plan but for such limitation may be deferred under this Plan ("Deferred Compensation").

(c) Such elections shall be made annually and in writing, and filed with the Committee at such time and in such manner as the Committee shall provide. A Participant must specify the percentage, if any, which he chooses to defer and authorize his Employing Company to make regular payroll deductions. A separate notice will be required for deferrals in each Plan Year. Each such notice shall specify the year in which the deferred compensation shall be paid, which may not be sooner than two (2) years after the compensation is earned. A Participant may make additional deferral elections for amounts payable on a specified date, provided such elections are made at least one (1) year prior to the specified date for payment. A Participant may further defer such payment until his early retirement date under the Santa Fe Pacific Retirement Plan and may thereafter make one further election to defer such amount to a subsequent date. In the absence of a specified date for payment, such deferred compensation shall be paid in accordance with Article VI. The Account (as described below) of each Participant shall be credited with the amount deferred by the Participant as of the date on which the amount of such Deferred Compensation is communicated to the Plan recordkeeper which shall be as soon as reasonably practicable after the date the compensation would otherwise have been payable to Participant, or, if such date is not an Accounting Date, as of the first Accounting Date occurring thereafter.

(d) A Participant may elect to suspend all future deferrals in a Plan Year other than in respect to incentive payments, and will not be permitted to resume participation until the next Plan Year.

Section 4.2 Employer Matching Contribution. Subject to such limitations as the Committee may from time to time impose, for each Plan Year, Participants shall be credited with an "Employer Matching Contribution" equal to 100% of the compensation deferred hereunder that would be payable during that Plan Year provided that Employer Matching Contributions shall not exceed 4% of the compensation eligible for deferral hereunder,

and provided further that amounts described in clause (iii) of subsection 4.1(b) shall not be treated as deferred or eligible for deferral for purposes of Employer Matching Contributions.

## ARTICLE V

### PLAN ACCOUNTING

Section 5.1 Accounts. The Committee shall establish an Account for each Participant who files a Deferral Election Form under subsection 4.1. Each Account shall be adjusted in accordance with this Article V in a uniform, non-discriminatory manner, as of such periodic "Accounting Dates" as may be determined by the Committee from time to time (which Accounting Dates shall be not less frequent than quarterly.) As of each Accounting Date, the balance of each Account shall be adjusted as follows:

(a) first, charge to the Account balance the amount of any distributions under the Plan with respect to that Account that have not previously been charged;

(b) then, credit to the Account balance the amount of the compensation to be deferred by the Participant in accordance with the provisions of subsection 4.1 and the amount of Employer Matching Contributions to be credited in accordance with Section 4.2 that have not previously been credited;

(c) then, adjust the Account balance for the applicable assumed rate of earnings in accordance with subsection 5.2.

Section 5.2 Adjustment of Accounts for Earnings. The amounts credited to a Participant's Account in accordance with subsections 4.1 and 4.2 shall be adjusted as of each Accounting Date to reflect the value of an investment equal to the Participant's Account balance in one or more assumed investments that the Committee offers from time to time, and which the Participant directs the Committee to use for purposes of adjusting his Account. Such amount shall be determined without

regard to taxes that would be payable with respect to any such assumed investment. The Committee may eliminate any assumed investment alternative at any time; provided, however, that the Committee may not retroactively eliminate any assumed investment alternative. To the extent permitted by the Committee, the Participant may elect to have different portions of his Account balance for any period adjusted on the basis of different assumed investments. Notwithstanding the election by Participants of certain assumed investments and the adjustment of their Accounts based on such investment decisions, the Plan does not require, and no trust or other instrument maintained in connection with the Plan shall require that any assets or amounts which are set aside in a trust or otherwise for the purpose of paying Plan benefits shall actually be invested in the investment alternatives selected by Participants.

Section 5.3 Participant Statements. At least quarterly, the Committee shall cause to be furnished to each Participant a statement indicating, on the basis of the latest available information, the status of the Participants' Accounts.

## ARTICLE VI

### PAYMENT OF DEFERRED AMOUNTS

Section 6.1 Termination of Employment. Subject to the provisions of subsection 1.5, upon a Participant's death or termination of active employment, the Participant's entire Account balance, including the Employer's Matching Contribution on amounts deferred prior to the Participant's death or termination date, shall be paid to or on account of the Participant as follows:

(a) in a single lump sum payment as soon as practicable after his date of death or termination of active employment, or if elected by the Participant at least one year prior to termination, on January 31 of the year following termination; or

(b) if elected by the Participant at least one year prior to the distribution or such time period as may be established by the Committee, in annual installments over a period of ten or fewer years, beginning as soon as practicable after date of death or termination of active employment.

Section 6.2 Beneficiary Designation. Each Participant may, from time to time by signing a form furnished by the Committee, designate any legal or natural person or persons (who may be designated contingently or successively) to whom his benefits under the Plan are to be paid if he dies before he receives all of his benefits. A beneficiary designation form will be effective only when the signed form is filed with the Committee while the Participant is alive and will cancel all beneficiary designation forms filed earlier. If a deceased Participant failed to designate a beneficiary as provided above, or if the designated beneficiary of a deceased Participant died before him, his benefits shall be paid in accordance with the following order of priority: (i) to his surviving spouse, if any; (ii) to his surviving children in equal shares; or (iii) the estate of the last to die of the Participant or his designated beneficiary. The benefits under this plan shall be paid in a lump sum unless the beneficiary has completed an election form in accordance with subsection 6.1(b).

Section 6.3 Withholding for Tax Liability. The Company may withhold or cause to be withheld from any payment of benefits made pursuant to the Plan any taxes required to be withheld with regard to such payment.

Section 6.4 Hardship Distributions. The Committee may, pursuant to rules adopted by it and applied in a uniform manner, accelerate the date of distribution of a Participant's Account because of hardship at any time. "Hardship" shall mean an unforeseeable, severe financial condition resulting from (a) a sudden and unexpected illness or accident of the Participant or his dependent (as defined in section 152(a) of the Code); (b) loss of the Participant's property due to casualty; or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, but which may not be relieved through other available resources of the Participant, as determined by the Committee in accordance with uniform rules adopted by it.

## ARTICLE VII

### CHANGE IN CONTROL

Section 7.1 Change in Control. In the event of a change in control as defined in The Atchison, Topeka and Santa Fe Railway Company Severance Program, all Accounts shall be fully vested and the Company shall be obligated to transmit funds equal to the outstanding liabilities under this Plan to such trust as may be established by the Company to provide for security of benefits hereunder.

## ARTICLE VIII

### AMENDMENT OR TERMINATION

Section 8.1 Administrative Amendments. The Chief Executive Officer of the Company may make minor or administrative amendments to the Plan.

Section 8.2 Amendments and Termination. The Board of Directors of the Company may amend the Plan at any time and may terminate the Plan at any time without the consent of the participants or beneficiaries, provided however, that no amendment shall divest any Participant or beneficiary of the credits to his Account, or any rights to which he would have been entitled if the Plan had been terminated immediately prior to the effective date of such amendment. Any Employing Company may terminate its participation in the Plan at any time, provided that it has made adequate provision for any amount payable by it under the terms of the Plan as in effect on the date it terminates its participation in the Plan. Upon termination of the Plan as to any Employing Company, the Company may, in its discretion applied in a uniform manner, provided that amounts attributed to that Employing Company shall be distributed in accordance with the provisions of 6.1. Upon termination of the Plan as to all Employing Companies, the Company may, in its sole discretion applied in a uniform manner to all Participants, cause a lump sum payment of all benefits for all Participants to be made as soon as reasonably practicable or the date established for payment under subsection 4.1(c).





Santa Fe Pacific Corporation  
Statement of Computation of Ratio of Earnings to Fixed Charges  
(as of March 31, 1994)  
(In millions, except ratio)

	Three Months Ended March 31, 1994 -----
Earnings:	
Income from continuing operations before income taxes	\$ 113.0
Less income of unconsolidated subsidiaries greater than distributions	(0.2)
Amortization of capitalized interest	0.6
Fixed charges before interest capitalized (see below)	41.1
Total Earnings	----- \$ 154.5 =====
Fixed Charges:	
Interest expense including amortization of debt discount	\$ 31.7
Portion of rentals representing an interest factor	9.4
Fixed charges before interest capitalized	----- 41.1
Interest capitalized	3.0
Total Fixed Charges	----- \$ 44.1 =====
Ratio of Earnings to Fixed Charges	3.5



SUBSIDIARIES OF SANTA FE PACIFIC CORPORATION  
-----

PINE CANYON LAND COMPANY (DE)	100%
SANTA FE PACIFIC INSURANCE COMPANY (VT)	100%
THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY (DE)	100%
Alameda Belt Line (CA)	50%
Aubrey Water Company (AZ)	100%
The Belt Railway Company of Chicago (IL)	8.33%
Central California Traction Company (CA)	33.33%
The Dodge City and Cimarron Valley Railway Company (KS)	100%
The Gulf and Inter-State Railway Company of Texas (TX)	100%
Houston Belt & Terminal Railway Company (TX)	25%
Kansas City Terminal Railway Company (MO)	8.33%
Los Angeles Junction Railway Company (CA)	100%
The Oakland Terminal Railway (CA)	50%
Oklahoma City Junction Railway Company (OK)	100%
Rio Grande, El Paso and Santa Fe Railroad Company (TX)	100%
St. Joseph Terminal Railroad Company (MO)	50%
Santa Fe Financial Holdings, Inc. (DE)	100%
Santa Fe Forwarding Company (DE)	100%
Santa Fe Rail Equipment Company (DE)	100%
Santa Fe Terminal Services, Inc. (DE)	100%
Star Lake Railroad Company (DE)	100%
Sunset Railway Company (CA)	50%
Texas City Terminal Railway Company (TX)	33.33%
TTX Company (DE)	10.9%
The Wichita Union Terminal Railway Company (KS)	33.33%
CONSTELLATION 130, INC. (CA)	100%
LIMITED PARTNERSHIP MANAGEMENT, INC. (DE)	100%
SANTA FE PACIFIC GOLD CORPORATION (DE)	100%
Santa Fe Canadian Mining, LTD.	100%
Minera Gold Fields De Mexico, S.A.	100%
Minera Santa Fe Pacific Chile Limitada	99%
Santa Fe Pacific Capital, Inc. (IL)	100%
Santa Fe Pacific Gold South America, Inc.	100%
(1% in Minera Santa Fe Pacific Chile Limitada)	
San Juan Basin Coal Holding Company	100%
Santa Fe Pacific Mining, Inc. (KS)	100%
Hospah Coal Company (DE)	100%
SFPG Mining Company (DE)	100%
Compania Minera Florida, S.A.	100%

Compania Minera Santa Fe Uruguay S.A.	100%
Lone Tree Mining, Inc. (DE)	100%
Rabbit Creek Mining, Inc. (DE)	100%
SANTA FE PACIFIC RAILROAD COMPANY (Act of Congress)	100%
SFP PIPELINE HOLDINGS, INC. (DE)	100%
Santa Fe Pacific Pipelines, Inc. (DE)	100%
SUNSET COMMUNICATIONS COMPANY (DE)	100%
WALKER-KURTH LUMBER COMPANY (TX)	100%
THE ZIA COMPANY (DE)	100%