Appendix I

PLAN OF REORGANIZATION AND AGREEMENT OF MERGER OF CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY AND CHICAGO AND NORTH WESTERN RAILWAY COMPANY

THIS PLAN OF REORGANIZATION AND AGREEMENT OF MERGER (herein referred to as "this Agreement"), dated as of July 16, 1968, between CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a Wisconsin corporation (herein referred to as "Milwaukee") and CHICAGO AND NORTH WESTERN RAILWAY COMPANY, a Wisconsin corporation (herein referred to as "North Western"),

WITNESSETH:

WHEREAS, Milwaukee warrants that it is a corporation organized and existing under the laws of the State of Wisconsin, having at the date hereof an authorized capital stock consisting of 1,150,000 shares of Preferred Stock of the par value of $100 each, issuable in series, and 2,637,451 shares of Common Stock without par value, of which 518,652 shares of Series A Preferred Stock and 2,176,964 shares of Common Stock are now issued and outstanding and 314,202 shares of Common Stock are now reserved for conversions of other outstanding securities of Milwaukee; and

WHEREAS, North Western warrants that it is a corporation organized and existing under the laws of the State of Wisconsin, having at the date hereof an authorized capital stock consisting of 1,448,777 shares of Preferred Stock of the par value of $100 per share, issuable in series, and 4,571,910 shares of Common Stock, without par value, of which 1,015,259 shares of Preferred Stock, Series A 5%, and 2,323,575½ shares of Common Stock are now issued and outstanding and 1,015,259 shares of Common Stock are now reserved for issuance upon conversion of outstanding shares of such Preferred Stock, Series A 5%, and 26,458½ shares of Common Stock are now reserved for issuance upon conversion of other outstanding securities of North Western; and

WHEREAS, the Boards of Directors of Milwaukee and North Western desire and deem it advisable that North Western be merged into, and consolidated with, Milwaukee, which shall be the surviving corporation (herein referred to as "Surviving Corporation");

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, it is agreed that North Western shall be merged into, and consolidated with, Milwaukee, which shall be the Surviving Corporation, and that the mode of carrying the same into effect and the manner of converting outstanding shares of capital stock of Milwaukee and North Western into shares of capital stock of the Surviving Corporation shall be as follows:

ARTICLE I

Effective Date

The merger herein provided for shall take effect at the time that this Agreement, duly certified and acknowledged, shall be filed in the office of the Secretary of State of Wisconsin and a copy thereof shall be recorded in the offices of the Registers of Deeds of the Counties (or County) in the State of Wisconsin in which Milwaukee and North Western then have their respective registered offices in the State of Wisconsin, if (a) before such filing and recordation, this Agreement shall have been duly approved by the vote of the holders of the requisite number of shares of Milwaukee and of North Western; (b) before such filing and recordation, the Exchange Offer (hereinafter defined) shall have been consummated with respect to at least 80% of the aggregate number of outstanding shares of stock (whether Series A Preferred Stock or Common Stock or any combination thereof) of Milwaukee outstanding at the time of such consummation; and (c) at the time of such filing and recordation, all aspects of the transactions herein provided for requiring approval of the Interstate Commerce Commission shall have been approved and authorized as provided in the Interstate Commerce Act by an order or orders of the Interstate Commerce Commission then in effect. The time of taking effect of the merger provided for in this Agreement is herein referred to as the Effective Date.

The "Exchange Offer" is an offer to be made by Northwest Industries, Inc., a Delaware corporation (herein referred to as "Industries"), to exchange, subject to the terms and conditions thereof, (a) one share of Series B 6% Preferred Stock (cumulative if earned) of Industries for each share of Series A Preferred Stock of Milwaukee, and (b) four-tenths of a share (subject to adjustment as hereinafter provided) of Common Stock of Industries for each share of Common Stock of Milwaukee; *provided, however,* that (i) in case holders of outstanding shares of Common Stock of Industries shall become entitled to receive, as of a record date after the date of this Agreement and prior to the time of consummation of the Exchange Offer, any additional shares of Common Stock of Industries by way of dividend, distribution or otherwise, the amount of Common Stock of Industries offered in exchange pursuant to the preceding clause (b) (as such amount may have been theretofore increased pursuant to this clause (i)) for each share of Common Stock of Milwaukee shall be proportionately increased, and (ii) the amount of Common Stock of Industries offered in exchange pursuant to the preceding clause (b) (as such amount may have been theretofore increased pursuant to clause (i) of this proviso) for each share of Common Stock of Milwaukee shall be increased or decreased to such extent, if any, as may be required so that such amount shall have a market value (determined as provided in the Exchange Offer with the approval of Milwaukee) of not less than $80 nor more than $120.

ARTICLE II

Surviving Corporation

North Western shall be, upon the Effective Date, merged into, and consolidated with, Milwaukee, which shall continue its existence as a Wisconsin corporation but its name shall be changed to CHICAGO, MILWAUKEE AND NORTH WESTERN TRANSPORTATION COMPANY. The separate corporate existence of North Western shall cease upon the Effective Date.

ARTICE III

Termination

At any time prior to the Effective Date, this Agreement may be terminated:

(1) by mutual consent of the Boards of Directors of Milwaukee and North Western; or

(2) by the Board of Directors of either Milwaukee or North Western, within sixty days following the date of service of an order of the Interstate Commerce Commission approving and authorizing the transactions herein provided for, if any term or condition, unacceptable to such Board of Directors, shall be imposed by such order which (a) varies from the express provisions of this Agreement in any manner materially and adversely affecting the interests of the holders of any class of capital stock of such corporation, or (b) is not substantially similar to a term or condition of the character customarily imposed by said Commission in proceedings involving railroads under Sections 5 and 20a of the Interstate Commerce Act and materially and adversely affects the interests of the Surviving Corporation; or

(3) by the Board of Directors of either Milwaukee or North Western, if the order of the Interstate Commerce Commission approving and authorizing the transactions herein provided for shall fail to contain provisions having the effect of permitting, for the purposes of the North Western First and Second Mortgages and the Milwaukee First and General Mortgages and Debenture Indenture, apportionment of Available Net Income of the Surviving Corporation to the extent of 50% thereof to North Western and 50% thereof to Milwaukee; or

(4) by the Board of Directors of either Milwaukee or North Western, if there shall not have been received prior to the Effective Date:

(a) all required consents to the amendment of the First Mortgage of Milwaukee so that payment into the Contingent Sinking Fund provided for in Section 2 of Article VIII thereof shall be required under such circumstances, and shall be in such amounts, as shall be acceptable to the Boards of Directors of Milwaukee and North Western;

(b) all required consents to the amendment of the General Mortgage of Milwaukee so that payment in any calendar year into the Sinking Funds provided for therein shall be in such amounts as shall be acceptable to the Boards of Directors of Milwaukee and North Western;

(c) all required consents to the amendment to the First Mortgage and General Mortgage of Milwaukee so that apportionment of Available Net Income of the Surviving Corporation is permitted for the purposes of such Mortgages as referred to in paragraph (3) of this Article III and so that provisions acceptable to the Boards of Directors of Milwaukee and North Western is made for separation of liens of such Mortgages and mortgages of or assumed by North Western; and

(d) all consents, if any, required under or with respect to any other provisions of such Mortgages or of any other instrument relating to indebtedness of or assumed by North Western or Milwaukee in order to permit the consummation of the merger herein provided for; or

(5) by the Board of Directors of either Milwaukee or North Western if prior to the Effective Date a written ruling shall not have been issued by the Internal Revenue Service, or an opinion shall not have been rendered to such corporation by counsel satisfactory to its Board of Directors, to the effect that under the Internal Revenue Code neither gain nor loss will be recognized for Federal income tax purposes to such corporation, or to its stockholders on account of stock of the Surviving Corporation entitled to be received by them (except to the extent that any fractional share interest in the Common Stock of the Surviving Corporation may be sold by or for the account of any stockholder), as a result of consummation of the merger herein provided for; or

(6) by the Board of Directors of Milwaukee if prior to the Effective Date, a written ruling to the effect that under the Internal Revenue Code neither gain nor loss will be recognized for Federal income tax purposes to Milwaukee stockholders (except to the extent that any fractional share interest in the Common Stock of Industries may be sold by or for the account of any Milwaukee stockholder) as a result of acceptance of the Exchange Offer shall not have been issued by the Internal Revenue Service, or an opinion to such effect shall not have been rendered to Milwaukee by counsel satisfactory to its Board of Directors; or

(7) by the Board of Directors of either Milwaukee or North Western if (a) a decree or order shall have been entered by a court of competent jurisdiction, adjudicating the other corporation a bankrupt or insolvent, or approving a petition filed against such other corporation seeking reorganization or readjustment under the Federal Bankruptcy Act, or other law or statute of the United States of America or of any State thereof for the relief of debtors, or approving the appointment of a trustee in bankruptcy or reorganization or a receiver of all or substantially all of the property of such other corporation, and in any such case, such decree or order shall have continued unstayed on appeal or otherwise for a period of at least sixty days and shall be in effect at the time of such termination, (b) such other corporation shall file a petition in bankruptcy, or shall consent to or acquiesce in the appointment of a receiver of all or any part of its property, or shall file a petition seeking reorganization or readjustment under the Federal Bankruptcy Act, or other law or statute of the United States of America or any State thereof for the relief of debtors, including Section 20b of the Interstate Commerce Act, or shall file an answer admitting the material allegations of any such petition filed against it by creditors, or (c) the maturity of any funded debt (as presently defined in the Uniform System of Accounts for Railroads prescribed by the Interstate Commerce Commission) of such other corpo-

ration shall be accelerated or any event shall occur and be continuing permitting such acceleration by or on behalf of any holder of any such debt; or

(8) by the Board of Directors of either Milwaukee or North Western if the other corporation shall breach any warranty or agreement hereunder and such breach shall remain uncured at the time of such termination and shall have remained uncured for a period of at least ninety days after written notice of such breach has been given to such other corporation by Milwaukee or North Western, as the case may be; or

(9) by the Board of Directors of either Milwaukee or North Western, if the Effective Date shall not have occurred prior to January 1, 1974 or such later date as both of such Boards of Directors may from time to time determine.

The Board of Directors of either Milwaukee or North Western may at any time waive any right of such Board to terminate this Agreement on account of any matter specified in such waiver and any such waiver shall be fully effective to the extent and subject to any conditions specified therein.

ARTICLE IV

Restrictions Prior to Merger

From the date of this Agreement until the Effective Date or until this Agreement is terminated in accordance with Article III hereof, Milwaukee and North Western each agrees that it will not, without the consent of the Board of Directors of the other:

(a) change or reclassify any shares of its capital stock; or

(b) declare or pay any dividends or make any other distributions on any shares of its capital stock other than cash dividends; *provided, however,* that it will use its best efforts to establish such record dates for payment of any dividends which may be declared on shares of its Preferred Stock as will avoid any duplication of dividends thereon with dividends on any Preferred Stock issued pursuant to this Agreement or the Exchange Offer; or

(c) purchase, redeem or otherwise acquire any shares of its capital stock, or permit any subsidiary to acquire any such shares, at a price in excess of the fair market value thereof at the time of acquisition; or

(d) issue or sell, or issue or grant any option or warrant to purchase, any shares of its capital stock or any security convertible into shares of its capital stock; or

(e) amend (except for any amendment referred to in clauses (a), (b), and (c) of paragraph (4) of Article III) any provisions of any funded debt (as presently defined in the Uniform System of Accounts for Railroads prescribed by the Commission) now outstanding, or of any indenture or agreement relating thereto, if the net effect of such amendments would be to materially and adversely affect any class of its capital stock or any class of capital stock of the Surviving Corporation into which shares of capital stock are to be converted as provided in Article VIII hereof.

The foregoing restrictions described in this Article IV shall not be applicable to the following transactions:

(1) the issuance by either Milwaukee or North Western of shares of its Common Stock upon conversion, in accordance with the terms thereof, of any of its convertible securities presently outstanding, and the acquisition by North Western of any shares of its Preferred Stock upon conversion thereof; or

(2) the consummation of the transactions contemplated by the exchange offer, dated September 23, 1963, as heretofore amended, of North Western to the shareholders of Chicago, Rock Island and Pacific Railroad Company; or

(3) the sale, at a price not less than the fair market value thereof at the time the commitment to sell is entered into, of any shares of presently outstanding capital stock of Milwaukee or North

Western which may be acquired after the date hereof by it or any affiliate by any purchase or redemption permitted by this Article IV.

From the date of this Agreement until the Effective Date, or until this Agreement is terminated in accordance with Article III hereof, each of Milwaukee and North Western will use its best efforts to maintain its shareholders' equity in at least as favorable a position as now exists.

ARTICLE V

Amendment of Articles of Incorporation of Milwaukee

The Articles of Incorporation of Milwaukee shall be deemed to be amended to the extent that changes in the Articles of Incorporation of Milwaukee are stated herein, such changes being stated herein by reflecting such changes in the Amended Articles of Incorporation set forth in Exhibit A attached hereto and made a part hereof, and the Amended Articles of Incorporation so set forth shall be the Amended Articles of Incorporation of the Surviving Corporation on and after the Effective Date unless and until they shall be amended or repealed thereafter in accordance with the provisions thereof and the laws of the State of Wisconsin, which power to amend or repeal is hereby expressly reserved.

ARTICLE VI

By-Laws

The By-Laws of Milwaukee as in effect immediately prior to the Effective Date shall, among other things, provide for the offices referred to in Article VII hereof and shall constitute the By-Laws of the Surviving Corporation upon and after the Effective Date unless and until amended or repealed thereafter in accordance with the provisions thereof and the laws of the State of Wisconsin, which power to amend or repeal is hereby expressly reserved.

ARTICLE VII

Management

On the Effective Date, the term of office of the directors of Milwaukee in office immediately preceding the Effective Date shall terminate, and the directors of the Surviving Corporation in office on the Effective Date shall be fifteen in number, of whom eight shall be persons theretofore designated as such directors by the Board of Directors of North Western and seven shall be persons theretofore designated as such directors by the Board of Directors of Milwaukee.

No person shall, however, be designated, as above provided, by the Board of Directors of either Milwaukee or North Western who is unacceptable to the Board of Directors of the other as a director of the Surviving Corporation.

On the Effective Date, the Executive Committee of the Board of Directors of the Surviving Corporation shall consist of seven directors of the Surviving Corporation, four of whom shall be persons theretofore designated by the Board of Directors of North Western and three of whom shall be persons theretofore designated by the Board of Directors of Milwaukee.

The officers of Milwaukee immediately preceding the Effective Date shall serve as officers of the Surviving Corporation, holding the same offices as those held by them respectively as such officers of Milwaukee, until the first meeting of the Board of Directors of the Surviving Corporation on or after the Effective Date, at which time their offices as officers of the Surviving Corporation shall become vacant. Unless the Board of Directors of Milwaukee and North Western shall have otherwise consented, such first meeting shall be held not later than the first business day after the Effective Date. At such first meeting, the Board of Directors of the Surviving Corporation shall elect new officers to serve until the first meeting of the Board following the next annual meeting of stockholders of the Surviving

Corporation and until their respective successors shall have been duly elected and qualified. Such new officers shall consist of a Chairman (who shall be the chief executive officer), a Vice Chairman, a President, a Secretary and such other officers as are deemed appropriate in conformity with the By-Laws of the Surviving Corporation. The Chairman elected at such first meeting on or after the Effective Date shall be that member of the Board of Directors of the Surviving Corporation selected by a majority of those members of such Board who shall have been designated by the Board of Directors of North Western, and the Vice Chairman elected at such first meeting shall be that member of the Board of Directors of the Surviving Corporation selected by a majority of those members of such Board who shall have been designated by the Board of Directors of Milwaukee.

The remaining officers of Milwaukee and North Western immediately preceding the Effective Date shall be retained in the employ of the Surviving Corporation pending integration of management by the Board of Directors of the Surviving Corporation with such changes in titles and duties as the Board shall determine. In effecting such integration, the Board of Directors of the Surviving Corporation shall base the retention, promotion and compensation of personnel on merit, without discrimination or regard to whether such personnel were theretofore employed by North Western or Milwaukee.

ARTICLE VIII

Conversion of Shares of Milwaukee and North Western

Upon the Effective Date, the number of authorized shares of capital stock of the Surviving Corporation shall be 7,000,000 shares of Common Stock without par value and 2,500,000 shares of Preferred Stock of the par value of $100 per share, and the outstanding shares of capital stock of Milwaukee and North Western shall be changed and converted into capital stock of the Surviving Corporation in the following manner:

(a) Upon the Effective Date, each share of Series A Preferred Stock of Milwaukee which shall be outstanding immediately prior to the Effective Date, without any action on the part of the holder thereof, shall automatically become and be converted into one share of Preferred Stock of the Surviving Corporation and each outstanding certificate representing immediately prior to the Effective Date shares of Series A Preferred Stock of Milwaukee shall thereupon become and be deemed for all corporate purposes to evidence the ownership of the same number of full paid, non-assessable shares of Preferred Stock of the Surviving Corporation.

(b) Upon the Effective Date, each share of Common Stock of Milwaukee which shall be outstanding immediately prior to the Effective Date, without any action on the part of the holder thereof, shall automatically become and be converted into seven-tenths of a share of Common Stock of the Surviving Corporation and each outstanding certificate representing immediately prior to the Effective Date shares of Common Stock of Milwaukee shall thereupon, except as hereinafter provided, become and be deemed for all corporate purposes to evidence the ownership of the number of full paid, non-assessable shares of Common Stock of the Surviving Corporation into which the number of shares of Common Stock of Milwaukee so represented by such certificate are so converted.

(c) Upon the Effective Date, each share of Preferred Stock, Series A 5%, of North Western which shall be outstanding immediately prior to the Effective Date, without any action on the part of the holder thereof, shall automatically become and be converted into one share of Preferred Stock of the Surviving Corporation and each outstanding certificate representing immediately prior to the Effective Date shares of Preferred Stock, Series A 5%, of North Western shall thereupon become and be deemed for all corporate purposes to evidence the ownership of the same number of full paid, non-assessable shares of Preferred Stock of the Surviving Corporation.

(d) Upon the Effective Date, each share of Common Stock of North Western which shall be outstanding immediately prior to the Effective Date, without any action on the part of the holder thereof, shall automatically become and be converted into one share of Common Stock of the Surviving Corporation and each outstanding certificate representing immediately prior to the Effective

tive Date shares of Common Stock of North Western shall thereupon become and be deemed for all corporate purposes to evidence the ownership of the same number of full paid, non-assessable shares of Common Stock of the Surviving Corporation.

(e) After the Effective Date, each holder of an outstanding certificate theretofore representing shares of capital stock of Milwaukee or North Western (hereinafter referred to as an "Old Certificate"), upon surrender thereof to the Surviving Corporation or its exchange agent, shall thereupon be entitled to receive in exchange a certificate or certificates (hereinafter referred to as a "New Certificate") for the number of whole shares of capital stock of the Surviving Corporation into which the shares of capital stock of Milwaukee or North Western theretofore represented by the Old Certificates so surrendered shall have been converted.

(f) Neither certificates for fractional shares of Common Stock of the Surviving Corporation nor scrip certificates therefor will be issued to the holders of Old Certificates for shares of Common Stock of Milwaukee, but arrangements will be made with an exchange agent so that for a period of ninety days after the Effective Date any such holder may, through the exchange agent, acting as agent for such holder, and upon surrender of such Old Certificate of such holder in exchange for a New Certificate for Common Stock of the Surviving Corporation, purchase any additional fraction required to make up a whole share of Common Stock of the Surviving Corporation or sell the fractional interest in a share of Common Stock of the Surviving Corporation to which such holder is entitled. After the expiration of such period, the exchange agent will sell (for the account of holders of then outstanding Old Certificates for shares of Common Stock of Milwaukee entitled to such fractional share interests) the number of shares of Common Stock of the Surviving Corporation equivalent to the aggregate of the fractional share interests indicated by the then outstanding Old Certificates for shares of Common Stock of Milwaukee. The exchange agent will thereafter and until six years after the Effective Date pay to such holders upon exchange of their Old Certificates for shares of Common Stock of Milwaukee their pro rata share (without any interest thereon) of the proceeds of such sale. Any balance of such proceeds remaining after such six-year period shall be paid over to the Surviving Corporation and thereafter such holders shall have no right to receive payment of such proceeds or any part thereof.

Upon the Effective Date, all shares of capital stock of Milwaukee or North Western then held in its treasury shall be retired and cancelled and, notwithstanding any other provision hereof, no shares of capital stock or other securities of the Surviving Corporation shall be issued in respect thereof.

ARTICLE IX

Vesting of Assets and Assumption of Liabilities

Upon the Effective Date, the Surviving Corporation shall have and thereafter possess all of the rights, privileges, immunities, powers and franchises, as well of a public as of a private nature, and shall be subject to all of the restrictions, liabilities, disabilities and duties theretofore possessed by it and North Western and of a railroad corporation organized under the laws of the State of Wisconsin. All property, real, personal and mixed, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and all and every interest of any type or character whatsoever, of or belonging to or due to each of the Surviving Corporation and North Western shall, upon the Effective Date, be deemed to be and be vested in the Surviving Corporation and the title to any real estate or any interest therein shall not revert or be in any way impaired by reason of the consummation of the merger.

The Surviving Corporation shall be responsible and liable for all of the debts, liabilities, obligations and duties of itself and North Western immediately prior to the Effective Date and neither the rights of creditors nor any liens upon property immediately prior to the Effective Date shall be impaired by the consummation of the merger; and nothing herein shall extend or enlarge the lien of any mortgage, indenture, deed of trust, agreement or other instrument executed prior to the Effective Date.

ARTICLE X

Pension Plans

The pension plans of Milwaukee and North Western shall be confirmed or adopted by the Surviving Corporation for the respective benefits of those employes entitled to participate thereunder immediately prior to the Effective Date who shall be in active service with the Surviving Corporation on the Effective Date, subject, however, to the right of the Surviving Corporation to amend or terminate any such plans in accordance with the provisions thereof. The Surviving Corporation may adopt an appropriate pension plan or plans for its employes whose active service commences after the Effective Date. Pension benefits with respect to persons who on the Effective Date are on the pension rolls under the several pension plans of Milwaukee and North Western shall be payable after the Effective Date by the Surviving Corporation (except to the extent paid out of any trust fund theretofore established) in accordance with the provisions of such respective plans.

ARTICLE XI

Further Assurances

If at any time the Surviving Corporation shall deem or be advised that further deeds, assignments or assurances in law or any other acts or things are necessary or desirable to vest or to perfect or confirm of record or otherwise the title to or the right to use or operate any property of North Western acquired or to be acquired by reason of or as a result of the merger provided for in this Agreement, North Western and its proper officers will execute and deliver any and all such proper deeds, assignments and assurances in law, and do all such other acts and things. Each officer of the Surviving Corporation, so authorized by its Board of Directors, shall be empowered to act after the Effective Date in the name and on behalf of North Western for the purpose of execution and delivery of any document or the taking of any action provided for in this Article XI.

ARTICLE XII

Changes Required by Interstate Commerce Commission

If any order of the Interstate Commerce Commission shall impose terms or conditions to its approval and authorization of the merger provided for in this Agreement, then, unless as a result thereof this Agreement shall be terminated in accordance with Article III hereof, such terms and conditions shall be deemed to be as binding as if included in this Agreement and no further vote or approval of stockholders of either Milwaukee or North Western shall be required; provided, however, that no term or condition which varies from the express provisions of this Agreement, or requires any change in the provisions of Exhibit A attached hereto, in any manner materially and adversely affecting the interests of the holders of any class of capital stock of Milwaukee or North Western shall be deemed binding or included in this Agreement unless such term or condition is approved by the holders of each class of capital stock so affected, by a percentage vote of the outstanding shares of such class equal at least to the percentage vote of the outstanding shares of such class required for approval of this Agreement.

ARTICLE XIII

Capital and Surplus of Surviving Corporation

On the Effective Date, the stated capital (or capital stock account) of the Surviving Corporation (a) with respect to shares of its Common Stock issued pursuant to Article VIII of this Agreement, shall be the sum of $100 multiplied by ten-sevenths for each share of such Common Stock, and (b) with respect to shares of its Preferred Stock issued pursuant to Article VIII of this Agreement, shall be the sum of $100 for each share of such Preferred Stock. The net surplus of North Western and Milwaukee which was available for the payment of dividends immediately prior to the Effective Date, to the extent such surplus is not transferred to stated capital of the Surviving Corporation, shall continue to be available for the payment of dividends by the Surviving Corporation.

ARTICLE XIV

Supersession

This Agreement supersedes an Agreement of Consolidation, dated as of March 18, 1965, between Milwaukee, North Western, Chicago, Milwaukee and North Western Corporation, a Delaware corporation, and the Directors of Chicago, Milwaukee and North Western Corporation, and upon execution of this Agreement, such Agreement of Consolidation is terminated.

ARTICLE XV

Accomplishment of Merger

Milwaukee and North Western each agrees, at its own expense, to use its best efforts to cause the merger provided for in this Agreement to be consummated, subject, however, to consummation of the Exchange Offer and to the rights herein provided of termination of this Agreement.

ARTICLE XVI

Action by Boards of Directors

Action of the Board of Directors of either Milwaukee or North Western for any purpose of this Agreement, including termination of this Agreement, shall be evidenced by a resolution duly adopted and notice thereof given to the other corporation.

ARTICLE XVII

Counterparts

This Agreement may be signed in one or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed, and their respective seals to be hereunto affixed and attested, by their respective officers thereunto duly authorized, all as of the day and year aforesaid.

CHICAGO, MILWAUKEE, ST. PAUL
AND PACIFIC RAILROAD COMPANY

(Corporate Seal)

By C. E. CRIPPEN
President

Attest: J. T. TAUSSIG
Secretary

CHICAGO AND NORTH WESTERN
RAILWAY COMPANY

(Corporate Seal)

By B. W. HEINEMAN
Chairman

Attest: R. J. HILL
Secretary

Exhibit A

AMENDED ARTICLES OF INCORPORATION
OF
CHICAGO, MILWAUKEE AND NORTH WESTERN TRANSPORTATION COMPANY

ARTICLE I

The corporation shall continue its existence but its name shall be changed from "CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY" to "CHICAGO, MILWAUKEE AND NORTH WESTERN TRANSPORTATION COMPANY." It shall have, possess, be vested with and entitled to exercise, all the rights, grants, powers, privileges, immunities, advantages, capacities and authorities by the laws of the State of Wisconsin conferred upon railroad corporations and, without limiting the foregoing, shall retain, have, possess, continue to be vested with and be entitled to exercise, all rights, grants, powers, privileges, immunities, advantages, capacities and authorities now possessed, vested in and held by it, howsoever derived (whether from private and local laws, commonly called special acts of the Legislature of said State or general acts thereof, or both such special and general acts, or from predecessor or constituent companies through consolidation, merger, or purchase, or otherwise), for or in connection with the lines of railroad and other properties now owned, held, possessed or operated by it, together with all branches and extensions thereof and additions thereto, in or over which it may now have or hereafter acquire any interest, ownership or right of operation by construction, purchase, lease, operating agreement or otherwise; and also for or in connection with any and all other lines of railroad and other properties, branches and extensions thereof and additions thereto which it may hereafter construct, acquire, purchase, lease, control, own or operate; and for or in connection with all other properties and facilities which it may now or hereafter construct, acquire, purchase, lease, control, own or operate, in connection with or incidental to the exercise of all or any of the aforesaid rights, grants, powers, privileges, immunities, advantages, capacities and authorities.

ARTICLE II

Subject to the requirements of paragraph (h) of Part A of Article III, the number of directors of the corporation shall be not more than twenty-two nor less than seven as shall be determined by the By-Laws of the corporation; but unless and until otherwise determined by the By-Laws, the number of directors shall be fifteen. On the date (hereinafter sometimes referred to as the "Effective Date") on which the merger of Chicago and North Western Railway Company (hereinafter sometimes referred to as "North Western") into the corporation becomes effective, the term of office of the directors of the corporation in office immediately preceding the Effective Date shall terminate, and the directors of the corporation in office on the Effective Date shall be fifteen in number, of whom eight shall be persons theretofore designated as such directors by the Board of Directors of North Western and seven shall be persons theretofore designated as such directors by the Board of Directors of the corporation. The annual meeting of stockholders, commencing with the first annual meeting held after the Effective Date, at which directors shall be elected and other business may be transacted, shall be held on such date, at such time and place, within or without the State of Wisconsin, and upon not less than two weeks' notice given in such manner, all as shall be determined by the By-Laws of the corporation. When an annual meeting is not held, or the directors are not elected at such meeting, directors may be elected at a special meeting of the stockholders held for that purpose.

The power to make, amend or repeal By-Laws of the corporation shall be vested in the Board of Directors, but the Board of Directors may in any case delegate such power to, or require approval of the exercise thereof by, the stockholders.

The By-Laws of the corporation may provide, or in the absence of such provision, a resolution or resolutions passed by a majority of the whole Board of Directors may provide, for a Finance Committee, consisting of not less than three nor more than five directors of the corporation, and for an Executive Committee and one or more other committees, to consist of three or more of the directors of the corporation. To the extent provided in any such resolution or resolutions or in the By-Laws of the corporation, each committee so designated shall have and may exercise the powers of the Board of Directors in the management of the property, business and affairs of the corporation and shall have power to authorize the seal of the corporation to be affixed to all papers which may require it.

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees and amounts paid in settlement) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in this paragraph, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. Any indemnification under this paragraph (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct. Such determination may be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation. The indemnification provided in this paragraph shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, or of any other indemnification which may be granted to any person apart from this paragraph, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such.

ARTICLE III

The aggregate number of shares which the corporation shall have authority to issue is 9,500,000 divided into two classes as follows: 2,500,000 shares of Preferred Stock of the par value of $100 per share, and 7,000,000 shares of Common Stock without par value.

The preferences, designations, privileges and relative rights, and the qualifications, limitations or restrictions thereof, in respect of each class of stock of the corporation are as hereinafter provided in this Article III, to wit:

PART A—PREFERRED STOCK

(a) *Purpose for which Issued.* Such number of the authorized shares of Preferred Stock as may be required for such purpose shall be issued in conversion of shares of preferred stock of the corporation and of North Western outstanding immediately prior to the Effective Date and shall upon such issuance be deemed to be fully paid and non-assessable. To the extent, if any, that any of the authorized shares of Preferred Stock shall not be so issued, such shares shall not be issued for any other purpose unless approved by the stockholders of the corporation in the same manner as would be required if such shares were to be newly authorized and issued.

(b) *Dividends.* The holders of shares of Preferred Stock shall be entitled to receive, when and as declared payable from time to time by the Board of Directors from any funds legally available therefor, dividends at the rate of 6% per annum on the par value thereof, and no more, computed from January 1, April 1, July 1 or October 1 coinciding with or next preceding the date of issue of shares of Preferred Stock. If for any calendar year dividends shall not have been paid, or declared and set apart for payment, upon all outstanding shares of Preferred Stock at the aforesaid rate, such deficiency shall be cumulative (and thereby accumulate) only to the extent of the excess (up to the amount of such deficiency), if any, of the Net Income Available for Dividends, as hereinafter defined, for such year over the aggregate amount of dividends for such year which shall have been paid, or declared and set apart for payment, upon outstanding shares of Preferred Stock, and such deficiency otherwise shall be non-cumulative and shall not accumulate. Accumulations of dividends shall not bear interest. So long as any shares of Preferred Stock shall be outstanding, no dividend (other than dividends payable in shares of Common Stock) shall be paid, or declared and set apart for payment, on any date on shares of Common Stock unless all dividends accumulated and unpaid up to the end of the calendar quarter coinciding with or next preceding such date on all outstanding shares of Preferred Stock shall have been paid, or declared and set apart for payment.

For purposes of determining the extent to which dividends on shares of Preferred Stock shall be accumulated and unpaid as of any date, such dividends shall be deemed to be accumulated and unpaid (i) for any then expired calendar year for which Net Income Available for Dividends shall not have been determined, to the extent, if any, to which dividends for such year shall not have been paid, or declared and set apart for payment, upon all outstanding shares of Preferred Stock at the aforesaid rate, and (ii) for the then current calendar year, to the extent, if any, to which dividends for the then expired portion of such year shall not have been paid, or declared and set apart for payment, upon all outstanding shares of Preferred Stock at the aforesaid rate. The Board of Directors shall be entitled to pay, or declare and set apart for payment, from funds legally available therefor, dividends on shares of Preferred Stock if under the provisions of this paragraph such dividends either shall be deemed to be accumulated as of the date of such payment, or would be deemed to be accumulated as of the end of the calendar quarter in which such declaration is made, notwithstanding that, in the absence of the provisions of this paragraph, such dividends would not have accumulated if not paid.

(c) *Redemption.* The outstanding shares of Preferred Stock may be redeemed, in whole or in part, at the option of the corporation by vote of the Board of Directors, at any time, or from time to time, on or after (but not before) five years after the Effective Date, at a redemption price with respect to each share being redeemed equal to the par value thereof, plus an amount equal to all dividends accumulated and unpaid thereon to the date fixed for redemption.

In the event of the redemption at any time of all then outstanding shares of Preferred Stock, then, subject to any approval required by law of the Interstate Commerce Commission or other public regulatory body, any portion of the redemption price (other than the portion thereof representing an amount equal to dividends accumulated and unpaid to the date fixed for redemption) payable on such redemption may, at the option of the Board of Directors, be paid in a like principal amount of debentures of the corporation dated the date fixed for such redemption, and having the following characteristics: (i) interest on such debentures shall accumulate and be payable from the date thereof at the rate of 6% per annum on the principal amount thereof, but only, in case of any calendar year for which Income Available for Redemption Debentures, as hereinafter defined, shall have been determined, to the extent of Income Available for Redemption Debentures for such year; (ii) such debentures shall be redeemable in whole or in part, at any time or from time to time at a redemption price equal to the principal amount thereof being redeemed and unpaid accumulated interest thereon to the date fixed for redemption; (iii) such debentures shall mature 40 years after the date thereof; (iv) such debentures shall have the benefit of a sinking fund for the retirement thereof, and there shall be required to be deposited in such sinking fund, in each calendar year next following the date of issue of such debentures, the lesser of ½ of 1% of the aggregate principal amount of such debentures originally issued or Income Available for Redemption Debentures, less interest on such debentures, for the preceding calendar year; and (v) such debentures shall have such other characteristics as the Board of Directors may determine.

If less than all the outstanding shares of Preferred Stock are to be redeemed, the shares to be redeemed shall be determined by lot or in such other equitable manner as the Board of Directors may determine. Notice of every redemption of shares of Preferred Stock shall be mailed, addressed to the holders of record of the shares to be redeemed at their respective addresses as they shall appear on the stock books of the corporation.

On the date fixed for redemption of any shares of Preferred Stock the corporation shall, and at any time prior to such date may, deposit the aggregate of the redemption price of the shares to be redeemed with a bank or trust company (hereinafter referred to as the "Depositary"), designated in the notice of such redemption, in the City of Chicago, Illinois, or in the Borough of Manhattan, The City of New York, New York, having a combined capital, surplus and undivided profits aggregating at least $5,000,000, in trust for payment to the holders of the shares to be redeemed, and deliver irrevocable written instructions authorizing the Depositary to apply such deposit solely to the redemption of the shares to be redeemed; provided, however, that said written instructions may provide that any of such deposit remaining unclaimed, at the expiration of six years after the date fixed for such redemption, by the holder of any such shares shall be returned to the corporation, after which return such holder shall have no claim against the Depositary but shall have claims as an unsecured creditor against the corporation for the redemption price thereof, without interest, except, to the extent that any of such redemption price shall be payable in debentures, for unpaid accumulated interest on such debentures.

Notice of redemption having been duly given, or the Depositary having been irrevocably authorized by the corporation to give said notice, and the redemption price of the shares to be redeemed having been deposited, all as aforesaid, then all shares of Preferred Stock with respect to which such deposit shall have been made shall forthwith, whether or not the date fixed for such redemption shall have occurred or the certificates for such shares shall have been surrendered for cancellation, be deemed no longer to be outstanding for any purpose, and all rights with respect to such shares shall thereupon cease and terminate, except only the right of the holders of the certificates for such shares to receive, out of such deposit in trust, on the redemption date (or such earlier date, if any, as may be fixed by the Board of Directors), the redemption price to which they are entitled without interest, except to the extent that any of such redemption price shall be payable in debentures, for unpaid accumulated interest on such debentures. The corporation shall be entitled to receive the interest, if any, allowed by the Depositary with respect to any funds which may be deposited with it as aforesaid.

(d) *Liquidation.* In the event of any dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary, the holders of the then outstanding shares of Preferred Stock shall be entitled to receive payment in full of the par value of their shares, plus an amount equal to all dividends accumulated and unpaid thereon, before any distribution of assets shall be made to the holders of shares of Common Stock, but if the distributable assets are insufficient to make such payment in full to the holders of the then outstanding shares of Preferred Stock, such assets shall be distributed pro rata among such holders according to the number of shares of Preferred Stock held by each. The merger or consolidation of the corporation into or with any other corporation, or the merger of any other corporation into it, shall not be deemed to be a dissolution, liquidation or winding up of the corporation for the purposes of this paragraph (d).

(e) *Net Income Available for Dividends.* Net Income Available for Dividends for any calendar year shall mean the net income of the corporation for such year determined in accordance with generally accepted accounting principles, (i) minus (but only to the extent not deducted in determining such net income) all contingent amounts which shall be payable by reason, among other things, of any net earnings of any character of the corporation for such year (and in the absence of such net earnings would not be payable), and all amounts deductible in determining whether any such contingent amount shall be payable, on or with respect to any paragraph (e) debt assumed or issued by the corporation at any time, including, without limitation, all such amounts payable into any sinking or similar fund for the purchase or redemption of any such debt and into any capital or additions and betterments or similar fund established under any such debt or under any instrument pursuant to which the same may have been or may be issued, and (ii) plus or minus, as the case may be, any adjustment of net income of the corporation for any prior period after the Effective Date which is reflected in such year in retained income (earned surplus) of the corporation; provided, however, that Net Income Available for Dividends for the calendar year in which the Effective Date occurs, shall be the combined amounts, determined as above provided, of both the corporation and North Western for the period commencing on the January 1, April 1, July 1 or October 1 coinciding with or next preceding the Effective Date and ending on the next succeeding December 31. The term "paragraph (e) debt," as used in this paragraph (e), shall mean any bond, debenture, note or other evidence of indebtedness assumed or issued by the corporation which (A) shall have been outstanding (including those held in any sinking fund) on the Effective Date, or shall be thereafter issued, pursuant to any of the First Mortgage, dated January 1, 1939, of North Western, the Second Mortgage, dated January 1, 1939, of North Western, the First Mortgage, dated January 1, 1938, of Chicago Great Western Railway Company, the General Income Mortgage, dated January 1, 1938, of Chicago Great Western Railway Company, the First Mortgage, dated January 1, 1944, of the corporation, the General Mortgage, dated January 1, 1944, of the corporation and the Indenture, dated January 1, 1955, of the corporation, including any amendment or supplement to any of the foregoing, whether prior or subsequent to the Effective Date, or (B) shall be issued after the Effective Date to refund or refinance any indebtedness referred to in the next preceding clause (A).

(f) *Income Available for Redemption Debentures.* Income Available for Redemption Debentures for any calendar year shall mean the Net Income Available for Dividends for such year, before reflecting the deduction of any amounts which shall be payable on or with respect to any debenture issued, pursuant to the provisions of this Part A, in payment of any of the redemption price of any shares of Preferred Stock, all as determined in accordance with generally accepted accounting principles.

(g) *Class Voting upon Certain Events.* In addition to such other vote, if any, as may be required by law, the consent of the holders of at least two-thirds, with respect to the actions referred to in subparagraphs (1), (2) and (3) below, and the consent of the holders of at least a majority, with respect to the actions referred to in subparagraphs (4), (5) and (6) below, of the shares of Preferred Stock at the time outstanding, given at a meeting at which the holders of such shares shall vote separately as a class, shall be necessary for effecting or validating each of the following:

(1) The authorization, creation or issue of any class of stock, or any class of stock or obligation convertible into or evidencing the right to purchase any class of stock, ranking prior to the Preferred Stock as to dividends or as to distribution upon liquidation, dissolution or winding up;

(2) The amendment, alteration or repeal or any of the provisions of these Articles of Incorporation, or any articles amendatory thereof or supplemental thereto, so as to alter or change the preferences, special rights or powers of the Preferred Stock;

(3) The merger or consolidation of the corporation with or into any other corporation having an effect on the Preferred Stock substantially similar to the effect of any action described in subparagraphs (1) or (2) above;

(4) Any increase in the number of authorized shares of Preferred Stock;

(5) The authorization, creation or issue of any class of stock, or any class of stock or obligation convertible into or evidencing the right to purchase any class of stock, ranking on a parity with the Preferred Stock as to dividends or as to distribution upon liquidation, dissolution or winding up; or

(6) The merger or consolidation of the corporation with or into any other corporation having an effect on the Preferred Stock substantially similar to the effect of any action described in subparagraphs (4) or (5) above.

(h) *Special Voting Rights to Elect Directors in Certain Instances.* If at any time unpaid accumulated dividends (excluding any dividends declared and set apart for payment) on the Preferred Stock shall equal at least $9.00 per share, the authorized number of directors of the corporation shall be increased by two, and the holders of the shares of Preferred Stock shall have, in addition to the voting rights provided in paragraph (a) of Part C of this Article III which shall continue, the right, voting as a class, to elect two directors to fill such newly created directorships. Whenever all accumulations of dividends on the shares of the Preferred Stock shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the shares of Preferred Stock to elect such number of directors shall cease (but subject always to the same provisions for the vesting of such voting rights in the case of any similar future arrears of dividends), the term of the directors then in office elected by the holders of the shares of Preferred Stock as a class shall terminate and the number of directors constituting the Board of Directors of the corporation shall be reduced by two.

Whenever such right shall vest, it may be exercised initially either at a special meeting of the holders of the shares of Preferred Stock or at any annual stockholders' meeting, but thereafter it shall be exercised only at annual stockholders' meetings, except as provided in the immediately following paragraph. A special meeting for the initial exercise of such right shall be called and held as promptly as practicable, and in any event shall be called within 10 days, to be held within 60 days, after receipt of a written request signed by the holders of record of at least 10% of the outstanding shares of Preferred Stock. Notwithstanding the provisions of this paragraph, no such special meeting shall be required to be held during the 90-day period preceding the date fixed for the annual meeting of the stockholders.

Any director who shall have been elected by the holders of the shares of Preferred Stock as a class shall hold office for a term expiring (subject to earlier termination as above provided) at the next annual meeting of stockholders. Any vacancy caused by the death or resignation of a director who shall have been elected by the holders of the shares of Preferred Stock as a class may be filled only by the holders of the shares of Preferred Stock, voting as a class. A special meeting of the holders of the shares of Preferred Stock for the purpose of filling such vacancy shall be called and held as promptly as practicable after any such death or resignation, and in any event shall be called within 10 days, to be held within 60 days, after receipt of a written request by the holders of record of at least 10% of the outstanding shares of Preferred Stock. Notwithstanding the provisions of this paragraph, no such special meeting shall be required to be held during the 90-day period preceding the date fixed for the annual meeting of the stockholders.

If any special meeting of the holders of the shares of Preferred Stock required to be called for the election of directors shall not have been called within 10 days after a request therefor has been made upon the Secretary of the corporation, the holders of record of at least 10% of the outstanding shares of Preferred Stock may designate in writing one of their number to call such meeting, and such meeting may be called by such person so designated upon notice in accordance with the notice required for annual meetings of stockholders. Any holder of shares of Preferred Stock so designated shall have access to the stock books of the corporation for the purpose of calling a special meeting pursuant to these provisions. The corporation shall pay the reasonable expenses of calling and holding any such meeting.

Any special meeting of the holders of shares of Preferred Stock to vote as a class for the election of directors shall be held in the city in which the next preceding annual meeting of the stockholders of the corporation was held. At any special or annual meeting for the election of directors by the holders of shares of Preferred Stock as a class, the presence in person or by proxy of the holders of one-third of the outstanding shares of Preferred Stock shall be required to constitute a quorum; in the absence of a quorum, a majority of the holders of shares of Preferred Stock present in person or by proxy shall have power to adjourn the meeting, for the purpose of such election, from time to time without notice, other than announcement at the meeting, until a quorum shall be present.

PART B—COMMON STOCK

(a) *Issuance of Common Stock.* Of the authorized shares of Common Stock of the corporation:

(i) such number of shares as may be required for such purpose shall be issued in conversion of shares of common stock of the corporation and of North Western outstanding immediately prior to the Effective Date, and shall upon such issuance be deemed to be fully paid and non-assessable;

(ii) such number of shares as may from time to time be required for such purpose shall be reserved for issuance upon conversion of obligations outstanding on the Effective Date issued or assumed by the corporation which are convertible into shares of Common Stock and shall upon such issuance be deemed to be fully paid and non-assessable; and

(iii) any remaining shares may, subject to any approval required by law of the Interstate Commerce Commission or other public regulatory body, be issued, sold or otherwise disposed of by the corporation for such amount of consideration and upon such other terms and conditions as the Board of Directors may from time to time fix and determine in connection with the issue, sale or other disposition thereof.

(b) *Dividends.* Subject to the rights of the holders of shares of Preferred Stock to receive preferential dividends before dividends are paid, or declared and set apart for payment, on shares of Common Stock, the holders of shares of Common Stock shall be entitled to receive dividends, when and as declared payable from time to time by the Board of Directors, from any funds legally available therefor.

(c) *Liquidation.* In the event of any dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary, after there shall have been paid to the holders of shares of Preferred Stock the full amounts to which they shall be entitled, the holders of the then outstanding shares of Common Stock shall be entitled to receive, pro rata, all of the remaining assets of the corporation available for distribution to its stockholders. The Board of Directors may distribute in kind to the holders of the shares of Common Stock such remaining assets of the corporation or may sell, transfer or otherwise dispose of all or any part of such remaining assets to any other corporation and receive payment therefor in cash, stock or obligations of such other corporation, or any combination thereof, and may sell all or any part of the consideration so received, and distribute any balance thereof in kind to the holders of the shares of Common Stock. The merger or consolidation of the corporation into or with any other corporation, or the merger of any other corporation into it, shall not be deemed to be a dissolution, liquidation or winding up of the corporation for the purposes of this paragraph (c).

PART C—GENERAL PROVISIONS

(a) *Voting.* Except as provided by law or these Articles of Incorporation with respect to voting by classes, the holder of each outstanding share of stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders; provided that at each election of directors by the stockholders, each holder entitled to vote thereat shall have the right to vote the number of shares of stock held by such holder for as many persons as there are directors to be elected, or to cumulate such votes and give to one candidate as many votes as the number of directors to be elected at such election multiplied by the number of such shares shall equal, or to distribute them on the same principle among as many candidates as such holder shall think best.

(b) *Quorum at Stockholders' Meetings.* At any meeting of stockholders, the holders of record of a majority of the total number of outstanding shares of stock of the corporation present in person or represented by proxy, shall constitute a quorum for all purposes, except as otherwise provided by these Articles of Incorporation, or required by applicable law.

(c) *Preemptive Rights, etc.* No holder of shares of any class of stock of the corporation shall have any pre-emptive, preferential or other right to purchase or subscribe for any shares of any class of stock of the corporation whether now or hereafter authorized, or any obligations convertible into or carrying options or warrants to purchase any class of stock of the corporation whether now or hereafter authorized, issued or sold, other than such, if any, as the Board of Directors may from time to time determine, and at such price as the Board of Directors may from time to time fix; and any shares of stock or any such obligations which the Board of Directors may determine to offer for subscription to the holders of stock may, as the Board of Directors shall determine, be offered to holders of any class or classes of stock, and, if offered to more than one class of stock, in such proportions as between said classes of stock as the Board of Directors in its discretion may determine.

ARTICLE IV

Subject to the requirements of Article III of these Articles of Incorporation and any applicable requirements of law, the corporation shall have, and hereby reserves, the right to amend from time to time these Articles of Incorporation, upon the affirmative vote of holders of a majority of the shares of stock of the corporation at the time issued and outstanding and entitled to vote.

This proxy will be voted as specified by the stockholder, but if no choice is specified on the reverse side it will be voted in favor of the proposal referred to in (1) on the reverse side.

Dated: ____________________, 1968

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(SIGNATURE OF STOCKHOLDER)
Please sign proxy exactly as your name appears hereon. When signing as executor, trustee, administrator, or guardian, please add your title as such. When stock is registered jointly, all joint owners must sign.

PLEASE DATE, SIGN, AND RETURN THIS PROXY IN THE ENCLOSED ENVELOPE.

EXHIBIT "B"

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Proxy Solicited by the Management

PROXY

The undersigned hereby appoints Leo T. Crowley, Curtiss E. Crippen and J. Patrick Lannan, or any of them, the attorneys and proxies of the undersigned, with full power of substitution, to vote at the Special Meeting of Stockholders of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, to be held on December 13, 1968, or at any adjournment or adjournments thereof, all shares of stock which the undersigned is entitled to vote:

(1) for ☐ or against ☐ the approval of the Plan of Reorganization and Agreement of Merger providing for the merger of Chicago and North Western Railway Company into Chicago, Milwaukee, St. Paul and Pacific Railroad Company referred to in Item 1 of the Notice of such Special Meeting; and

(2) upon all other matters that may properly come before the meeting or any adjournment or adjournments thereof.

(Continued and to be signed on other side)

(over)

EXHIBIT "B"

NORTHWEST INDUSTRIES, INC.

400 West Madison Street, Chicago, Illinois 60606

To the Holders of Common Stock
and Preferred Stock of
Chicago, Milwaukee, St. Paul
and Pacific Railroad Company

November 11, 1968

The Board of Directors of Milwaukee Road has recommended that you, as a holder of Common Stock or Preferred Stock of Milwaukee Road, accept the Exchange Offer being made to you by Northwest Industries, Inc. ("Industries") by the enclosed Prospectus. Industries is a holding company, with diversified interests, including more than a 96% ownership of Chicago and North Western Railway Company ("North Western Railway").

Pursuant to this Prospectus, Industries is offering to exchange:

(a) one share of its 6% Series B Preferred Stock for each share of 5% Preferred Stock of Milwaukee Road; and

(b) not less than $80 nor more than $120 of market value of its Common Stock for each share of Common Stock of Milwaukee Road, determined in accordance with a formula.

Under the formula, each share of Common Stock of Milwaukee Road would be exchanged for the following amounts of Common Stock of Industries, dependent upon the market value of Industries' Common Stock determined over a period ending prior to the date of exchange: if the per share market value is between $200 and $300, four-tenths of a share of Common Stock of Industries would be received in the exchange; if the per share market value is more than $300, such amount of Common Stock of Industries (calculated to the nearest one-ten thousandth of a share) as represents a market value of $120 would be received in the exchange; and if the per share market value is less than $200, such amount of Common Stock of Industries (calculated to the nearest one-ten thousandth of a share) as represents a market value of $80 would be received in the exchange. Adjustments are provided for under the formula to reflect any stock dividends or splits which might occur in Industries' Common Stock.

You should read carefully the enclosed Prospectus which sets forth a more complete statement of the reasons for the Exchange Offer, the conditions upon which the exchange for shares of stock of Milwaukee Road will become effective, the conditions under which the merger of North Western Railway into Milwaukee Road will become effective, and other pertinent information.

If you wish to accept the Exchange Offer being made to you by the enclosed Prospectus, you may do so by completing and executing the accompanying form of Letter of Transmittal. Your certificates for shares of Milwaukee Road will be deposited with an Escrowee, and you will receive therefor a Certificate of Deposit. Application has been made by Industries for the listing of such Certificates of Deposit on the New York Stock Exchange.

Until such time as the Exchange Offer may be consummated, each owner of a Certificate of Deposit will retain all beneficial rights in the shares of Milwaukee Road covered by the Certificate of Deposit, including the right to receive dividends. In the event of consummation of the Exchange Offer, Industries will issue certificates for its shares in exchange for the shares of Milwaukee Road covered by Certificates of Deposit.

Please read and follow the instructions set forth in the Letter of Transmittal.

In certain states Industries has designated Goldman, Sachs & Co., Glore Forgan, Wm. R. Staats Inc. or other members of the group of Soliciting Dealers as resident registered broker-dealers through whom the Exchange Offer is being made and from whom information may be obtained concerning the procedure for accepting the Exchange Offer. The names of such resident registered broker-dealers may be obtained from the Secretary of Industries.

Your prompt attention to this matter is necessary. The Exchange Offer being made to you will expire December 9, 1968, unless extended.

Very truly yours,

NORTHWEST INDUSTRIES, INC.

C

EXHIBIT "C"