

Union Pacific says Buffett, BNSF deal good for rails

(Reuters circulated the following story by Aarthi Sivaraman on November 4, 2009.)

SEATTLE — Union Pacific Corp (UNP.N) executives said a move by Warren Buffett's Berkshire Hathaway Inc (BRKa.N)(BRKb.N) to buy its rival Burlington Northern Santa Fe Corp (BNI.N) was a "strong positive statement" for the industry.

Buffett's move was a "positive statement ... on what he thinks about rails, and in particular, what he thinks about western rails," and underscored that "there is a great amount of upside opportunity in the rails," company executives said during a Goldman Sachs conference on Wednesday, which was monitored via a Webcast.

Though Union Pacific does some business with a few Berkshire-owned companies, the deal would have "no material impact either way" on Union Pacific, they said.

Buffett's deal to buy BNSF -- the billionaire investor's biggest acquisition -- was unveiled a day earlier. The news has refreshed interest in the sector, and some analysts said it could bring fresh money into it.

Berkshire held a 1.9 percent stake in Union Pacific, according to Thomson Reuters data. The small size of the holding was not expected to attract regulatory scrutiny and Buffett has said he was not interested in buying Union Pacific.

Union Pacific struck a deal with logistics company Pacer International Inc (PACR.O) a day earlier, transferring wholesale intermodal business to the railroad, and resolving arbitration claims.

Union Pacific Chief Financial Officer Rob Knight said he was "pleased" with the deal.

The company, which expects 2009 core pricing to increase at about 5 percent over last year, expects "another year of solid pricing gains" in 2010, Knight said.

Union Pacific shares closed down 26 cents at \$59.15 while BNSF shares closed up 0.1 percent to \$97.10 on the New York Stock Exchange.