
Linking America Together



The partners: Highlights

	Union Pacific	Missouri Pacific	Western Pacific
Total mileage	9,577	11,464	1,719
Car fleet	69,274	55,178	6,117
Locomotives	1,589	1,303	146
Employees	29,163	21,700	3,000
Miles of average haul	711	425	502

The new system: Highlights

Total mileage	22,800
Total car fleet	130,569
Total locomotives	3,038
New jobs	237
Gallons of diesel fuel saved per year	10,000,000
States served	AR, CA, CO, IA, ID, IL, KS, LA, MO, MS, MT, NE, NM, NV, OK, OR, TN, TX, UT, WA, WY
Countries served	United States, Canada, Mexico
Invested in Western Pacific track	\$90,000,000
Increased car availability through more efficient use of equipment	3,368

A new era for railroads

Most of us recall the Golden Age of Railroading in terms of giant steam locomotives, the excitement of meeting the daily train, the adventure of pioneering the American West.

Now another exciting era of rail transportation is at hand — an era of new railroad systems, with strengths combined to heighten competition, serve rail users better with improved operations and new efficiencies, and meet changing national needs.

This is the story of three railroads leading the way into the new age of transportation, joining their resources to link America together.

New links for America

Union Pacific, Missouri Pacific and Western Pacific, three historic railroads, will join their human and material assets, their experience and know-how, in a single new system.

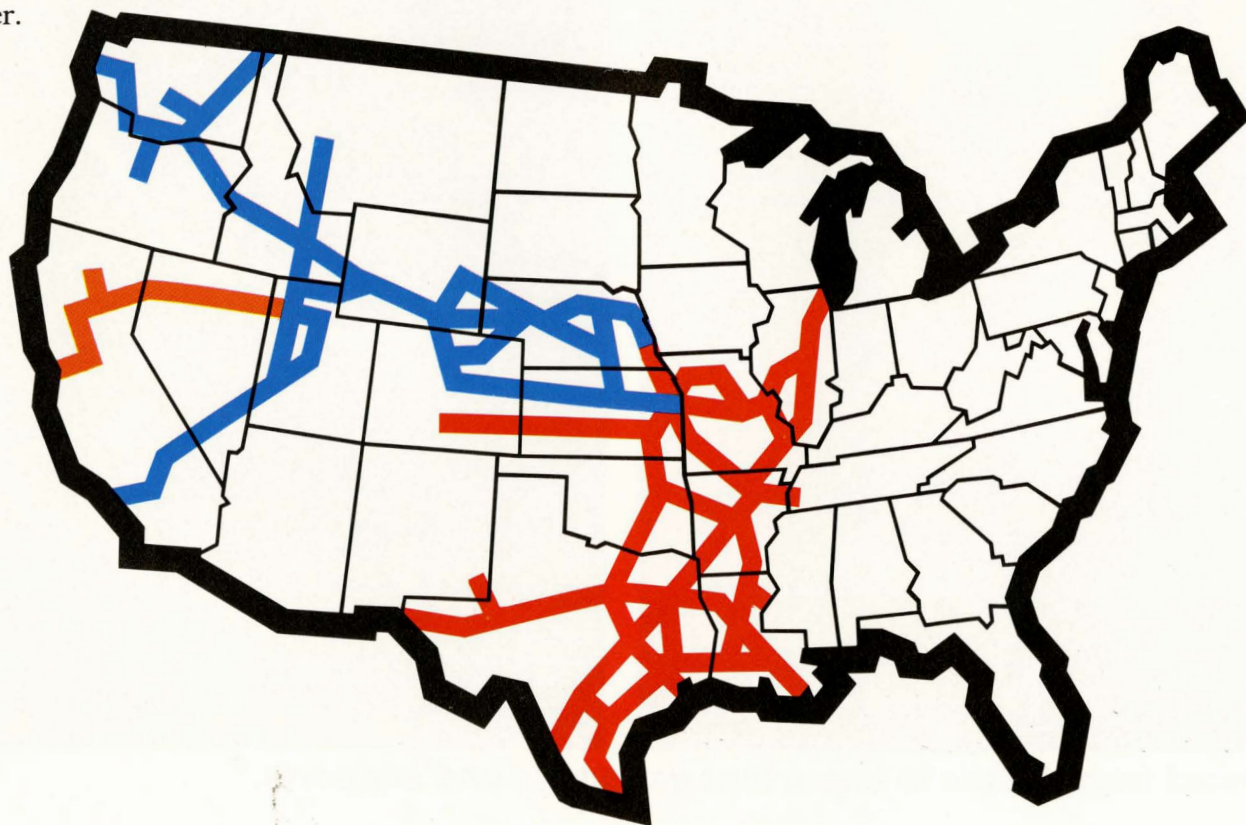
They have applied to the Interstate Commerce Commission for approval of a consolidation creating a single system nearly 23,000 miles long, linking 21 states of the western two-thirds of America.

This cohesive network will stretch from the Pacific Northwest to the Gulf of Mexico and to Mexico itself; from the Great

Lakes to Southern California; from the Mississippi River to the major seaports of the West Coast.

With combined trackage long enough to reach nearly around the world, it will link vital trade centers and market areas which never before were accessible to each other on a single rail system.

It will be a truly transcontinental railroad, with connections to both Canada and Mexico.





"Reduced transit time to important gateways and seaports."

Competition, opportunity, strength

Consolidation of Union Pacific, Missouri Pacific and Western Pacific will provide faster, more efficient service and expanded business opportunities for shippers, improving their access to markets, to seaports and to important "gateway" points, and in many cases significantly reducing the transit time of their shipments.

It will assure healthier competition among strong railroads, and between railroads and other modes of transportation.

"Increased competitive opportunities."

It will bring increased competitive opportunities to transportation users, giving them attractive new alternatives for the movement of their goods.

"New career opportunities."

It will create new career opportunities and strengthen employment security for employees of the three railroads, and add new jobs.

It will strengthen and expand the beneficial role the railroads play in the communities they serve.

"Strengthening America's hand in world trade."

It will make important contributions to the solution of America's energy problems, to the vital task of re-invigorating the nation's systems of production, distribution and consumption, and to strengthening America's hand in world trade.

And the consolidation will provide a strong central core to the nation's rail network, adding a stabilizing, unifying force in our transportation system.

The partners:

Western Pacific Railroad

Western Pacific is an innovative and aggressive railroad in a highly competitive market.

Its principal freight is processed food products from the rich agricultural areas of Northern California. Other important cargos on its 1,719-mile system are products involved in foreign trade.

Western Pacific's terminal at Oakland, California, serves one of the nation's main doorways to overseas markets.

Union Pacific Railroad

Union Pacific is known as one of the best-managed railroads in America. Financially, it's one of the healthiest railroads.

UP serves 13 western states on a system 9,577 miles long. It's growing rapidly in import-export traffic, intermodal, grain and coal transport. UP serves Pacific ports in Southern California and the Northwest.

Its freight revenues are distributed evenly over five commodity areas: farm products, soda ash and chemicals, forest products, food products and coal.

Over the past 10 years, UP has invested \$3.6 billion in modernization and expansion. It is one of the most highly computerized railroads in the world.

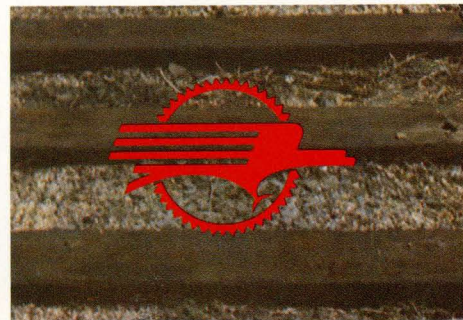
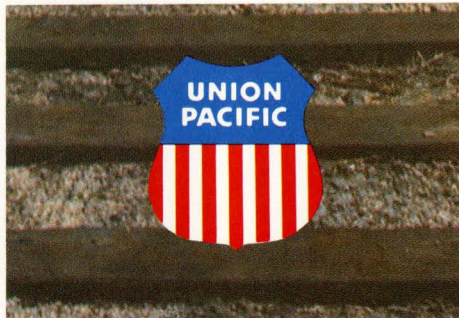
Missouri Pacific Railroad

Missouri Pacific has attained one of the fastest growth rates of any major American corporation. Its return on investment has been one of the highest of any railroad.

Missouri Pacific serves 12 states of the Midwest, Middle South and Southwest on 11,464 miles of track. It is a major rail link to Mexico and Canada.

Rapid growth of the Sun Belt has aided its profitability. Its lines run through the heart of the petroleum and petrochemical industries in Oklahoma, Texas and Louisiana.

Chemicals top the list of commodities MoPac moves. Grain ranks second. Other important shipments on MoPac are coal, automobiles and auto parts.



The time is right

This consolidation comes at a time when national transportation needs, and the means by which they are met, are undergoing a critical assessment.

Today's railroad system is still based largely on complicated, interconnected roads that duplicate services, pursue different priorities and compete against national truck systems and other forms of transportation.

"The railroad industry must make substantial changes in its economic and physical structure."

The U.S. Department of Transportation has said:

"Most railroad facilities were constructed in an earlier, expansionary era with very little competition from other modes. There are now too many miles of track and other facilities of the wrong kind or at the wrong location to survive the new competitive climate. The railroad industry must make substantial changes in its economic and physical structure."

And:

"Since no single company can control a shipment from beginning to end, service reliability is unsatisfactory. Time delays result from poorly coordinated operations in handling interchange traffic, especially when three or more railroad companies are involved."

The U.S. Department of Justice has said:

"It is clear today . . . that vigorous intermodal competition has eliminated any continuing need for elaborate regulation of the rail industry. Moreover, it is clear that the rigid regulation of the railroads has largely crippled them as competitive forces and, in many cases, has resulted in actual or threatened financial ruin."

"An effective pro-competitive impact."

Consolidation of Union Pacific, Missouri Pacific and Western Pacific meets these challenges squarely.

Because the combined system pools the resources and expertise of three railroads, it provides opportunities for new efficiencies in operations, equipment utilization, administration and management which none of the three could realize individually.

Because it will operate as a single coordinated system, the new railroad combination will eliminate the time delays and lack of central control which characterize a fragmented system.

"Compete strongly in the new climate of government deregulation."

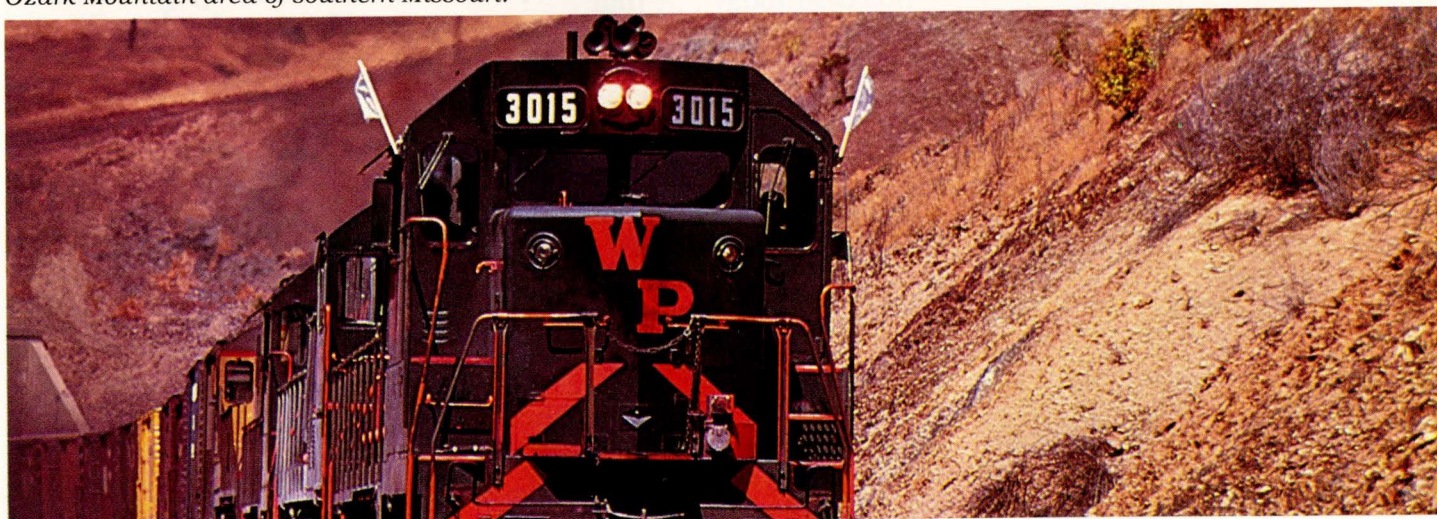
And because the consolidated railroads will operate with unity of purpose under more efficient, streamlined procedures, they will be better equipped to compete strongly in the new climate of government deregulation, free of many of the competitive disadvantages of the past.



Blue Mountains of eastern Oregon.



Ozark Mountain area of southern Missouri.



Western Pacific train in California's Feather River Canyon.

"Faster hauls over longer distances with central control."

A competitive single system

Together the Union Pacific, Missouri Pacific and Western Pacific form an end-to-end system, a logical combination lengthening and extending areas of service, rather than duplicating or paralleling them.

This combination will fill the unmet needs of shippers by providing single-system service for the first time among some of the most important transportation centers and richest producing regions in America.

Why is a single system so important?

Here are some of its advantages:

- Faster hauls over longer distances, making the most of the railroads' fuel efficiency.

- Time gained and costs saved in reducing freight interchanges among different railroads.

- More reliable transportation, with central control over an entire haul.

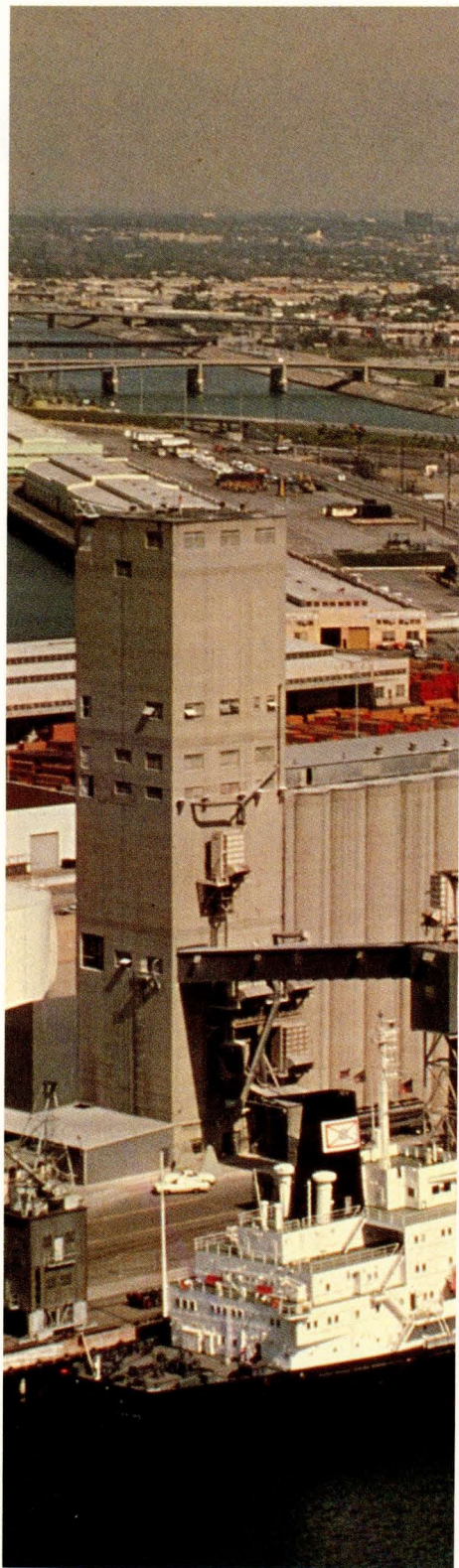
- Healthier competition among all kinds of freight carriers.

Union Pacific

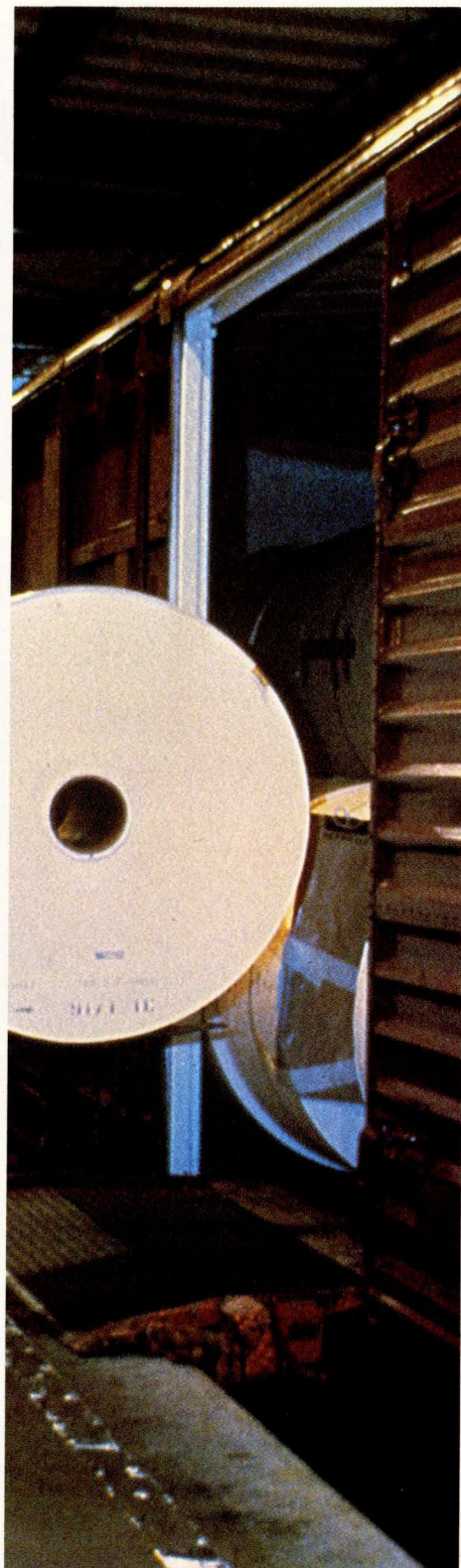
Missouri Pacific

Western Pacific

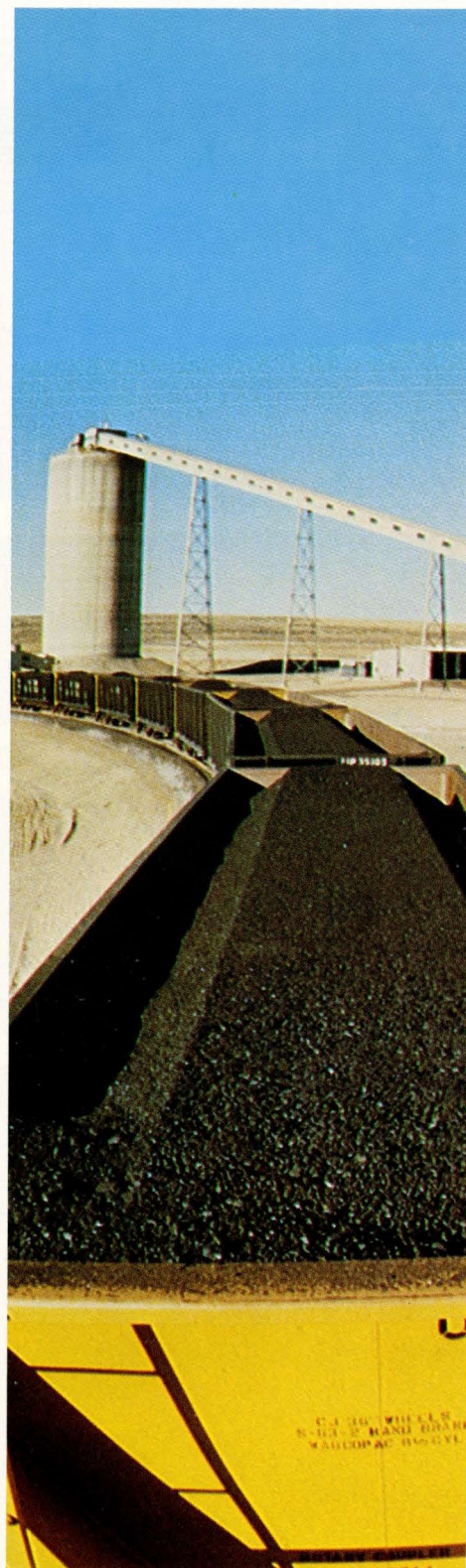




Export grain in California.



Paper in Arkansas.



Coal in Wyoming.

"Single-system benefits for a wide variety of shippers."

Wider market horizons

The UP-MoPac-WP single system will broaden and extend the market reach of its users, creating new business opportunities and benefiting consumers by introducing new competitive alternatives in transportation.

"New business opportunities."

Here are some of the advantages this new single system will make available for the first time:

- Grain growers on the Great Plains will have single-system access to major seaports on the West Coast and most of the Gulf Coast.

- Western coal producers will

have single-system access to Gulf and Pacific ports, an important factor in boosting exports to Asia and Western Europe.

- Utilities and industry in the South and Southwest will have a direct competitive rail link to Western coal supplies.

- Food producers in the Pacific Northwest and Intermountain area will have single-system rail links to transportation gateways along the Mississippi River.

- A new, highly competitive system of rail service will be available in the prosperous, growing Sun Belt.

Besides creating wider horizons for its users, single-system

service will mean significantly faster freight movements on long hauls.

For example, the combined railroads can cut transit time between Los Angeles and the Mississippi River by as much as 20 hours; between New Orleans and the Pacific Northwest by almost a day; between Seattle-Portland and St. Louis by as much as 17 hours for important "piggyback" intermodal service.

Improved intermodal service will be stressed throughout the system, as increasing fuel costs divert more traffic to energy-efficient railroads.

Support from shippers

Shipper preference for single-system rail service is emphasized by the 60 statements of support for the consolidation which the Interstate Commerce Commission now has before it.

The statements come from shipper associations, port officials and businesses across a wide spectrum of the economy, including manufacturing, food growing and processing, mining, utilities, retailing and others.

These rail users are enthusias-

tic about the ability of the consolidated system to have an effective pro-competitive impact on the transportation marketplace.

For example, a transportation official of a grain company is "extremely enthusiastic about the prospect of having single-system access to both the West Coast and the Gulf ports."

An industrial shipper says the consolidation "would be a positive step towards establishing an

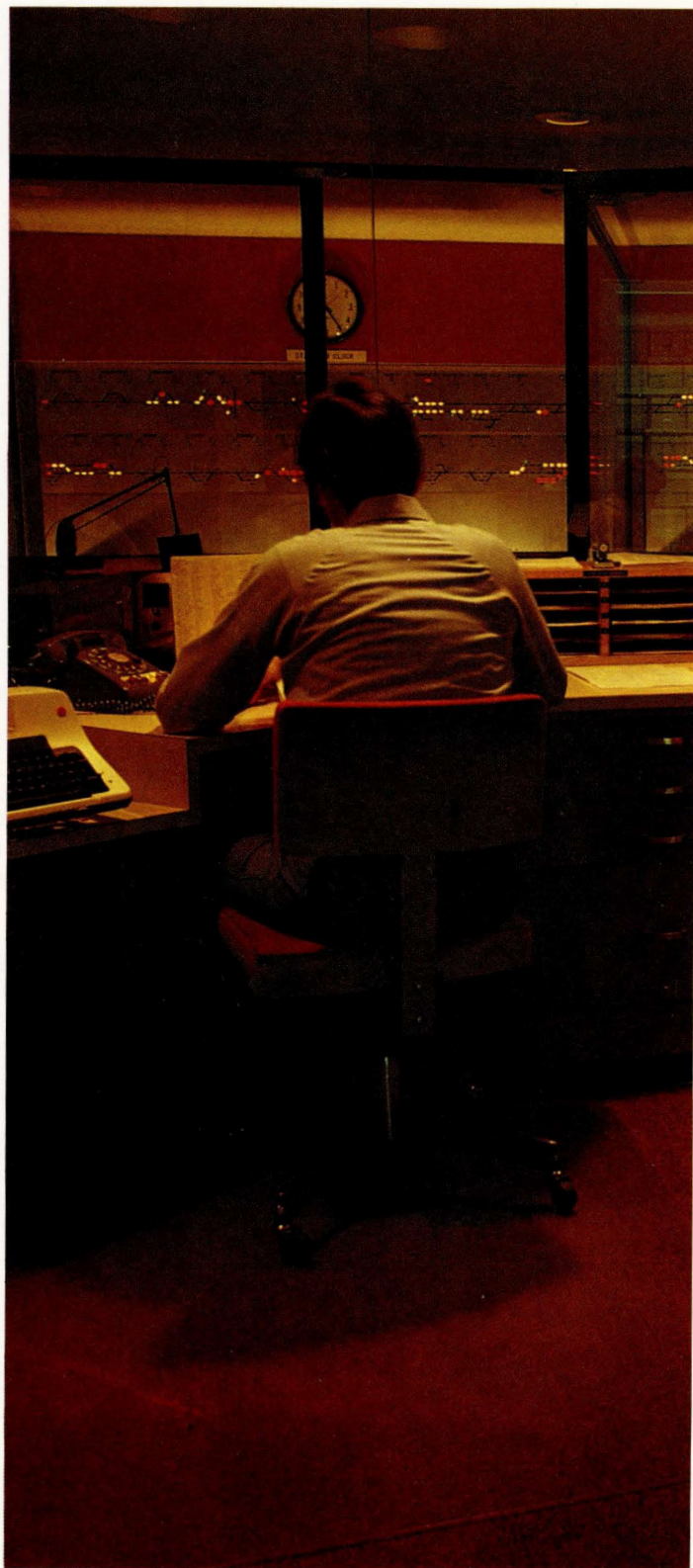
efficient interchange and competitive service system."

"Efficient interchange and competitive service system."

A food shipper calls the proposal "a tremendous benefit," and a beverage shipper looks forward to "increased fleet control" and "greater equipment availability."



Union Pacific rail yard in North Platte, Neb.



Missouri Pacific's Centralized Traffic Control Center in Little Rock, Ark.

"Increased car availability throughout the new system."

Combined for efficiency

Operating as a single system, Union Pacific, Missouri Pacific and Western Pacific can attain efficiencies not available to them as individual railroads.

"Increased car availability."

Together they have more than 130,000 freight cars of all kinds. That means increased car availability throughout the system. Movement of empty cars will be greatly reduced. The combined system will be better able to allocate cars to meet peak demands.

Consolidating terminal and other services at some common points in the system will improve operations and reduce costs.

Shop capacity can be used to better advantage through sharing of facilities.

"Circuitous routes can be shortened."

Circuitous routes can be shortened. For example, UP traffic between Omaha and Kansas City will use a MoPac route 106 miles shorter.

"Full interchange of computer capability."

Management information systems will be shared, providing

full interchange of computer capability.

Consolidated traffic departments will simplify and expedite ratemaking and development of new services; shipper service will be concentrated in one system, rather than three.

The three railroads' strengths will be combined in maintenance and modernization. More than \$90 million will be spent over five years to upgrade routes of the Western Pacific, and other capital expenditures are planned to make a smooth transition to consolidation and streamlined operations.

A boost for energy independence.

A competitive, robust rail system is essential to our country's thrust toward energy independence. Railroads have big jobs to do in conserving energy and in moving vital energy supplies.

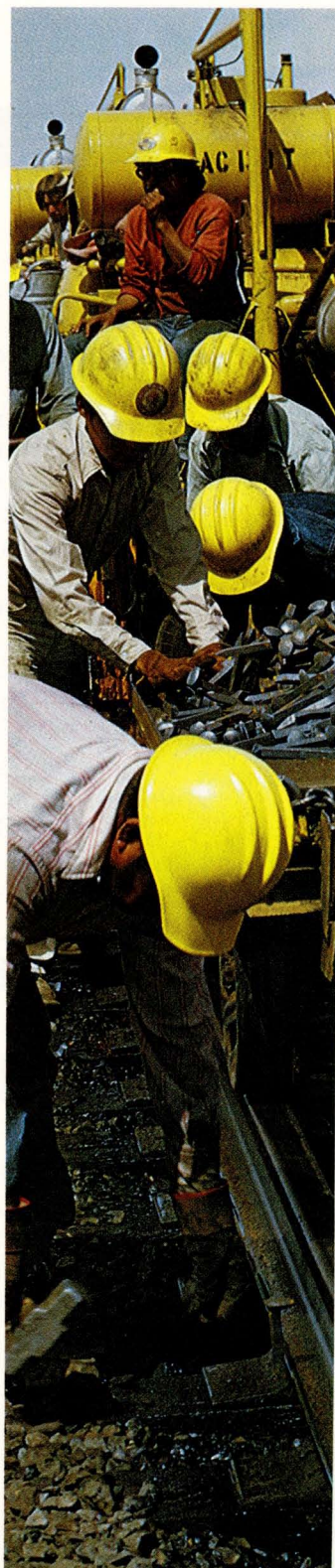
The steel wheel on the steel rail delivers up to four times as much freight per fuel consumed as a truck on the highway.

"Saved: 10 million gallons of diesel fuel per year."

Now, in this consolidation, an even greater energy saving is promised: 10 million gallons of diesel fuel per year. Seven million gallons of that saving will result from the diversion of truck traffic as 25,000 more truck trailers a year ride "piggyback" on the energy-efficient new rail system. That not only saves fuel; it helps preserve our deteriorating highway system.

The long-haul, single-system railroad has a critical role to play in moving coal and other energy resources to where they're needed. It's a vital artery in our nation's energy distribution system.

A stronger, longer rail system, such as the UP-MoPac-WP, also is essential to the re-invigoration of our economic system. And it will strengthen America's hand in world trade, speeding the movement of goods between the seaports and the producing and consuming areas of our country.



More jobs

Together, these three railroads employ more than 53,000 men and women, sharing a century's heritage of accomplishments and hard work.

"New opportunities in a competitive, stimulating environment."

Employees of the combined system will find new job satisfaction in building a strong partnership, and new opportunities in a competitive, stimulating environment.

While there will be some local job adjustments, overall the new system will need more people than before — 237 new jobs, calling for the same skills and dedication that built these great railroads.

To insure fair treatment of all employees, the three railroads expect to spend nearly \$52 million over five years on personnel protection, including relocation costs and displacement allowances.

Good neighbors

With these railroads pulling together, communities they serve will see them playing an even stronger role as good citizens and good neighbors.

Improved service means a healthier local business climate wherever the new system will operate.

"Rail service communities can count on for the future."

The strength of the combination means long-range continuity, with rail service communities can count on for the future. A strong feature of the consolidation is that it does not call for any line abandonments.

There'll be greater potential for new business in small towns and large cities, because good rail service is a big factor in locating a new business or industry.

And a stronger, healthier railroad will mean more economically to the communities it serves — as a provider of jobs, purchaser of goods and services, taxpayer and contributor to civic efforts.

How it works

Managements, boards of directors and stockholders have approved the consolidation plans, which were announced in January 1980.

Request for approval of the plans was made to the Interstate Commerce Commission on Sept. 15, 1980, in two separate consolidation applications — Union Pacific with Missouri Pacific, and Union Pacific with Western Pacific.

The Commission has formally accepted the applications, and

has two years in which to conduct hearings. During this time all interested parties will have opportunities to express opinions.

Following the hearings, the Commission has another six months to render a decision. This process should be completed by May 1983, and the consolidation could be consummated by January 1984.

In the consolidation, Union Pacific and Missouri Pacific will be sister railroads, operated under the overall management and ownership of a new company to be called Pacific Rail System, Inc. Pacific Rail will be a wholly-owned subsidiary of Union Pacific Corporation, presently the parent company of Union Pacific Railroad. Western Pacific will become a wholly-owned subsidiary of Union Pacific Railroad.

Past into future

Histories of Union Pacific, Missouri Pacific and Western Pacific have often intersected in the past, as each provided leadership and strength in the opening and building of the West.

Now their proud pasts are projected into an exciting future, as their resources and talents unite to provide leadership and strength once again — in the new era of railroads, linking America together.

Union Pacific Railroad

Department of Public Relations
1416 Dodge Street
Omaha, NE 68179
(402) 271-3475



Missouri Pacific Railroad

Department of Public Relations
210 North 13th Street
St. Louis, MO 63103
(314) 622-2233



Western Pacific Railroad

Department of Public Relations
526 Mission Street
San Francisco, CA 94105
(415) 982-2100

