

1956

UNION PACIFIC RAILROAD COMPANY



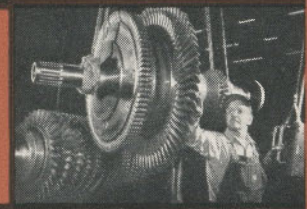
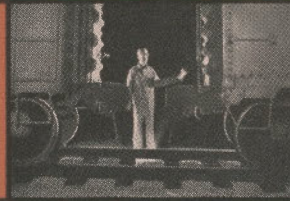
SIXTIETH ANNUAL REPORT

*Year ended December 31, 1956*



# 60<sup>th</sup> Annual Report

YEAR ENDED DECEMBER 31, 1956



*Union Pacific Railroad Company*

# Highlights



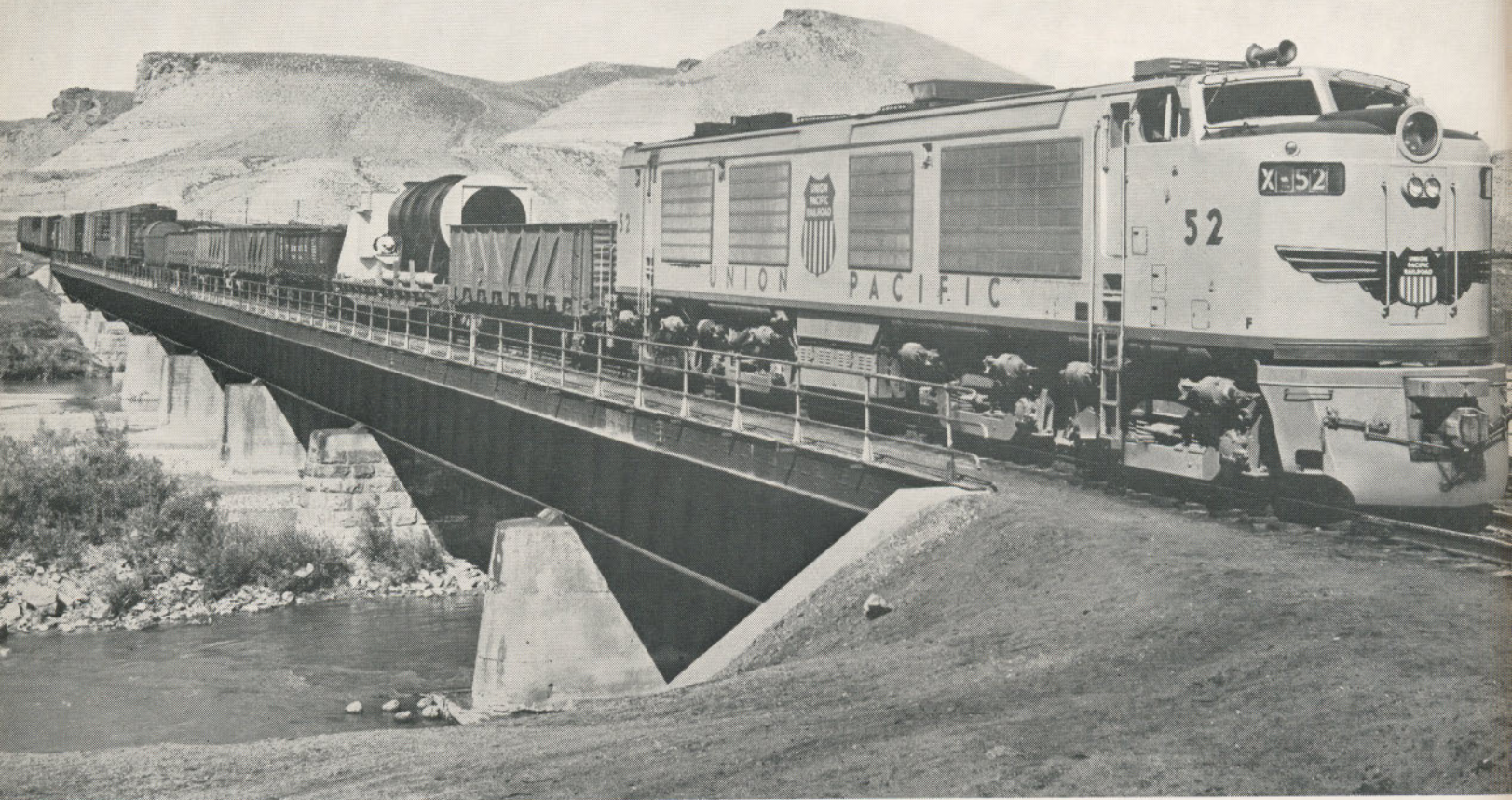
	<u>1956</u>	<u>1955</u>
OPERATING REVENUES . . . . .	\$514,316,828	\$509,362,476
OPERATING EXPENSES . . . . .	\$376,254,724	\$370,526,330
OPERATING RATIO (ratio of expenses to revenues) . . . . .	73.16%	72.74%
REVENUES OVER EXPENSES . . . . .	\$138,062,104	\$138,836,146
FEDERAL INCOME TAXES (including taxes on income from oil and gas operations and other non-transportation sources) . . . . .	\$ 40,000,000	\$ 40,300,000
OTHER TAXES . . . . .	\$ 33,538,270	\$ 32,217,848
EQUIPMENT AND JOINT FACILITY RENTS (Debit) . . . . .	\$ 22,386,672	\$ 22,578,806
NET INCOME FROM TRANSPORTATION OPERATIONS:		
As Stated in Income Account . . . . .	\$ 42,137,162	\$ 43,739,492
After Adding Back Federal Income Taxes Applicable to Oil and Gas Operations . . . . .	\$ 50,105,662	\$ 52,111,592
NET INCOME FROM OIL AND GAS OPERATIONS:		
As Stated in Income Account . . . . .	\$ 26,603,162	\$ 28,075,475
After Deducting Applicable Federal Income Taxes . . . . .	\$ 18,634,662	\$ 19,703,375
DIVIDEND INCOME . . . . .	\$ 6,970,962	\$ 6,883,737
OTHER INCOME . . . . .	\$ 8,409,948	\$ 6,323,588
INTEREST ON FUNDED DEBT, AND OTHER CHARGES . . . . .	\$ 5,552,389	\$ 5,795,036
NET INCOME . . . . .	\$ 78,568,845	\$ 79,227,256
NET INCOME (after Preferred Dividends) PER SHARE OF COMMON STOCK* . . . . .	\$3.36	\$3.39
COST OF NEW EQUIPMENT AND OTHER IMPROVEMENTS . . . . .	\$ 47,811,958	\$ 61,913,984
COST OF NEW EQUIPMENT AND OTHER IMPROVEMENTS PER SHARE OF COMMON STOCK* . . . . .	\$2.15	\$2.79
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK* . . . . .	\$1.60	\$1.60
TON-MILES OF REVENUE FREIGHT CARRIED (thousands) . . . . .	34,846,925	34,861,396
AVERAGE REVENUE PER TON-MILE (cents) . . . . .	1.286	1.267
AVERAGE NUMBER OF EMPLOYEES . . . . .	47,346	49,744
TOTAL WAGES PAID . . . . .	\$240,842,542	\$235,446,579

\* Based on number of shares outstanding December 31, 1956.

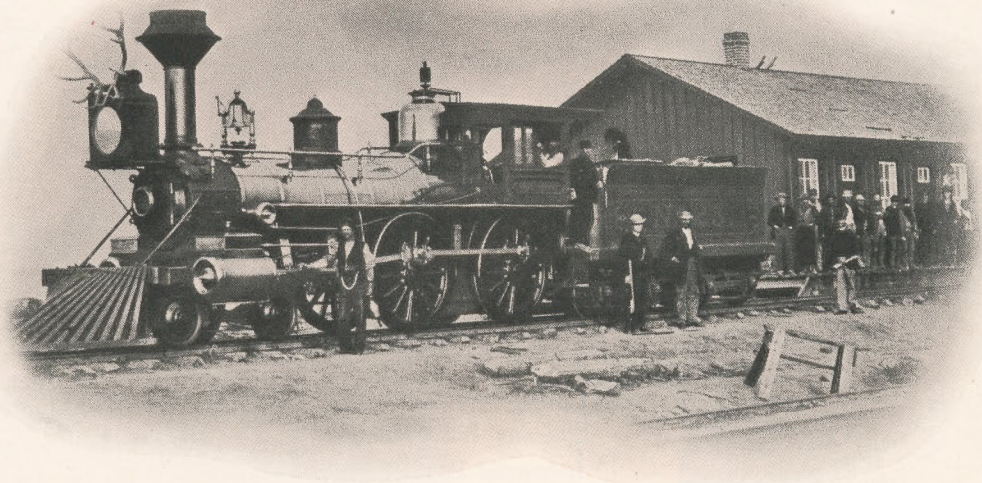


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*Power for today's loads — a 4,500 H.P. gas-turbine locomotive.*



*Locomotives like this opened the great West.*

# UNION PACIFIC RAILROAD COMPANY

OMAHA 2, NEBRASKA

A. E. STODDARD,  
PRESIDENT

TO OUR STOCKHOLDERS:

Net income for the year 1956 decreased .8 per cent from that of the preceding year. Notwithstanding economies through use of modern locomotives and other measures, operating results for the year were slightly less favorable because of higher costs, due principally to increased wage rates and other employe benefits, which were only partially compensated for by increased freight revenues.

Accelerated amortization for tax purposes, of the cost of new facilities and equipment, resulting in income tax deferral, favorably affected income, although somewhat less than in the previous year.

Roadway, plant and equipment were maintained at a normally high standard. Oil and gas income declined 5.2 per cent, due primarily to continued natural decline in rate of production in our major producing field at Wilmington.

We acquired during the year, 13 diesel switching locomotives, 1,697 freight-train cars and 26 passenger-train cars. On January 1, 1957, there were on order 30 gas-turbine locomotives, 2,250 freight-train cars and 50 passenger-train cars.

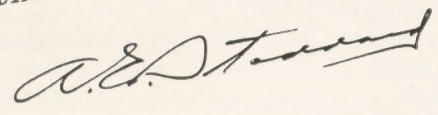
Further progress was made in equipping our freight classification yard at North Platte with the electronic speed control system mentioned in previous reports and the project is scheduled to be completed and placed in operation early in 1957.

Effective December 18, 1956, the "City of Las Vegas," a new lightweight nine-car Aerotrain, was placed in service between Los Angeles and Las Vegas. This train makes a daily round trip and provides additional convenient and attractive rail service between these two important cities. The Aerotrain was built by General Motors Corporation (Electro-Motive Division) and leased to Union Pacific for a trial period.

With continued development and expansion in Union Pacific territory, many additional important industries were established on our line, as evidenced by a net gain of 257 industries during the year.

For a number of years Union Pacific has conducted a general mineral survey of lands adjacent or tributary to its lines. These surveys have disclosed several metallic and non-metallic deposits, which have benefited the Company primarily through additional freight revenue. In the course of these activities, a number of uranium showings have been revealed, none of which appears to be of commercial significance.

To our patrons, and to our officers and employes for their loyal and efficient service, I express the appreciation of the Directors and myself.



# Union Pacific Railroad Company

## Directors

(April 1, 1957)

E. ROLAND HARRIMAN, *Chairman*, ARDEN, N. Y.

FRANK E. BARNETT . . . . .	NEW YORK, N. Y.	HAROLD B. LEE† . . . . .	SALT LAKE CITY, UTAH
COURTNEY C. BROWN* . . . . .	NEW YORK, N. Y.	LEROY A. LINCOLN . . . . .	NEW YORK, N. Y.
W. DALE CLARK . . . . .	OMAHA, NEBR.	ROBERT A. LOVETT . . . . .	LOCUST VALLEY, N. Y.
GEORGE S. ECCLES† . . . . .	SALT LAKE CITY, UTAH	WILLIAM C. MULLENDORE . . . . .	LOS ANGELES, CALIF.
WALTER D. FLETCHER . . . . .	GLEN HEAD, N. Y.	GEORGE E. ROOSEVELT . . . . .	NEW YORK, N. Y.
ARTEMUS L. GATES . . . . .	LOCUST VALLEY, N. Y.	HOWARD C. SHEPERD . . . . .	BRONXVILLE, N. Y.
ELBRIDGE T. GERRY† . . . . .	NEW YORK, N. Y.	JOHN S. SINCLAIR . . . . .	NEW YORK, N. Y.
THOMAS P. JERMAN . . . . .	SHORT HILLS, N. J.	A. E. STODDARD . . . . .	OMAHA, NEBR.
OSCAR T. LAWLER† . . . . .	LOS ANGELES, CALIF.	L. J. TRACY . . . . .	NEW ROCHELLE, N. Y.

\* Elected August 30, 1956.

† Elected January 24, 1957.

## Executive Committee

(April 1, 1957)

ROBERT A. LOVETT, *Chairman*

LEROY A. LINCOLN  
GEORGE E. ROOSEVELT

JOHN S. SINCLAIR  
E. ROLAND HARRIMAN, *ex officio*

## General Officers

(April 1, 1957)

E. ROLAND HARRIMAN . . . . .	<i>Chairman, Board of Directors</i> . . . . .	NEW YORK, N. Y.
ROBERT A. LOVETT . . . . .	<i>Chairman, Executive Committee</i> . . . . .	NEW YORK, N. Y.
L. J. TRACY . . . . .	<i>Vice-President, Controller</i> . . . . .	NEW YORK, N. Y.
FRANK E. BARNETT . . . . .	<i>Vice-President and Eastern General Counsel</i> . . . . .	NEW YORK, N. Y.
A. C. SHERWOOD . . . . .	<i>Secretary</i> . . . . .	NEW YORK, N. Y.
D. A. POWELL . . . . .	<i>Treasurer</i> . . . . .	NEW YORK, N. Y.
A. E. STODDARD . . . . .	<i>President</i> . . . . .	OMAHA, NEBR.
ELGIN HICKS . . . . .	<i>Executive Vice-President</i> . . . . .	OMAHA, NEBR.
E. J. CONNORS . . . . .	<i>Vice-President</i> . . . . .	OMAHA, NEBR.
E. H. BAILEY . . . . .	<i>Vice-President, Operations</i> . . . . .	OMAHA, NEBR.
W. T. BURNS . . . . .	<i>Vice-President, Traffic</i> . . . . .	OMAHA, NEBR.
A. J. SEITZ . . . . .	<i>Vice-President</i> . . . . .	PORTLAND, ORE.
L. S. OSBORNE . . . . .	<i>Vice-President, Oil Development</i> . . . . .	LOS ANGELES, CALIF.
W. R. ROUSE . . . . .	<i>Vice-President and Western General Counsel</i> . . . . .	OMAHA, NEBR.
R. M. SUTTON . . . . .	<i>Vice-President and General Auditor</i> . . . . .	OMAHA, NEBR.
L. J. BACHMAN . . . . .	<i>Assistant to President</i> . . . . .	OMAHA, NEBR.
D. A. SMITH . . . . .	<i>Assistant to President</i> . . . . .	OMAHA, NEBR.
G. E. STANLEY . . . . .	<i>Executive Assistant</i> . . . . .	KANSAS CITY, MO.
J. A. BUNJER . . . . .	<i>Chief Engineer</i> . . . . .	OMAHA, NEBR.
C. H. BURNETT . . . . .	<i>General Manager, Eastern District</i> . . . . .	OMAHA, NEBR.
G. A. CUNNINGHAM . . . . .	<i>General Manager, South-Central District</i> . . . . .	SALT LAKE CITY, UTAH
D. F. WENGERT . . . . .	<i>General Manager, Northwestern District</i> . . . . .	PORTLAND, ORE.
J. R. MacANALLY . . . . .	<i>General Freight Traffic Manager</i> . . . . .	OMAHA, NEBR.
E. A. KLIPPEL . . . . .	<i>General Passenger Traffic Manager</i> . . . . .	OMAHA, NEBR.
F. J. MELIA . . . . .	<i>General Solicitor</i> . . . . .	OMAHA, NEBR.
B. P. LEVERICH . . . . .	<i>General Solicitor</i> . . . . .	SALT LAKE CITY, UTAH
ROY F. SHIELDS . . . . .	<i>General Solicitor</i> . . . . .	PORTLAND, ORE.
E. E. BENNETT . . . . .	<i>General Solicitor</i> . . . . .	LOS ANGELES, CALIF.
L. L. BURRI . . . . .	<i>Assistant Treasurer</i> . . . . .	OMAHA, NEBR.

## Offices

120 BROADWAY, NEW YORK 5, N. Y.

1416 DODGE STREET, OMAHA 2, NEBR.

Annual Meeting of Stockholders, Salt Lake City, Utah, second Tuesday in May.

# Report of the Board of Directors

New York, N. Y., April 25, 1957.

TO STOCKHOLDERS OF UNION PACIFIC RAILROAD COMPANY:

The Board of Directors submits the following report for the Union Pacific Railroad Company, including its Leased Lines,\* for the year ended December 31, 1956.

## Condensed Statement of Income

	1956	1955	Increase (+) Decrease (-)
Operating revenues .....	\$514,316,828	\$509,362,476	+ \$4,954,352
Operating expenses .....	\$376,254,724	\$370,526,330	+ \$5,728,394
Taxes (including taxes on income from oil and gas operations and other non-transportation sources) .....	73,538,270	72,517,848	+ 1,020,422
Equipment and joint facility rents—net charge.....	22,386,672	22,578,806	— 192,134
Net income from transportation operations.....	\$ 42,137,162	\$ 43,739,492	— \$1,602,330
Net income from oil and gas operations (excluding income taxes) .....	26,603,162	28,075,475	— 1,472,313
All other income.....	15,380,910	13,207,325	+ 2,173,585
Total income .....	\$ 84,121,234	\$ 85,022,292	— \$ 901,058
Interest on funded debt.....	\$ 4,670,071	\$ 4,955,347	— \$ 285,276
Miscellaneous rents and charges.....	882,318	839,689	+ 42,629
Total fixed and other charges.....	\$ 5,552,389	\$ 5,795,036	— \$ 242,647
Net income from all sources.....	\$ 78,568,845	\$ 79,227,256	— \$ 658,411

Net income per share of Union Pacific Railroad Company common stock, after preferred dividends, amounted to \$3.36. This is three cents less than net income per share in 1955 stated on the basis of shares outstanding December 31, 1956. Total dividends declared on common stock during 1956 (\$1.60 per share on shares outstanding at close of the year) represented 47.7 per cent of net income after preferred dividends.

Reference is made later in this report to the large expenditures that have been made for improvements to the Company's properties. These have been neces-

sary both to meet the expansion of traffic arising from the growth of population and industry in the West, and to produce economies required to keep pace with rising wage scales and material prices. To a very large extent the funds realized from transportation operations have been retained by the Company to finance these improvements, and only the fact that the Union Pacific enjoys substantial income from sources other than transportation has made possible the distribution of dividends at the levels of recent years.

\* Leased Lines are: Oregon Short Line Railroad Company, Oregon-Washington Railroad & Navigation Company, Los Angeles & Salt Lake Railroad Company, and The St. Joseph and Grand Island Railway Company. Figures in the Income Account and other tables are stated on a consolidated basis, excluding offsetting accounts between companies.



## Operating Revenues

	1956	1955	Increase	Decrease	Per Cent
Freight .....	\$448,156,607	\$441,533,942	\$6,622,665	.....	1.5
Passenger .....	29,221,502	30,208,680	.....	\$987,178	3.3
Mail .....	16,365,104	16,357,649	7,455	.....	—
Express .....	5,583,276	5,952,155	.....	368,879	6.2
Other .....	14,990,339	15,310,050	.....	319,711	2.1
Total operating revenues.....	\$514,316,828	\$509,362,476	\$4,954,352	.....	1.0

The increase in **Freight revenue** was due to an increase of 1.5 per cent in average revenue per ton-mile. Although tons of revenue freight handled were somewhat greater than in 1955, the average distance hauled was less and as a consequence the ton-miles declined slightly. The higher revenue per ton-mile resulted from the increase in freight rates authorized by the Interstate Commerce Commission, effective March 7, 1956, to compensate the railroads for higher wages and material prices. This was a general increase of 6 per cent, but with exceptions on many commodities, such as lumber, agricultural products, coal, etc., and as a result of these "hold-downs" the over-all increase on Union Pacific traffic amounted to much less than 6 per cent. Another increase was authorized by the Commission, effective December 28, 1956, with a maximum of 5 per cent for Western railroads and with "hold-downs" similar to those in the previous increase. In an effort to improve the rate of return on railroad investment to a basis more nearly comparable with that of other important industries, the Western railroads have made application for an additional 17 per cent increase in freight rates.

As indicated above, if there had not been an increase in rates in 1956, freight revenue would have decreased, due to a reduction in the movement of certain kinds of long-haul traffic. The most important commodities in this category were *automobiles and parts*, of which shipments were sharply reduced compared with 1955 when output and sales exceeded all previous records, and *lumber*, which suffered a severe decline in shipments due to unfavorable market conditions and reduced production, and also because of Interstate Commerce Commission Service Order No. 910 (in effect during latter half of the year) prohibiting intentional delays to freight ship-

ments while in transit, ordinarily desired by lumber shippers for marketing reasons. The purpose of the order was to improve the utilization of freight cars, but so far as the Union Pacific was concerned, the practical effect was substantial diversion of lumber traffic to other lines having longer and more round-about routes to markets.

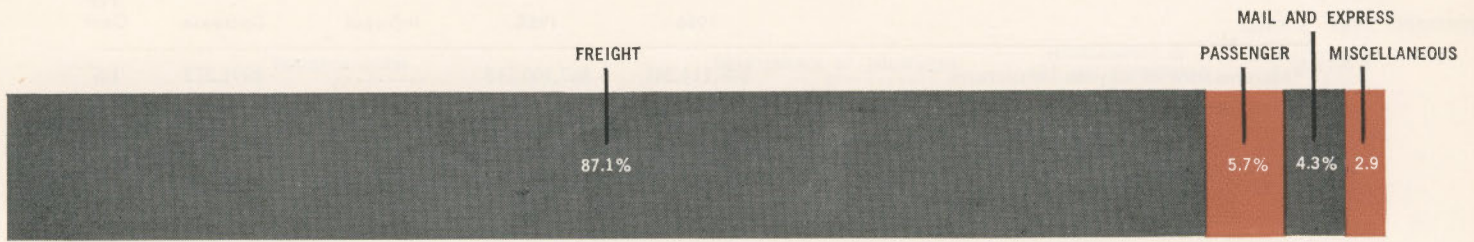
Some commodities moved in greater volume, the most outstanding of which were *wheat*, because of increased shipments between Government storage points and to Pacific Northwest and Gulf ports for export; *iron and steel products*, *bituminous coal*, and *iron ore*, chiefly due to greater output by steel plants, despite the 5-week strike of steel workers during the summer; *plywood*, resulting from expanded production with increased use in residential and industrial construction; and *canned and packaged food products*, for which there was improved demand.

The decrease in **Passenger revenue** was due to continuation of the decline in rail travel by the general public which started several years ago, and to fewer movements of military personnel.

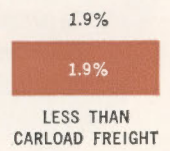
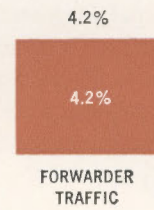
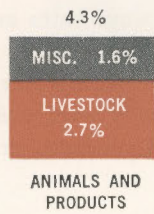
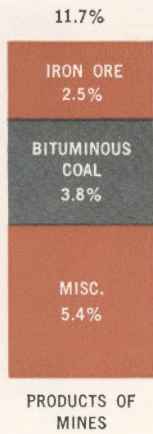
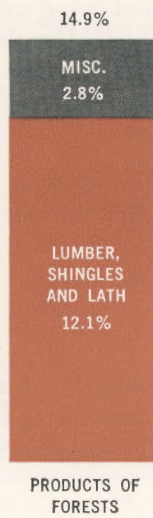
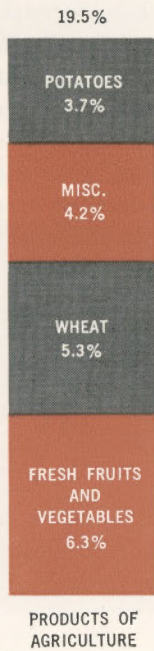
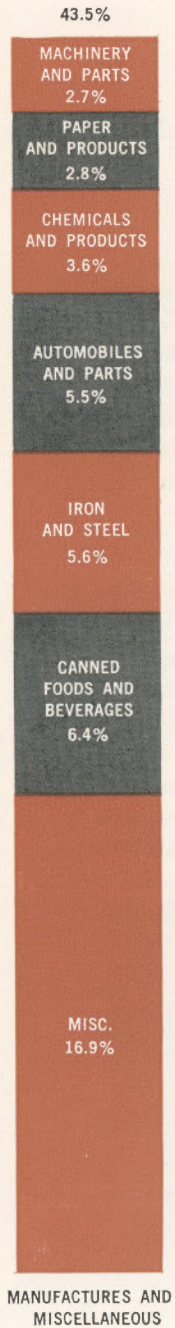
The decline in **Express revenue** was occasioned by a decrease in less-than-carload shipments, principally to Midwestern points which were affected by less favorable farm conditions.

The decrease in **Other revenue** was principally in receipts from dining and buffet cars, due to the decline in passenger travel, and from boarding outfits operated for employes, because of a lesser number of outfits in service; offset in part by increases in demurrage, particularly on shipments held for export in the Pacific Northwest, and in switching revenue due to increased rates.

# 1956 Operating Revenues By Classes



# 1956 Freight Revenue By Commodity Groups



## Operating Expenses

	1956	1955	Increase	Decrease	Per Cent
*Maintenance of way and structures .....	\$66,114,241	\$67,105,513	.....	\$991,272	1.5
*Maintenance of equipment .....	92,721,400	92,275,940	\$445,460	.....	.5
Total maintenance .....	\$158,835,641	\$159,381,453	.....	\$545,812	.3
Traffic .....	13,447,278	12,571,255	\$876,023	.....	7.0
Transportation .....	176,813,562	173,484,002	3,329,560	.....	1.9
Miscellaneous operations .....	9,622,543	10,181,660	.....	559,117	5.5
General .....	17,535,700	14,907,960	2,627,740	.....	17.6
Total operating expenses .....	\$376,254,724	\$370,526,330	\$5,728,394	.....	1.5
Per cent—Operating expenses of operating revenues.	73.16	72.74	.42	.....	.6

\*Include depreciation and retirement charges:

Maintenance of way and structures .....	\$6,091,405	\$7,672,988	.....	\$1,581,583
Maintenance of equipment .....	20,435,469	19,679,633	\$755,836	

The increase in Operating expenses was principally due to increases in wage rates and additional "fringe" benefits granted to employes effective late in 1955 and 1956, higher prices for material and supplies used, increased depreciation charges, and greater payments to other railroads for maintaining facilities jointly used by the Union Pacific; offset in part because of reductions in freight and passenger-train miles operated, more extensive use of diesel and gas-turbine locomotives, lower charges to operating expenses in connection with retirements of nondepreciable property and improvements to freight cars, less need for removal of snow and ice, and increased receipts from sales of scrap material (credited to operating expenses).

Quantities of rails, ties, and ballast used in main track renewals were as follows:

	1956	Decrease under 1955
New rails (track miles) .....	224.26	13.47
Second-hand rails (track miles)..	90.66	4.29
Total rails (track miles)..	314.92	17.76
Ties (number) .....	812,622	19,946
Ballast (cubic yards) .....	444,424	10,399

The principal increases in wage rates and other employe benefits effective in 1956 were an increase in wage rates of 10 cents per hour, together with an allowance of 2½ cents per hour to cover medical and hospitalization insurance for dependents, granted to

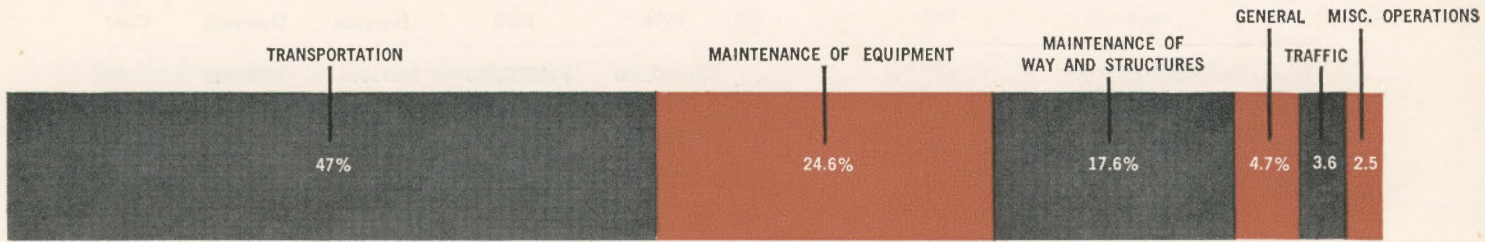
nonoperating employes (such as shop, maintenance, and clerical employes) commencing November 1st, and an equivalent increase to firemen and hostlers. Operating expenses were also charged with estimated additional wages payable to other operating employes (such as conductors, engineers, brakemen, and switchmen), assuming the grant to them of similar wage increases retroactively.

The 1956 wage agreements also provide for further increases in wage rates of 7 cents per hour effective on November 1, 1957, and again on November 1, 1958, and semi-annual cost-of-living wage adjustments of one cent per hour for each change of one half point in the consumers' price index of the U. S. Bureau of Labor Statistics (downward adjustments being made only to the extent of previous upward cost-of-living adjustments). The agreements further provide that there shall be no additional requests by the employe organizations concerned, for any wage rate increases to take effect before November 1, 1959.

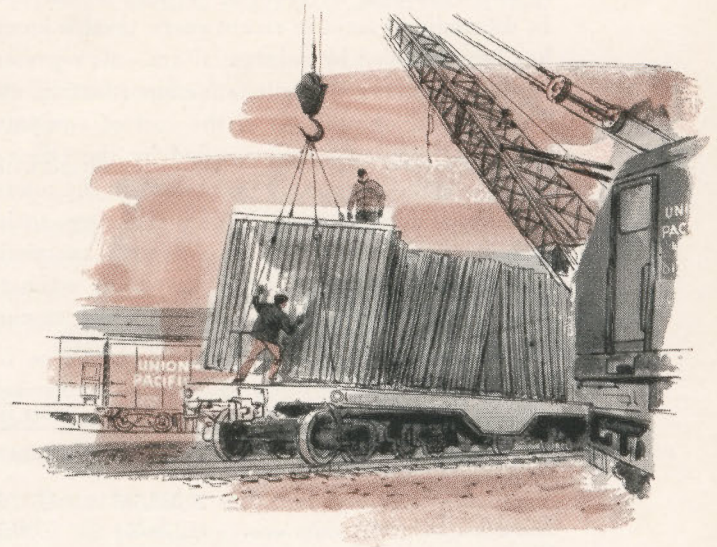
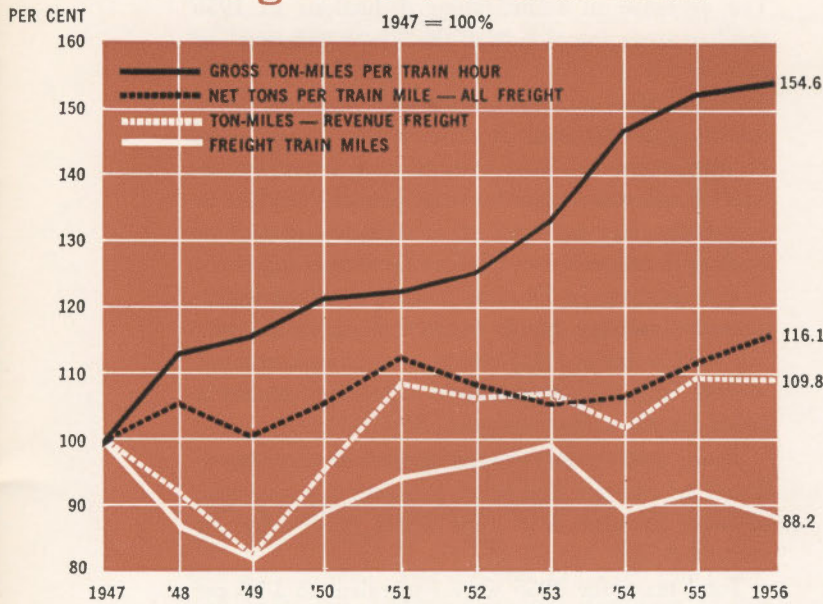
Effective March 1, 1956 (as mentioned in the 1955 report) the Company commenced paying the entire cost of the existing plan covering medical and hospitalization expenses of nonoperating employes (beginning February 1, 1955, the Company paid one half of such cost).

A breakdown of operating expenses by primary accounts, compared with the preceding year, is shown in Table 5 on pages 35 through 37.

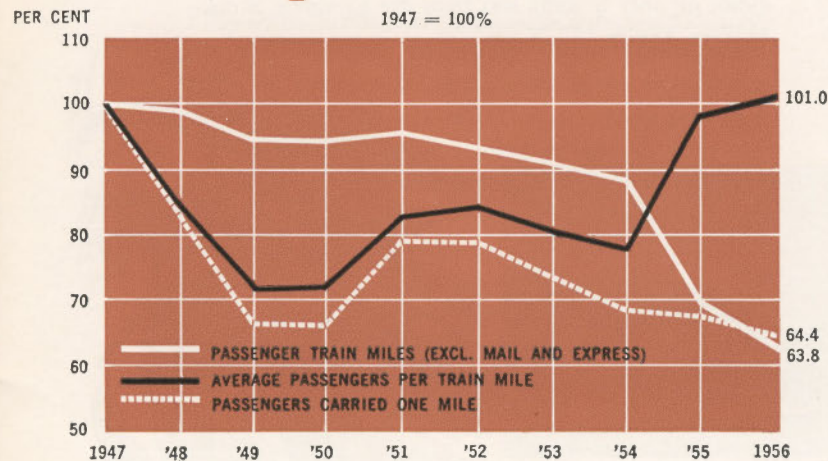
## 1956 Operating Expenses By General Accounts



## Freight Service Statistics



## Passenger Service Statistics



# Taxes

	1956	1955	Increase	Decrease	Per Cent
Federal income .....	\$40,000,000	\$40,300,000	.....	\$300,000	.7
Federal retirement .....	12,055,942	12,354,688	.....	298,746	2.4
Federal unemployment insurance .....	2,989,962	987,432	\$2,002,530	.....	202.8
Other Federal .....	166,366	175,728	.....	9,362	5.3
Total Federal .....	\$55,212,270	\$53,817,848	\$1,394,422	.....	2.6
State and county.....	\$18,326,000	\$18,700,000	.....	\$374,000	2.0
Total taxes .....	\$73,538,270	\$72,517,848	\$1,020,422	.....	1.4

The decrease in Federal income taxes was due to an adjustment in 1956 of overaccruals in 1955. In determining taxes in recent years, taxable income has been reduced by substantial amounts representing excess of (a) deductions for amortization, on a 5-year basis, of portions of the cost of equipment and other improvements certified by the Office of Defense Mobilization to be necessary in the interest of national defense, over (b) annual charges against income, under Interstate Commerce Commission regulations, for depreciation based on estimated lives of such improvements. Approximate amounts involved for 1956 compared with 1955 were:

	1956	Decrease under 1955
Amortization deductions .....	\$27,836,710	\$823,078
Excess of amortization over depreciation .....	21,396,565	1,537,549
Reduction in income taxes.....	11,126,214	799,525
Betterment in net income per share of common stock outstanding December 31, 1956..	\$.50	\$.04

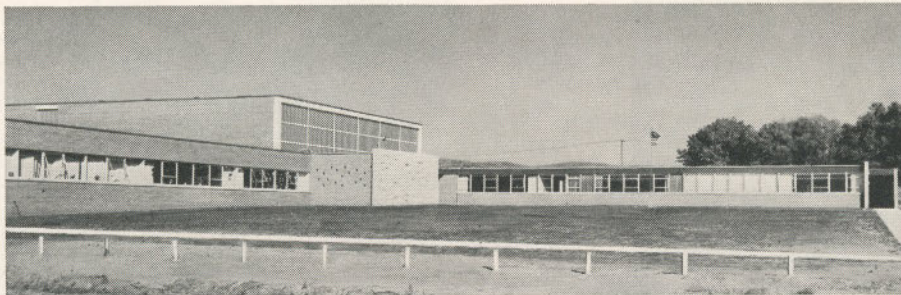
The reduction in income taxes is more of a tax deferral than a true tax saving, because in future years, after the cost of the improvements has been amortized, income taxes will be greater than if the

accelerated amortization had not been allowable. The decrease in amortization deductions in 1956 resulted from completion of the 5-year amortization periods for property acquired in 1950 and 1951, partially offset by an increase in deductions occasioned by acquisitions in recent years. The granting of certificates has been discontinued for amortization of railroad property except property for which firm orders had been placed, or construction authorized, by a railroad on or before December 31, 1955.

The increase in Federal unemployment insurance tax resulted chiefly from tripling the tax rate (applied to the first \$350 of each employee's monthly wages) from 1/2 per cent in 1955 to 1 1/2 per cent in 1956. Employees bear no portion of this tax.

State and county taxes decreased due to reduced ad valorem and other property taxes because of lower assessments in some States, partly offset by increased State income and franchise taxes.

Total taxes for 1956 were equivalent to 14.3 per cent of total operating revenues and to \$1,553.21 per employe. They were also equivalent to \$3.31 per share of common stock outstanding December 31, 1956, or only 5 cents less than the Common Stockholders' equity (\$3.36 per share) in net earnings.



Union Pacific taxes will pay a substantial part of the cost of this school at Paxton, Nebraska.



## Oil and Gas Operations

	1956	1955	Decrease	Per Cent
Receipts from sale of oil, gas, and other products ...	\$42,678,455	\$44,929,079	\$2,250,624	5.0
Production expenses (including depreciation) .....	\$8,155,183	\$8,326,066	\$170,883	2.1
Taxes (other than income taxes)* .....	3,170,973	3,281,629	110,656	3.4
Intangible drilling and development costs† .....	4,749,137	5,245,909	496,772	9.5
Total charges against receipts .....	\$16,075,293	\$16,853,604	\$778,311	4.6
Net income from oil and gas operations (as shown in Table 2) .....	\$26,603,162	\$28,075,475	\$1,472,313	5.2
Drilling and development costs not charged against receipts .....	\$1,883,587	\$2,218,111	\$334,524	15.1

\* Federal taxes on income from oil and gas operations, of approximately \$7,968,500 in 1956 and \$8,372,100 in 1955, are included in "Taxes" under "Transportation Operations."

† Represents costs such as labor, fuel, repairs and hauling in connection with drilling, geological work, clearing ground, building roads, and certain materials with no salvage value.

The decrease in receipts was due to reduced oil production in Wilmington field, counterbalanced to some extent by an increase in the average price of oil sold and greater production in other areas. The decrease in production expenses was due to less re-drilling and major remedial measures in Wilmington field, offset in part by more extensive well stimulation measures in Rangely field and an increased number of producing wells in other areas. The decrease in intangible expenditures was due to less drilling activity in Wilmington field, with a net increase in such expenditures in other areas.

In Wilmington field in California, oil production was 10,293,789 barrels, or 1,289,791 barrels less than in 1955. The decrease (11.1 per cent) was attributable to continued normal depletion of the field, not made up for by production from new wells. The average price received per barrel of oil sold was approximately 5 cents more than in 1955. Fifty-seven productive wells were completed during the year, against twenty-nine wells permanently taken off production. At the close of the year, seven hundred and fifty-six wells were productive and eight wells were either drilling or located. Over the years, a total of three hundred and twenty-two Company wells have been abandoned to the close of 1956, due to damage caused by earthquakes or to mechanical failure from other causes. Five additional water injection wells and one water-source well were completed during 1956, in connection with the water-flooding project for increasing the total recoverable volume of oil. At the close of the year, there were

nine injection wells and two water-source wells in operation.

In East Los Angeles field in California, the Company's share of oil production was 195,294 barrels, or 41,954 barrels more than in 1955, because of more wells producing. Eight productive wells were completed in the Bandini section, and one unproductive well was drilled in another portion of the field at the election and sole cost of the oil company with whose lands the Company's lands are pooled. There were thirty-one productive wells at the close of the year.

In Rangely field in Colorado, the Company's share of oil production was 3,661,751 barrels, an increase of 26,663 barrels over 1955. The number of wells capable of production remained at ninety-one, of which six have been converted for gas-injection service; one previously abandoned well was converted to gas injection. Injection of gas was continued to conserve it for future sale when a market outlet becomes available.

In Church Buttes gas field in Wyoming, the Company's share of production was 6,969 million cubic feet of gas (an increase of 194 million cubic feet over 1955) and 52,939 barrels of condensate (a decrease of 1,611 barrels under 1955). Productive wells remained at eleven.

In Table Rock gas field in Wyoming, one well was completed, producing on test at the rate of approximately six million cubic feet per day. At the close of the year, there were six wells capable

of commercial production, but all were closed in for lack of a market outlet.

In **Pierce field** in Colorado, the Company's share of production was 83,538 barrels of oil, or 67,175 barrels more than in 1955. Seven productive wells were completed, increasing the productive wells to eight. At the close of the year, one well was in the course of drilling.

In **Cliff Field** area in Colorado, the Company's share of oil production was 43,840 barrels, or 5,722 barrels more than in 1955. Productive wells remained at three.

Sixteen wells were drilled during the year (including ten at the sole expense of oil companies) in various other areas where Company oil and gas rights were pooled with those of oil companies. One was productive of gas, and fifteen were unproductive. In such areas at the close of the year, there were eight productive oil wells and twenty-nine productive gas wells.

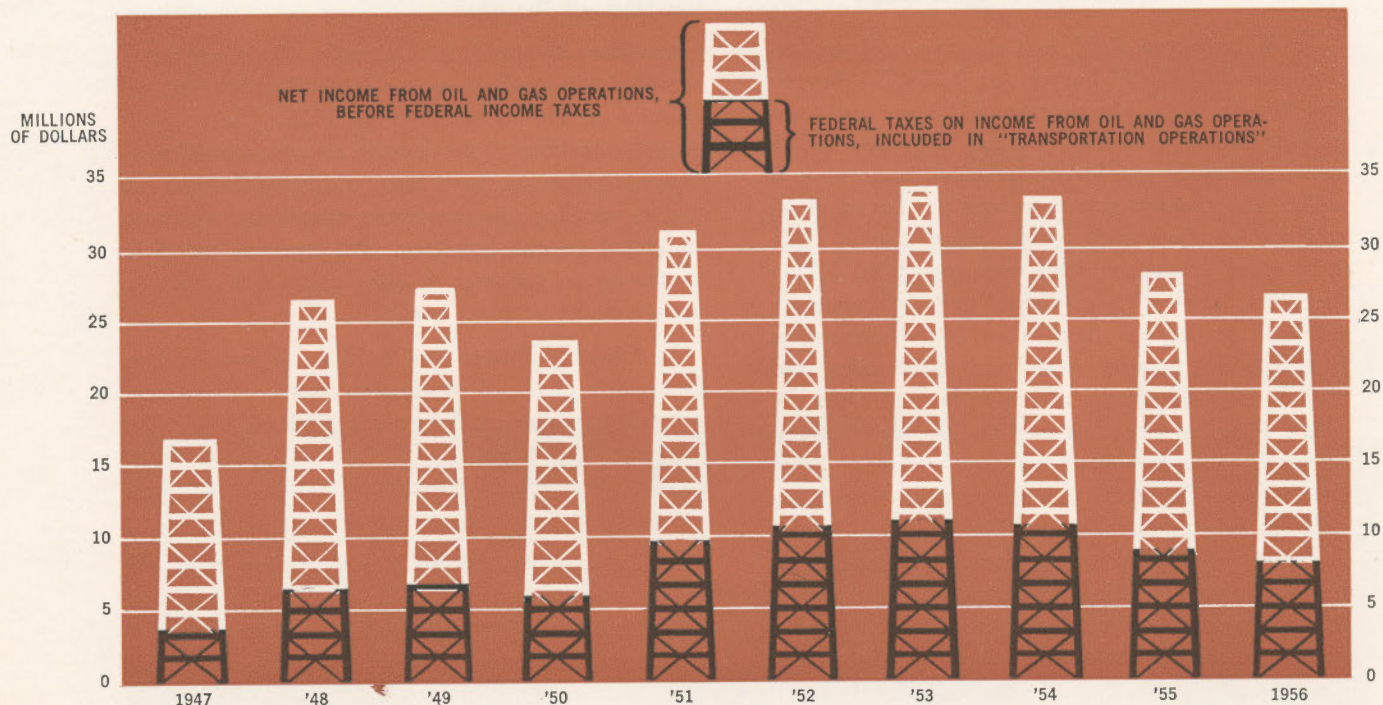
From beginning of the Company's oil and gas operations, to December 31, 1956, receipts from sale of oil, gas and other products have been \$518,755,617 and expenditures, including drilling and development costs, have been... \$188,035,952 the excess of receipts over expenditures being ..... \$330,719,665 Of the total expenditures, \$181,768,934 was charged against receipts in determining net income, leaving \$6,267,018 to be charged off against future receipts or otherwise.

**Status of litigation** referred to on pages 14 and 15 of the 1955 report:

In the matter of claim by the United States of America that it is the owner of the oil and mineral deposits underlying the right of way granted to the Union Pacific in the 1860's: After the United States Court of Appeals for the Tenth Circuit entered its opinion on February 24, 1956, affirming the opinion of U. S. District Court for the District of Wyoming that Union Pacific owns full title to the land in question, including the right to remove minerals (so

## Net Income from Oil and Gas Operations and Federal Taxes on Such Income

1947-1956

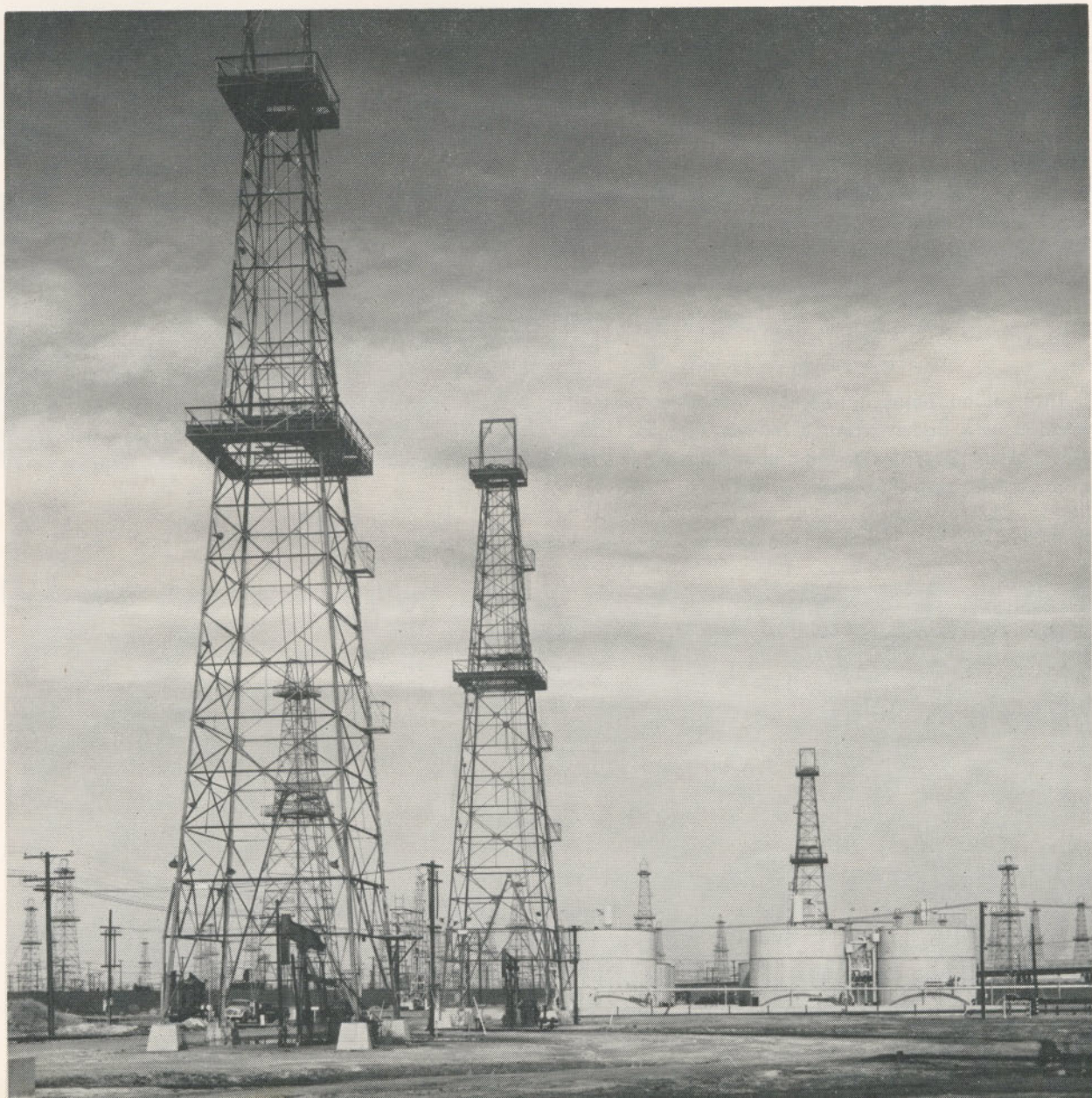


long as the right of way is used for railroad purposes), the United States of America filed a petition in the United States Supreme Court for a review of the case. This petition was granted, the case was argued on January 23, 1957, and on April 8, 1957, the Supreme Court delivered its opinion reversing the Circuit Court and holding in effect that the United States owns the minerals underlying the right of way acquired by the Union Pacific under the Act of July 1, 1862.

Suit filed by Sewall Thomas and certain other plaintiffs in the U. S. District Court for the District of Colorado, alleging that Union Pacific did not receive title to minerals, other than coal and iron, underlying certain lands in Colorado granted by the United States Government to Union Pacific, and that such lands were consequently available for lease by the United States: The plaintiffs appealed to the

United States Court of Appeals for the Tenth Circuit, from the decision of the District Court which held for the Union Pacific. On December 24, 1956, the Court of Appeals affirmed the decision of the District Court that once the patent was granted under the land grants to the Union Pacific, no application by a third party for mineral rights would be entertained.

The suit of Sara Radke and Edward Karr against the Union Pacific, involving the question of whether a deed, which reserved to the Union Pacific the exclusive right to prospect for and remove "coal and other minerals", effectively reserved to Union Pacific the right to the oil and gas underlying certain land in Logan County, Colorado: The State of Colorado District Court entered judgment in favor of Union Pacific on December 24, 1956. The plaintiffs may perfect an appeal to the Colorado Supreme Court.





## Royalties From Oil and Gas Leases

	1956	1955	Increase	Decrease
California .....	\$170,428	\$183,338	.....	\$12,910
Colorado .....	471,984	401,635	\$70,349	
Kansas .....	6,334	4,805	1,529	
Nebraska .....	5,405	4,584	821	
Wyoming .....	75,849	87,752	.....	11,903
Total (Table 2) .....	\$730,000	\$682,114	\$47,886	
Las Vegas Land and Water Co.—California (Table 14).....	\$57,160	\$127,161	.....	\$70,001
Grand Total .....	\$787,160	\$809,275	.....	\$22,115

The increase in Colorado resulted chiefly from production of oil from a new lease in **Cliff field**, partially offset by a decline in production from lease in **Black Hollow field**. The decrease of Las Vegas Land and Water Co. was due to less production from two leases in **North Long Beach area**.

From 1911, the first year that the Company received royalties from oil and gas leases, to December 31, 1956, such royalties (including those received by Las Vegas Land and Water Co.) have aggregated \$9,004,471.

## Other Income

	1956	1955	Increase	Decrease	Per Cent
Dividends on stocks owned (Table 9) .....	\$6,970,962	\$6,883,737	\$87,225	.....	1.3
Interest on bonds and notes owned (Table 10) .....	2,307,179	1,691,687	615,492	.....	36.4
Other interest income .....	229,048	276,541	.....	\$47,493	17.2
Rents from lease of road .....	123,195	123,399	.....	204	.2
Miscellaneous rents .....	688,027	629,193	58,834	.....	9.4
Miscellaneous income .....	4,332,499	2,920,654	1,411,845	.....	48.3
Total .....	\$14,650,910	\$12,525,211	\$2,125,699	.....	17.0

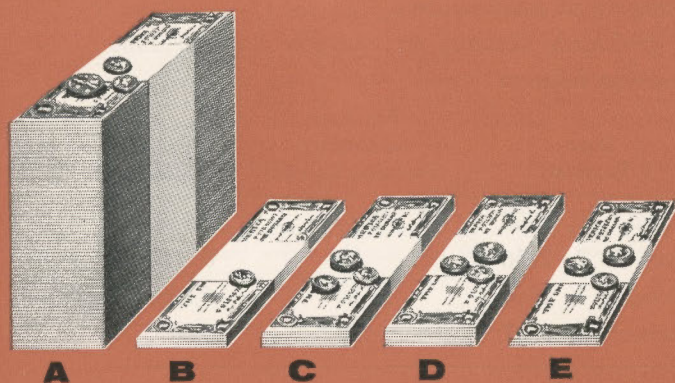
Interest on bonds and notes owned increased because of a higher average interest rate on U.S. Government securities owned and an increase in the average investment in such securities.

The increase in **Miscellaneous income** was chiefly increased compensation for services rendered and privileges granted to Pacific Fruit Express Co.

*Gas-turbine locomotive hauling solid train of refrigerator cars supplied by Pacific Fruit Express Co.*

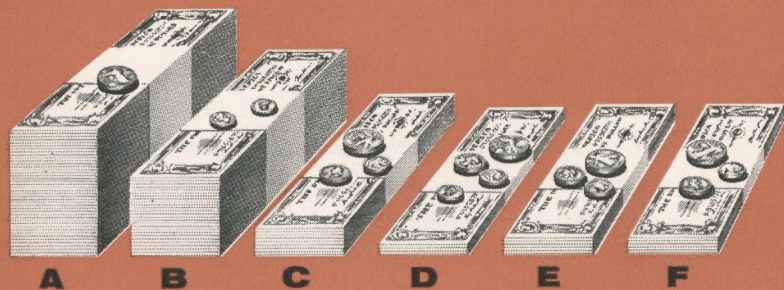


## Source and Disposition of 1956 Gross Income



**SOURCE**  
(EACH \$100.)

	<b>DOLLARS</b>
<b>A</b> Freight revenue .....	77.70
<b>B</b> Passenger revenue .....	5.10
<b>C</b> Other operating revenues .....	6.40
<b>D</b> Receipts from sale of oil, gas, and other petroleum products .....	7.40
<b>E</b> Other .....	3.40
Total .....	100.00



**DISPOSITION**  
(EACH \$100.)

	<b>DOLLARS</b>
<b>A</b> Wages, other employe benefits, and payroll taxes ..	43.50
<b>B</b> Payments to others for material and supplies, services, rentals, interest on debt, etc. ....	27.20
<b>C</b> Taxes other than payroll taxes .....	10.80
<b>D</b> Depreciation charges .....	4.90
<b>E</b> Dividends paid to Stockholders .....	6.80
<b>F</b> Retained in the business .....	6.80
Total .....	100.00

### Capital Stock

A five-for-one split of the Company's capital stock, including the shares authorized but unissued, became effective July 2, 1956, with the prior approval of the Stockholders at the Annual Meeting

on May 8, 1956 (5,213,711 votes for and 16,345 against). Accordingly, the shares and par value of Union Pacific capital stock outstanding on December 31, 1956, were:

Common Stock, 22,229,100 shares, \$10 par .....	\$222,291,000
Preferred Stock, 9,954,310 shares, \$10 par .....	99,543,100
Total par value (Table 7) .....	\$321,834,100

As the Stockholders were informed when the stock split was proposed, it was expected that it would result in widening the stockholdings and thus increase interest in the Company, further its public relations and broaden the trading base for the stock, thereby improving its marketability. That these objectives are being attained is shown by an increase during the year of 8,205 or 17.3 per cent in common Stockholders of record, and by a smaller increase in preferred Stockholders of record. The total number of Stockholders of record December 31, 1956, considering a holder of both classes as one, was 67,129, an increase of 8,428 during the year. The number of Stockholders has continued to grow. Increased interest in the Company, since the stock split, is shown by much greater activity in the common stock, daily

purchases and sales now numbering more than three times the average in years prior to 1956. Relatively speaking, most of the new Stockholders are in the category of small holders.

Dividends declared on common stock in 1956 were as follows:

Date Payable	Per share outstanding December 31, 1956	Total Amount
April 2, 1956	\$.30	\$6,668,730
July 2, 1956	.30	6,668,730
October 1, 1956	.30	6,668,730
January 2, 1957	.70*	15,560,370
	\$1.60	\$35,566,560

\*Quarterly dividend of \$.30 and extra dividend of \$.40.

## Funded Debt

Funded debt of Union Pacific Railroad Company and Leased Lines was reduced \$11,359,008 (6.4 per cent) during 1956 to a new all-time low of \$167,084,000. The reduction represents purchases, at prices considerably below face value, of Union Pacific Railroad Company Refunding Mortgage

Bonds and Oregon-Washington Railroad & Navigation Company Refunding Mortgage Bonds, in anticipation of sinking fund requirements; redemption in advance of maturity, at a discount, of the balance due under an equipment purchase contract; and payment of maturing equipment obligations.

Total debt outstanding in hands of the public on December 31, 1955 .....		\$178,443,008
Retired during the year:		
Union Pacific Railroad Company Refunding Mortgage 2½% Bonds, Series C .....	\$760,000	
Oregon-Washington Railroad & Navigation Company Refunding Mortgage 3% Bonds, Series A .....	2,735,000	
Equipment Purchase Contract, dated August 1, 1954, redeemed in advance of maturity .....	2,833,333	
Union Pacific Equipment Trust, Series F, 1½% Certificates, final maturity .....	838,000	
Equipment Purchase Contracts, installments paid .....	4,192,675	11,359,008
Total debt outstanding in hands of the public on December 31, 1956 (Table 8) .....		<u>\$167,084,000</u>

The face value of equipment obligations retired in 1956 was only 39.2 per cent of the charges to op-

erating expenses during the year for depreciation on all rolling stock equipment.

## Investment in Road and Equipment Property

### Charges:

#### Additions and Betterments—Road Property:

Centralized traffic control and line change between Granger and Pocatello.....	\$4,051,067	
Other line and grade changes .....	2,504,173	
Electronic speed-control system in freight classification yard at North Platte.....	301,602	
Freight station and diesel servicing facilities at Kansas City, Kans.....	370,668	
Diesel servicing facilities and additional yard tracks at Council Bluffs.....	1,041,394	
Other diesel servicing facilities.....	232,632	
Shop facilities, including shop machinery, and power plants.....	2,282,191	
Yard tracks, sidings, and industry tracks.....	912,555	
Station buildings and facilities .....	762,000	
Bridges, trestles, and culverts .....	886,406	
Increased weight of rails and other track material.....	1,466,440	
Other road property .....	957,153	\$15,768,281

#### Additions and Betterments—Equipment:

13 diesel switch locomotives .....	\$1,388,734	
1,697 freight-train cars (1,253 built in Company shops).....	18,933,671	
26 passenger-train cars .....	4,978,981	
Other new equipment .....	814,021	
Cost of material to be used in constructing equipment.....	309,700	
Cost of rebuilding or converting equipment.....	4,260,485	
Improvements to existing equipment.....	1,281,430	
Adjustments—equipment purchased in previous years, etc.....	76,655	32,043,677

Total ..... **\$47,811,958**

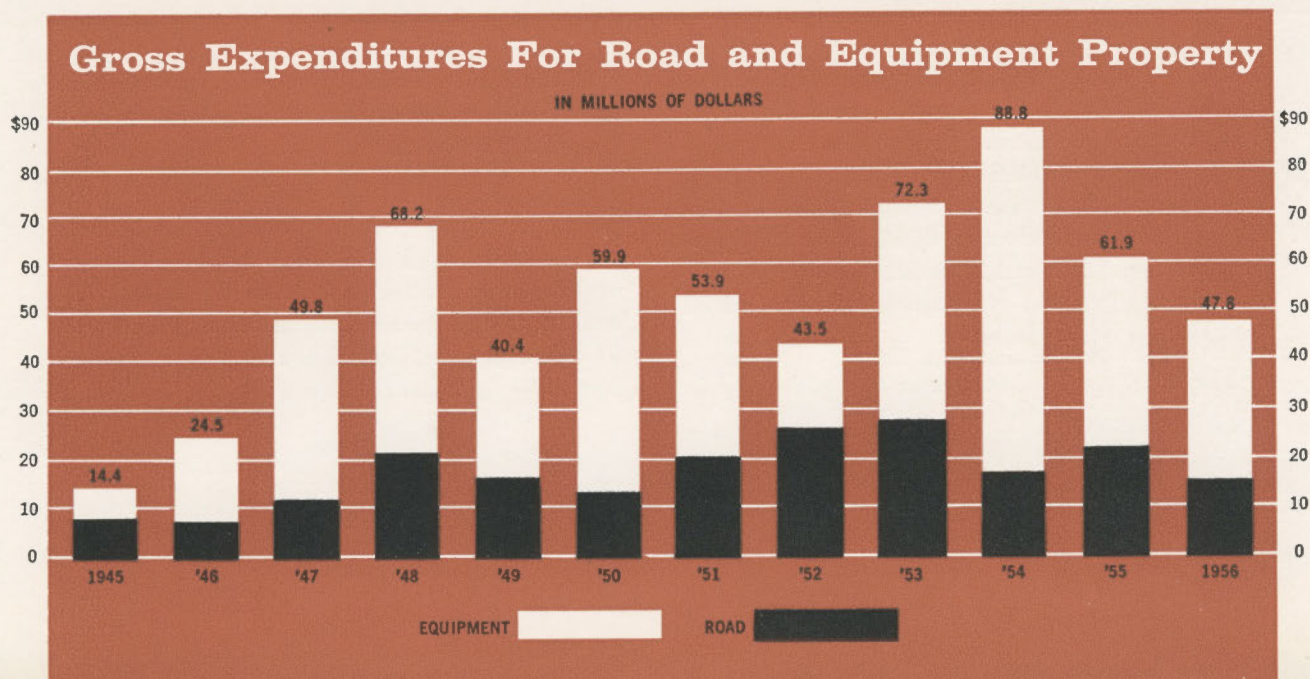
### Credits:

Cost of property retired and replaced.....	\$2,480,252	
Cost of property retired and not replaced.....	3,875,965	
Cost of steam locomotives retired.....	9,047,481	
Cost of other equipment retired (including equipment for rebuilding or conversion).....	10,672,190	26,075,888

Increase in Investment in Road and Equipment Property (as shown in Table 1) ..... **\$21,736,070**

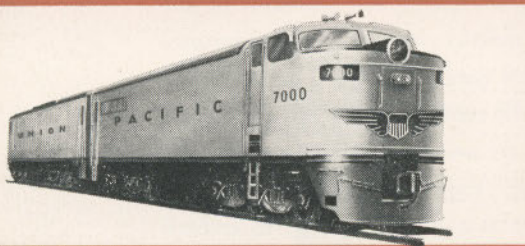
The total gross capital expenditures of \$47,811,958 were substantially less than corresponding expenditures in each of the three preceding years, due in large measure to the unavoidable time lag in obtaining delivery of equipment on order. However, in the years immediately ahead, capital expenditures must be sharply increased. With the steady growth of population and industry in the West, continuing measures must be taken, through improvements to

the Company's fixed property and the acquisition of additional equipment, to make possible the efficient and expeditious handling of the expanding volume of freight traffic. These large expenditures cannot be avoided if the Union Pacific is to retain its position in the transportation field and continue to provide the public with the service to which it is entitled.



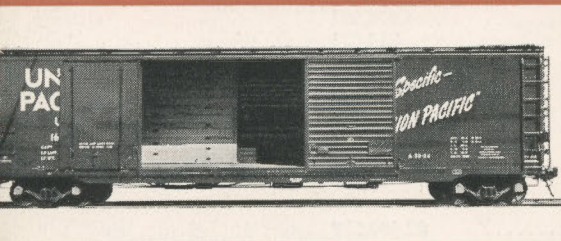
# New Equipment

On order at beginning  
of year or ordered  
during year      Delivered  
during year      On order at  
close of year



## Locomotives

GAS-TURBINE—Freight .....	30	...	30
DIESEL—Switch .....	13	13	



## Freight-train cars

PURCHASES:			
Hopper .....	544	444	100
CONSTRUCTION IN COMPANY SHOPS:			
Box and Automobile.....	2,800	650	2,150
Flat .....	300	300	
Stock .....	300	300	
Caboose .....	3	3	
Total .....	3,947	1,697	2,250



## Passenger-train cars

Postal .....	35	...	35
Baggage .....	15	...	15
Sleeping .....	26	26	
Total .....	76	26	50

Early in 1957, the Company ordered 100 additional 1,750 H.P. diesel locomotive units for freight service. It is expected that they will be delivered in 1957 in time to enable handling the peak fall traffic with greatly reduced use of steam power. Authorizations in 1957, up to the date of this report, also provide for acquisition of 1,250 additional freight-train cars (1,000 gondola, 200 covered hopper, and 50 tank) and 5 dome-coaches.

The 2,000 freight refrigerator cars authorized in

1955 by Pacific Fruit Express Co. (owned jointly with Southern Pacific Co.) are expected to be delivered in the first half of 1957.

Union Pacific Motor Freight Co. (a wholly owned subsidiary), which provides highway motor truck service supplementary to rail freight service of the Union Pacific, purchased 74 tractors, 187 trailers, and 12 trucks. It is anticipated that use of its own equipment instead of rented equipment will result in substantial savings.

## Other Improvements

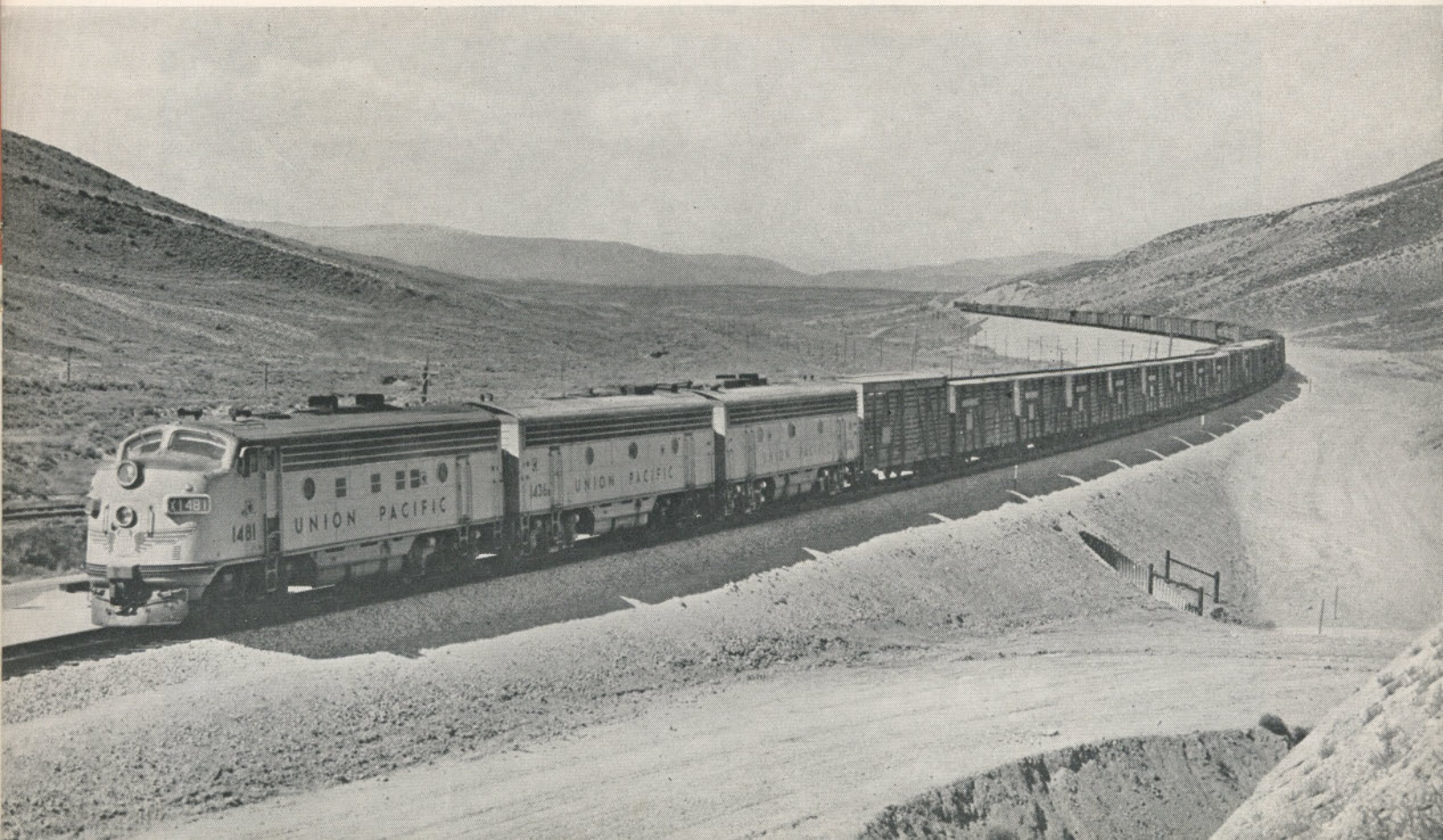
Installation of centralized traffic control on 214 miles of main line between Granger, Wyoming, and Pocatello, Idaho (mentioned in the 1955 report) was well advanced at the close of 1956, 126 miles having been placed in operation. The project includes installation of the control apparatus at Pocatello, placing signals at  $1\frac{1}{2}$ -mile intervals along the line, extension and rearrangement of seventeen passing tracks, and construction of seven additional passing tracks. The line change between Moyer Junction and Nugget, Wyoming (eight miles), constructed in connection with the CTC project, to eliminate excessive curves and grades, was completed and placed in use in September. More than 1,700,000 cubic yards of earth and rock were moved in constructing the new grade; the largest cut is 5,000 feet long and 68 feet deep, and the largest fill is about the same length and 75 feet high. The cost of the entire job, including amounts chargeable to operating expenses, will be approximately \$10,000,000, but it is expected that the savings in expenses will pay for the project in ten years.

An electronic speed control system in the freight



*Installing CTC equipment at Pocatello, Idaho.*

*Freight train on relocated line between Moyer Junction and Nugget, Wyoming.*



classification yard at North Platte, Nebraska (mentioned in previous reports) was practically complete at the close of the year.

Work was started on construction of a freight station and a modern shop for servicing diesel locomotives in the Armstrong yard at Kansas City, Kansas, with probable completion some time in 1958. The existing freight station located in the congested district at Twelfth and Liberty Streets in Kansas City, Missouri, has been outgrown and provides inadequate facilities for efficient and economical handling of the heavy volume of freight traffic in the Greater Kansas City area; it will be retired. When the diesel shop is completed, it will also be possible to retire the roundhouse and related facilities in the Armstrong yard, which were originally designed for servicing steam locomotives and are ill-adapted for work on diesels. Supplementing these projected improvements in the Armstrong yard, four acres of adjoining land have been acquired to provide parking space for pick-up and delivery trucks required in less-than-carload service, and for rail-trailer operations when such service is extended into the Kansas City territory.

With the rapid growth of population and industry in the Pacific Northwest, the present freight facili-

ties at Albina, Oregon, are no longer adequate to handle the heavy volume of traffic at Portland. Accordingly, it was decided to construct a modern enclosed freight house (946 ft. long and 172 ft. wide) together with an office building, repair garage, and other auxiliary structures, and to substantially enlarge and modernize the freight yard. Improvements to the yard will involve the acquisition of 22 acres of land, construction of 14 miles of additional track, relocation of 32 miles of track, a new yard office building, control tower, loudspeaker and intercommunication system. These improvements will greatly improve yard operations and speed the movement of trains. The job should be finished some time in 1958.

The shop for servicing and running repairs to diesel locomotives at Council Bluffs, Iowa, construction of which was commenced in 1955, was completed late in 1956, at a total cost of approximately \$2,000,000. This huge structure of modern functional design accommodates 24 diesels and has working platforms at three levels on each side of six tracks, which enables the servicing and repair forces to have access to all parts of a locomotive simultaneously, thus providing for maximum efficiency with the least loss of time.

*Diesel shop at Council Bluffs, Iowa, completed in 1956.*



Facilities for fueling, watering, and sanding diesel locomotives, are being provided at Cheyenne, Wyoming, including construction of service and inspection pits, working platforms for four tracks, an underground storage tank for fuel oil, and pumping apparatus.

Construction of an addition to the wheel shop at

Omaha, Nebraska, and installation of a 20-ton electric overhead traveling crane, have been almost completed. These improvements will provide more spacious facilities for work on passenger-car trucks, and will increase efficiency and speed in turning out the work, with consequent economies.

## Increase in Cash and Government Securities

**Cash and investments in U. S. Government Securities, December 31, 1955 . . . \$139,975,747**

### Receipts:

Net income (as detailed in Table 2) . . . . .	\$78,568,845
Non-cash charges to income for:	
Depreciation and retirements of property . . . . .	29,066,678
Reserves for fire insurance, overcharge claims, and other purposes . . . . .	4,283,935
Cost of material and supplies used in excess of purchases . . . . .	6,294,431
Proceeds from sales of real estate and New York Central stock . . . . .	2,863,052
Donations and grants received toward cost of property improvements . . . . .	1,406,399
Deposits by affiliated companies in excess of advances . . . . .	541,004
Total receipts . . . . .	<u>\$123,024,344</u>

### Disbursements:

Dividends payable in 1956 on Union Pacific Railroad Company preferred and common stocks <i>(includes dividend of \$18,894,735 declared on common stock in 1955, payable January 3, 1956, but excludes dividend of \$15,560,370 declared on common stock in 1956, payable January 2, 1957)</i> . . . . .	\$42,882,649
Expenditures for new equipment and other improvements to transportation property . . . . .	47,811,958
Cost of retiring funded debt . . . . .	11,167,598
Cost of drilling productive oil and gas wells and constructing appurtenant facilities . . . . .	2,005,606
Improvements to miscellaneous property . . . . .	1,579,881
Miscellaneous—net . . . . .	3,275,255
Total disbursements . . . . .	<u>\$108,722,947</u>

**Receipts in excess of disbursements . . . . . 14,301,397**

**Cash and investments in U. S. Government Securities, December 31, 1956 . . . \$154,277,144**










PACIFIC OCEAN

# UNION PACIFIC RAILROAD

*Serves All the West!*

**LEGEND**

-  Double Track
-  Single Track
-  Track with Centralized Traffic Control\* } Union Pacific Railroad
-  Camas Prairie Railroad
-  Single Track } Solid Through Train Connections
-  Double Track }
-  Tourist Motor Coach Routes



**BE SPECIFIC - SAY UNION PACIFIC!**

\*Centralized traffic control enables the dispatcher to operate switches and signals electrically from a central point, to control movement, meeting and passing of trains without train orders. This facilitates flow of traffic and increases the capacity of single track to about 80 per cent of double track.

A N A D A



NORTH DAKOTA

SOUTH DAKOTA

MINNESOTA

WISCONSIN

MICHIGAN

IOWA

NEBRASKA

Chicago

Omaha  
Council Bluffs

ILLINOIS

OHIO

INDIANA

North Platte

Grand Island

St. Joseph

St. Louis

Topeka

Kansas City

KANSAS

MISSOURI

KENTUCKY

COLORADO

OKLAHOMA

ARKANSAS

TENNESSEE

MEXICO

ALABAMA

T E X A S

MISSISSIPPI

LOUISIANA

GULF OF MEXICO

## Sale of New York Central Stock

To offset, for tax purposes, capital gains realized from sales of real estate and other property, 36,300 shares of New York Central Railroad Co. capital

stock were sold at a loss. This reduced Union Pacific holdings of such stock to 49,382 shares at the close of the year.

## Safety

Employee casualties were reduced 18 per cent during the year. On the basis of this enviable safety record, the National Safety Council has notified the Union Pacific that it will be presented with the Railroad Employees' National Safety Award for 1956. This will be the sixteenth time that the Company has been so honored in the past thirty-four years.

Union Pacific received recognition through the presentation by the National Safety Council of its Public Safety Activities Award and an Award of Merit for a noteworthy industrial safety performance during 1955. Additionally, "The Days of Our

Years", a safety film released by the Company in 1955, was awarded the Bronze Plaque by the National Committee on Films for Safety as the best in the occupational field. This film also received an Award of Merit from the Cleveland Film Festival. The merit of the convincing and unique approach in this film to the problem of personal safety is attested to by the constant demand for its loan by railroads and other industries.

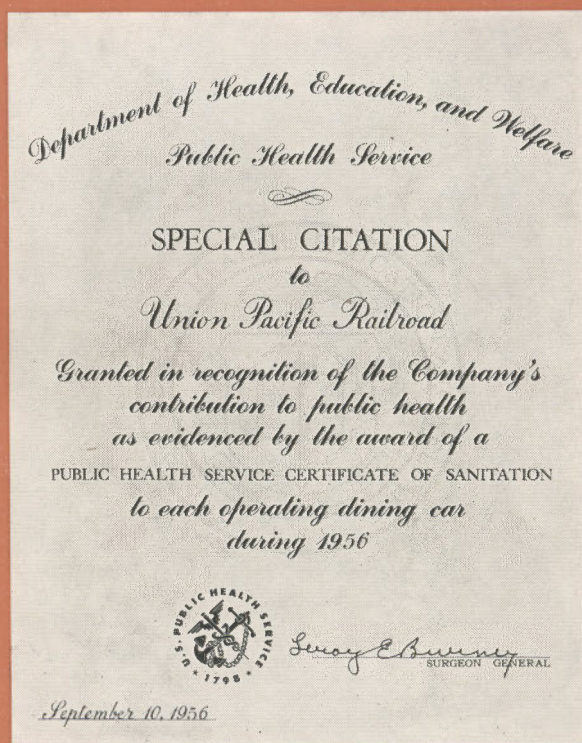
The American Museum of Safety presented the Company with its certificate of commendation for the Western District for outstanding safety performance in 1955.

## Public Health Award

A Certificate of Merit for Dining Car Sanitation and Design was awarded to the Union Pacific by the United States Public Health Service. It was the first such award to a major railroad.

This distinction was won with an average rating of 98.6 points out of a possible 100, compared with a national average of 90.2 points for all railroads.

We are naturally proud of this recognition of the efficiency of our staff of dining car inspectors and other dining car employees, and of the excellent design of our equipment serving the traveling public.



## Freight Loss and Damage Prevention

Notwithstanding the Company's comprehensive program directed toward careful freight handling to obviate damage in transit, payments of loss and damage claims in 1956 were \$603,082 greater than in 1955, and the ratio of such payments to total freight and switching revenues was 1.1 per cent, a slight increase over the previous year. This is partly the result of the growing volume of freight shipments of a fragile nature and high value, such as precision machinery, household appliances, automobile glass, canned goods, furniture, and perishable commodities. Furthermore, even for the same articles, the general rise in commodity prices has been proportionately much greater than the increase in freight rates, with the result that for many of the commodities carried the ratio of their value to transportation charges has tended to become greater.

In the face of these added handicaps, the Company has intensified its efforts to keep loss and damage under control. One of the principal causes of damage to freight is coupling impacts during switching operations in yards, and special attention

is given to this factor. For example, at principal terminals, cars are grouped into trains according to destination or junction point to obviate the necessity for switching at intermediate terminals. The electronic installation, previously mentioned, in the North Platte freight classification yard provides the most modern form of protection from impact damage in yards, by automatically limiting the speed of cars at time of coupling.

Our operating personnel have become increasingly conscious of the importance of damage prevention, and as a result of their interest and efforts, the impact registers, which are in continuous operation over the railroad, showed a further sharp drop in overspeed car impacts in 1956.

Still another means of meeting this problem is through improvements to freight cars, and cars are now being equipped with cushion underframes, rubber cushion draft gears, improved spring snubbing devices, and permanent interior equipment for bracing commodities in the cars.

## Freight Revenue Divisions

In the 1954 and 1955 reports, references were made to the complaints filed with the Interstate Commerce Commission by the Eastern and Midwestern railroads, in which they seek increases in the divisions of revenue on freight traffic moving between points on their lines and points on the Union Pacific and the other Western lines. During 1956 the Commission held three additional hearings

at which the Western lines submitted a large amount of evidence (including testimony of Union Pacific officers) to show that increases in the divisions of revenue presently enjoyed by the Eastern and Midwestern lines would be unjustified and that the Western lines are in fact entitled to higher divisions than those they now receive on such traffic.

## Ogden Gateway Litigation

As previously reported, various appeals from lower court decisions in connection with this litigation were filed with the Supreme Court of the United States. The cases were argued before the Court in April, 1956, and on June 11, 1956, it rendered a decision sustaining the validity of the Interstate Commerce Commission's order of January 12, 1953, in its entirety.

The Commission's order requires the Union Pacific Railroad Company and numerous other rail-

roads to publish through routes with the Denver & Rio Grande Western Railroad Company and to maintain the same joint rates over such routes as those maintained over Union Pacific routes through Wyoming, on eastbound carloads of ordinary livestock, fresh fruits and vegetables, dried beans, frozen poultry, frozen foods, butter, and eggs, from origins in the Northwest area above Ogden, Utah, to destinations generally east and south of a line drawn along the southern boundary of Kansas, the eastern

boundaries of Kansas and Nebraska north to Omaha, and easterly therefrom to Chicago; also, on westbound carloads of granite and marble monuments from Vermont and Georgia to the Northwest territory mentioned.

Tariffs were filed with the Interstate Commerce Commission, effective November 30, 1956, publishing the through routes and joint rates required by

## Spokane International

As stated in the 1955 report, the Union Pacific made an offer to stockholders of the Spokane International Railroad Co. to acquire their stock on the basis of one share of Union Pacific common stock (\$50 par value) for each 5½ shares of Spokane International stock tendered, provided that holders of at least 80 per cent of the outstanding 199,248 shares of Spokane International stock should accept the offer and that the transaction should be approved by the Interstate Commerce Commission. Holders of 96 per cent of the outstanding shares of Spokane International stock accepted the Union Pacific offer, and after a hearing had been held, the Interstate Commerce Commission released the Report and Order of Division 4 (Finance Division) of the Commission, dated December 20, 1956, approving acquisition of control of the Spokane International Railroad Co. by the Union Pacific through an exchange of stock, on the basis of one and one-tenth shares of Spokane International stock for one share of Union Pacific common (\$10 par value), the Union Pacific stock having been split five for one in the meantime.

However, several other railroads, including the Canadian Pacific, Northern Pacific, and Great Northern, which had previously intervened in opposition to the application by the Union Pacific, petitioned the full Commission for reconsideration of the order issued by its Division 4, and pending a decision by the full Commission, the effective date of the order was stayed. The Commission has called for oral argument on April 24, 1957.

Meanwhile, several stockholders of Spokane International have brought an action in the Supreme Court of New York, Erie County, for a declaratory judgment that the contract between Union Pacific and stockholders of Spokane International has expired by its own terms. Union Pacific has taken the position that the contract is in full force and

the order. As previously stated, the loss to the Union Pacific in freight revenue as a result of the through routes and joint rates thus established cannot be accurately estimated, since it will depend on the extent to which shippers actually avail themselves of a "bridge" route via the Denver & Rio Grande Western.

effect and that all of its terms and conditions have been satisfied. Pending trial of the issues the Court has issued a temporary injunction preventing consummation of the transaction. The Court has decided several preliminary matters, but it is not known when the case will come to trial.

During 1956, the Union Pacific purchased 3,382 shares of Spokane International stock on the open market.



## Industrial Development

There was a net increase of 257 industries located on the Company's lines during the year, reflecting the rapid growth of industrial activity in territory served by the Union Pacific.

Some of the widely diversified new plants under construction or completed are listed below:

On a 390-acre site near Omaha, Nebraska, construction has been started of a \$30,000,000 plant for the manufacture of telephone cable and automatic telephone switching equipment. Completion of the first building is planned for 1958 and the entire plant should be in production by 1960.

At Kearney, Nebraska, construction is under way of a factory for the manufacture of various types of valves and meters. Estimated cost of the building and equipment is \$5,000,000.

A \$1,000,000 plant for fresh-frozen potato processing was completed and placed in operation at Idaho Falls, Idaho.

At East Los Angeles, California, large warehouse and office buildings were completed for a manufacturer of fibrous glass products, a distributor of radios, television sets, electric refrigerators, etc., and a distributor of steel tubular products.

Three industries are constructing plants at Puente, California, and expect to start operations in 1957, including a producer of air-conditioning equipment, a manufacturer of cranes and other heavy construction equipment, and a company which produces water heaters, wall furnaces and related products. The aggregate cost of these plants will be about \$9,000,000.

An aircraft manufacturer at North Long Beach,

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The Board records with sorrow the death on May 2, 1956, of EDWARD G. SMITH, who had been associated with the Company for 49 years, and was a Director for 15 years. Mr. Smith started with the Company in 1907 as stenographer and thereafter held various positions, becoming Treasurer in

The Board of Directors at its meeting on December 27, 1956, pursuant to authority contained in the By-Laws, increased the number of Directors from

By order of the Board of Directors,  
E. ROLAND HARRIMAN  
*Chairman of the Board*

ROBERT A. LOVETT  
*Chairman of the Executive Committee*

A. E. STODDARD  
*President*

California, is expanding its facilities, for the production of jet airplanes for commercial service. The cost of the plant, including equipment, will approximate \$20,000,000.

At The Dalles, Oregon, an aluminum company started construction of a plant, estimated to cost \$65,000,000, which will include facilities for ore processing, smelting, and metal fabrication. It is anticipated that an aluminum reduction unit will be placed in operation late in 1957.

A brewing company is erecting at Olympia, Washington, a bottlehouse, a warehouse, and other facilities, at an aggregate estimated cost of \$2,400,000.

At Seattle, Washington, a manufacturer of airplanes is spending about \$25,000,000 for a research center which is scheduled for completion late in 1957.

Construction of a plant for producing tread rubber is under way at Chehalis, Washington. It should be completed early in 1957.

At Spokane, Washington, a pea processing plant was constructed, which is the largest of its kind in the world.

In the Fairfax Industrial District, Kansas City, Kansas, a macaroni manufacturer is constructing a factory and distributing facilities.

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At East Portland, Oregon, an additional 50 acres of land were purchased, adjacent to the 188-acre tract mentioned in last year's report, for lease or sale to traffic-producing industries.

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1920, Secretary and Treasurer in 1933, and Vice President, Secretary and Treasurer in 1942; he was elected a Director in 1941. He retired as an Officer in 1952, but continued to serve as a member of the Board of Directors until his death.

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fifteen to nineteen. The four additional Directors are Messrs. George S. Eccles, Elbridge T. Gerry, Oscar T. Lawler, and Harold B. Lee.



# Tables



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**NO. 1 — GENERAL BALANCE SHEET — ASSETS**

	December 31, 1956	December 31, 1955	Increase	Decrease
<b>INVESTMENTS</b>				
Road and equipment property .....	\$1,458,874,107.64	\$1,437,138,037.20	\$21,736,070.44	
Donations and grants (credit) .....	27,088,905.51	25,860,565.45	1,228,340.06 (a)	
Reserve for depreciation—road and equipment (credit) .....	248,770,727.75	243,870,702.49	4,900,025.26	
Reserve for amortization of national defense projects (credit) ..	57,133,282.96	57,425,165.95	.....	\$291,882.99
Sinking funds .....	1,621.25	7,651.25	.....	6,030.00
Miscellaneous physical property .....	45,319,878.87	43,174,487.42	2,145,391.45 (b)	
Reserve for depreciation—miscellaneous physical property (credit) .....	25,806,332.42	24,169,005.75	1,637,326.67	
Investments in Affiliated Companies:				
Stocks (Table 9) .....	\$17,705,369.27	\$17,721,112.75	.....	\$15,743.48
Notes (Table 10) .....	277,001.18	277,001.18	.....	
Advances .....	8,631,437.37	8,192,397.43	\$439,039.94	
Total Investments in Affiliated Companies.....	\$26,613,807.82	\$26,190,511.36	\$423,296.46	
Other Investments:				
Stocks (Table 9) .....	\$50,879,048.79	\$53,491,353.21	.....	\$2,612,304.42
Bonds and notes (Table 10) .....	9,088,917.16	9,185,642.25	.....	96,725.09
Total Other Investments .....	\$59,967,965.95	\$62,676,995.46	.....	\$2,709,029.51
Reserve for adjustment of investments in securities (credit) ...	\$23,422,082.79	\$25,020,871.12	.....	\$1,598,788.33 (c)
Total Investments .....	\$1,208,556,050.10	\$1,192,841,371.93	\$15,714,678.17	
<b>CURRENT ASSETS</b>				
Cash .....	\$54,849,853.70	\$56,138,453.84	.....	\$1,288,600.14
Temporary cash investments (U. S. Govt. securities) (Table 10)	99,427,290.70	83,837,293.14	\$15,589,997.56	
Special deposits .....	98,245.20	101,515.20	.....	3,270.00
Traffic and car-service balances—net .....	12,486,559.86	12,682,910.12	.....	196,350.26
Net balance receivable from agents and conductors.....	6,900,727.63	7,493,218.22	.....	592,490.59
Miscellaneous accounts receivable .....	12,834,425.13	15,282,772.56	.....	2,448,347.43
Material and supplies .....	32,043,138.86	38,337,570.28	.....	6,294,431.42
Interest and dividends receivable .....	1,187,504.36	1,175,555.83	11,948.53	
Accrued accounts receivable .....	19,868,071.67	18,825,520.63	1,042,551.04	
Other current assets .....	3,091,800.49	444,903.36	2,646,897.13	
Total Current Assets .....	\$242,787,617.60	\$234,319,713.18	\$8,467,904.42	
<b>DEFERRED ASSETS</b>				
Working fund advances .....	\$158,638.48	\$149,644.91	\$8,993.57	
Other deferred assets .....	4,296,792.94	4,174,988.90	121,804.04	
Total Deferred Assets .....	\$4,455,431.42	\$4,324,633.81	\$130,797.61	
<b>UNADJUSTED DEBITS</b>				
Prepayments .....	\$12,197.36	\$377,084.34	.....	\$364,886.98
Other unadjusted debits .....	2,955,885.33	2,082,865.71	\$873,019.62	
Total Unadjusted Debits .....	\$2,968,082.69	\$2,459,950.05	\$508,132.64	
Grand Total .....	\$1,458,767,181.81	\$1,433,945,668.97	\$24,821,512.84	

(a) Principally grant from U. S. Government in connection with construction of new line necessitated by construction of The Dalles Dam, on the Columbia River.

(b) Represents principally the cost of material (having a salvage value) used in drilling and equipping productive oil and gas wells and the cost of constructing related facilities; also costs of industrial property acquired for lease or sale to industries, and improvements thereto, less costs of similar property sold.

(c) Loss from sale of New York Central R.R. Co. capital stock, charged to this account (see page 26).



## NO. 1 — GENERAL BALANCE SHEET — LIABILITIES

	December 31, 1956	December 31, 1955	Increase	Decrease
<b>CAPITAL STOCK (Table 7)</b>				
Common stock .....	\$222,301,000.00	\$222,301,000.00		
Preferred stock .....	99,589,680.79	99,589,680.79		
<b>Total Capital Stock .....</b>	<b>\$321,890,680.79</b>	<b>\$321,890,680.79</b>		
<b>FUNDED DEBT (Table 8)</b>				
Bonds .....	\$161,654,000.00	\$165,149,000.00		\$3,495,000.00
Equipment obligations:				
Maturing after one year from date .....	3,151,000.00	7,282,999.97		4,131,999.97
Maturing within one year .....	2,279,000.00	6,011,007.84		3,732,007.84
<b>Total Funded Debt .....</b>	<b>\$167,084,000.00</b>	<b>\$178,443,007.81</b>		<b>\$11,359,007.81</b>
<b>DUE TO AFFILIATED COMPANIES .....</b>	<b>\$20,082,169.49</b>	<b>\$19,102,125.44</b>	<b>\$980,044.05</b>	
<b>CURRENT LIABILITIES</b>				
Audited accounts and wages payable .....	\$27,705,193.68	\$30,630,611.34		\$2,925,417.66
Miscellaneous accounts payable .....	3,466,329.97	2,595,081.37	\$871,248.60	
Interest matured unpaid .....	80,496.83	87,670.81		7,173.98
Dividends matured unpaid:				
Dividend on common stock payable second proximo .....	15,560,370.00	18,894,735.00		3,334,365.00
Dividends due but unclaimed .....	339,620.74	334,237.36	5,383.38	
Unmatured interest accrued .....	1,484,669.46	1,523,531.95		38,862.49
Accrued accounts payable .....	26,499,083.99	25,629,675.18	869,408.81	
Taxes accrued .....	44,273,398.54	47,903,462.22		3,630,063.68
Other current liabilities .....	2,253,498.41	2,180,591.96	72,906.45	
<b>Total Current Liabilities .....</b>	<b>\$121,662,661.62</b>	<b>\$129,779,597.19</b>		<b>\$8,116,935.57</b>
<b>DEFERRED LIABILITIES .....</b>	<b>\$12,333,260.60</b>	<b>\$10,304,568.11</b>	<b>\$2,028,692.49</b>	
<b>UNADJUSTED CREDITS</b>				
Premium on funded debt .....	\$2,987,995.52	\$3,197,537.33		\$209,541.81
Reserve for fire insurance .....	27,699,396.33	25,973,716.31	\$1,725,680.02	
Reserve for depreciation—leased property .....	6,520.06	5,590.66	929.40	
Other unadjusted credits .....	3,043,611.10	3,765,869.07		722,257.97
<b>Total Unadjusted Credits .....</b>	<b>\$33,737,523.01</b>	<b>\$32,942,713.37</b>	<b>\$794,809.64</b>	
<b>Total Liabilities .....</b>	<b>\$676,790,295.51</b>	<b>\$692,462,692.71</b>		<b>\$15,672,397.20</b>
<b>SURPLUS</b>				
Capital surplus .....	\$573,855.74	\$395,796.90	\$178,058.84	
Earned surplus—appropriated .....	\$43,715,948.39	\$42,503,552.14	\$1,212,396.25	
Earned surplus—unappropriated .....	698,102,164.93	658,998,709.98	39,103,454.95	
<b>Total Earned Surplus (See Note) .....</b>	<b>\$741,818,113.32</b>	<b>\$701,502,262.12</b>	<b>\$40,315,851.20</b>	
<b>Total Surplus .....</b>	<b>\$742,391,969.06</b>	<b>\$701,898,059.02</b>	<b>\$40,493,910.04</b>	
Consolidation surplus arising from acquisition at various times from the public, by other companies included in this consolidated balance sheet, of securities issued by Los Angeles & Salt Lake Railroad Company and The St. Joseph and Grand Island Railway Company, for lesser amounts than those at which carried on the issuing companies' books .....	\$39,584,917.24	\$39,584,917.24		
<b>Grand Total .....</b>	<b>\$1,458,767,181.81</b>	<b>\$1,433,945,668.97</b>	<b>\$24,821,512.84</b>	

NOTE: Earned Surplus represents earnings which have been retained in the business to acquire fixed property, rolling stock and other assets, reduce debt, and increase working capital, in order to maintain earning power and provide for growth of the Company.



**NO. 2 — INCOME ACCOUNT**

	1956	1955	Increase	Decrease
<b>TRANSPORTATION OPERATIONS</b>				
Operating revenues (Table 4) .....	\$514,316,827.93	\$509,362,476.21	\$4,954,351.72	
Operating expenses (Table 5) .....	376,254,723.82	370,526,330.19	5,728,393.63	
Revenues over expenses .....	\$138,062,104.11	\$138,836,146.02	.....	\$774,041.91
Taxes (see page 12) .....	73,538,269.78	72,517,847.79	\$1,020,421.99	
Railway Operating Income .....	\$64,523,834.33	\$66,318,298.23	.....	\$1,794,463.90
Equipment rents (debit) .....	20,623,689.77	21,049,557.20	.....	425,867.43
Joint facility rents (debit) .....	1,762,982.59	1,529,249.45	\$233,733.14	
<b>Net Income from Transportation Operations .....</b>	<b>\$42,137,161.97</b>	<b>\$43,739,491.58</b>	.....	<b>\$1,602,329.61</b>
<b>INCOME FROM INVESTMENTS AND OTHER SOURCES</b>				
Income from oil and gas operations—net* (see page 13) .....	\$26,603,161.78	\$28,075,475.22	.....	\$1,472,313.44
Royalties from oil and gas leases (see page 16) .....	730,000.14	682,114.02	\$47,886.12	
Dividends on stocks owned (Table 9) .....	6,970,962.10	6,883,737.25	87,224.85	
Interest on bonds and notes owned (Table 10) .....	2,307,179.61	1,691,687.15	615,492.46	
Other interest income .....	229,047.91	276,540.85	.....	47,492.94
Rents from lease of road .....	123,194.69	123,398.83	.....	204.14
Miscellaneous rents .....	688,026.86	629,193.43	58,833.43	
Miscellaneous income .....	4,332,498.99	2,920,654.04	1,411,844.95	
<b>Total .....</b>	<b>\$41,984,072.08</b>	<b>\$41,282,800.79</b>	<b>\$701,271.29</b>	
<b>Total Income .....</b>	<b>\$84,121,234.05</b>	<b>\$85,022,292.37</b>	.....	<b>\$901,058.32</b>
<b>FIXED AND OTHER CHARGES</b>				
Interest on funded debt (Table 8) .....	\$4,670,071.15	\$4,955,347.00	.....	\$285,275.85
Other interest .....	378,664.55	404,775.15	.....	26,110.60
Miscellaneous rents .....	30,755.70	31,083.53	.....	327.83
Miscellaneous charges .....	472,897.61	403,830.77	\$69,066.84	
<b>Total .....</b>	<b>\$5,552,389.01</b>	<b>\$5,795,036.45</b>	.....	<b>\$242,647.44</b>
<b>Net Income from All Sources .....</b>	<b>\$78,568,845.04</b>	<b>\$79,227,255.92</b>	.....	<b>\$658,410.88</b>
<b>DISPOSITION OF NET INCOME</b>				
Dividends (4%) on Preferred Stock of Union Pacific R.R. Co. ....	\$3,981,724.00	\$3,981,724.00		
Surplus for Common Stock of Union Pacific R.R. Co. ....	\$74,587,121.04	\$75,245,531.92	.....	\$658,410.88
Per share on stock outstanding December 31, 1956 .....	\$3.355	\$3.385	.....	\$.030
Dividends on Common Stock (see page 18) .....	35,566,560.00	35,566,560.00		
<b>Transferred to Earned Surplus—Unappropriated .....</b>	<b>\$39,020,561.04</b>	<b>\$39,678,971.92</b>	.....	<b>\$658,410.88</b>

\* Excludes Federal income taxes, which are included in "Taxes." Federal taxes on income from oil and gas operations were approximately \$7,968,500 in 1956 and \$8,372,100 in 1955.

NOTE: Income for each of the last ten years and average income for the years 1935 to 1939, inclusive, are shown in Table 13 on pages 44 and 45.

**NO. 3 — EARNED SURPLUS — UNAPPROPRIATED**

Credit Balance, December 31, 1955 .....	\$658,998,709.98
Credits during year:	
Transferred from Income Account (Table 2) .....	\$39,020,561.04
Net profit from sales of land and miscellaneous property .....	1,136,225.04
Profit realized from reacquisition, at a discount, of funded debt obligations .....	200,034.62
Total credits .....	\$40,356,820.70
Debits during year:	
Surplus applied to sinking funds for retirement of bonds .....	\$1,212,426.25
Miscellaneous—net .....	40,939.50
Total debits .....	\$1,253,365.75
Increase during year .....	\$39,103,454.95
Credit Balance, December 31, 1956 (Table 1) .....	\$698,102,164.93



## NO. 4 — OPERATING REVENUES

TITLE OF ACCOUNT	1956	1955	Increase	Decrease
Freight .....	\$448,156,607.21	\$441,533,942.38	\$6,622,664.83	
Passenger .....	29,221,502.25	30,208,679.57	.....	\$987,177.32
Baggage .....	116,236.02	113,374.38	2,861.64	
Sleeping car .....	271.33	381.78	.....	110.45
Parlor and chair car .....	15,783.02	15,739.17	43.85	
Mail .....	16,365,103.56	16,357,649.24	7,454.32	
Express .....	5,583,275.91	5,952,155.37	.....	368,879.46
Other passenger-train .....	246,292.00	236,799.71	9,492.29	
Milk .....	131,598.00	157,826.52	.....	26,228.52
Switching .....	5,979,940.35	5,889,589.48	90,350.87	
Dining and buffet .....	4,165,590.60	4,582,689.64	.....	417,099.04
Hotel and restaurant .....	1,310,476.09	1,459,081.35	.....	148,605.26
Station, train, and boat privileges .....	148,336.80	150,882.27	.....	2,545.47
Parcel room .....	5,184.00	7,113.35	.....	1,929.35
Storage—freight .....	10,798.73	11,008.83	.....	210.10
Storage—baggage .....	16,781.55	17,939.48	.....	1,157.93
Demurrage .....	866,180.71	675,994.48	190,186.23	
Communication .....	114,120.49	134,693.49	.....	20,573.00
Power .....	8,486.24	7,584.03	902.21	
Rents of buildings and other property .....	480,559.86	485,211.34	.....	4,651.48
Miscellaneous .....	911,443.52	875,634.64	35,808.88	
Joint facility—credit .....	589,037.16	594,596.71	.....	5,559.55
Joint facility—debit .....	126,777.47	106,091.00	20,686.47	
<b>Total Operating Revenues .....</b>	<b>\$514,316,827.93</b>	<b>\$509,362,476.21</b>	<b>\$4,954,351.72</b>	

## NO. 5 — OPERATING EXPENSES

TITLE OF ACCOUNT	1956	1955	Increase	Decrease
MAINTENANCE OF WAY AND STRUCTURES				
Superintendence .....	\$4,415,379.78	\$4,094,174.15	\$321,205.63	
Roadway maintenance .....	4,445,566.39	4,826,505.18	.....	\$380,938.79
Tunnels and subways .....	83,571.97	43,984.02	39,587.95	
Bridges, trestles, and culverts .....	2,122,690.14	1,940,529.15	182,160.99	
Ties .....	3,367,859.01	3,402,117.73	.....	34,258.72
Rails .....	2,598,736.76	2,754,780.81	.....	156,044.05
Other track material .....	3,591,855.87	4,465,513.02	.....	873,657.15
Ballast .....	842,677.15	761,443.38	81,233.77	
Track laying and surfacing .....	19,652,855.81	19,427,709.25	225,146.56	
Fences, snowsheds, and signs .....	751,492.38	463,629.63	287,862.75	
Station and office buildings .....	2,509,336.27	2,290,159.31	219,176.96	
Roadway buildings .....	813,526.51	760,757.24	52,769.27	
Water stations .....	293,051.85	348,417.50	.....	55,365.65
Fuel stations .....	221,685.54	245,626.08	.....	23,940.54
Shops and enginehouses .....	1,828,642.97	1,828,380.86	262.11	
Wharves and docks .....	45,332.83	22,737.26	22,595.57	
Communication systems .....	1,295,642.92	1,372,235.52	.....	76,592.60
Signals and interlockers .....	2,591,439.47	2,703,708.55	.....	112,269.08
Power plants .....	109,298.27	139,919.00	.....	30,620.73
Power-transmission systems .....	346,826.62	400,523.83	.....	53,697.21
Miscellaneous structures .....	3,238.42	2,538.25	700.17	
Road property—depreciation .....	5,431,985.82	5,292,340.00	139,645.82	
Retirements—road .....	659,419.18	2,380,648.26	.....	1,721,229.08
Roadway machines .....	763,494.53	657,680.16	105,814.37	
Dismantling retired road property .....	396,974.39	423,492.74	.....	26,518.35
Small tools and supplies .....	1,628,667.59	1,656,636.17	.....	27,968.58
Removing snow, ice, and sand .....	1,105,050.98	1,500,909.53	.....	395,858.55
Public improvements—maintenance .....	622,377.41	609,972.16	12,405.25	
Injuries to persons .....	407,358.54	433,599.42	.....	26,240.88
Insurance .....	192,636.87	202,330.86	.....	9,693.99
Stationery and printing .....	62,312.96	64,904.43	.....	2,591.47
Other expenses .....	772,820.61	355,711.45	417,109.16	
Right-of-way expenses .....	6,768.45	1,092.04	5,676.41	
Maintaining joint tracks, yards, and other facilities—debit....	3,626,572.67	2,660,409.43	966,163.24	
Maintaining joint tracks, yards, and other facilities—credit....	1,492,905.52	1,429,603.97	63,301.55	
<b>Total Maintenance of Way and Structures .....</b>	<b>\$66,114,241.41</b>	<b>\$67,105,512.40</b>	<b>.....</b>	<b>\$991,270.99</b>
<b>Ratio to Operating Revenues .....</b>	<b>12.86</b>	<b>13.17</b>	<b>.....</b>	<b>.31</b>



NO. 5 — OPERATING EXPENSES — (Continued)

TITLE OF ACCOUNT	1956	1955	Increase	Decrease
<b>MAINTENANCE OF EQUIPMENT</b>				
Superintendence .....	\$3,559,548.06	\$3,460,318.61	\$99,229.45	
Shop machinery .....	1,459,078.19	1,725,010.17	.....	\$265,931.98
Power-plant machinery .....	326,199.98	412,275.11	.....	86,075.13
Shop and power-plant machinery—depreciation .....	394,775.96	380,661.58	14,114.38	
Dismantling retired shop and power-plant machinery .....	145.20	1,051.22	.....	906.02
Steam locomotives—repairs .....	3,691,522.42	4,387,612.44	.....	696,090.02
Diesel and gas-turbine locomotives—repairs .....	27,955,896.59	25,076,226.23	2,879,670.36	
Freight-train cars—repairs .....	20,003,995.17	21,563,724.99	.....	1,559,729.82
Passenger-train cars—repairs .....	9,936,953.34	11,097,079.89	.....	1,160,126.55
Work equipment—repairs .....	330,905.61	655,951.31	.....	325,045.70
Miscellaneous equipment—repairs .....	436,403.22	486,322.91	.....	49,919.69
Dismantling retired equipment .....	339,145.43	272,162.37	66,983.06	
Retirements—equipment .....	20,431.08*	34,633.20*	14,202.12	
Equipment—depreciation .....	20,061,124.55	19,333,604.60	727,519.95	
Injuries to persons .....	330,429.20	257,308.93	73,120.27	
Insurance .....	1,712,344.72	1,593,066.43	119,278.29	
Stationery and printing .....	94,483.85	78,829.33	15,654.52	
Other expenses .....	1,515,602.35	1,095,777.12	419,825.23	
Joint maintenance of equipment expenses—debit .....	688,436.04	540,835.38	147,600.66	
Joint maintenance of equipment expenses—credit .....	95,158.81	107,245.27	.....	12,086.46
<b>Total Maintenance of Equipment .....</b>	<b>\$92,721,399.99</b>	<b>\$92,275,940.15</b>	<b>\$445,459.84</b>	
<b>Ratio to Operating Revenues .....</b>	<b>18.03</b>	<b>18.11</b>	.....	.08
<b>TRAFFIC</b>				
Superintendence .....	\$2,361,233.86	\$2,260,701.78	\$100,532.08	
Outside agencies .....	6,317,427.86	5,886,923.20	430,504.66	
Advertising .....	3,732,579.03	3,530,247.83	202,331.20	
Traffic associations .....	270,028.93	238,534.41	31,494.52	
Industrial and immigration bureaus .....	272,594.76	226,013.58	46,581.18	
Insurance .....	7,653.27	6,908.16	745.11	
Stationery and printing .....	441,823.04	409,311.21	32,511.83	
Other expenses .....	43,936.81	12,614.82	31,321.99	
<b>Total Traffic .....</b>	<b>\$13,447,277.56</b>	<b>\$12,571,254.99</b>	<b>\$876,022.57</b>	
<b>Ratio to Operating Revenues .....</b>	<b>2.61</b>	<b>2.47</b>	.14	
<b>TRANSPORTATION</b>				
Superintendence .....	\$5,169,288.62	\$4,976,479.38	\$192,809.24	
Dispatching trains .....	1,838,625.23	1,730,886.44	107,738.79	
Station employes .....	18,602,275.75	17,959,148.83	643,126.92	
Weighing, inspection, and demurrage bureaus .....	425,995.11	376,883.96	49,111.15	
Station supplies and expenses .....	1,374,659.34	1,284,463.88	90,195.46	
Yardmasters and yard clerks .....	6,752,725.90	6,065,887.63	686,838.27	
Yard conductors and brakemen .....	13,677,876.24	12,869,778.47	808,097.77	
Yard switch and signal tenders .....	1,259,791.80	1,334,986.83	.....	\$75,195.03
Yard enginemen .....	7,902,391.10	7,484,576.34	417,814.76	
Yard switching fuel .....	1,296,021.19	1,427,975.10	.....	131,953.91
Water for yard locomotives .....	25,753.37	32,447.44	.....	6,694.07
Lubricants for yard locomotives .....	112,454.21	91,518.68	20,935.53	
Other supplies for yard locomotives .....	63,448.46	38,018.39	25,430.07	
Enginehouse expenses—yard .....	1,331,573.64	1,322,086.17	9,487.47	
Yard supplies and expenses .....	454,837.16	414,284.79	40,552.37	
Operating joint yards and terminals—debit .....	7,520,128.72	6,955,788.28	564,340.44	
Operating joint yards and terminals—credit .....	2,842,944.23	2,674,124.24	168,819.99	

\* Credit.



## NO. 5 — OPERATING EXPENSES — (Concluded)

TITLE OF ACCOUNT	1956	1955	Increase	Decrease
<b>TRANSPORTATION—(Concluded)</b>				
Train enginemen .....	\$20,980,819.26	\$20,951,435.57	\$29,383.69	
Train fuel .....	26,685,500.76	29,113,011.02	.....	\$2,427,510.26
Water for train locomotives .....	733,067.78	881,758.28	.....	148,690.50
Lubricants for train locomotives .....	1,640,580.95	1,492,046.85	148,534.10	
Other supplies for train locomotives .....	321,233.20	303,023.27	18,209.93	
Enginehouse expenses—train .....	6,595,581.39	6,769,612.55	.....	174,031.16
Trainmen .....	28,111,342.52	27,632,865.46	478,477.06	
Train supplies and expenses .....	13,134,150.24	12,601,196.55	532,953.69	
Operating sleeping cars .....	796,854.57	853,933.18	.....	57,078.61
Signal and interlocker operation .....	772,284.39	720,736.80	51,547.59	
Crossing protection .....	534,400.79	492,451.26	41,949.53	
Drawbridge operation .....	93,799.03	89,852.72	3,946.31	
Communication system operation .....	1,366,120.12	1,254,827.23	111,292.89	
Stationery and printing .....	652,068.57	655,599.17	.....	3,530.60
Other expenses .....	722,510.10	416,983.11	305,526.99	
Operating joint tracks and facilities—debit .....	820,705.87	825,880.42	.....	5,174.55
Operating joint tracks and facilities—credit .....	267,604.74	194,864.62	72,740.12	
Insurance .....	483,327.13	442,635.24	40,691.89	
Clearing wrecks .....	315,186.36	350,986.29	.....	35,799.93
Damage to property .....	132,718.45	116,400.98	16,317.47	
Damage to livestock on right-of-way .....	38,989.21	44,480.83	.....	5,491.62
Loss and damage—freight .....	4,994,159.09	4,391,076.89	603,082.20	
Loss and damage—baggage .....	13,296.98	13,455.87	.....	158.89
Injuries to persons .....	2,177,567.86	1,573,530.91	604,036.95	
<b>Total Transportation .....</b>	<b>\$176,813,561.49</b>	<b>\$173,484,002.20</b>	<b>\$3,329,559.29</b>	
<b>Ratio to Operating Revenues .....</b>	<b>34.38</b>	<b>34.06</b>	<b>.32</b>	
<b>MISCELLANEOUS OPERATIONS</b>				
Dining and buffet service .....	\$7,924,704.66	\$8,362,180.01	.....	\$437,475.35
Hotels and restaurants .....	1,686,255.71	1,802,352.32	.....	116,096.61
Producing power sold .....	6,205.08	11,818.00	.....	5,612.92
Other miscellaneous operations .....	2,074.46	2,184.70	.....	110.24
Operating joint miscellaneous facilities—debit .....	3,303.50	3,125.18	\$178.32	
<b>Total Miscellaneous Operations .....</b>	<b>\$9,622,543.41</b>	<b>\$10,181,660.21</b>	.....	<b>\$559,116.80</b>
<b>Ratio to Operating Revenues .....</b>	<b>1.87</b>	<b>2.00</b>	.....	<b>.13</b>
<b>GENERAL</b>				
Salaries and expenses of general officers .....	\$1,464,999.98	\$1,304,684.15	\$160,315.83	
Salaries and expenses of clerks and attendants .....	9,363,520.05	8,764,907.79	598,612.26	
General office supplies and expenses .....	1,003,525.87	938,807.85	64,718.02	
Law expenses .....	1,514,453.11	1,368,384.43	146,068.68	
Insurance .....	20,348.91	11,575.05	8,773.86	
Pensions .....	898,069.07	660,247.59	237,821.48	
Employees' group insurance .....	545,570.01	438,039.04	107,530.97	
Stationery and printing .....	426,907.22	376,355.92	50,551.30	
Valuation expenses .....	169,704.35	151,269.93	18,434.42	
Other expenses .....	1,892,077.95	681,115.09	1,210,962.86	
General joint facilities—debit .....	251,834.19	233,562.61	18,271.58	
General joint facilities—credit .....	15,310.75	20,989.21	.....	\$5,678.46
<b>Total General .....</b>	<b>\$17,535,699.96</b>	<b>\$14,907,960.24</b>	<b>\$2,627,739.72</b>	
<b>Ratio to Operating Revenues .....</b>	<b>3.41</b>	<b>2.93</b>	<b>.48</b>	
<b>Total Operating Expenses .....</b>	<b>\$376,254,723.82</b>	<b>\$370,526,330.19</b>	<b>\$5,728,393.63</b>	
<b>Ratio to Operating Revenues .....</b>	<b>73.16</b>	<b>72.74</b>	<b>.42</b>	



**NO. 6 — OPERATING STATISTICS**

	1956	1955	Increase	Decrease	Per Cent
Average miles of road operated.....	9,798.87	9,811.81	.....	12.94	.1
<b>Freight Traffic</b>					
<b>REVENUE FREIGHT</b>					
Cars of revenue freight loaded on line.....	969,640	938,457	31,183	.....	3.3
Cars of revenue freight received from connections.....	834,898	848,324	.....	13,426	1.6
Total cars of revenue freight handled.....	1,804,538	1,786,781	17,757	.....	1.0
Tons of revenue freight carried.....	57,969,576	56,233,816	1,735,760	.....	3.1
Ton-miles, revenue freight.....	34,846,925,507	34,861,395,589	.....	14,470,082	—
Average distance hauled per ton (miles).....	601.12	619.94	.....	18.82	3.0
Average revenue per ton.....	\$7.73	\$7.85	.....	\$.12	1.5
Average revenue per ton-mile (cents).....	1.286	1.267	.019	.....	1.5
Average revenue per train mile.....	\$15.96	\$15.04	\$.92	.....	6.1
<b>REVENUE AND COMPANY FREIGHT</b>					
Tons of all freight carried.....	62,603,995	61,127,053	1,476,942	.....	2.4
Ton-miles, all freight.....	36,282,709,072	36,489,654,738	.....	206,945,666	.6
Gross ton-miles (cars and contents) all freight.....	87,393,004,431	88,007,512,659	.....	614,508,228	.7
Average net ton-miles per mile of road per day.....	10,116	10,187	.....	71	.7
<b>Passenger Traffic</b>					
Revenue passengers carried.....	1,812,226	1,950,646	.....	138,420	7.1
Revenue passengers carried one mile.....	1,363,679,565	1,437,009,123	.....	73,329,558	5.1
Average journey per passenger (miles).....	752.49	736.68	15.81	.....	2.1
Average revenue per passenger mile (cents).....	2.143	2.102	.041	.....	2.0
Average revenue per train mile—passengers only.....	\$2.79	\$2.66	\$.13	.....	4.9
Average total revenue per train mile.....	\$4.23	\$4.02	\$.21	.....	5.2
<b>Train and Car Statistics</b>					
<b>FREIGHT</b>					
Train miles—Ordinary.....	27,836,956	29,091,418	.....	1,254,462	4.3
Light (locomotive with caboose).....	235,697	260,525	.....	24,828	9.5
Total.....	28,072,653	29,351,943	.....	1,279,290	4.4
Train hours.....	1,106,852	1,132,130	.....	25,278	2.2
Locomotive miles.....	30,950,026	32,249,090	.....	1,299,064	4.0
Car miles in freight trains:					
Freight—Loaded.....	1,300,755,347	1,330,968,577	.....	30,213,230	2.3
Freight—Empty.....	697,873,741	687,908,839	9,964,902	.....	1.4
Caboose.....	27,487,061	28,618,154	.....	1,131,093	4.0
Passenger-train.....	8,551,962	7,591,630	960,332	.....	12.6
Total.....	2,034,668,111	2,055,087,200	.....	20,419,089	1.0
Average freight-train speed—miles per hour.....	25.36	25.93	.....	.57	2.2
Average tons per loaded car mile—all freight.....	27.87	27.39	.48	.....	1.8
Average car miles per freight-train mile.....	71.80	69.40	2.40	.....	3.5
Percentage of loaded to total freight-carrying car miles.....	65.08	65.93	.....	.85	1.3
Average net tons per train mile—all freight.....	1,303.32	1,254.13	49.19	.....	3.9
Average gross tons per train mile.....	3,139.46	3,025.21	114.25	.....	3.8
Average gross ton-miles per train hour.....	78,956	77,736	1,220	.....	1.6
<b>PASSENGER</b>					
Train miles—Passenger.....	10,465,835	11,369,756	.....	903,921	8.0
Mail and express.....	2,749,098	2,978,914	.....	229,816	7.7
Total.....	13,214,933	14,348,670	.....	1,133,737	7.9
Train hours.....	263,682	287,608	.....	23,926	8.3
Locomotive miles.....	13,272,028	14,451,723	.....	1,179,695	8.2
Car miles in passenger trains:					
Passenger-carrying.....	86,702,054	91,184,006	.....	4,481,952	4.9
Other passenger-train.....	82,952,419	85,215,480	.....	2,263,061	2.7
Freight-train.....	1,478,234	1,522,064	.....	43,830	2.9
Total.....	171,132,707	177,921,550	.....	6,788,843	3.8
Average passenger-train speed—miles per hour.....	50.12	49.89	.23	.....	.5
Average car miles per passenger-train mile.....	12.95	12.40	.55	.....	4.4
Average passengers per train mile.....	130.30	126.39	3.91	.....	3.1
Average passengers per passenger-carrying car mile.....	17.41	17.49	.....	.08	.5



## NO. 7 — CAPITAL STOCK OUTSTANDING IN HANDS OF THE PUBLIC

Company and Class of Stock	Par Value of Capital Stock Outstanding December 31, 1956		
	Common	Preferred	Total
<b>UNION PACIFIC RAILROAD CO.</b>			
Common Stock (par value \$10 per share) .....	\$222,291,000.00	.....	\$222,291,000.00
Preferred Stock (par value \$10 per share) .....	.....	\$99,543,100.00	99,543,100.00
Total .....	<u>\$222,291,000.00</u>	<u>\$99,543,100.00</u>	<u>\$321,834,100.00</u>
<b>THE ST. JOSEPH AND GRAND ISLAND RAILWAY CO. (See Note)</b>			
Common Stock (par value \$100 per share) .....	\$10,000.00	.....	\$10,000.00
First Preferred Stock (par value \$100 per share) .....	.....	\$36,610.37	36,610.37
Second Preferred Stock (par value \$100 per share) .....	.....	9,970.42	9,970.42
Total .....	<u>\$10,000.00</u>	<u>\$46,580.79</u>	<u>\$56,580.79</u>
Grand Total .....	<u>\$222,301,000.00</u>	<u>\$99,589,680.79</u>	<u>\$321,890,680.79</u>

NOTE: Par value (\$100 per share) of capital stocks owned within the System:

Description	Owned by:	
	U. P. R. R. Co.	O. S. L. R. R. Co.
O. S. L. R. R. Co. Capital Stock .....	\$100,000,000.00	—
O-W. R. R. & N. Co. Capital Stock .....	—	\$50,000,000.00
L. A. & S. L. R. R. Co. Capital Stock .....	12,500,000.00	12,500,000.00
St. J. & G. I. Ry. Co. Common Stock .....	4,590,000.00	—
“ First Preferred Stock .....	5,462,789.63	—
“ Second Preferred Stock .....	3,490,029.58	—
Des Chutes R. R. Co. Capital Stock .....	—	100,000.00

## NO. 8 — FUNDED DEBT OUTSTANDING IN HANDS OF THE PUBLIC, AND THE INTEREST THEREON

Company and Character of Funded Debt	Date of Issue	Date of Maturity	Interest Payable	Outstanding		Interest Accrued Charged to Income Account	
				Dec. 31, 1956	Decrease vs. Dec. 31, 1955	Year 1956	Decrease vs. Year 1955
<b>UNION PACIFIC RAILROAD CO.</b>							
Refunding Mortgage 2½% Bonds, Series C .....	Mar. 1, 1946	Mar. 1, 1991	Mar. & Sept.	\$71,105,000.00	\$760,000.00	\$1,784,090.33	\$74,023.84
Thirty Year 2⅞% Debenture Bonds	Feb. 1, 1946	Feb. 1, 1976	Feb. & Aug.	44,493,000.00	.....	1,279,173.75	
Equipment Trust, Series F 1½% ..	Jan. 1, 1941	.....	.....	.....	838,000.00	.....	12,570.00
Equipment Purchase Contracts ....	1946	.....	.....	.....	627,341.16	2,117.99	45,179.42
Equipment Purchase Contracts ....	1954	Various	Quarterly	5,430,000.00	6,398,666.65	165,799.99	109,273.35
				<u>\$121,028,000.00</u>	<u>\$8,624,007.81</u>	<u>\$3,231,182.06</u>	<u>\$241,046.61</u>
<b>OREGON-WASHINGTON RAILROAD &amp; NAVIGATION CO.</b>							
*Refunding Mortgage 3% Bonds, Series A .....	Oct. 1, 1944	Oct. 1, 1960	Apr. & Oct.	\$46,056,000.00	\$2,735,000.00	\$1,438,889.09	\$44,229.24
Total .....				<u>\$167,084,000.00</u>	<u>\$11,359,007.81</u>	<u>\$4,670,071.15</u>	<u>\$285,275.85</u>

\* Principal and interest guaranteed by Union Pacific Railroad Co.

NOTE A: Union Pacific Railroad Co. is a guarantor of the principal and interest of \$41,474,000 face value of serial bonds, bearing interest rates varying from 1⅞% to 3%, issued by Kansas City Terminal Railway Co., maturing 1957-74, such issue having also as guarantors eleven other railroads which are joint tenants of the union depot and terminal facilities.

NOTE B: Face value of bonds owned within the System:

Description	Owned by:	
	U. P. R. R. Co.	O. S. L. R. R. Co.
O. S. L. R. R. Co. First & Consolidated Mortgage 4% Bonds, due December 1, 1960 .....	\$41,487,000	\$3,587,000
O-W. R. R. & N. Co. Refunding Mortgage 3% Bonds, Series B, due October 1, 1960 .....	17,444,000	—
L. A. & S. L. R. R. Co. First Mortgage 4% Fifty-Year Bonds, due July 1, 1961 .....	59,022,000	—





**NO. 9 — STOCKS OWNED, AND DIVIDENDS THEREON CREDITED TO INCOME ACCOUNT**

Company	Total Shares Outstanding Dec. 31, 1956	Number of Shares Owned		Dividends Credited to Income Account	
		Dec. 31, 1956	Increase (+) or Decrease (-) vs. Dec. 31, 1955	Year 1956	Increase (+) or Decrease (-) vs. Year 1955
<b>Affiliated Companies</b>					
TERMINAL AND TRANSPORTATION					
Camas Prairie Railroad Co.....	1,000	500			
Cowlitz, Chehalis & Cascade Railway Co.....	4,250	699.7			
Denver Union Terminal Railway Co.....	300	50			
Kansas City Terminal Railway Co.....	22,000	1,833.3			
Leavenworth Depot & Railroad Co.....	240	80			
Northern Pacific Terminal Co. of Oregon....	30,000	12,000			
Ogden Union Railway and Depot Co.....	3,000	1,500			
Pacific Fruit Express Co.....	240,000	120,000		\$2,880,000.00	
Pullman Co. ....	731,350	43,914		219,570.00	+ \$131,742.00
Railway Express Agency, Inc.....	999	25			
St. Joseph Terminal Railroad Co.....	3,000	1,500			
St. Joseph Union Depot Co.....	100	10			
Union Pacific Motor Freight Co.....	50	50			
Union Pacific Stage Co.....	30	30			
Yakima Valley Transportation Co.....	10,000	10,000			
COAL					
Union Pacific Coal Co.....	50,000	50,000		600,000.00	— 500,000.00
LAND					
Kansas City Industrial Land Co.....	9,000	9,000			— 45,000.00
Las Vegas Land and Water Co.....	500	500		75,000.00	+ 75,000.00
Union Land Co.....	100	100			
WATER					
Union Pacific Water Co.....	1,783	1,783		17,830.00	+ 5,349.00
MISCELLANEOUS					
Overland Terminal Warehouse Co.....	1,150	1,150			
Southern Wyoming Utilities Co.....	3,500	3,500			
Utah Parks Co.....	250	250			
Total Dividends—Affiliated Companies...				\$3,792,400.00	— \$332,909.00
<b>Other than Affiliated Companies</b>					
Baltimore & Ohio Railroad Co.					
Preferred .....		24,191.7		\$96,768.00	
Greyhound Corporation					
Preferred .....		3,020		12,835.00	— \$10,348.75
Illinois Central Railroad Co.					
Common .....		733,940		2,660,532.50	+ 366,970.00
New York Central Railroad Co.					
Capital .....		49,382	— 36,300 (a)	227,975.40 (b)	+ 55,861.40
Pennsylvania Railroad Co.					
Capital .....		115,200		178,560.00	+ 5,760.00
Spokane International Railroad Co.					
Common .....		3,382	+ 3,382 (c)	1,891.20	+ 1,891.20
United States Freight Co.					
Capital .....		4,080	+ 4,080 (d)		
Miscellaneous .....		54			
Total Dividends—Other than Affiliated Companies.....				\$3,178,562.10	+ \$420,133.85
Grand Total Dividends Credited to Income Account.....				\$6,970,962.10	+ \$87,224.85

(a) Sold.

(b) Includes value of 4,080 shares of United States Freight Co. capital stock, received as dividend on New York Central capital stock owned on dividend record date.

(c) Purchased.

(d) See note (b) above.



## NO. 10 — BONDS AND NOTES OWNED, AND INTEREST THEREON CREDITED TO INCOME ACCOUNT

Company	Total Outstanding Dec. 31, 1956	Face Value Owned		Interest Credited to Income Account	
		Dec. 31, 1956	Increase (+) or Decrease (-) vs. Dec. 31, 1955	Year 1956	Increase (+) or Decrease (-) vs. Year 1955
<b>Affiliated Companies</b>					
NOTES					
Kansas City Terminal Railway Co.					
Demand Note (non-interest bearing) .....	\$1,497,160.80	\$102,001.18			
St. Joseph Terminal Railroad Co.					
6% Demand Note .....	350,000.00	175,000.00		\$10,500.00	
Total .....		\$277,001.18		\$10,500.00	
<b>Other than Affiliated Companies</b>					
BONDS AND MISCELLANEOUS					
		<u>Maturity</u>			
Baltimore & Ohio Railroad Co.					
Refunding & General Mortgage 5% Bonds, Series G.....					— \$55,986.00
Southwestern Division First Mortgage 5% Bonds, Series A....					— 82,178.89
Convertible 4½% Income Bonds .....			— \$1,613,000.00*		— 72,585.00
Convertible 4½% Debenture Bonds, Series A .....	Jan. 1, 2010	\$1,613,000.00	+ 1,613,000.00	\$72,585.00	+ 72,585.00
First Mortgage 5% Bonds, Series B .....					— 411.12
First Consolidated Mortgage 4% Bonds, Series B .....	Sept. 1, 1980	2,009,000.00		80,360.00	+ 66,069.33
New York Central Railroad Co.					
Refunding and Improvement Mortgage 4½% Bonds .....	Oct. 1, 2013	3,000,000.00		135,000.00	
Pittsburgh, Youngstown & Ashtabula Railway Co.					
First General Mortgage 4½% Gold Bonds, Series D .....	June 1, 1977	1,485,000.00		66,825.00	
Miscellaneous (principally property-sale and other contracts)....		1,283,982.16	— 96,725.09	71,392.73	+ 10,909.33
Total .....		\$9,390,982.16	— \$96,725.09	\$426,162.73	— \$61,597.35
†UNITED STATES OF AMERICA					
Treasury Certificates of Indebtedness 1⅞%, Series A .....	Mar. 22, 1956		— \$5,000,000.00	\$20,967.50	— \$21,589.58
Treasury Certificates of Indebtedness 2%, Series B .....	June 22, 1956		— 21,900,000.00	215,521.60	+ 61,714.05
Treasury Certificates of Indebtedness 2¾%, Series B .....	Mar. 22, 1957	\$15,000,000.00	+ 15,000,000.00	121,590.08	+ 121,590.08
Treasury Certificates of Indebtedness 3¼%, Series C .....	June 24, 1957	3,500,000.00	+ 3,500,000.00	9,453.20	+ 9,453.20
Treasury 1⅝% Notes, Series A—1956 .....	Mar. 15, 1956		— 21,000,000.00	96,493.27	— 10,065.01
Treasury 2% Notes, Series B—1956 .....	Aug. 15, 1956		— 10,000,000.00	127,055.82	+ 66,609.03
Treasury 1⅝% Notes, Series B—1957 .....	May 15, 1957	27,000,000.00	+ 11,000,000.00	300,317.08	+ 40,317.08
Treasury 2¾% Notes, Series D—1957 .....	Aug. 1, 1957	22,866,000.00	+ 22,866,000.00	289,646.47	+ 289,646.47
Treasury 1⅞% Notes, Series A—1959 .....	Feb. 15, 1959	16,000,000.00	+ 6,000,000.00	189,245.84	+ 1,783.91
Treasury Bills (91-Day) .....	Jan. 3, 1957	11,500,000.00	+ 11,500,000.00	41,297.91	+ 41,297.91
Treasury Bonds 2¼% .....	Sept. 15, 1959	4,000,000.00	+ 4,000,000.00	57,527.65	+ 57,527.65
‡ Interest on other Treasury securities .....				401,400.46	+ 18,805.02
Total .....		\$99,866,000.00	+\$15,966,000.00	\$1,870,516.88	+\$677,089.81
Grand Total .....		\$109,533,983.34	+\$15,869,274.91	\$2,307,179.61	+\$615,492.46

\* Exchanged March 29, 1956, for Baltimore & Ohio Railroad Co. Convertible 4½% Debenture Bonds, Series A.

† Included in balance sheet as "Temporary Cash Investments," under "Current Assets."

‡ Interest received in 1956 on Treasury securities acquired during the year but disposed of prior to December 31st, compared with interest received in 1955 on Treasury securities disposed of prior to December 31st of that year.



NO. 11 — EQUIPMENT OWNED

LOCOMOTIVES	Owned December 31, 1955	Acquired			Retired	Owned December 31, 1956
		Purchased or Built	Rebuilt or Converted	Total Acquired		
<b>Diesel</b>						
Freight units .....	623	....	7*	7	....	630
Passenger units .....	122	....	13	13	20	115
Road-Switch .....	58	....	....	....	....	58
Switch .....	266	13	....	13	1	278
Total Diesel .....	1,069	13	20	33	21	1,081
Gas-Turbine .....	25	....	....	....	....	25
<b>Steam</b>						
Road .....	399	....	....	....	172	227
Switch .....	23	....	....	....	16	7
Total Steam .....	422	....	....	....	188	234
<b>FREIGHT-TRAIN CARS</b>						
Automobile .....	4,793	450	....	450	48	5,195
Box .....	22,927	200	....	200	446	22,681
Gondola .....	16,708†	444	....	444	563	16,589†
Ballast .....	41	....	....	....	14	27
Flat .....	2,562	300	....	300	88	2,774
Stock .....	3,312	300	....	300	14	3,598
Tank .....	1,248	....	....	....	6	1,242
Caboose .....	821	3	....	3	46	778
Total Freight-Train Cars .....	52,412	1,697	....	1,697	1,225	52,884
<b>PASSENGER-TRAIN CARS</b>						
Postal .....	104	....	....	....	8	96
Baggage .....	300	....	6	6	17	289
Baggage-combination .....	114	....	....	....	6	108
Coach .....	298	....	....	....	13	285
Coach-combination .....	9	....	....	....	....	9
Buffet or Parlor .....	3	....	....	....	2	1
Sleeping .....	218	26	....	26	4	240
Dining .....	122‡	....	....	....	26	96
Club, Lounge, and Observation .....	92	....	....	....	15	77
Auxiliary steam generator .....	2	....	....	....	....	2
Motor Car (Gas-Electric) .....	7	....	....	....	2	5
Motor-Car Trailer .....	4	....	....	....	2	2
Total Passenger-Train Cars .....	1,273‡	26	6	32	95	1,210
<b>WORK EQUIPMENT</b>						
Business .....	19	....	....	....	1	18
Instruction .....	9	....	....	....	....	9
Roadway .....	264	....	69	69	97	236
Boarding .....	1,646	....	30	30	284	1,392
Tool .....	343	....	87	87	25	405
Miscellaneous .....	599	2	73	75	93	581
Total Work Equipment Units .....	2,880	2	259	261	500	2,641

\* Converted from passenger units.

† Includes cars owned jointly with Utah Ry.: 1,263 as of December 31, 1955, and 1,072 as of December 31, 1956.

‡ Restated.



## NO. 12 — FREIGHT TRAFFIC BY COMMODITIES

Commodity	TONS				GROSS FREIGHT REVENUE			
	1956	Per Cent of Total	1955	Per Cent of Total	1956	Per Cent of Total	1955	Per Cent of Total
<b>PRODUCTS OF AGRICULTURE</b>								
Wheat .....	4,114,601	7.10	3,424,309	6.09	\$24,519,619	5.29	\$19,564,352	4.31
Corn .....	347,954	.60	546,658	.97	1,772,471	.38	3,127,306	.69
Other grain and grain products.....	1,666,610	2.88	1,575,611	2.80	6,857,344	1.48	7,100,555	1.56
Sugar beets .....	2,774,885	4.79	2,411,608	4.29	2,043,461	.44	1,659,687	.37
Potatoes, other than sweet.....	1,184,981	2.04	1,151,643	2.05	16,909,546	3.65	15,902,494	3.51
Fresh fruits and vegetables.....	2,007,809	3.46	1,983,121	3.53	29,360,578	6.33	28,972,245	6.39
Other products of agriculture.....	882,044	1.52	765,291	1.36	8,919,991	1.93	7,850,235	1.73
Total .....	12,978,884	22.39	11,858,241	21.09	\$90,383,010	19.50	\$84,176,874	18.56
<b>ANIMALS AND PRODUCTS</b>								
Livestock .....	801,371	1.38	838,139	1.49	\$12,695,718	2.74	\$12,647,475	2.79
Meats and other edible packing house products .....	191,270	.33	210,686	.37	3,928,931	.85	4,398,696	.97
Other animals and products.....	194,065	.34	207,368	.37	3,439,446	.74	3,345,154	.74
Total .....	1,186,706	2.05	1,256,193	2.23	\$20,064,095	4.33	\$20,391,325	4.50
<b>PRODUCTS OF MINES</b>								
Bituminous coal .....	5,148,155	8.88	4,807,861	8.55	\$17,585,280	3.79	\$15,819,629	3.49
Iron ore .....	4,625,786	7.98	4,483,267	7.97	11,481,244	2.48	10,299,352	2.27
Other ores and concentrates.....	1,339,830	2.31	1,290,511	2.30	6,472,007	1.39	5,767,942	1.27
Gravel, sand, and stone.....	2,877,014	4.96	2,717,968	4.83	5,927,177	1.28	5,369,142	1.18
Phosphate rock .....	1,560,440	2.69	1,595,013	2.84	2,094,009	.45	2,537,562	.56
Other products of mines.....	2,404,188	4.15	2,237,898	3.98	10,653,863	2.30	9,798,256	2.16
Total .....	17,955,413	30.97	17,132,518	30.47	\$54,213,580	11.69	\$49,591,883	10.93
<b>PRODUCTS OF FORESTS</b>								
Lumber, shingles, and lath.....	5,583,847	9.63	6,503,673	11.56	\$56,249,678	12.13	\$61,851,482	13.64
Veneer, plywood, and built-up wood..	1,023,981	1.77	801,776	1.43	9,286,754	2.00	7,342,038	1.62
Other products of forests.....	1,226,293	2.11	1,016,811	1.81	3,548,474	.77	3,052,118	.67
Total .....	7,834,121	13.51	8,322,260	14.80	\$69,084,906	14.90	\$72,245,638	15.93
<b>MANUFACTURES AND MISCELLANEOUS</b>								
Petroleum products .....	1,386,573	2.39	1,567,441	2.79	\$7,254,315	1.57	\$8,482,866	1.87
Iron and steel, including scrap.....	2,626,855	4.53	2,209,015	3.93	25,955,028	5.60	21,802,737	4.81
Other metals and alloys.....	973,421	1.68	913,218	1.62	10,682,086	2.30	9,430,198	2.08
Chemicals and products.....	1,387,444	2.39	1,290,607	2.29	16,496,318	3.56	14,439,412	3.18
Machinery and parts.....	416,310	.72	396,569	.71	12,454,110	2.69	11,432,085	2.52
Automobiles, other vehicles, and parts	673,405	1.16	837,335	1.49	25,430,114	5.49	32,474,620	7.16
Cement, brick, lime, and plaster....	1,690,840	2.92	1,655,260	2.94	5,583,753	1.20	5,786,918	1.28
Paper and products.....	1,055,973	1.82	966,960	1.72	13,130,955	2.83	11,641,605	2.57
Ammunition and explosives.....	125,045	.22	160,799	.29	3,259,128	.70	3,958,704	.87
Canned and other foods and beverages	2,529,818	4.36	2,407,235	4.28	29,418,128	6.35	27,146,123	5.99
Other manufactures and miscellaneous	4,363,882	7.53	4,420,626	7.86	51,738,929	11.16	50,002,356	11.02
Total .....	17,229,566	29.72	16,825,065	29.92	\$201,402,864	43.45	\$196,597,624	43.35
Forwarder Traffic .....	561,676	.97	584,562	1.04	\$19,538,823	4.21	\$20,476,938	4.51
Total Carload Freight.....	57,746,366	99.61	55,978,839	99.55	\$454,687,278	98.08	\$443,480,282	97.78
All less than carload freight.....	223,210	.39	254,977	.45	8,894,449	1.92	10,049,679	2.22
Total All Commodities.....	57,969,576	100.00	56,233,816	100.00	\$463,581,727	100.00	\$453,529,961	100.00

NOTE: Total gross freight revenue shown above exceeds freight revenue reported in Table 4 for 1956 and 1955 by \$15,425,120 and \$11,996,019, respectively. These differences represent principally absorbed switching and drayage charges, adjustments of prior settlements with foreign lines, and other allowances, deducted from revenue but not classified by commodities.



**NO. 13—SUMMARY OF INCOME AND SELECTED STATISTICS FOR LAST**

	1956	1955	1954
<b>Transportation Operations</b>			
<b>OPERATING REVENUES</b>			
Freight .....	\$448,156,607	\$441,533,942	\$413,155,686
Passenger .....	29,221,502	30,208,680	31,574,599
Mail and express .....	21,948,380	22,309,804	22,294,812
Other .....	14,990,339	15,310,050	14,761,354
Total operating revenues .....	<u>\$514,316,828</u>	<u>\$509,362,476</u>	<u>\$481,786,451</u>
<b>OPERATING EXPENSES</b>			
Maintenance of way and structures .....	\$66,114,241	\$67,105,513	\$62,621,569
Maintenance of equipment .....	92,721,400	92,275,940	88,890,693
Traffic .....	13,447,278	12,571,255	12,266,564
Transportation .....	176,813,562	173,484,002	175,993,960
Miscellaneous operations .....	9,622,543	10,181,660	11,765,191
General .....	17,535,700	14,907,960	14,320,903
Total operating expenses .....	<u>\$376,254,724</u>	<u>\$370,526,330</u>	<u>\$365,858,880</u>
<b>TAXES</b>			
Federal income .....	\$40,000,000	\$40,300,000	\$33,500,000
Other Federal .....	15,212,270	13,517,848	12,886,778
State and county .....	18,326,000	18,700,000	17,300,000
Total taxes .....	<u>\$73,538,270</u>	<u>\$72,517,848</u>	<u>\$63,686,778</u>
Equipment and joint facility rents—net charge .....	<u>\$22,386,672</u>	<u>\$22,578,806</u>	<u>\$22,679,243</u>
Net income from transportation operations .....	<u>\$42,137,162</u>	<u>\$43,739,492</u>	<u>\$29,561,550</u>
<b>Income from Investments and Other Sources</b>			
Income from oil and gas operations—net* .....	26,603,162	28,075,475	33,743,135
Other income .....	15,380,910	13,207,325	12,133,390
Total income .....	<u>\$84,121,234</u>	<u>\$85,022,292</u>	<u>\$75,438,075</u>
<b>Fixed and Other Charges</b>			
Interest on funded debt .....	\$4,670,071	\$4,955,347	\$5,016,564
Other charges .....	882,318	839,689	798,846
Net income from all sources .....	<u>\$78,568,845</u>	<u>\$79,227,256</u>	<u>\$69,622,665</u>
Released from "Reserve against possible refunds on U. S. Government shipments" .....	.....	.....	.....
Total for disposition .....	<u>\$78,568,845</u>	<u>\$79,227,256</u>	<u>\$69,622,665</u>
Dividends on Preferred Stock of Union Pacific Railroad Co. ....	3,981,724	3,981,724	3,981,724
Surplus for Common Stock of Union Pacific Railroad Co. ....	\$74,587,121	\$75,245,532	\$65,640,941
Dividends on Common Stock .....	35,566,560	35,566,560	31,120,740
Transferred to Earned Surplus—Unappropriated .....	<u>\$39,020,561</u>	<u>\$39,678,972</u>	<u>\$34,520,201</u>
<b>Statistics</b>			
Ton-miles of revenue freight carried (thousands) .....	34,846,925	34,861,396	32,065,877
Average revenue per ton-mile (cents) .....	1.286	1.267	1.288
Average distance hauled per ton (miles) .....	601.12	619.94	615.37
Average freight-train speed—miles per hour .....	25.36	25.93	25.91
Average net tons per train mile—all freight .....	1,303.32	1,254.13	1,195.33
Average gross ton-miles per train hour .....	78,956	77,736	75,216
Revenue passengers carried one mile (thousands) .....	1,363,680	1,437,009	1,459,288
Average revenue per passenger-mile (cents) .....	2.143	2.102	2.164
Average journey per passenger (miles) .....	752.49	736.68	741.42
Average passenger-train speed—miles per hour .....	50.12	49.89	49.10
Average passengers per train mile .....	130.30	126.39	100.57
Average number of employes .....	47,346	49,744	49,823
Total wages paid .....	\$240,842,542	\$235,446,579	\$231,035,018
Wages and other employe benefits charged to operating expenses, per share of common stock†	\$10.53	\$10.23	\$10.02
Other operating expenses, per share of common stock† .....	6.40	6.44	6.44

\* Excludes Federal income taxes, which are included in "Taxes" under "Transportation Operations."  
 † Based on number of shares outstanding December 31, 1956.



## TEN YEARS AND AVERAGE FOR YEARS 1935 TO 1939, INCLUSIVE

1953	1952	1951	1950	1949	1948	1947	Average 1935-1939
\$453,790,011	\$438,729,321	\$428,511,620	\$389,289,637	\$332,654,719	\$359,724,653	\$330,468,521	\$124,092,982
36,264,163	39,604,044	39,463,456	33,159,662	32,400,923	42,369,215	46,412,314	15,556,061
23,258,165	24,957,408	20,415,746	27,743,365	18,183,283	18,237,212	15,897,210	6,960,811
16,711,961	16,930,553	16,806,938	15,090,852	15,584,157	17,252,052	17,275,660	6,199,851
\$530,024,300	\$520,221,326	\$505,197,760	\$465,283,516	\$398,823,082	\$437,583,132	\$410,053,705	\$152,809,705
\$72,090,672	\$73,697,182	\$65,749,039	\$59,107,661	\$63,410,805	\$60,680,926	\$53,128,675	\$17,105,004
100,178,643	93,610,503	91,851,520	81,527,612	73,694,809	73,232,763	69,571,254	28,121,606
11,742,583	10,836,441	10,513,721	9,562,158	9,118,500	9,333,132	8,486,056	4,214,224
189,579,208	185,125,446	181,810,856	155,294,638	148,980,346	154,397,879	146,741,604	50,705,231
12,696,228	12,853,023	12,880,820	11,264,049	11,858,599	13,112,488	13,130,294	3,232,708
14,140,031	13,717,459	12,664,663	10,895,494	11,217,127	11,012,844	9,786,250	5,573,035
\$400,427,365	\$389,840,054	\$375,470,619	\$327,651,612	\$318,280,186	\$321,770,032	\$300,844,133	\$108,951,808
\$47,018,000	\$50,350,000	\$47,255,406	\$49,027,389	\$15,843,910	\$34,840,293	\$30,449,590	\$1,714,299
13,418,443	13,008,000	12,406,466	11,201,474	10,697,965	10,186,458	14,096,195	2,581,710
17,200,000	16,600,000	17,452,920	16,312,888	16,187,349	14,971,732	13,885,835	9,291,726
\$77,636,443	\$79,958,000	\$77,114,792	\$76,541,751	\$42,729,224	\$59,998,483	\$58,431,620	\$13,587,735
\$23,100,566	\$17,662,152	\$16,961,060	\$16,631,021	\$15,969,571	\$13,701,156	\$13,858,853	\$8,740,040
\$28,859,926	\$32,761,120	\$35,651,289	\$44,459,132	\$21,844,101	\$42,113,461	\$36,919,099	\$21,530,122
34,318,992	33,608,842	31,483,424	23,902,998	27,140,327	26,540,409	16,957,218	1,905,319‡
13,003,414	8,218,892	8,324,772	8,031,732	7,473,941	5,661,570	8,916,184	10,839,433
\$76,182,332	\$74,588,854	\$75,459,485	\$76,393,862	\$56,458,369	\$74,315,440	\$62,792,501	\$34,274,874
\$4,998,646	\$5,175,091	\$5,368,575	\$5,565,280	\$5,766,478	\$5,946,176	\$7,487,771	\$14,372,043
753,473	686,537	1,225,558	1,067,032	1,102,164	1,079,671	857,234	672,797
\$70,430,213	\$68,727,226	\$68,865,352	\$69,761,550	\$49,589,727	\$67,289,593	\$54,447,496	\$19,230,034
535,127	938,258	6,894	226,982	104,811	164,731	1,547,973	—
\$70,965,340	\$69,665,484	\$68,872,246	\$69,988,532	\$49,694,538	\$67,454,324	\$55,995,469	\$19,230,034
3,981,724	3,981,724	3,981,724	3,981,724	3,981,724	3,981,724	3,981,724	3,981,724
\$66,983,616	\$65,683,760	\$64,890,522	\$66,006,808	\$45,712,814	\$63,472,600	\$52,013,745	\$15,248,310
26,674,920	26,674,920	26,674,920	26,674,920	22,229,100	26,674,920	22,229,100	13,337,460
\$40,308,696	\$39,008,840	\$38,215,602	\$39,331,888	\$23,483,714	\$36,797,680	\$29,784,645	\$1,910,850
34,132,866	33,723,962	34,350,333	30,255,786	25,918,651	29,167,846	31,738,921	12,238,964
1,329	1,301	1,247	1,287	1,283	1,233	1,041	1,014
611.10	609.27	600.60	587.95	550.50	559.23	562.54	471.44
24.53	23.22	22.05	22.05	21.61	21.20	19.99	20.93
1,188.31	1,215.93	1,263.39	1,181.69	1,127.20	1,187.14	1,122.40	686.98
68,046	64,194	62,613	62,290	59,062	58,085	51,064	40,412
1,562,489	1,679,295	1,682,086	1,426,402	1,431,214	1,774,950	2,116,425	927,249
2,321	2,358	2,346	2,325	2,264	2,387	2,193	1,678
734.10	744.83	713.26	651.14	616.97	676.31	705.52	472.01
47.42	47.20	46.56	46.10	44.69	44.69	43.10	39.68§
103.70	109.68	107.17	92.41	92.38	109.10	129.07	64.15
55,934	54,881	55,092	52,100	48,046	49,804	51,712	33,545
\$251,324,408	\$247,331,696	\$232,961,063	\$201,003,662	\$190,217,928	\$186,498,781	\$177,256,838	\$62,922,005
\$10.79	\$10.65	\$9.98	\$8.60	\$8.46	\$8.01	\$7.68	\$2.72
7.22	6.89	6.91	6.14	5.86	6.47	5.85	2.18

‡ Oil and gas operations started in 1937.

§ Average 1936-1939.



**NO. 14—BALANCE SHEETS AND INCOME AND SURPLUS ACCOUNTS OF**

	(1) Union Pacific Coal Co.	(2) Utah Parks Co.	(3) Union Pacific Stage Co.	(4) Union Pacific Motor Freight Co.	(5) Yakima Valley Transportation Co.	(6) Southern Wyoming Utilities Co.
<b>BALANCE SHEET DECEMBER 31, 1956</b>						
ASSETS						
Property investment .....	\$23,152,392.40	\$4,116,754.38	—	\$1,043,831.93	\$1,304,927.00	\$3,207,225.30
Donations and grants (credit) .....	—	—	—	—	7,289.08	—
Other investments .....	—	—	—	—	—	—
Cash: In banks .....	180,346.84	—	—	—	88,531.99	493.92
On deposit with Union Pacific R. R. Co. . . . .	11,016,902.85	—	\$2,248.08	—	—	—
On deposit with other stockholder .....	—	—	—	—	—	—
Accounts receivable .....	102,985.42	20,451.30	7,548.06	108,986.21	7,399.67	111,998.74
Material and supplies .....	656,323.04	211,025.00	—	6,176.07	34,562.91	71,847.82
Other current assets .....	1,467.86	—	—	178.00	—	1,001.01
Deferred assets .....	218.87	1,000.00	—	—	300.00	—
Unadjusted debits .....	1.00	207.00	161.40	100,885.75	253.35	—
<b>Total .....</b>	<b>\$35,110,638.28</b>	<b>\$4,349,437.68</b>	<b>\$9,957.54</b>	<b>\$1,260,057.96</b>	<b>\$1,428,685.84</b>	<b>\$3,392,566.79</b>
LIABILITIES						
Capital stock .....	\$5,000,000.00	\$25,000.00	\$3,000.00	\$5,000.00	\$500,000.00	\$350,000.00
Funded debt .....	—	—	—	—	—	—
Due to Union Pacific R. R. Co. ....	—	878,389.96	—	920,853.33	248,309.99	115,305.61
Tax liability .....	283,931.70	104,324.04	—	2,585.93	4,044.48	104,312.95
Other current liabilities .....	446,005.89	54,226.26	5,489.86	86,219.25	48,345.82	68,153.45
Deferred liabilities .....	—	—	—	—	—	90,715.17
Unadjusted credits .....	21,623.76	4,224.86	—	—	—	90.08
<b>Total liabilities .....</b>	<b>\$5,751,561.35</b>	<b>\$1,066,165.12</b>	<b>\$8,489.86</b>	<b>\$1,014,658.51</b>	<b>\$800,700.29</b>	<b>\$728,577.26</b>
Reserve for depreciation, depletion, insurance, etc.	15,835,813.07	3,283,272.56	250.00	140,610.82	366,789.39	1,731,635.05
Surplus, as shown below .....	13,523,263.86	—	1,217.68	104,788.63	261,196.16	932,354.48
<b>Total .....</b>	<b>\$35,110,638.28</b>	<b>\$4,349,437.68</b>	<b>\$9,957.54</b>	<b>\$1,260,057.96</b>	<b>\$1,428,685.84</b>	<b>\$3,392,566.79</b>
<b>INCOME ACCOUNT, YEAR ENDED</b>						
DECEMBER 31, 1956						
Revenues .....	\$5,258,583.27	\$1,558,360.31	—	\$832,730.71	\$433,881.01	\$1,038,214.38
Expenses and rents .....	4,066,419.75	1,290,385.79	—	686,938.28	408,510.67	821,736.74
Net .....	\$1,192,163.52	\$267,974.52	—	\$145,792.43	\$25,370.34	\$216,477.64
Royalties from oil and gas leases .....	—	—	—	—	—	—
Other income .....	77,455.88	—	—	5.78	58.69	635.60
<b>Total .....</b>	<b>\$1,269,619.40</b>	<b>\$267,974.52</b>	<b>—</b>	<b>\$145,798.21</b>	<b>\$25,429.03</b>	<b>\$217,113.24</b>
Interest on funded debt .....	—	—	—	—	—	—
Federal income taxes .....	269,098.49	102,849.11	—	2,585.93	319.34*	88,116.19
Other taxes .....	273,613.59	77,410.70	—	82,636.13	45,321.40	45,266.03
Other deductions .....	170.74	—	—	.60	577.78	3,194.36
Balance transferred to surplus .....	\$726,736.58	\$87,714.71	—	\$60,575.55	\$20,150.81†	\$80,536.66
SURPLUS						
Surplus, December 31, 1955 .....	\$13,395,209.25	—	\$1,217.68	\$44,213.08	\$281,336.97	\$837,278.37
Adjustments .....	1,318.03	\$87,714.71†	—	—	10.00	14,539.45
Income balance, as shown above .....	726,736.58	87,714.71	—	60,575.55	20,150.81†	80,536.66
<b>Total .....</b>	<b>\$14,123,263.86</b>	<b>—</b>	<b>\$1,217.68</b>	<b>\$104,788.63</b>	<b>\$261,196.16</b>	<b>\$932,354.48</b>
Less dividends .....	600,000.00	—	—	—	—	—
<b>Surplus, December 31, 1956 .....</b>	<b>\$13,523,263.86</b>	<b>—</b>	<b>\$1,217.68</b>	<b>\$104,788.63</b>	<b>\$261,196.16</b>	<b>\$932,354.48</b>

(1) Owns and operates coal mines in Wyoming to supply U.P.R.R.Co. and affiliated companies. (2) Owns and operates hotels and other tourist facilities (including motor coaches) in National Parks in Utah and Arizona, and at Cedar City, Utah. Its profits or deficits are absorbed by U.P.R.R.Co. (3) Operates motor coaches between East Los Angeles and other Southern California points, for accommodation of rail passengers. (4) Owns and operates highway motor trucks in service supplementary to rail freight service of U.P.R.R.Co. in various States. (5) Owns and operates electric railway for freight service (connecting with U.P.R.R.Co. at Yakima, Washington) and local transit motor buses for passenger service in Yakima and vicinity. (6) Furnishes electric energy and water to consumers in various Wyoming towns on line of U.P.R.R.Co.

\* Credit.  
† Deficit or Debit.



## WHOLLY OWNED AFFILIATED COMPANIES AND PACIFIC FRUIT EXPRESS CO.

	(7) Union Pacific Water Co.	(8) Las Vegas Land and Water Co.	(9) Union Land Co.	(10) Kansas City Industrial Land Co.	(11) Overland Terminal Warehouse Co.	(12) Pacific Fruit Express Co.
<b>BALANCE SHEET DECEMBER 31, 1956</b>						
<b>ASSETS</b>						
Property investment .....	\$1,213,577.91	\$4,392,930.87	\$2,515,799.13	\$912,577.35	\$1,234,944.46	\$208,405,322.62
Donations and grants (credit) .....	—	—	—	—	—	—
Other investments .....	—	1,778.62	—	1,000.00	—	—
Cash: In banks .....	—	—	—	—	3,116.72	1,290,257.95
On deposit with Union Pacific R. R. Co. ....	197,036.42	148,598.01	—	381,833.85	—	8,332,709.77
On deposit with other stockholders.....	—	—	—	—	—	8,332,709.76
Accounts receivable .....	11,566.62	14,824.23	6,944.34	3,534.79	53,264.04	9,621,009.40
Material and supplies .....	10,260.56	—	—	—	—	2,303,265.08
Other current assets .....	—	—	—	—	—	17,897.25
Deferred assets .....	—	174,903.17	—	394,689.31	—	16,919.57
Unadjusted debits .....	113.01	—	—	—	15,069.74	1,551,034.38
<b>Total .....</b>	<b>\$1,432,554.52</b>	<b>\$4,733,034.90</b>	<b>\$2,522,743.47</b>	<b>\$1,693,635.30</b>	<b>\$1,306,394.96</b>	<b>\$239,871,125.78</b>
<b>LIABILITIES</b>						
Capital stock .....	\$178,300.00	\$50,000.00	\$10,000.00	\$900,000.00	\$115,000.00	\$24,000,000.00
Funded debt .....	—	—	—	—	—	27,422,005.68
Due to Union Pacific R. R. Co. ....	—	—	1,727,701.23	—	115,569.15	—
Tax liability .....	27,984.06	72,033.41	96,853.99	2,129.23	20,542.65	4,947,400.10
Other current liabilities .....	3,406.14	2,089,833.40†	944.38	95,802.14	82,212.69	20,589,586.65
Deferred liabilities .....	—	—	8,581.24	21,573.50	—	143,738.29
Unadjusted credits .....	—	100,496.18	—	30,474.42	—	395,969.17
<b>Total liabilities .....</b>	<b>\$209,690.20</b>	<b>\$2,312,362.99</b>	<b>\$1,844,080.84</b>	<b>\$1,049,979.29</b>	<b>\$333,324.49</b>	<b>\$77,498,699.89</b>
Reserve for depreciation, depletion, insurance, etc.	1,009,900.14	557,360.66	166,202.46	17,010.45	664,777.36	118,335,821.80
Surplus, as shown below .....	212,964.18	1,863,311.25	512,460.17	626,645.56	308,293.11	44,036,604.09
<b>Total .....</b>	<b>\$1,432,554.52</b>	<b>\$4,733,034.90</b>	<b>\$2,522,743.47</b>	<b>\$1,693,635.30</b>	<b>\$1,306,394.96</b>	<b>\$239,871,125.78</b>
<b>INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1956</b>						
Revenues .....	\$124,906.11	\$215,837.47	\$354,548.93	\$51,494.41	\$606,283.80	\$84,712,680.27
Expenses and rents .....	58,868.24	45,266.63	42,096.62	42,410.65	590,191.15	54,970,921.25
<b>Net .....</b>	<b>\$66,037.87</b>	<b>\$170,570.84</b>	<b>\$312,452.31</b>	<b>\$9,083.76</b>	<b>\$16,092.65</b>	<b>\$29,741,759.02</b>
Royalties from oil and gas leases .....	—	57,159.76	—	—	—	—
Other income .....	330.00	—	965.92	—	—	2,676.07
<b>Total .....</b>	<b>\$66,367.87</b>	<b>\$227,730.60</b>	<b>\$313,418.23</b>	<b>\$9,083.76</b>	<b>\$16,092.65</b>	<b>\$29,744,435.09</b>
Interest on funded debt .....	—	—	—	—	—	824,826.29
Federal income taxes .....	21,065.67	74,468.34	73,891.06	113.86	121.24*	5,750,881.00
Other taxes .....	16,132.41	28,561.66	19,907.21	7,923.87	66,444.02	4,230,239.47
Other deductions .....	—	—	—	177.85	.88	10,020,025.09
Balance transferred to surplus .....	\$29,169.79	\$124,700.60	\$219,619.96	\$868.18	\$50,231.01†	\$8,918,463.24
<b>SURPLUS</b>						
Surplus, December 31, 1955 .....	\$201,655.19	\$1,813,610.65	\$293,928.92	\$619,437.02	\$358,373.13	\$40,890,521.05
Adjustments .....	30.80†	—	1,088.71†	6,340.36	150.99	12,380.20†
Income balance, as shown above .....	29,169.79	124,700.60	219,619.96	868.18	50,231.01†	8,918,463.24
<b>Total .....</b>	<b>\$230,794.18</b>	<b>\$1,938,311.25</b>	<b>\$512,460.17</b>	<b>\$626,645.56</b>	<b>\$308,293.11</b>	<b>\$49,796,604.09</b>
Less dividends .....	17,830.00	75,000.00	—	—	—	5,760,000.00
<b>Surplus, December 31, 1956 .....</b>	<b>\$212,964.18</b>	<b>\$1,863,311.25</b>	<b>\$512,460.17</b>	<b>\$626,645.56</b>	<b>\$308,293.11</b>	<b>\$44,036,604.09</b>

(7) Owns and operates water facilities in Wyoming to supply U.P.R.R.Co. and others. (8) Holds real estate for sale or lease in Nevada and California. (9) Holds real estate for sale or lease in Nebraska, Wyoming, Kansas, Colorado, Idaho and Utah. (10) Holds real estate for sale or lease at Kansas City, Kansas. (11) Owns and operates public warehouse at Los Angeles, California. (12) Furnishes refrigerator cars and provides protection against heat and cold for perishable freight on lines of U.P.R.R.Co. and S.P.Co., each of which owns 50% of capital stock.

† Includes \$2,082,525.00 representing cost of real estate purchased in 1956 and paid for in January, 1957, with funds advanced by U.P.R.R.Co.





**NO. 15 — TRACK MILEAGE**

	Miles of Road	Miles of Additional Main Track	Miles of Yard Tracks and Sidings
Wholly owned .....	9,092.73	1,314.01	4,112.85
Owned jointly with other companies .....	90.88	2.00	181.96
Total owned .....	9,183.61	1,316.01	4,294.81
Owned but not operated .....	60.31	2.30	44.87
Total owned and operated .....	9,123.30	1,313.71	4,249.94
Operated but not owned:			
Trackage rights granted by other companies.....	660.93	260.01	488.03
Operated under lease or contract.....	1.30	.....	4.87
Total operated at close of year.....	9,785.53	1,573.72	4,742.84
Total operated at beginning of year.....	9,804.51	1,588.22	4,731.14
Increase (+) or decrease (—) during year.....	—18.98*	—14.50†	+11.70
<hr/>			
Average mileage operated during year.....	9,798.87	1,582.38	4,736.51
Mileage maintained at close of year.....	8,986.65	1,312.50	4,098.29
Average mileage maintained during year.....	8,990.33	1,319.64	4,095.76

\* Principally abandonment of Thomas Branch in Idaho and portion of Glendale Branch in California, and relinquishment of branch line trackage rights between San Bernardino and Riverside Junction, California.

† Chiefly in connection with installation of centralized traffic control between Granger, Wyoming, and Pocatello, Idaho.

**NO. 16 — TRACK MILEAGE OPERATED — BY STATES**

State	Miles of Road		Miles of Additional Main Track		Miles of Yard Tracks and Sidings	
	Mileage	Per cent of total	Mileage	Per cent of total	Mileage	Per cent of total
California .....	367.63	3.76	119.35	7.58	524.92	11.07
Colorado .....	642.75	6.57	13.82	.88	309.41	6.52
Idaho .....	1,987.45	20.31	107.80	6.85	734.77	15.49
Iowa .....	2.25	.02	2.25	.14	84.92	1.79
Kansas .....	1,150.89	11.76	68.82	4.37	466.65	9.84
Missouri .....	2.16	.02	1.54	.10	22.12	.47
Montana .....	143.16	1.46	1.35	.09	48.09	1.01
Nebraska .....	1,332.38	13.62	466.84	29.67	613.70	12.94
Nevada .....	366.85	3.75	.....	.....	129.80	2.74
Oregon .....	1,144.05	11.69	30.76	1.95	438.70	9.25
Utah .....	814.50	8.32	104.97	6.67	423.15	8.92
Washington .....	1,022.09	10.45	147.71	9.39	430.50	9.08
Wyoming .....	809.37	8.27	508.51	32.31	516.11	10.88
Total .....	<u>9,785.53</u>	<u>100.00</u>	<u>1,573.72</u>	<u>100.00</u>	<u>4,742.84</u>	<u>100.00</u>

