

1958

UNION PACIFIC RAILROAD COMPANY



SIXTY-SECOND ANNUAL REPORT

Year ended December 31, 1958



Sixty-second Annual Report



Union Pacific Railroad Company

YEAR ENDED DECEMBER 31, 1958

1958

Year in Brief

| | <u>1958</u> | <u>1957</u> |
|--|---------------|---------------|
| OPERATING REVENUES | \$505,215,191 | \$517,060,102 |
| OPERATING EXPENSES | \$371,257,945 | \$382,354,717 |
| OPERATING RATIO (ratio of expenses to revenues) | 73.49% | 73.95% |
| REVENUES OVER EXPENSES | \$133,957,246 | \$134,705,385 |
| FEDERAL INCOME TAXES (including taxes on income from oil and gas operations) | \$ 34,800,000 | \$ 38,800,000 |
| OTHER TAXES | \$ 35,003,903 | \$ 34,889,677 |
| EQUIPMENT AND JOINT FACILITY RENTS (Debit) .. | \$ 20,692,259 | \$ 22,197,684 |
| NET INCOME FROM TRANSPORTATION OPERATIONS: | | |
| As Stated in Income Account | \$ 43,461,084 | \$ 38,818,024 |
| After Adding Back Federal Income Taxes Applicable to Oil and Gas Operations | \$ 50,788,184 | \$ 47,811,024 |
| NET INCOME FROM OIL AND GAS OPERATIONS: | | |
| As Stated in Income Account | \$ 24,566,034 | \$ 29,097,113 |
| After Deducting Applicable Federal Income Taxes ... | \$ 17,238,934 | \$ 20,104,113 |
| DIVIDEND INCOME | \$ 6,502,121 | \$ 6,172,856 |
| OTHER INCOME | \$ 8,263,237 | \$ 9,210,900 |
| INTEREST ON FUNDED DEBT, AND OTHER CHARGES | \$ 5,010,032 | \$ 5,051,117 |
| NET INCOME | \$ 77,782,444 | \$ 78,247,776 |
| NET INCOME (after Preferred Dividends) PER SHARE OF COMMON STOCK OUTSTANDING DECEMBER 31st | \$3.29* | \$3.34 |
| <hr/> | | |
| SHARES OF COMMON STOCK OUTSTANDING DECEMBER 31st | 22,429,235* | 22,229,100 |
| DIVIDENDS DECLARED ON COMMON STOCK | \$ 35,706,655 | \$ 35,566,560 |
| ANNUAL RATE PER SHARE (30¢ each quarter; 40¢ extra) | \$1.60 | \$1.60 |
| NUMBER OF PREFERRED AND COMMON STOCK- HOLDERS—DECEMBER 31st | 82,023 | 77,211 |
| <hr/> | | |
| COST OF NEW EQUIPMENT AND OTHER IMPROVEMENTS | \$ 54,309,686 | \$ 60,239,411 |
| PER SHARE OF COMMON STOCK OUTSTANDING DECEMBER 31st | \$2.42* | \$2.71 |
| <hr/> | | |
| TON-MILES OF REVENUE FREIGHT CARRIED (thousands) | 31,681,958 | 33,924,603 |
| AVERAGE REVENUE PER TON-MILE (cents) | 1.391 | 1.335 |
| <hr/> | | |
| AVERAGE NUMBER OF EMPLOYEES | 41,780 | 45,729 |
| TOTAL WAGES PAID | \$239,773,386 | \$245,321,667 |

* Number of outstanding shares increased by 200,135 on October 6, 1958 (see page 18).

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To Our Stockholders:

Net income for the year was six-tenths of one per cent under that for 1957. An increase in net transportation income was almost entirely offset by a decline in income from oil and gas operations (a reversal of what occurred in 1957) and there was a decrease in income from other sources, due principally to a lower average yield from investments in Government securities.

Notwithstanding economies realized through improved facilities and careful planning, net income from transportation operations up to the end of August was less than in 1957, chiefly because of the reduction in freight traffic as a result of the recession, and steadily increasing wage rates. Later in the year, however, with gradual recovery in the national economy and generally good crops in Union Pacific territory, the volume of traffic began to show heartening gains. The consequent improvement in net transportation income for the last four months more than offset the earlier decline, resulting in an increase over 1957 for the full year of twelve per cent.

The major transportation property improvements during 1958 were the extension of centralized traffic control; further modernization and enlargement of freight yards; purchase from the Bamberger Railroad Co. of 8.46 miles of main track (placed in operation January 1, 1959) serving the Hill Air Force Base and certain industries in the vicinity of Ogden, Utah; and acquisition of four 8,500 H.P. gas-turbine loco-



motives, 1,891 freight-train cars, and five passenger dome-coaches. Mention should also be made of the acquisition of control on October 6, 1958, of the Spokane International Railroad Co., which provides a valuable direct connection with the Canadian Pacific Railway.

Improvements in service during the year for the benefit of Union Pacific shippers, included faster freight train schedules for eastbound merchandise and forwarder traffic, effective September 22nd; for eastbound perishable traffic, effective November 1st; and for westbound merchandise and forwarder traffic, effective December 8th.

In the 1957 Annual Report, I referred hopefully to the growing realization, by the public and our political leaders, of the need for correcting inequities in governmental treatment of the railroads. I am glad to say that thanks to realistic appreciation of this situation and wise action by the Congress, with wide support from many individual citizens and the press, an encouraging start was made during the year toward rectifying the injustices from which the railroads have suffered. The passage of the Transportation Act of 1958 and the repeal of the 3% excise tax on freight charges represented a real and helpful step forward. In this connection, I wish particularly to express the warm appreciation of the Company's management for the active and loyal support of those Union Pacific

stockholders, employes, and patrons who shared in furthering a program which should ultimately benefit the whole nation, as well as the railroads.

As recognized in Senate Resolution 29, calling for a Congressional study of many problems affecting the transportation industry, the legislative enactments in 1958 represent only a part of what needs to be accomplished. The Association of American Railroads is actively assisting in efforts to achieve further constructive results through the proposed investigation. After careful study, the Association has reached the conclusion that in addition to the necessity for repeal of the 10% tax on passenger travel, there are five important areas in which the railroads should be granted early relief. Space is not available here for enumerating the many reasons why such relief is necessary and justified, but briefly the five objectives referred to are: (1) "One-package" transportation, or the right (now withheld) for railroads to engage freely in other forms of transportation; (2) payment of the cost of publicly provided transportation facilities by the transportation agencies which use them and not by general taxpayers; (3) easing of the cost of railroad unemployment insurance which pays benefits far exceeding those under programs for workers in other industries; (4) opportunity for railroads to share equitably in the transportation of agricultural commodities which when carried by highway carriers are exempt from economic regulation by the Interstate Commerce Commission; and (5) revised governmental policies with respect to depreciation of railroad plant and equipment, to enable the railroads to make vitally needed improvements to their properties. I am in full agreement that these proposals for further legislation in the transportation field should be strongly supported.

Another problem to which the President of the Association of American Railroads has recently called attention is the urgent need for modernization of burdensome "working rules" on the railroads. Some years ago Americans were startled to read that more than a century after Waterloo the British had continued to employ a sentry to spread the alarm if and when Napoleon's invasion fleet should be sighted crossing the Channel. But this was little more absurd than some of the outdated working rules on American railroads today. It is to be hoped that through cooperation between representatives of railroad management and labor, these rules can be realistically revised with substantial benefits to the

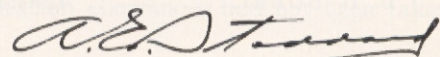
public, to the great majority of railroad employes, and to the railroads.

Our income from oil and gas operations, as I have already indicated, was substantially less than in 1957. This resulted principally from a decline in production in Wilmington and Rangely fields and from lower prices for oil sold. Decreased Wilmington production reflected a further depletion of the field, and Rangely production was curtailed chiefly because of the closing in of some oil wells to conserve gas and the conversion of others into gas-injection or water-flood wells. Lower prices were caused by the recession and other factors. Although there was a reduction in the number of new wells drilled, two somewhat promising gas fields were located in the Green River Basin in Wyoming—the Desert Springs field with five successful gas wells and the Wamsutter field with one successful well. All of these wells are closed in, pending development of market outlets for the gas.

Continued exploration of mineral deposits in areas adjacent or tributary to Union Pacific lines disclosed additional non-metallic deposits in Nevada, which should offer future opportunities for additional freight revenue. Also, several deposits of gypsum were investigated in the vicinity of Laramie, Wyoming, which may prove to be of economic importance.

In view of the encouraging results from a pilot test made in Germany of a process for the direct reduction of titaniferous iron ores into iron of a high purity and a low grade titanium slag, arrangements were made to have additional tests applied, on a substantially larger scale, to ore obtained from the Iron Mountain area in Wyoming, by the use of a plant near Pioche, Nevada. It is believed that these tests will determine whether the process can be adapted to the profitable production of a satisfactory iron product on a commercial scale. Considerable expenditures were made in preparation for the tests which started early in 1959.

On behalf of the Board of Directors, I again take pleasure in expressing sincere appreciation to our stockholders, patrons, and our officers and employes, for their fine cooperation and loyalty throughout the year.



President

Union Pacific Railroad Company

Directors

(April 1, 1959)

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

| | | | |
|--------------------------|----------------------|---------------------------|----------------------|
| FRANK E. BARNETT | NEW YORK, N. Y. | OSCAR T. LAWLER | LOS ANGELES, CALIF. |
| COURTNEY C. BROWN | SCARSDALE, N. Y. | HAROLD B. LEE | SALT LAKE CITY, UTAH |
| 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 | NEW YORK, 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 | DELHI, N. Y. | JOHN S. SINCLAIR | WESTON, CONN. |
| ELGIN HICKS | OMAHA, NEBR. | A. E. STODDARD | OMAHA, NEBR. |
| THOMAS P. JERMAN | SHORT HILLS, N. J. | L. J. TRACY | NEW ROCHELLE, N. Y. |

Executive Committee

(April 1, 1959)

ROBERT A. LOVETT, *Chairman*

| | |
|---------------------|---------------------------------------|
| GEORGE E. ROOSEVELT | JOHN S. SINCLAIR |
| HOWARD C. SHEPERD | E. ROLAND HARRIMAN, <i>ex officio</i> |

General Officers - New York

(April 1, 1959)

| | |
|-------------------------|---|
| E. ROLAND HARRIMAN..... | <i>Chairman, Board of Directors</i> |
| ROBERT A. LOVETT..... | <i>Chairman, Executive Committee</i> |
| L. J. TRACY..... | <i>Vice-President, Controller</i> |
| FRANK E. BARNETT..... | <i>Vice-President and Eastern General Counsel</i> |
| A. C. SHERWOOD..... | <i>Secretary</i> |
| D. A. POWELL..... | <i>Treasurer</i> |

General Officers - West

(April 1, 1959)

| | | |
|-------------------------|---|----------------------|
| A. E. STODDARD..... | <i>President</i> | OMAHA, NEBR. |
| ELGIN HICKS | <i>Executive 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. |
| F. J. MELIA..... | <i>Vice-President and Western General Counsel</i> | OMAHA, NEBR. |
| R. M. SUTTON..... | <i>Vice-President and General Auditor</i> | OMAHA, NEBR. |
| A. J. VAN DER CREEK.... | <i>Vice-President, Personnel</i> | OMAHA, NEBR. |
| L. J. BACHMAN..... | <i>Assistant to President</i> | OMAHA, NEBR. |
| 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. |
| J. H. ANDERSON..... | <i>General Solicitor</i> | OMAHA, NEBR. |
| B. P. LEVERICH..... | <i>General Solicitor</i> | SALT LAKE CITY, UTAH |
| R. B. KESTER..... | <i>General Solicitor</i> | PORTLAND, ORE. |
| E. C. RENWICK..... | <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 30, 1959.

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, 1958.

Condensed Statement of Income

| | 1958 | 1957 | Increase (+) Decrease (-) |
|---|---------------|---------------|------------------------------|
| Operating revenues | \$505,215,191 | \$517,060,102 | -\$11,844,911 |
| Operating expenses | \$371,257,945 | \$382,354,717 | -\$11,096,772 |
| Taxes (including taxes on income from oil and gas operations) | 69,803,903 | 73,689,677 | - 3,885,774 |
| Equipment and joint facility rents—net charge ... | 20,692,259 | 22,197,684 | - 1,505,425 |
| Net income from transportation operations | \$ 43,461,084 | \$ 38,818,024 | +\$ 4,643,060 |
| Net income from oil and gas operations (excluding income taxes) | 24,566,034 | 29,097,113 | - 4,531,079 |
| All other income | 14,765,358 | 15,383,756 | - 618,398 |
| Total income | \$ 82,792,476 | \$ 83,298,893 | -\$ 506,417 |
| Interest on funded debt | \$ 4,470,345 | \$ 4,520,711 | -\$ 50,366 |
| Miscellaneous rents and charges | 539,687 | 530,406 | + 9,281 |
| Total fixed and other charges | \$ 5,010,032 | \$ 5,051,117 | -\$ 41,085 |
| Net income from all sources | \$ 77,782,444 | \$ 78,247,776 | -\$ 465,332 |

Net income, after dividends on preferred stock, amounted to \$3.29 per share of common stock outstanding December 31, 1958, compared with \$3.34 per share outstanding at the close of 1957. The decrease of five cents per share, or 1.5 per cent, represents the combined effect of a decrease of six-tenths of one per cent in income after preferred dividends and an increase of nine-tenths of one per cent in number of outstanding common shares.

The annual rate of dividends declared on common stock was \$1.60 per share, or the same as in 1957, but the amount of such dividends (48.4 per cent of net income after preferred dividends) was somewhat greater than in 1957, because of

the additional shares issued on October 6, 1958, as explained on page 18.

Attention is directed to the fact that the Company's net income benefited, as it has for a number of years, from the deferment of Federal income taxes through allowances for amortization deductions in excess of depreciation on certain property. The resulting benefit per share of common stock in 1958 was 43 cents or 13 per cent of net income (after preferred dividends) per share. Such annual benefits are declining, and as indicated on page 12, Federal income taxes accruing after 1960 will tend to be greater than if the amortization allowances had not been taken.

* 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

| | 1958 | 1957 | Increase | Decrease | Per Cent |
|--------------------------------|---------------|---------------|-----------|--------------|----------|
| Freight | \$440,671,942 | \$452,889,155 | ..... | \$12,217,213 | 2.7 |
| Passenger | 27,931,280 | 28,047,383 | ..... | 116,103 | .4 |
| Mail | 17,727,567 | 16,936,379 | \$791,188 | ..... | 4.7 |
| Express | 4,674,553 | 4,643,433 | 31,120 | ..... | .7 |
| Other | 14,209,849 | 14,543,752 | ..... | 333,903 | 2.3 |
| Total operating revenues | \$505,215,191 | \$517,060,102 | ..... | \$11,844,911 | 2.3 |

The decrease in **Freight revenue** was the result of a 6.6 per cent decrease in ton-miles carried, offset in part by an increase of 4.2 per cent in average revenue per ton-mile. The low point of the economic recession was apparently reached in April, 1958, but the recovery was somewhat spotty and gathered momentum at a slower rate than had been hoped for. It was not until September that the volume of Union Pacific freight traffic began to show an increase over 1957. Ton-miles of revenue freight carried in the first eight months were 11.5 per cent less than in the same period of 1957, but in the last four months the volume of traffic exceeded that for the same period of 1957 by 3.3 per cent. The increase in average revenue per ton-mile resulted principally from the general freight rate increase effective August 26, 1957, and the selective rate increases effective February 15, 1958, both mentioned in last year's report.

The commodities with the largest *decreases* in revenue were *bituminous coal, iron and steel products, iron ore, and other ores and concentrates*. Reduced movement of those commodities resulted chiefly from the general decline in industrial activity, with curtailed operations of steel plants, but there were also less shipments of coal and iron ore for export, and coal production was further reduced by increased use of natural gas for fuel. Other commodities showing the largest decreases were *automobiles and parts and machinery and parts*, reflecting sharp reductions in consumer demand and curtailment of automobile production due to labor difficulties.

The most substantial revenue *increases* were in *sorghum grains*, because of greater production of milo maize than the large crop in 1957; *potatoes*, reflecting increased shipments from Idaho because of reduced supplies available in other

producing States; *plywood*, as a result of its increased use for sheathing by the building trades; *canned and packaged food products*, due chiefly to increased shipments from the Pacific Coast to Eastern States, stimulated by lighter production of Florida fresh fruits and vegetables; *corn*, because of heavier movement from Government storage to Missouri River terminals and to Gulf ports for export; *barley and rye*, due to better crops; and *less than carload freight*, largely as the result of a strike by Western truck drivers with consequent diversion of a substantial volume of business from the highways to rail carriers.

The decrease in **Passenger revenue** resulted from fewer passengers carried and a slight decrease in average revenue per passenger mile, partly counterbalanced by an increase in average length of journey. Although there was a decline in number of passengers carried for the full year, in every one of the last seven months we carried more passengers than in the same month of 1957. This encouraging development may be ascribed partly to improvement in economic conditions generally, and partly to growing appreciation of innovations in our passenger services, and to effective advertising. The decrease of $\frac{1}{10}$ of 1 per cent in passenger revenue contrasts with an aggregate decline of about 6 per cent for all other Class I Western railroads.

The increase in **Mail revenue** was the result of a $7\frac{1}{2}$ per cent increase in rate of pay for transporting mail (mentioned in last year's report) effective July 1, 1957, and some increase in volume of mail handled.

The decrease in **Other revenue** was principally in receipts from boarding outfits for maintenance employes, because of a smaller number of outfits operated.

| | |
|----------------------------|-------|
| OTHER METALS AND ALLOYS | 2.1% |
| MACHINERY AND PARTS | 2.5% |
| PAPER AND PRODUCTS | 3% |
| CHEMICALS AND PRODUCTS | 3.6% |
| AUTOMOBILES AND PARTS | 4.1% |
| IRON AND STEEL | 5% |
| CANNED FOODS AND BEVERAGES | 7.4% |
| MISC. | 14.5% |

| | |
|--------------------------------|------|
| MISC. | 3.2% |
| OTHER GRAIN AND GRAIN PRODUCTS | 3.2% |
| POTATOES | 4.6% |
| WHEAT | 5.2% |
| FRESH FRUITS AND VEGETABLES | 6% |

| | |
|---------------------------|-------|
| MISC. | .8% |
| PLYWOOD | 2.8% |
| LUMBER, SHINGLES AND LATH | 12.1% |

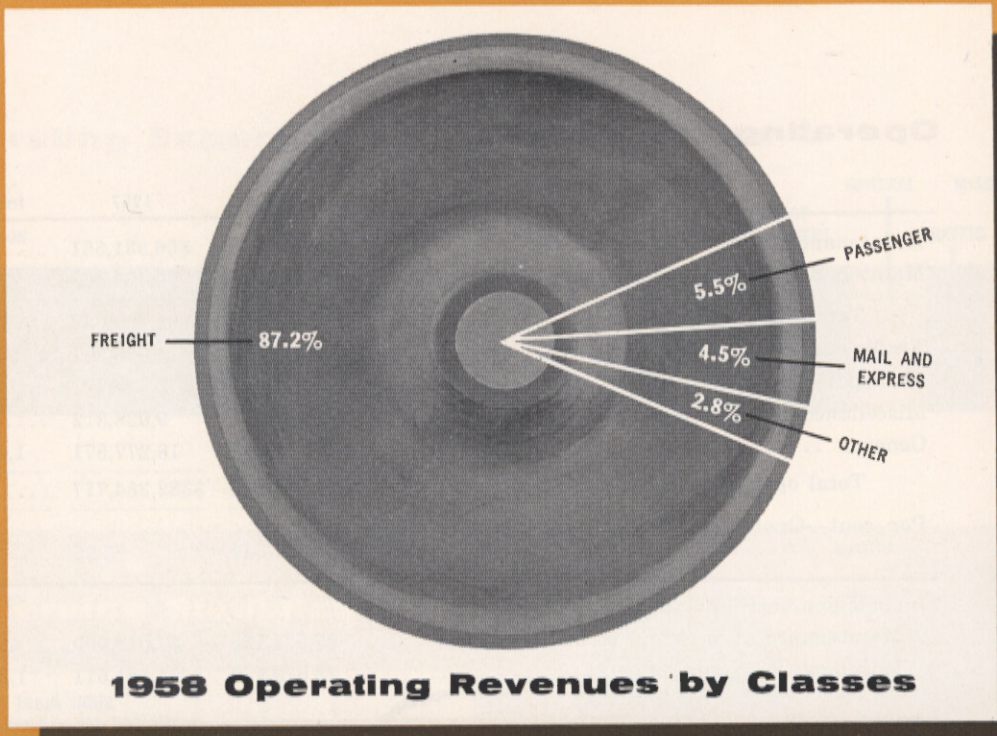
| | |
|-----------------|------|
| IRON ORE | 2.1% |
| BITUMINOUS COAL | 2.8% |
| MISC. | 5.4% |

| | |
|-------------------|------|
| FORWARDER TRAFFIC | 3.8% |
|-------------------|------|

| | |
|-----------|------|
| MISC. | 1.3% |
| LIVESTOCK | 2.4% |

| | |
|---------------------------|------|
| LESS THAN CARLOAD FREIGHT | 2.1% |
|---------------------------|------|

1958 Gross Freight Revenue by Commodity Groups



Operating Expenses

| | 1958 | 1957 | Increase | Decrease | Per Cent |
|---|---------------|---------------|-----------|--------------|----------|
| *Maintenance of way and structures | \$61,778,257 | \$66,931,561 | ..... | \$5,153,304 | 7.7 |
| *Maintenance of equipment | 93,244,296 | 95,464,465 | ..... | 2,220,169 | 2.3 |
| Total maintenance | \$155,022,553 | \$162,396,026 | ..... | \$7,373,473 | 4.5 |
| Traffic | 14,153,378 | 14,006,337 | \$147,041 | ..... | 1.0 |
| Transportation | 174,263,600 | 178,646,471 | ..... | 4,382,871 | 2.5 |
| Miscellaneous operations | 8,465,517 | 9,028,312 | ..... | 562,795 | 6.2 |
| General | 19,352,897 | 18,277,571 | 1,075,326 | ..... | 5.9 |
| Total operating expenses | \$371,257,945 | \$382,354,717 | ..... | \$11,096,772 | 2.9 |
| Per cent—Operating expenses of operating revenues | 73.49 | 73.95 | ..... | .46 | .6 |
| *Include depreciation and retirement charges: | | | | | |
| Maintenance of way and structures | \$7,544,125 | \$7,018,000 | \$526,125 | ..... | 7.5 |
| Maintenance of equipment | 22,579,970 | 21,181,611 | 1,398,359 | ..... | 6.6 |

The principal reason for the decrease in **Operating expenses** was the decline in volume of freight traffic handled. A decrease of 5.8 per cent in freight gross ton-miles tended not only to lower transportation expenses, but to reduce maintenance expenditures as well, because of the more limited use of rolling stock and road property. There were also reductions in prices of fuel used in diesel and gas-turbine locomotives. However, higher wage and salary rates raised operating expenses by \$14.8 million, and in addition there were increases in expenses caused by greater charges for depreciation and retirements of transportation property and smaller receipts from sales of scrap material credited to expenses. To compensate for these factors and achieve the over-all decrease of \$11 million in operating expenses, with a slightly lower operating ratio than in 1957, substantial economies were effected through intensive planning and adoption of new operating methods. The principal increases in wage rates reflected in 1958 expenses are tabulated below:

| | Per hour | |
|---|----------|------|
| | 1957 | 1958 |
| Basic increases, effective November 1st | 7¢ | 7¢ |
| Cost-of-living increases, effective: | | |
| May 1st | 3¢ | 4¢ |
| November 1st | 5¢ | 1¢ |

Taking into consideration the number of months that each of these increases was effective in 1958 and not effective in corresponding months of 1957, the weighted average increase over 1957 was 15¢ per hour.

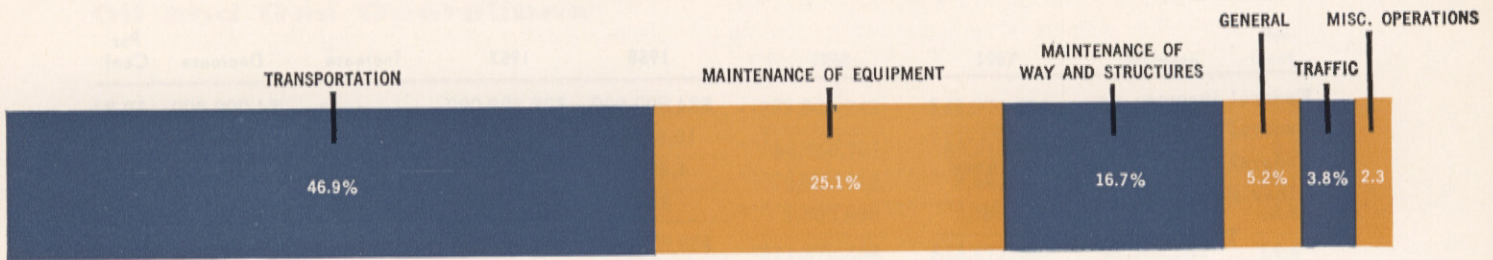
Way and structures were well maintained. Quantities of rails, ties, and ballast used in main track renewals were as follows:

| | 1958 | Decrease vs. 1957 |
|---------------------------------------|---------|-------------------|
| New rails (track miles) | 105.87 | 18.06 |
| Second-hand rails (track miles) | 41.66 | 28.14 |
| Total rails (track miles) | 147.53 | 46.20 |
| Ties (number) | 639,383 | 72,373 |
| Ballast (cubic yards) | 190,911 | 238,876 |

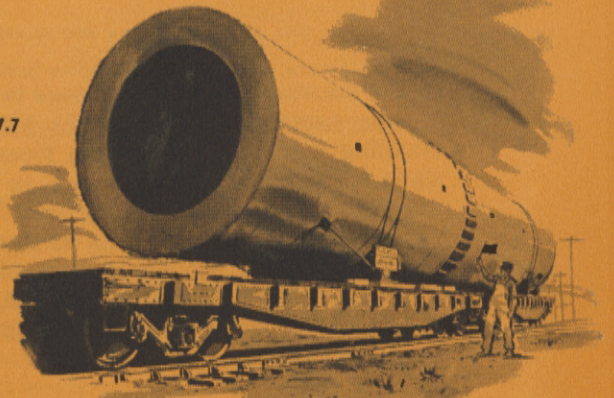
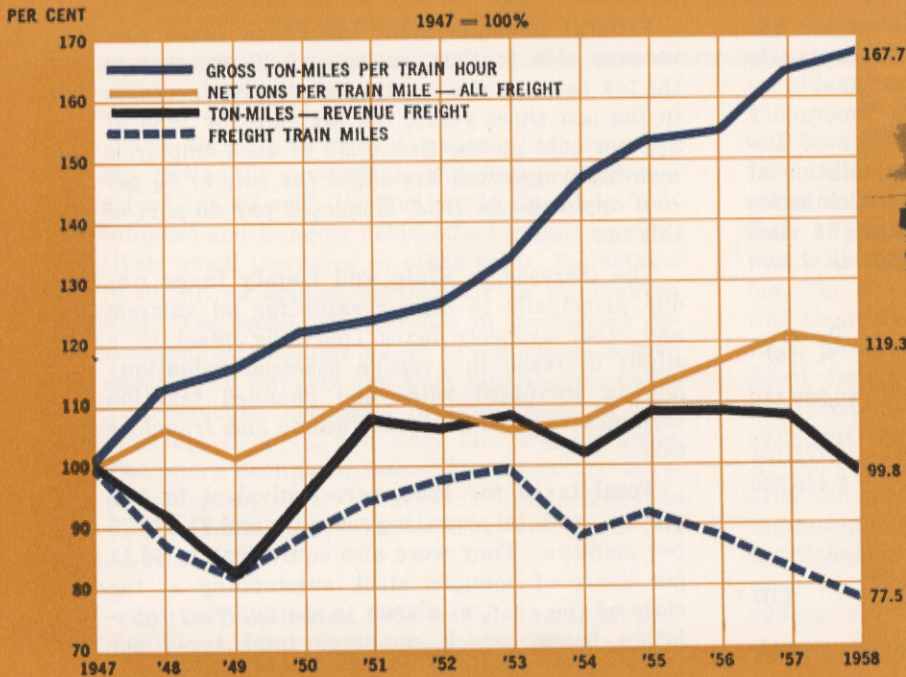
Notwithstanding increased wage rates, total equipment maintenance expenses were substantially less than in 1957. However, the percentage of unserviceable freight cars on the Company's lines at the close of the year was lower than at the close of 1957, and the Union Pacific showing in this respect was among the best for all Class I railroads in 1958.

A breakdown of operating expenses by primary accounts, compared with the preceding year, is shown in Table 4 on pages 37 through 39.

1958 Operating Expenses by General Accounts

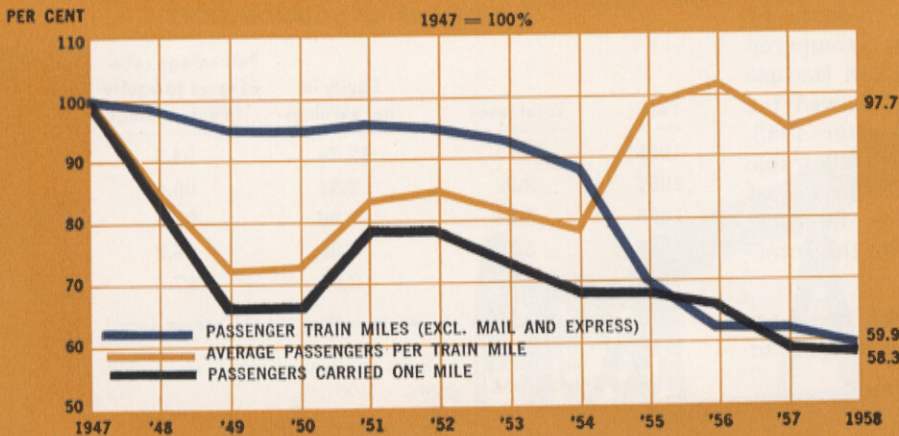


Freight Service Statistics



| | 1947 | 1958 |
|--|------------|------------|
| Gross ton-miles per train hour | 51,064 | 85,653 |
| Net tons per train mile—all freight .. | 1,122 | 1,340 |
| Ton-miles—revenue freight (thousands) | 31,738,921 | 31,681,958 |
| Freight train miles .. | 31,545,701 | 24,462,007 |

Passenger Service Statistics



| | 1947 | 1958 |
|--|------------|-----------|
| Passenger train miles (excluding mail and express) | 16,397,066 | 9,824,143 |
| Average passengers per train mile | 129 | 126 |
| Passengers carried one mile (thousands) | 2,116,425 | 1,234,134 |



Taxes

| | 1958 | 1957 | Increase | Decrease | Per Cent |
|--------------------------------------|--------------|--------------|-----------|-------------|----------|
| Federal income | \$34,800,000 | \$38,800,000 | ..... | \$4,000,000 | 10.3 |
| Federal retirement | 10,867,661 | 11,802,821 | ..... | 935,160 | 7.9 |
| Federal unemployment insurance | 4,407,143 | 3,836,071 | \$571,072 | ..... | 14.9 |
| Other Federal | 199,099 | 160,785 | 38,314 | ..... | 23.8 |
| Total Federal | \$50,273,903 | \$54,599,677 | ..... | \$4,325,774 | 7.9 |
| State and county | \$19,530,000 | \$19,090,000 | \$440,000 | ..... | 2.3 |
| Total taxes | \$69,803,903 | \$73,689,677 | ..... | \$3,885,774 | 5.3 |

The decrease in **Federal income taxes** was due to less taxable income than in 1957, notwithstanding diminished deductions from taxable income for amortization allowances on "emergency facilities" (as so certified by the Office of Defense Mobilization) in excess of depreciation at rates authorized by the Interstate Commerce Commission. The approximate amount of such deductions in 1958 compared with 1957 is shown in the tabulation below:

| | 1958 | Decrease vs. 1957 |
|--|--------------|-------------------|
| Amortization deductions .. | \$26,013,369 | \$2,339,156 |
| Excess of amortization over depreciation | 18,474,601 | 2,728,154 |
| Reduction in income taxes. | 9,606,793 | 1,418,640 |
| Betterment in net income per share of common stock outstanding December 31st | \$.43 | \$.07 |

Beginning in 1961, income taxes will tend to be greater than they would have been if the amortization deductions had not been taken.

Taxable income in 1958 was also reduced by an estimated amount of \$4,575,000 (compared with about \$3,142,000 in 1957) through the use of accelerated depreciation methods allowed for tax purposes on property acquired after 1953. Under these methods, the depreciation allowable is much greater in the early years of the use of property (and correspondingly less in later years) than under rates authorized by the Interstate Commerce Commission.

The decrease in **Federal retirement taxes** resulted chiefly from reduced payrolls because of the lesser volume of traffic handled.

Federal unemployment insurance taxes rose because of a further increase of 25 per cent in the tax rate. As the result of successive increases in the last three years, the tax rate for 1958 of 2½ per cent on the first \$350 of each employe's monthly wages was *five times the rate of ½ per cent applicable in 1955*. Employes pay no part of this tax.

The increase in **State and county taxes** was due principally to higher rates for ad valorem and other property taxes (partially offset by a slight decrease in average assessed valuation) and to increased rates and changed taxation formulas for certain State income and franchise taxes.

Total taxes for 1958 were equivalent to 13.8 per cent of total operating revenues and \$1,670.75 per employe. They were also equivalent to \$3.11 per share of common stock outstanding at the close of the year, as shown in the five-year tabulation below, which compares total taxes per share with Common Stockholders' equity per share in net earnings.

PER SHARE OF COMMON STOCK

| Year | Total taxes | Equity in net earnings | Percentage ratio of taxes to equity in net earnings |
|-------|-------------|------------------------|---|
| 1958* | \$3.11 | \$3.29 | 94.5 |
| 1957 | 3.32 | 3.34 | 99.4 |
| 1956 | 3.31 | 3.36 | 98.5 |
| 1955† | 3.26 | 3.39 | 96.2 |
| 1954† | 2.87 | 2.95 | 97.3 |

* Based on 22,429,235 shares, including 200,135 shares issued October 6, 1958.

† Based on number of shares outstanding after stock split effective July 2, 1956.

Oil and Gas Operations

| | 1958 | 1957 | Decrease | Per Cent |
|--|--------------|--------------|-------------|----------|
| Receipts from sale of oil, gas, and other products | \$35,841,242 | \$42,274,553 | \$6,433,311 | 15.2 |
| Production expenses (including depreciation)..... | \$6,750,701 | \$6,915,134 | \$164,433 | 2.4 |
| Taxes (other than income taxes) *..... | 2,920,612 | 3,481,925 | 561,313 | 16.1 |
| Intangible drilling and development costs† | 1,603,895 | 2,780,381 | 1,176,486 | 42.3 |
| Total charges against receipts | \$11,275,208 | \$13,177,440 | \$1,902,232 | 14.4 |
| Net income from oil and gas operations (as shown in Table 2) | \$24,566,034 | \$29,097,113 | \$4,531,079 | 15.6 |
| Drilling and development costs not charged against receipts | \$356,724 | \$1,120,390 | \$763,666 | 68.2 |

* Federal taxes on income from oil and gas operations, of approximately \$7,327,100 in 1958 and \$8,993,000 in 1957, are included in "Taxes" under "Transportation Operations".

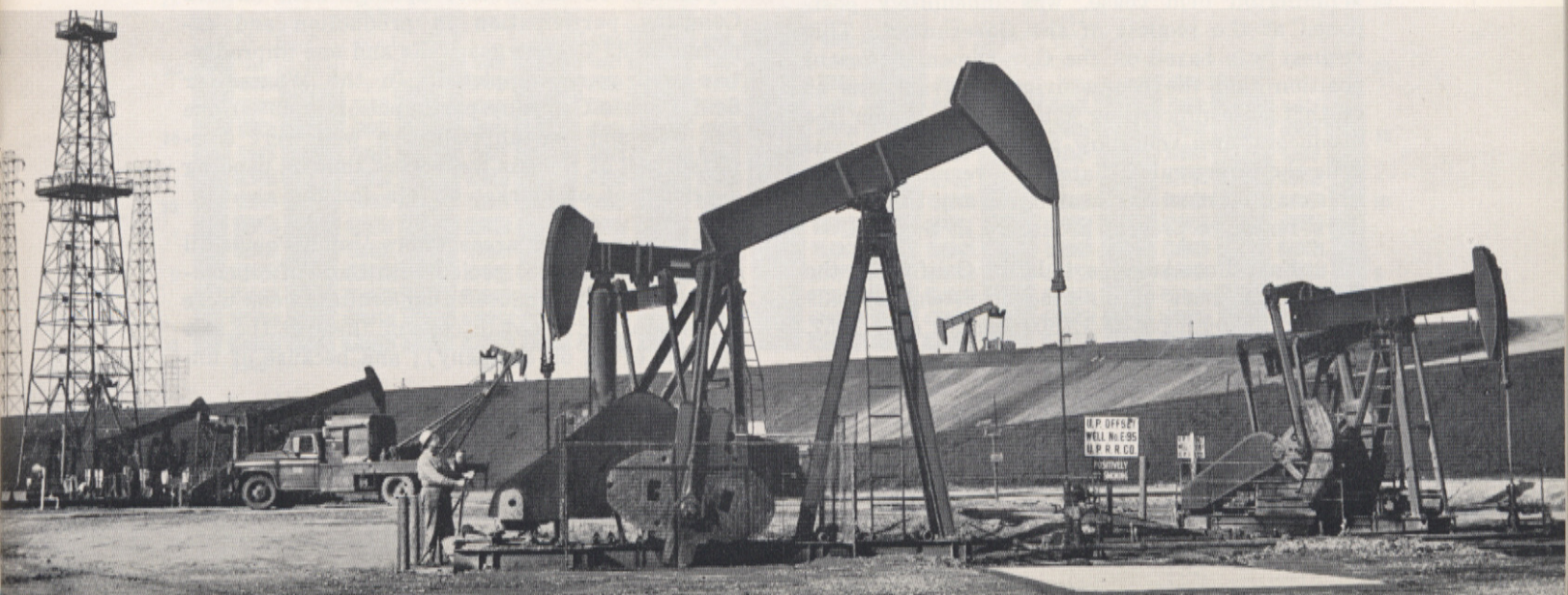
† Represents costs such as labor, fuel, repairs and hauling in connection with drilling, geological work, clearing ground, building roads, and certain materials with no salvage value.

The decrease in receipts reflects both an overall decline in production and lower prices received for oil sold. Production decreased in Wilmington and Rangely fields, offset in part by relatively small increases in other fields. Reductions in oil prices applied particularly to Wilmington field. The small net decrease in production expenses is attributable mainly to reductions in such expenses in Rangely and East Los Angeles fields. The principal decreases in taxes were in Wilmington, Rangely, and East Los Angeles fields. The sharp decline in intangible expenditures resulted chiefly from reduced drilling activity in Pierce, Wilmington, Table Rock, and East Los Angeles fields.

In the Wilmington field in California, oil production was 7,577,028 barrels, or 976,054 barrels

less than in 1957. This decrease of 11.4 per cent (somewhat smaller than the decline in 1957) resulted from continued normal depletion of the field, offset to some extent by production from new wells and the beneficial effect of water flooding. The average price received per barrel of oil was about 21 cents lower (6.9 per cent) than in 1957, because of successive price reductions in April, June, September, and October, 1958. Fourteen productive wells were completed during the year, but three wells were taken off production. At the close of the year, there were seven hundred and seventy-four productive wells. Since the beginning of operations, three hundred and thirty-six Company wells have been abandoned to the close of 1958, due to damage caused by earthquakes or to mechanical failure from other causes.

Oil-well Pumps at Wilmington Field, California.



Land subsidence in the Wilmington field area has been mentioned in previous reports. As an outgrowth of this situation, the United States Government, on August 15, 1958, filed suit against the State of California, the City of Long Beach, California, and nearly 400 past and present oil producers in the Long Beach area, including Union Pacific, seeking an injunction and damages on account of the subsidence of the land on which the Long Beach Naval Shipyard is constructed. The amended complaint in the suit asks that the Court issue a preliminary injunction forbidding all oil and gas production in the Wilmington field unless and until it is satisfied that the oil operators are conducting operations in a manner to stop subsidence. By this means the Government seeks to compel the oil operators to unitize and engage in widespread repressuring by means of water-injection operations.

The fact of subsidence in the Long Beach area has been well known for some years, although experts differ as to its cause. Since 1954, Union Pacific has been voluntarily engaged in a water-injection program to restore and maintain underground pressures. The Company has also cooperated with the other operators and the City of Long Beach in efforts to unitize areas of the field and establish repressuring programs. These activities have been aided by legislation passed by the State of California in 1957 and 1958. At the present time, companies representing about 95 percent of the oil production in Fault Blocks II, III and IV (from which the major portion of the field's production is obtained) have joined in memoranda of intent to unitize those fault blocks and proceed with water-injection programs which have been approved by the California Oil and Gas Supervisor.

Meanwhile, on March 10, 1959, hearing on the Government's request for a preliminary injunction, requiring that oil and gas production in the Wilmington field cease, was indefinitely postponed at the request of the Government. This request was based on the Government's present position that the repressuring program was as of that date proceeding satisfactorily under the producers' own voluntary program. At the same time the Court ruled that the Government's petition may be reset for hearing at any time on 45 days' notice to present producers in the field.

In **East Los Angeles field** in California, the Company's share of oil production was 242,439 barrels, an increase of 12,902 barrels over 1957. Productive wells remained at thirty-five.

In **Rangely field** in Colorado, the Company's share of oil production was 2,716,411 barrels, a decrease of 559,960 barrels or approximately 17 per cent under 1957. This decrease was due partly to normal depletion of the field and partly to reduction in average number of oil wells on production; thirteen wells were converted during the year to water-injection or water-source wells, one was converted to a gas-injection well, and other wells were shut in from time to time to avoid the wasteful flaring of gas. At the close of the year, there were four hundred and thirty-nine productive wells.

In **Pierce field** in Colorado, the Company's share of oil production was 400,717 barrels, or 38,438 barrels more than in 1957. One productive well was completed during the year, making a total of twenty-one productive wells.

In **Church Buttes gas field** in Wyoming, the Company's share of production was 5,358 million cubic feet of gas (an increase of 88 million cubic feet over 1957) and 44,603 barrels of condensate (an increase of 1,531 barrels over 1957). Productive wells remained at eleven.

In **Table Rock field** in Wyoming, at the close of the year, there were three wells capable of producing oil in small quantities, and eight gas wells. All of the gas wells were closed in, since there was no gas outlet from the field. However, a contract was made with a pipeline company for the future purchase of gas from the field, with a "take or pay" provision under which the pipeline company will start on January 1, 1959, to pay monthly an amount equivalent to the contract price for a minimum daily volume of gas. The gas so paid for but not taken may be taken during the years 1960 to 1964, inclusive.

In the **Green River Basin** two new gas fields were discovered, both in Sweetwater County, Wyoming. In the **Desert Springs field** (where Company participation in production and expenses is 39%) five gas wells and one unproductive well were completed. In the **Wamsutter field** (where Company participation is 43%) one gas well and one unproductive well were completed. All of the gas wells were shut in, pending development of market outlets for the gas.

In various other areas where Union Pacific oil and gas rights were pooled with those of oil companies, three unproductive exploratory wells were drilled during the year (one of them at the sole expense of an oil company); and because of un-

profitably small production, four oil wells (two of which were sold) and one gas well were retired. In such areas at the close of the year, there were six productive oil wells and twenty-eight productive gas wells.

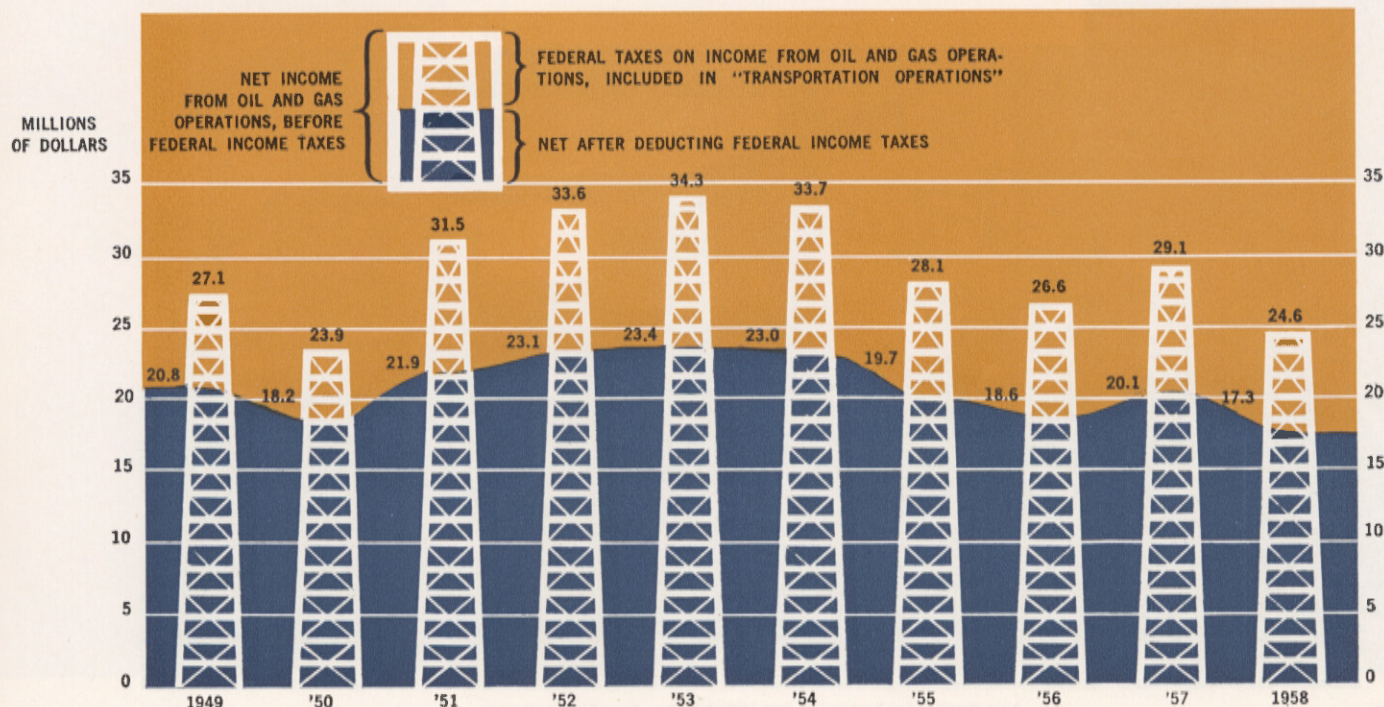
Previous annual reports have referred to the suit of Radke and Karr, asserting that the original deed from Union Pacific to their predecessors in title to 160 acres of land in Colorado, did not effectively reserve to Union Pacific the title to oil and gas in that tract. The language in question reserved to Union Pacific "the exclusive right to prospect for * * * (the minerals in question) * * * and to mine for and remove the same if found." On October 27, 1958, a judgment rendered by the State District Court in favor of the Union Pacific was reversed by the State Supreme Court which held that the reservation clause in the 1889 deed was merely a "license" which had expired many years ago. The Union Pacific filed a petition with the State Supreme Court for a rehearing, which was denied. Contrary to some reports, this court decision does

not apply to all of the Colorado lands where the Union Pacific sold the surface and reserved its rights to the underlying minerals, but only to the acreage where the deeds contained the particular reservation clause at issue in the suit. It should also be emphasized that over 96 per cent of the Company's net income from oil and gas operations in 1958 was obtained from lands acquired by purchase where the surface rights have not been sold under a reservation of minerals similar to that quoted above.

From commencement of the Company's oil and gas operations, to December 31, 1958, receipts from sale of oil, gas and other products have been \$596,871,413 and expenditures, including drilling and development costs, have been .. \$211,766,402 the excess of receipts over expenditures being \$385,105,011 Of the total expenditures, \$206,221,582 was charged against receipts in determining net income, leaving a balance of \$5,544,820 to be charged off against future receipts or otherwise.

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

1949-1958



Other Income

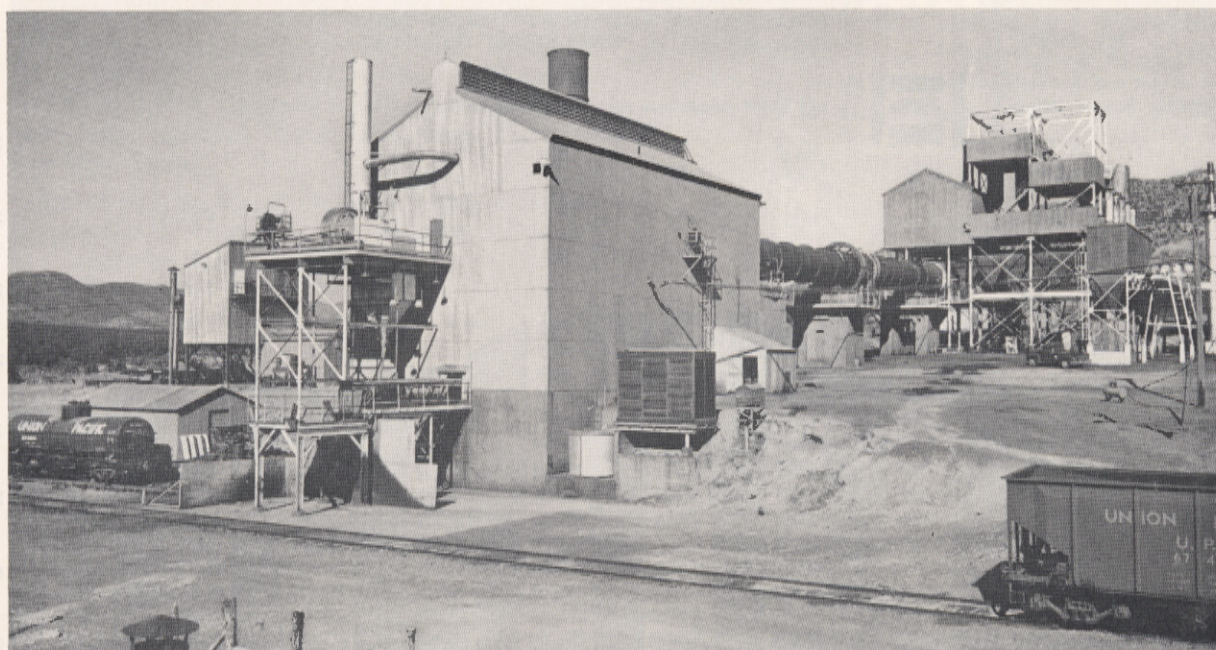
| | 1958 | 1957 | Increase | Decrease | Per Cent |
|---|--------------|--------------|-----------|-----------|----------|
| Royalties from oil and gas leases | \$604,825 | \$721,190 | ..... | \$116,365 | 16.1 |
| Dividends on stocks owned (Table 8) | 6,502,121 | 6,172,856 | \$329,265 | ..... | 5.3 |
| Interest on bonds and notes owned (Table 9) | 3,052,095 | 3,810,971 | ..... | 758,876 | 19.9 |
| Other interest income | 243,814 | 203,229 | 40,585 | ..... | 20.0 |
| Rents from lease of road | 121,885 | 123,735 | ..... | 1,850 | 1.5 |
| Miscellaneous rents | 729,869 | 732,037 | ..... | 2,168 | .3 |
| Miscellaneous income | 3,510,749 | 3,619,737 | ..... | 108,988 | 3.0 |
| Total | \$14,765,358 | \$15,383,755 | ..... | \$618,397 | 4.0 |

The decrease in **Royalties from oil and gas leases** was primarily due to reduced production from lands leased in Colorado, offset in part by increased production under leases in Wyoming.

From 1911, the first year that the Company received royalties from oil and gas leases, to December 31, 1958, such royalties (including those received by the Las Vegas Land and Water Co.) have aggregated \$10,432,240.

The increase in **Dividends on stocks owned** reflects chiefly the net effect of an increase in dividends received from Pacific Fruit Express Co. and a decrease in dividends received from Illinois Central Railroad Co. The decrease in **Interest on bonds and notes owned** resulted prin-

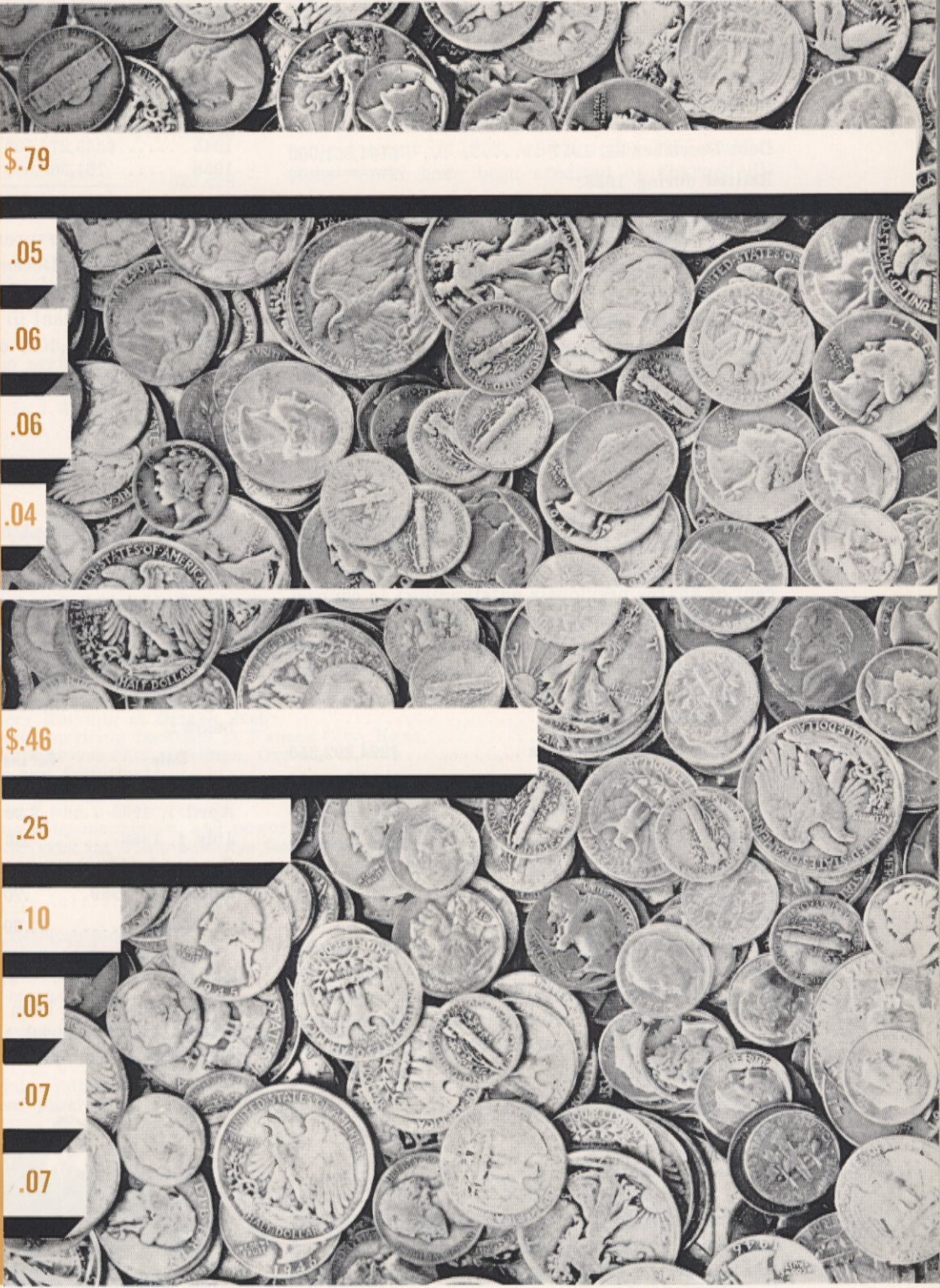
cipally from a lower average interest rate received on U. S. Government securities (including adjustments for amortization of purchase premiums on securities acquired at prices in excess of face value), partly offset by the effect of an increase in the average investment in such securities and an increase in income from a Pacific Fruit Express Co. equipment obligation acquired in March, 1957. The decrease in **Miscellaneous income** was chiefly due to charges to this account for substantial expenditures in preparation for experimental work in connection with processing iron ore from the Iron Mountain area in Wyoming, offset to a large extent by profits from sales of short-term U. S. Government securities.



Pilot Smelter for Processing Iron Mountain Ore, Near Pioche, Nevada.

Source and Disposition of the 1958 Gross Income Dollar

Source



| | |
|---|--------|
| Freight revenue | \$.79 |
| Passenger revenue | .05 |
| Other operating revenues | .06 |
| Sales of oil and other petroleum products | .06 |
| Other | .04 |

Disposition

| | |
|-----------------------------------|--------|
| Employes and payroll taxes | \$.46 |
| Supplies, rentals, interest, etc. | .25 |
| Taxes (other than payroll) | .10 |
| Depreciation | .05 |
| Stockholders' dividends | .07 |
| Retained in the business | .07 |

Funded Debt

Funded debt of Union Pacific Railroad Company and Leased Lines outstanding in hands of the public (including equipment obligations maturing within one year) was reduced by \$2,679,000 during the year, as detailed below:

| | |
|--|---------------|
| Debt December 31, 1957 | \$164,551,000 |
| Retired during 1958: | |
| Union Pacific R.R. Co. Refunding Mortgage 2½% Bonds, Series C | \$247,000 |
| Equipment Purchase Contracts, in- stallments paid | 2,432,000 |
| Total retired | \$2,679,000 |
| Debt December 31, 1958 (Table 7) ... | \$161,872,000 |

Capital Stock

On October 6, 1958, Union Pacific Railroad Company issued 200,135 additional shares of common stock (equivalent to nine-tenths of one per cent of shares previously outstanding) in connection with the acquisition of Spokane International R.R. Co. stock (see page 24). At the close of the year, the number of shares and total par value (\$10 per share) of the Company's outstanding capital stock were:

| | |
|-----------------------------------|---------------|
| Common, 22,429,235 shares | \$224,292,350 |
| Preferred, 9,954,310 shares | 99,543,100 |
| Total par value (Table 6) | \$323,835,450 |

The number of shares voted at the annual meeting of Stockholders on May 13, 1958, was 27,365,537, or 85 per cent of the total shares then outstanding.

The number of Stockholders of record (counting a holder of both common and preferred shares as one Stockholder) increased during the year by 4,812 or 6 per cent. The number at the close of each of the last five years is shown below:

| | |
|------------|--------|
| 1958 | 82,023 |
| 1957 | 77,211 |
| 1956 | 67,129 |
| 1955 | 58,701 |
| 1954 | 58,325 |

Approximately 94 per cent of the total Stockholders of record hold less than 1,000 shares of the Company's capital stock, and 38 per cent hold less than 100 shares.

The reduction in funded debt during the thirteen years since 1945 is shown in the following tabulation:

| Outstanding December 31st | Bonds | Equipment obligations | Total |
|------------------------------|---------------|--------------------------|---------------|
| 1945 | \$333,274,500 | \$33,040,657 | \$366,315,157 |
| 1958 | 161,306,000 | 566,000 | 161,872,000 |
| Reduction . | \$171,968,500 | \$32,474,657 | \$204,443,157 |

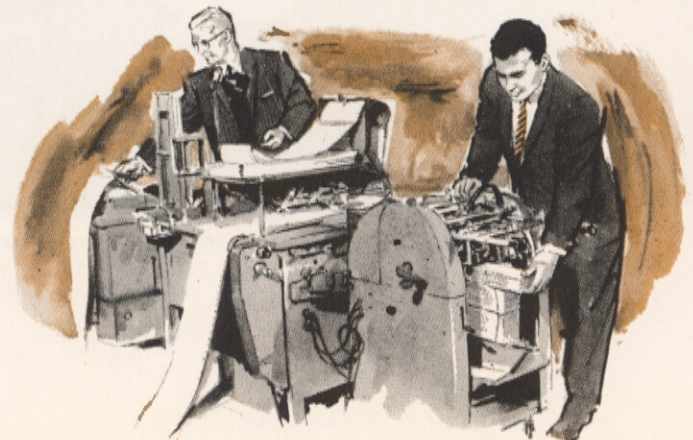
This reduction represents 56 per cent of total debt outstanding December 31, 1945. During the same thirteen-year period, there was a net *increase* in investment in road and equipment property of \$493,346,402, or 48 per cent, over such investment at the beginning of the period.

Dividends declared on common stock in 1958 aggregated \$35,706,655, or \$140,095 more than in 1957. This increase represents the portion of the dividend declared on November 26th (payable January 2, 1959) applicable to the additional shares issued on October 6th, referred to in first paragraph. The annual rate per share outstanding was \$1.60 (the same as in 1957) as shown below:

| Date payable | Per share outstanding | Shares outstanding | Total amount |
|--------------------|--------------------------|-----------------------|-----------------|
| April 1, 1958 ... | \$.30 | 22,229,100 | \$6,668,730 |
| July 1, 1958 | .30 | 22,229,100 | 6,668,730 |
| October 1, 1958 .. | .30 | 22,229,100 | 6,668,730 |
| January 2, 1959.. | .70* | 22,429,235 | 15,700,465 |
| Total | \$1.60 | | \$35,706,655 |

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

Dividends have been paid in every year on the Company's preferred stock from and including 1899 and on the common stock from and including 1900.



Retained Income

Retained income represents income and profits which have been retained in the business for the purposes of acquiring fixed property, rolling stock and other assets, reducing debt, or increasing working capital, in order to maintain earning power and provide for growth of the Company.

The balance in the retained income account on December 31, 1958, was \$40,309,089 greater than at the close of 1957. This increase represents:

| | |
|--|---------------------|
| (a) Net income for the year | \$77,782,444 |
| (b) Net profit from real estate disposed of | 620,428 |
| (c) Profit from sales of long-term investment securities | 384,086 |
| (d) Adjustment of Federal income tax liability for 1957, under 1958 revisions of Internal Revenue Code | 1,212,855 |
| | <u>\$79,999,813</u> |
| Less: Dividends declared on preferred and common stocks (including minority holdings of St. J. & G. I. Ry. Co. stocks) | 39,690,724 |
| Net increase | <u>\$40,309,089</u> |

In accordance with revised Interstate Commerce Commission accounting regulations, certain profits and losses of various kinds, not material in aggregate amount, were included in income account in 1958, which under 1957 regulations would have been credited or charged directly to retained income.

The profit and adjustment items credited directly to retained income in 1958 were excluded from income account, because of the substantial amounts involved, the sporadic character of such items, and the fact that they did not represent normal current business operations of the Company. Inclusion of such amounts in income account would have tended to mislead our Stockholders and the general public as to the current and potential future income from the Company's regular business operations.

Investment in Road and Equipment Property

Charges:

Additions and Betterments—Road Property:

| | | |
|--|-------------|--------------|
| Centralized traffic control between Reverse, Ida., and Huntington, Ore..... | \$2,272,003 | |
| Other centralized traffic control and signal improvements | 820,201 | |
| Acquisition of Hill Field Branch in Utah | 450,000 | |
| Line change between Cobb, Ida., and Huntington, Ore. | 1,244,454 | |
| Line change between Mosier and Rowena, Ore. | 259,031 | |
| Addition to Headquarters Building at Omaha, Nebr. | 911,394 | |
| Freight station and diesel servicing facilities at Kansas City, Kans. | 2,894,304 | |
| Freight house and yard improvements at Albina, Ore. | 2,157,023 | |
| Other station buildings and facilities | 632,076 | |
| Yard improvements at Topeka, Kans., and Argo, Wash. | 132,242 | |
| Other yard tracks, sidings, and industry tracks | 483,741 | |
| Shop facilities, including shop machinery, and power plant improvements | 965,338 | |
| Bridges, trestles, and culverts, including subways for highway traffic | 987,053 | |
| Roadway machines | 413,163 | |
| Increased weight of rails and other track material | 346,700 | |
| Other road property | 787,812 | \$15,756,535 |

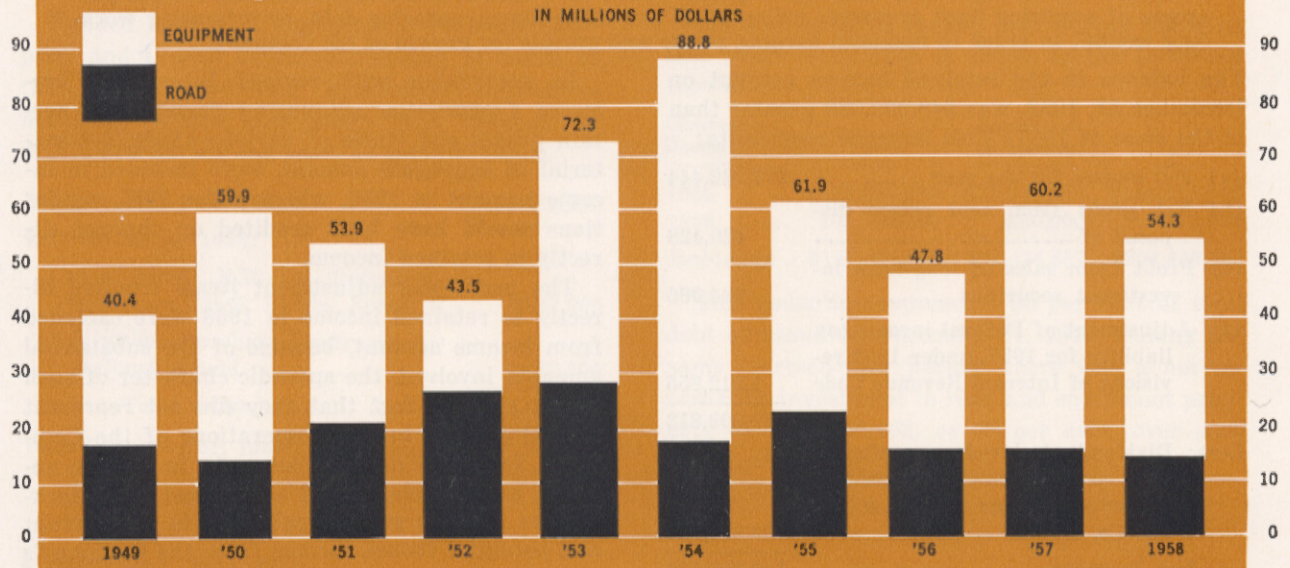
Additions and Betterments—Equipment:

| | | |
|---|-------------|---------------------|
| 4 gas-turbine freight locomotives | \$3,897,941 | |
| 1,891 freight-train cars | 20,580,332 | |
| 5 passenger dome-coaches | 1,431,866 | |
| Other new equipment | 800,441 | |
| Cost of material to be used in constructing equipment | 924,633 | |
| Cost of rebuilding or converting equipment (including 66 diesel freight locomotive units) | 9,620,012 | |
| Improvements to existing equipment | 1,268,347 | |
| Adjustments—equipment purchased in previous years, etc. | 29,579 | 38,553,151 |
| Total | | <u>\$54,309,686</u> |

Credits:

| | | |
|--|-------------|---------------------|
| Cost of road property retired and replaced | \$1,996,502 | |
| Cost of road property retired and not replaced | 4,800,683 | |
| Cost of 47 steam locomotives retired | 3,482,397 | |
| Cost of other equipment retired (including equipment for rebuilding or conversion) | 21,885,161 | 32,164,743 |
| Increase in Investment in Road and Equipment Property (as shown in Table 1) | | <u>\$22,144,943</u> |

Gross Expenditures for Road and Equipment Property



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 | 4 | 26 |
| Freight-train cars | | | |
| PURCHASES: | | | |
| Box | 200 | 200 | |
| Gondola | 1,291 | 1,291 | |
| Hopper | 350 | 350 | |
| Tank | 50 | 50 | |
| Flat | 200 | .... | 200 |
| CONSTRUCTION IN COMPANY SHOPS: | | | |
| Caboose | 100 | .... | 100 |
| Total | 2,191 | 1,891 | 300 |
| Passenger-train cars | | | |
| Dome-coach | 5 | 5 | |
| Coach | 20 | .... | 20 |
| Lunch counter-cafe lounge | 10 | .... | 10 |
| Baggage-mail | 5 | .... | 5 |
| Total | 40 | 5 | 35 |



New 8,500 H.P. Gas Turbine Electric Freight Locomotive, Westbound to Laramie, Wyoming.

The flat cars on order at the close of 1958 will be 85 feet long, sufficient to accommodate two 40-foot highway trailers, which will result in more economical handling of the increasing volume of trailer-freight traffic.

Since the close of 1958, purchase has been authorized of 75 additional 2,400 H.P. diesel freight locomotive units. These units will be equipped with turbo-chargers which will enable them to

develop 2,400 H.P. and burn low-cost residual fuel, contrasted with 1,750 H.P. developed by presently owned units using more costly diesel fuel. Delivery of the new units is expected to begin in June, 1959.

Pacific Fruit Express Co. (owned jointly with Southern Pacific Co.) constructed in its shops 840 freight refrigerator cars, equipped with mechanical refrigeration units, during 1958.

Other Improvements

The Company's centralized traffic control program was further progressed in 1958 with the installation of CTC facilities on 145.6 miles of single track and 1.7 miles of double track between Reverse, Idaho, and Huntington, Oregon, and on 5.9 miles of single track between Menoken and Silver Creek, Kansas, or a total of 154.9 track miles. As a part of the project between Reverse and Huntington, each of eighteen passing tracks was extended to a minimum length of $1\frac{3}{4}$ miles, and four passing tracks were retired. At the close of the year, 1,934.7 miles of centralized traffic control were in operation on the Union Pacific, greatly facilitating the orderly, swift and safe movements of trains.

The Union Pacific purchased from the Bamberger Railroad Company, after approval by the Interstate Commerce Commission, an $8\frac{1}{2}$ mile line of railroad, with appurtenant yard tracks and sidings, extending southeast from Ogden, Utah, to the Hill Air Force Base. The newly acquired line, which has been named the Hill Field Branch, serves a number of industries, as well as the Air Force Base, in the Ogden area, and should prove a profitable investment as a source of considerable additional freight traffic.

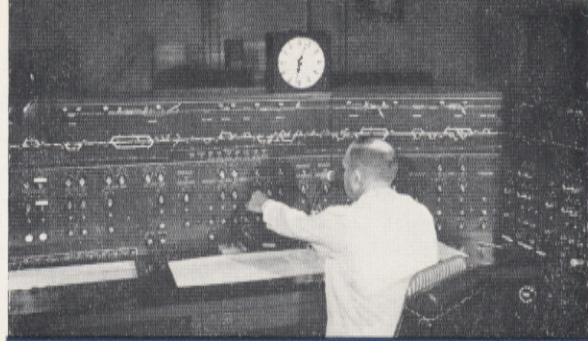
The relocation of 8.7 miles of main line between Cobb, Idaho, and Huntington, Oregon (mentioned in last year's report) was completed in 1958. This line change was necessitated by

construction of the Brownlee Dam on the Snake River, and about 97 per cent of the cost was borne by the Power Company constructing the dam.

Between Mosier and Rowena, Oregon, a short stretch of the main line was relocated for the purpose of eliminating use of a 294-foot wood-lined tunnel near Mosier. The tunnel had a sharp curvature of 8° and the condition of the timber lining was such as to require heavy repairs or complete relining. In the new location the line has a curvature of only 2° with an open cut in lieu of a tunnel, and will permit more efficient train operations, in addition to reducing maintenance costs.

Construction of the five-story addition to the Headquarters Building at Omaha, mentioned in the 1957 report, and the installation of electronic data-processing facilities, were completed during the year. The IBM 705 computer is now in operation and actively employed in turning out data in three major fields: (1) timekeeping and pay roll work, (2) freight revenue and station accounting, and (3) material accounting and inventory control. Studies for developing further advantageous uses of the computer are continuing. The great capacity and high speeds of operation inherent in electronic equipment of this type will make it possible for management to have much valuable information heretofore considered impracticable to obtain, and will at the same time prepare required data faster, with increased accuracy.

The major improvements authorized in 1956 to relieve congestion and bring about more efficient and economical operations in the Armstrong Yard at Kansas City, Kansas, were completed during the year. The new freight station, four blocks (1,109 feet) in length, is totally enclosed by masonry and metal panel walls, with wood and metal overhead type doors. It is fully equipped with modern facilities, including a truck-underfloor conveyor system for handling freight. The diesel shop, put into operation in April, 1958, is 260 feet long and houses four tracks with elevated platforms and depressed pits. Sixteen diesel locomotives can be serviced at three levels simultaneously. Rounding out this important project an oil separating plant and



C.T.C. Board, Nampa, Idaho.



Portion of IBM 705 Installation, Omaha Headquarters.

thirteen other smaller buildings serving various functions have been or are being constructed.

A start was also made on new freight station facilities at East Los Angeles, California, to provide for rapidly expanding business in the Los Angeles area. An enclosed freight house of masonry and aluminum, a quarter of a mile long, will be constructed at an easily accessible location just east of the passenger station on the Santa Ana Freeway. Plans also call for a two-story office building (to effect consolidation of Operating Department offices at this station), various other buildings, 7,415 feet of additional yard tracks, and parking and truck loading areas.

Construction work was continued on the modern freight house (mentioned in last year's report) in the Albina Yard near Portland, Oregon.

Yard capacity was increased at various stations during the year by constructing additional tracks, including 2.2 miles at Topeka, Kansas, where the volume of grain traffic has been growing in recent years, and 2.7 miles at Argo, Washington (together with other yard improvements) where facilities have been inadequate for efficient handling of long trains and car cleaning activities.

Newest Union Pacific Freight Station, Completed in 1958, at Kansas City, Kansas.



Working Capital

The excess of cash and other current assets over current liabilities on December 31, 1958 (\$88,617,731) was \$2.9 million more than at the close of 1957. The Company's working capital position continued to be satisfactory, with cur-

rent assets being 1.8 times the amount of current liabilities.

Cash and short-term Government securities increased \$4,342,811 during the year, as shown in the tabulation below:

| | | |
|---|----------------------|----------------------|
| Cash and investments in short-term U. S. Government Securities, | | |
| December 31, 1957 | | \$110,105,645* |
| Receipts: | | |
| Net income (as detailed in Table 2) | \$77,782,444 | |
| Non-cash charges to income for: | | |
| Depreciation and retirements of property | 31,382,309 | |
| Reserve for fire insurance | 2,157,023 | |
| Proceeds from investment securities disposed of and sales of real estate | 4,766,675 | |
| Cost of material and supplies used in excess of purchases | 6,611,158 | |
| Donations and grants received toward cost of property improvements | 1,733,168 | |
| Repayment by affiliated companies of advances—net | 545,194 | |
| Total receipts | <u>\$124,977,971</u> | |
| Disbursements: | | |
| Dividends payable in 1958 on Union Pacific Railroad Company preferred and common stocks (<i>includes dividend of \$15,560,370 declared on common stock in 1957, payable January 2, 1958, but excludes dividend of \$15,700,465 declared on common stock in 1958, payable January 2, 1959</i>) | \$39,548,284 | |
| Expenditures for new equipment and other improvements to transportation property | 54,309,686 | |
| Investments in U. S. Government securities classified as long-term by I.C.C. | 22,893,354 | |
| Cost of retiring funded debt | 2,610,413 | |
| Cost of productive oil and gas wells and appurtenant facilities, and improvements to other miscellaneous property | 1,042,532 | |
| Miscellaneous—net | 230,891 | |
| Total disbursements | <u>\$120,635,160</u> | |
| Receipts in excess of disbursements | | <u>4,342,811</u> |
| Cash and investments in short-term U. S. Government Securities, | | |
| December 31, 1958 | | <u>\$114,448,456</u> |

* Restated. (See footnote (a) to General Balance Sheet on page 34.)

Haskins & Sells, Certified Public Accountants, at the Company's request and on a date selected by the Accountants, made an unannounced examination of the Company's cash and securities in the custody of the Company's Officers, obtained confirmations with respect to its cash and securities held by depositaries, and determined that the amounts thereof agreed with those shown on the Company's books.

Sale of Investment Stocks

The Company sold during the year 35,207 shares (its entire holdings) of New York Central Railroad Co. capital stock and 17,500 shares (2.4 per cent of its holdings) of Illinois Central Rail-

road Co. common stock. These stocks were sold at a loss to offset, for tax purposes, net capital gains realized from sales of other assets—chiefly U.S. Government securities and real estate.

Spokane International

The annual reports for the past several years have carried statements relating to the contemplated acquisition by the Union Pacific of control of the Spokane International Railroad Company through an exchange of capital stock. The 1957 report gave information as to litigation involving a dispute between the Union Pacific and stockholders of the Spokane International. That dispute was amicably settled and the litigation terminated through agreement upon a revised basis for the exchange of stock involved in the transaction; namely, the exchange of 1.04 shares of Union Pacific stock for each share of Spokane International stock, in lieu of one share of Union Pacific stock for 1.1 shares of Spokane International stock.

Applications were filed with the Interstate Commerce Commission for authority for the exchange of stock on the revised basis and such authority was granted. The exchange was made on October 6, 1958, the Union Pacific receiving 192,438 shares of Spokane International stock for

200,135 shares of Union Pacific stock issued for this purpose. At the close of 1958, the Union Pacific owned 196,937 shares (including shares purchased from time to time) of Spokane International capital stock, or 98.84 per cent of the total shares outstanding.

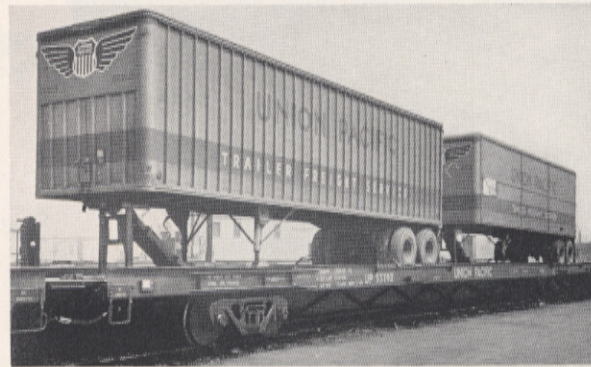
This 150-mile railroad (including branch line) extending north from Spokane, Washington, connects at Eastport, Idaho, with the Canadian Pacific Railway. For many years, the Union Pacific and Spokane International have interchanged a substantial volume of freight traffic moving to and from Canada. The development of natural resources in Western Canada in recent years has produced a remarkable expansion in that region, and the opportunity for the Union Pacific to share in the resulting increase in freight traffic has been materially enhanced by bringing under its own management and control this direct connection with an important Canadian railroad. The financial statements of the Spokane International for 1958 are included in Table 13 on page 48.

Unit of Spokane International Motive Power at a Spokane Lumber Mill.



Union Pacific Motor Freight Company

Union Pacific Motor Freight Company (a wholly-owned subsidiary) provides highway motor truck service, supplementary to rail freight service of the Union Pacific Railroad. This includes pick-up and delivery of less-than-carload shipments at principal cities, pick-up and delivery of trailers operated in trailer-freight service, and substitute highway service. For these operations 157 tractors, 38 trucks and 437 trailers were utilized in 1958. Trailer-freight service is now in operation over the Union Pacific between Los Angeles and points in Nevada, Utah, Idaho, Oregon, and Washington, and in connection with the Southern Pacific, between the San Francisco Bay area and points on the Union Pacific in Utah, Southern Idaho, Oregon, and Washington. Rates for such service have also been established between certain other areas on the Union Pacific, and with connecting railroads



New 85-Foot Flat Car Accommodating Two Trailers for Trailer-Freight Service.

where warranted. The growth of this service is encouraging and further expansion is planned for 1959. Balance sheet, income, and retained income statements of Union Pacific Motor Freight Co. are included in Table 13 on page 48.

Livestock and Agricultural Improvement

An important activity carried on by the Union Pacific concerns irrigation of Western lands. For many years, the Company has promoted the application of water on arid lands in its territory, through cooperation of its representatives with local groups and national officials in encouraging more extensive irrigation.

The diversion of water from streams and the building of storage reservoirs have been encouraged to stabilize agriculture and improve crop production. Irrigated crops are tonnage producers, often yielding one to three carloads per acre. Irrigated lands account for a high percentage of the agricultural traffic handled on the railroad. Irrigation means diversified farming with resultant diversity in railroad agricultural traffic, and provides uniform annual production un-



Harvesting a Bumper Onion Crop from Irrigated Land.

affected by drought. It also brings new towns into existence, tends to provide steady employment with broadened markets for manufactured goods, produces high quality food, and contributes to the stability of the national economy. There are nearly 24 million irrigated acres in the States served by the Union Pacific and the prospects are bright for future expansion in its territory.

Livestock and agricultural representatives of the Union Pacific devote a major portion of their time to the promotion of improvement in dairying, livestock production, and the growing of vegetables, fruits, and other crops. They maintain a cordial relationship with farmers and others who are interested in agriculture, working closely with agricultural colleges and educational leaders in promoting and developing programs that are mutually beneficial to the farmer and the Union Pacific. These objectives are furthered in a wide variety of ways, including personal contacts, educational meetings, distribution of informative literature, operation of the Agricultural Improvement Car, and the annual award of a substantial number of college scholarships to farm boys and girls.









The entire program, through the years, has been directed toward the betterment of the farming industry and the entire community in the important territory served by Union Pacific.

PACIFIC OCEAN

C

UNION PACIFIC RAILROAD

LEGEND

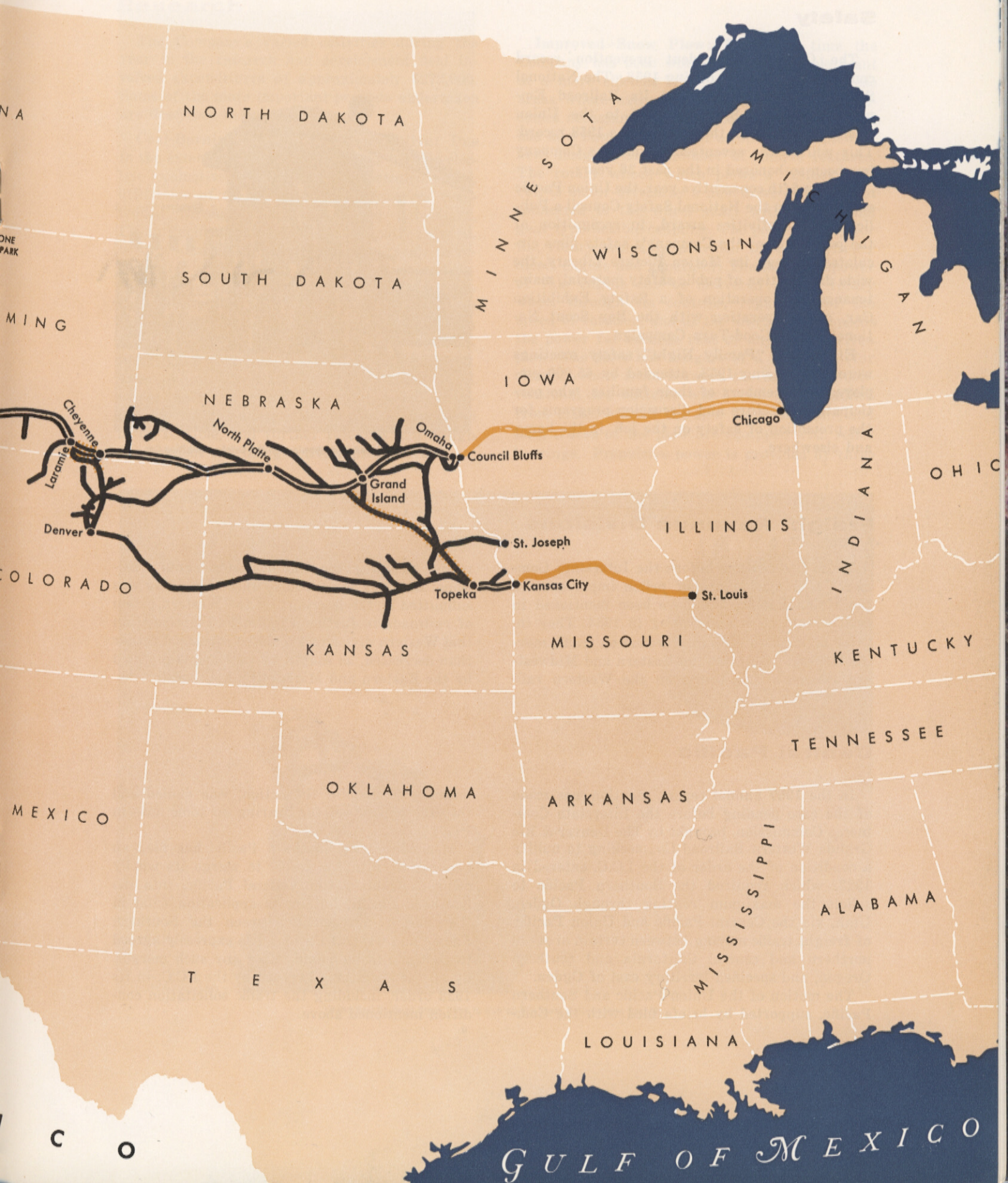
- | | | |
|---|---|--------------------------|
|  | Double Track | } Union Pacific Railroad |
|  | Single Track | |
|  | Track with Centralized Traffic Control* | |
- | | | |
|---|------------------------|-----------------------------------|
|  | Camas Prairie Railroad | } Solid Through Train Connections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

Serves All the West!

*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.



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NORTH DAKOTA

SOUTH DAKOTA

MINNESOTA

WISCONSIN

MICHIGAN

IOWA

NEBRASKA

Chicago

Omaha
Council Bluffs

North Platte

Grand Island

ILLINOIS

INDIANA

OHIO

St. Joseph

St. Louis

Topeka
Kansas City

COLORADO

KANSAS

MISSOURI

KENTUCKY

MEXICO

OKLAHOMA

ARKANSAS

TENNESSEE

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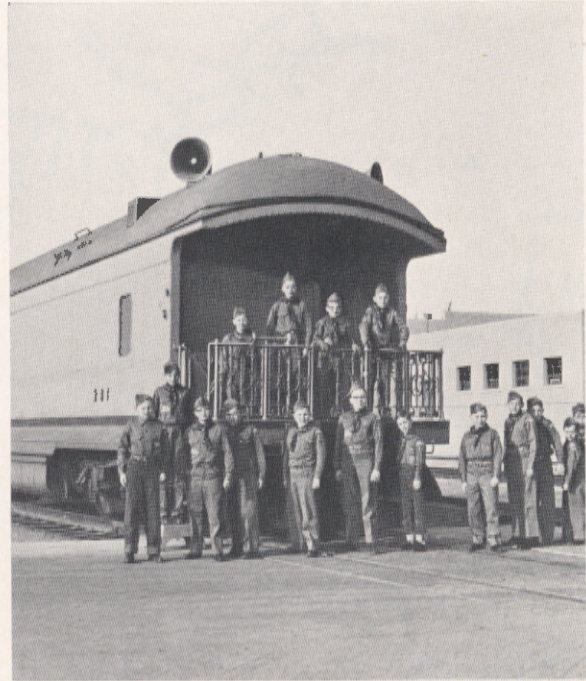
GULF OF MEXICO

Safety

The Company's accident prevention record continued to improve during 1958. The National Safety Council will present its Railroad Employees' National Safety Award to the Union Pacific this year on the basis of the 1958 record. This will be the seventeenth time the Company has been so honored in the past 36 years.

For the fifth consecutive year, the Union Pacific received from the National Safety Council a Public Safety Activities award, in recognition of the popularity of the Company's safety films circulated through its Motion Picture Library, the wide distribution of public safety material, maintenance and operation of a Safety Exhibition Car, and cooperation with the Boy Scout National Safety Good-Turn Campaign.

Eighty-five "Family Night" safety meetings were held during 1958, attended by 65,000 employees and members of their families, who participated in lecture and discussion programs for the promotion of safety on the job, in the home, and elsewhere.



Boy Scouts Attend Film Showings in the Safety Exhibition Car.

Freight Revenue Divisions

These proceedings before the Interstate Commerce Commission are of prime importance to the Union Pacific, and have been mentioned in each annual report beginning in 1954. They involve divisions of freight revenue on traffic moving between points on the Eastern and Midwestern railroads and points on the Western rail-

roads, including the Union Pacific. Four additional hearings were held in 1958. Evidence was submitted at the hearings by the Western group of railroads in further support of their position that Western divisions should be increased rather than decreased, as sought by the complaints filed by the Eastern and Midwestern railroads.

Central Pacific

In the 1957 annual report, mention was made of the case pending before the Interstate Commerce Commission, brought by The Denver & Rio Grande Western Railroad Co., seeking to nullify a condition of the order of the I.C.C. entered in 1923, which required the Southern Pacific to solicit the maximum routing through Ogden, Utah, via the Central Pacific and Union Pacific, of freight traffic moving between certain areas in northern and central California and southern Oregon, and specified territory east of Ogden.

The motion of the Union Pacific and Southern Pacific, supported by briefs filed with the Com-

mission, to dismiss the action, was denied and the case will be set for hearing on some date in 1959.

Meanwhile, the Southern Pacific has filed an application with the I.C.C. to merge its wholly owned subsidiary, the Central Pacific, into the Southern Pacific, but in its application (and in the merger agreement between the Southern Pacific and Central Pacific) has expressly agreed to continue to be bound, after any such merger, by all the conditions imposed by the I.C.C. in its 1923 order, including the traffic solicitation condition mentioned above.

Research

The Company's varied activities during the year in the research and development field involved expenditures of approximately \$272,000. Some of the more important projects undertaken are described below.

Coal-Burning Gas-Turbine Locomotive: Due to the extensive use of diesel and gas turbine-electric locomotives which burn only petroleum fuel, utilization of the Company's coal reserves (controlled through its wholly-owned subsidiary, Union Pacific Coal Co.) has been greatly reduced. With a view to enabling the Union Pacific to resume the profitable use of its abundant and dependable supply of coal, studies have been conducted as to the practicability of a coal-burning gas turbine-electric locomotive, and the research and experimental work done by other organizations along this line has been closely followed. The preliminary work has reached the point where the construction of a prototype coal-burning gas turbine-electric locomotive is considered to be feasible, and further research and design development are being actively progressed.

Improved Snow Plow: For some time the Company has been working on the development of a more efficient snow plow for use in those areas where extremely heavy snow removal becomes necessary from time to time. Construction has now been completed of a rotary snow plow of new design with a number of unique features. The rotary wheel, which plows a 12-foot wide cut, is motor-driven by a new drive arrangement connected to the wheel shaft with an internal gear type flexible coupling. The power supply for the rotary wheel is provided by a 16-cylinder diesel engine and generator. The full horsepower of this engine can be delivered to the rotary wheel through its controls, regardless of the speed of rotation, and at the lower rotary speeds the power far exceeds that of any steam-driven plow. The plow has flangers of a new type (for clearing snow from between the rails) and conventional ice cutters, which can be controlled from either side of the cab. Both the front and back trucks of the plow are equipped with roller bearings. Propulsive power is provided by three



Union Pacific-Built Snow Plow in Use on the West Yellowstone Branch.

diesel pusher units with controls in the operating cab of the plow. This is the first rotary plow in which the engineer can control both the forward movement and the rotation of the wheel from the plow cab. In the event that the diesel engine supplying power for the rotary wheel should fail, provision has been made for train-lining power to the wheel from one of the diesel pusher units.

Exhaust Gas Turbo-Charger: Union Pacific, in collaboration with a turbo-charger manufacturer, has undertaken the development of an exhaust gas turbo-charger for a 16-cylinder diesel engine used in diesel locomotive units. The Company has two objectives in view—to make it possible to use lower grades of fuel and to increase the rated power of the engine under high altitude conditions. The design arrangement consists of four turbo-chargers with suitable manifolds and connections. Service tests to date are promising.

Operation of Diesels with Gas-Turbine Locomotives: With the faster freight schedules re-

cently inaugurated between Chicago and the West Coast, it became necessary to provide locomotives with greater horsepower to maintain the higher speeds. Tests developed that operation of 4,500 H.P. gas turbine-electric locomotives with one or more diesel units provides a satisfactory solution to this problem. It has proved to be a more flexible arrangement from a motive power standpoint than operation of two gas-turbines together, and controls are not so complicated. All 4,500 H.P. gas turbine-electric locomotives and insulated fuel tenders are currently being modified for multiple operation with one or more booster diesel units.

Improved Lubrication of Roller Bearings: After considerable testing and experimentation, the journal roller bearings of diesel units have been converted from oil to grease lubrication. With oil lubrication it was necessary to check the oil level in the bearings almost daily, whereas with grease the bearings are inspected and lubricated only once a month, with consequent substantial savings in expense.

Combined Power — Gas Turbine Electric and Diesel Locomotives in Tandem.



Industrial Development

Continued active promotion of industrial development by the Union Pacific, together with its high standards of freight service, were major factors contributing to a net increase of 225 industries on the Company's lines during 1958.

The following are some of the widely diversified plants completed or under construction at the end of the year, from which substantial freight traffic is expected:

At **Seattle, Washington**, construction has been started of a \$1,000,000 synthetic resin research center located on Harbor Island.

A brewing company constructed at **Portland, Oregon**, a fermenting cellar and has started construction of a \$1,500,000 packaging center. In the Guild's Lake area of Portland a \$2,000,000 warehouse and dock are nearing completion. To handle imported alumina (refined bauxite) an aluminum company has constructed a \$1,000,000 transfer dock adjacent to our Albina Yard in Portland, from which the alumina will be hauled by rail to the aluminum plant at The Dalles, Oregon, mentioned in the 1956 report.

A lumber company at **Burns, Oregon**, has inaugurated an expansion program which will extend over three or four years. The initial unit is an electronic glue line for the manufacture (by end-and-edge gluing) of boards of marketable sizes out of low-grade, short-length lumber.

A \$1,000,000 paper board plant for manufacturing boxes and other products was placed in operation at **Burley, Idaho**.

At **Heyburn, Idaho**, a \$1,500,000 potato storage and processing plant was completed.

On a 6-acre site in **Los Angeles, California**, a grocery company is constructing a produce warehouse and delicatessen kitchen, and another company has constructed a refrigerated plant for packaging and distribution of butter. The cost of these plants will exceed \$2,000,000.

A record manufacturing company purchased a

4-acre tract at **Glendale, California**, for construction of a plant, including an electronic engineering laboratory costing more than \$1,000,000.

A \$750,000 plant for manufacturing chemicals to be used in detergents was constructed at **North Long Beach, California**.

At **Pedley, California**, a new \$600,000 plant for the manufacture of water pipe, started operations in January, 1959.

An aircraft manufacturer completed construction of a \$4,000,000 administration and engineering building at **Fullerton, California**.

Construction was completed during 1958 of a \$2,000,000 plant at **Arrolime, Nevada**, for the manufacture of lime flux and other lime products.

Two Government warehouses at **Clearfield, Utah**, with approximately five acres of space, were leased by a packing company for storage in transit of canned foods.

At **Salt Lake City, Utah**, a distributor of earth-moving and construction equipment erected an \$850,000 machinery center.

Construction was started of a \$5,000,000 plant at **Opal, Wyoming**, for extracting propane and other liquid petroleum products from natural gas.

An automobile manufacturer began construction of a parts distribution warehouse at **Denver, Colorado**, to be completed early in 1959 at a cost of \$1,000,000.

At **Topeka, Kansas**, construction has been started on a 10,000,000-bushel grain elevator, costing approximately \$5,000,000.

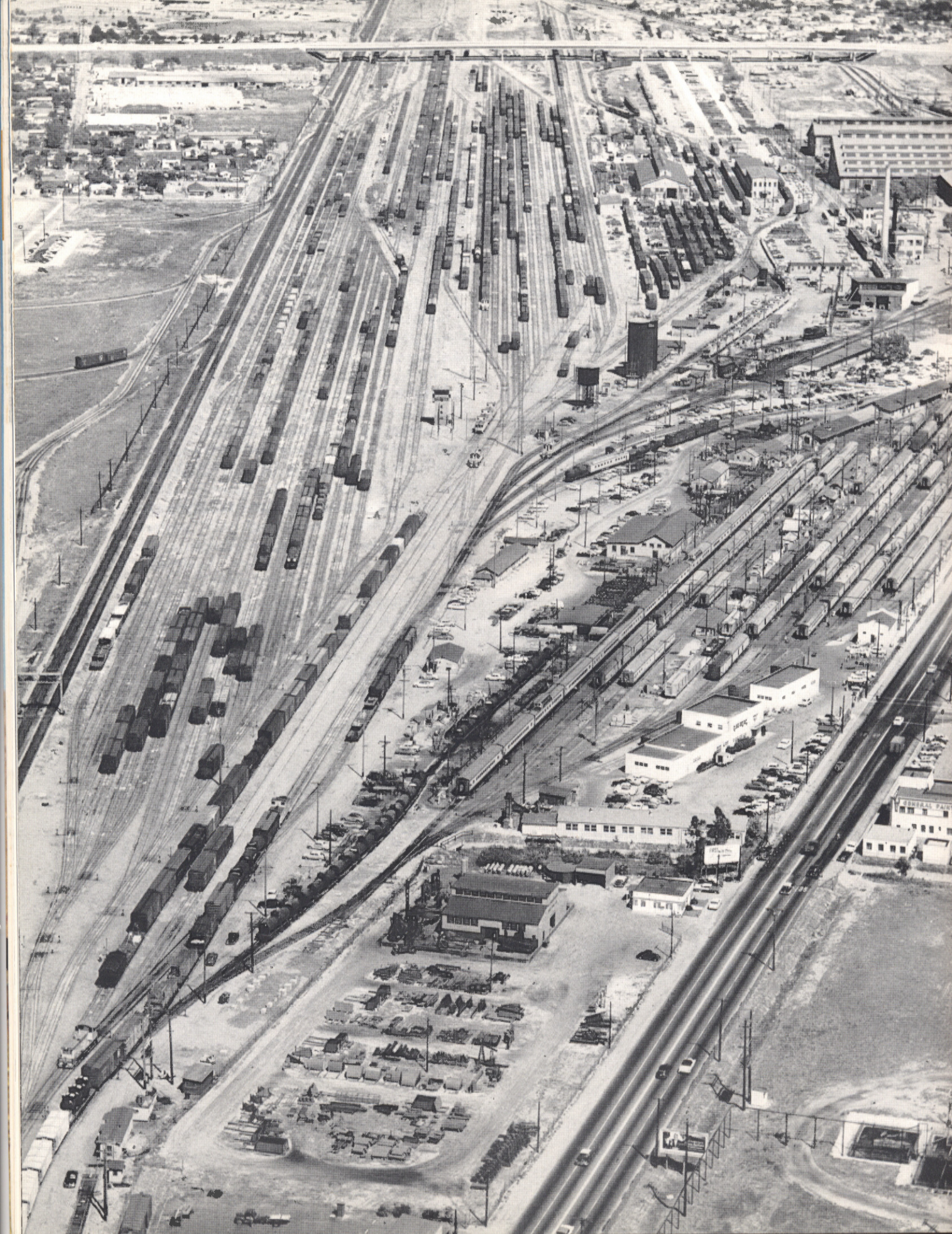
The Fairfax Industrial District at **Kansas City, Kansas**, was further developed during 1958: The capacity of two large grain elevators was almost doubled; a paper company started construction of a plant on a 6-acre tract; and numerous other construction projects were undertaken with an aggregate cost in excess of \$1,500,000.

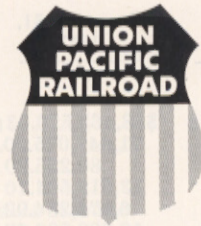
By order of the Board of Directors,

E. ROLAND HARRIMAN
Chairman of the Board

ROBERT A. LOVETT
Chairman of the Executive Committee

A. E. STODDARD
President





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TABLE 1—GENERAL BALANCE SHEET—ASSETS

| | December 31, 1958 | December 31, 1957 | Increase | Decrease |
|---|---------------------------|-------------------------------|------------------------|--------------------|
| CURRENT ASSETS | | | | |
| Cash | \$38,927,390.08 | \$38,463,570.03 (a) | \$463,820.05 | |
| Temporary cash investments (Table 9) | 75,521,066.01 | 71,642,075.20 | 3,878,990.81 | |
| Special deposits | 78,720.20 | 80,235.20 | | \$1,515.00 |
| Traffic and car-service balances—net | 14,297,046.38 | 13,612,584.10 | 684,462.28 | |
| Net balance receivable from agents and conductors | 7,784,798.46 | 6,574,284.92 | 1,210,513.54 | |
| Miscellaneous accounts receivable | 11,542,633.40 | 12,630,380.68 | | 1,087,747.28 |
| Interest and dividends receivable | 1,175,658.04 | 1,292,169.39 | | 116,511.35 |
| Accrued accounts receivable | 19,010,910.59 | 17,852,787.85 | 1,158,122.74 | |
| Working fund advances | 176,744.72 | 177,690.12 | | 945.40 |
| Prepayments | 22,612.23 | 16,988.79 | 5,623.44 | |
| Material and supplies | 24,369,715.87 | 30,980,873.58 | | 6,611,157.71 |
| Other current assets | 1,841,920.52 | 921,770.22 | 920,150.30 | |
| Total Current Assets | <u>\$194,749,216.50</u> | <u>\$194,245,410.08 (a)</u> | <u>\$503,806.42</u> | |
| SINKING FUNDS | <u>\$1,621.25</u> | <u>\$1,621.25</u> | | |
| INVESTMENTS | | | | |
| Investments in affiliated companies: | | | | |
| Stocks (Table 8) | \$24,122,166.86 | \$17,653,155.27 | \$6,469,011.59 | |
| Notes (Table 9) | 11,365,421.18 | 12,669,941.18 | | \$1,304,520.00 |
| Advances | 10,912,429.06 | 11,262,894.99 | | 350,465.93 |
| Total Investments in Affiliated Companies | <u>\$46,400,017.10</u> | <u>\$41,585,991.44</u> | <u>\$4,814,025.66</u> | |
| Other investments: | | | | |
| Stocks (Table 8) | \$47,154,939.08 | \$50,303,445.98 | | \$3,148,506.90 |
| Bonds and notes (Table 9) | 65,917,400.96 | 42,692,026.97 | \$23,225,373.99 | |
| Total Other Investments | <u>\$113,072,340.04</u> | <u>\$92,995,472.95</u> | <u>\$20,076,867.09</u> | |
| Reserve for adjustment of investments in securities (credit) | \$21,794,388.82 | \$23,064,356.84 | | \$1,269,968.02 (b) |
| Total Investments | <u>\$137,677,968.32</u> | <u>\$111,517,107.55</u> | <u>\$26,160,860.77</u> | |
| PROPERTIES | | | | |
| Road and equipment property | \$1,519,972,892.16 | \$1,497,827,949.30 | \$22,144,942.86 | |
| Donations and grants (credit) | 29,990,046.50 | 28,467,638.79 | 1,522,407.71 (c) | |
| Reserve for depreciation—road and equipment (credit) | 264,491,285.34 | 258,566,758.88 | 5,924,526.46 | |
| Reserve for amortization of national defense projects (credit) | 54,904,341.02 | 56,538,832.29 | | \$1,634,491.27 |
| Miscellaneous physical property | 45,930,797.46 | 46,746,846.58 | | 816,049.12 (d) |
| Reserve for depreciation—miscellaneous physical property (credit) | 27,976,834.40 | 27,257,228.81 | 719,605.59 | |
| Total Properties | <u>\$1,188,541,182.36</u> | <u>\$1,173,744,337.11</u> | <u>\$14,796,845.25</u> | |
| OTHER ASSETS AND DEFERRED CHARGES | | | | |
| Other assets | \$4,740,361.57 | \$4,435,161.23 | \$305,200.34 | |
| Deferred charges | 3,948,709.91 | 2,577,921.70 | 1,370,788.21 | |
| Total Other Assets and Deferred Charges | <u>\$8,689,071.48</u> | <u>\$7,013,082.93</u> | <u>\$1,675,988.55</u> | |
| Grand Total | <u>\$1,529,659,059.91</u> | <u>\$1,486,521,558.92 (a)</u> | <u>\$43,137,500.99</u> | |

(a) Restated by excluding amounts of unpaid drafts and vouchers (released to payees) from cash and current liability accounts to conform with I.C.C. regulations effective in 1958.

(b) Loss from sale of New York Central R.R. Co. and Illinois Central R.R. Co. stocks, charged to this account (see page 24).

(c) Principally donation from Power Company for construction of new line necessitated by construction of Brownlee Dam on the Snake River in Idaho.

(d) Represents chiefly the cost of industrial property sold, partly offset by expenditures for drilling productive oil and gas wells and related facilities, and the cost of land and improvements thereto for lease or sale to industries.



TABLE 1—GENERAL BALANCE SHEET—LIABILITIES AND STOCKHOLDERS' EQUITY

| | December 31, 1958 | December 31, 1957 | Increase | Decrease |
|---|---------------------------|-------------------------------|--------------------|-----------------------|
| CURRENT LIABILITIES | | | | |
| Audited accounts and wages payable | \$18,738,883.83 | \$19,289,568.83 (a) | ..... | \$550,685.00 |
| Miscellaneous accounts payable | 1,122,340.85 | 1,655,197.17 (a) | ..... | 532,856.32 |
| Interest matured unpaid | 50,359.18 | 58,549.25 | ..... | 8,190.07 |
| Dividends matured unpaid: | | | | |
| Dividend on common stock payable second proximo | 15,700,464.50 | 15,560,370.00 | \$140,094.50 | |
| Dividends due but unclaimed | 360,462.73 | 346,449.08 | 14,013.65 | |
| Unmatured interest accrued | 1,469,720.28 | 1,477,845.27 | ..... | 8,124.99 |
| Accrued accounts payable | 29,464,965.44 | 28,059,124.47 | 1,405,840.97 | |
| Taxes accrued | 36,434,651.74 | 40,094,590.32 | ..... | 3,659,938.58 |
| Other current liabilities | 2,789,636.79 | 2,010,837.09 | 778,799.70 | |
| Total Current Liabilities | <u>\$106,131,485.34</u> | <u>\$108,552,531.48 (a)</u> | ..... | <u>\$2,421,046.14</u> |
| EQUIPMENT OBLIGATIONS DUE WITHIN ONE YEAR | <u>\$566,000.00</u> | <u>\$2,279,000.00</u> | ..... | <u>\$1,713,000.00</u> |
| FUNDED DEBT (Table 7) | | | | |
| Bonds | \$161,306,000.00 | \$161,553,000.00 | ..... | \$247,000.00 |
| Equipment obligations ..... | ..... | 719,000.00 | ..... | 719,000.00 |
| Total Funded Debt | <u>\$161,306,000.00</u> | <u>\$162,272,000.00</u> | ..... | <u>\$966,000.00</u> |
| DUE TO AFFILIATED COMPANIES | <u>\$21,414,836.09</u> | <u>\$21,220,107.59</u> | \$194,728.50 | |
| RESERVES | | | | |
| Fire insurance reserve | \$31,387,420.65 | \$29,474,413.74 | \$1,913,006.91 | |
| Casualty and other reserves | 11,771,179.68 | 12,722,223.05 | ..... | \$951,043.37 |
| Total Reserves | <u>\$43,158,600.33</u> | <u>\$42,196,636.79</u> | \$961,963.54 | |
| OTHER LIABILITIES AND DEFERRED CREDITS | | | | |
| Other liabilities | \$711,221.70 | \$683,714.94 | \$27,506.76 | |
| Unamortized premium on funded debt | 2,611,708.06 | 2,800,634.04 | ..... | \$188,925.98 |
| Other deferred credits | 3,964,479.63 | 3,571,324.21 | 393,155.42 | |
| Total Other Liabilities and Deferred Credits | <u>\$7,287,409.39</u> | <u>\$7,055,673.19</u> | \$231,736.20 | |
| STOCKHOLDERS' EQUITY | | | | |
| Common stock (see page 18) | \$224,302,350.00 | \$222,301,000.00 | \$2,001,350.00 | |
| Preferred stock | 99,587,780.79 | 99,587,780.79 | ..... |  |
| Total Capital Stock (Table 6) | <u>\$323,890,130.79</u> | <u>\$321,888,780.79</u> | \$2,001,350.00 | |
| Premium on common stock | \$4,327,919.38 | ..... | \$4,327,919.38 (e) | |
| Other capital surplus | 818,653.50 | \$607,893.45 | 210,760.05 | |
| Total Capital Surplus | <u>\$5,146,572.88</u> | <u>\$607,893.45</u> | \$4,538,679.43 | |
| Retained income—appropriated | \$46,140,473.39 | \$44,927,948.39 | \$1,212,525.00 | |
| Retained income—unappropriated | 775,032,224.46 | 735,935,660.00 | 39,096,564.46 | |
| Total Retained Income (see page 19) | <u>\$821,172,697.85</u> | <u>\$780,863,608.39</u> | \$40,309,089.46 | |
| Total Stockholders' Equity | <u>\$1,150,209,401.52</u> | <u>\$1,103,360,282.63</u> | \$46,849,118.89 | |
| CONSOLIDATION SURPLUS (f) | <u>\$39,585,327.24</u> | <u>\$39,585,327.24</u> | ..... |  |
| Grand Total | <u>\$1,529,659,059.91</u> | <u>\$1,486,521,558.92 (a)</u> | \$43,137,500.99 | |

(e) Excess of value assigned to shares of Spokane International Railroad Co. common stock acquired in exchange for shares of Union Pacific R.R. Co. common stock, over the par value of such Union Pacific stock (see pages 18 and 24).

(f) Consolidation surplus has arisen through acquisition at various times from the public, by other companies included in this consolidated balance sheet, of securities issued by Los Angeles & Salt Lake R.R. Co. and The St. Joseph and Grand Island Ry. Co., for lesser amounts than those at which carried on the issuing companies' books.



TABLE 2 — INCOME ACCOUNT

| | 1958 | 1957 | Increase | Decrease |
|---|------------------------|------------------------|-----------------------|---------------------|
| TRANSPORTATION OPERATIONS | | | | |
| Operating revenues (Table 3) | \$505,215,190.96 | \$517,060,101.53 | ..... | \$11,844,910.57 |
| Operating expenses (Table 4) | 371,257,944.82 | 382,354,716.66 | ..... | 11,096,771.84 |
| Revenues over expenses | \$133,957,246.14 | \$134,705,384.87 | ..... | \$748,138.73 |
| Taxes (see page 12) | 69,803,902.75 | 73,689,676.43 | ..... | 3,885,773.68 |
| Railway Operating Income | \$64,153,343.39 | \$61,015,708.44 | \$3,137,634.95 | |
| Equipment rents (debit) | 19,312,731.13 | 20,770,848.69 | ..... | \$1,458,117.56 |
| Joint facility rents (debit) | 1,379,527.84 | 1,426,835.36 | ..... | 47,307.52 |
| Net Income from Transportation Operations | \$43,461,084.42 | \$38,818,024.39 | \$4,643,060.03 | |
| INCOME FROM INVESTMENTS AND OTHER SOURCES | | | | |
| Net income from oil and gas operations* (see page 13) | \$24,566,034.24 | \$29,097,113.21 | ..... | \$4,531,078.97 |
| Royalties from oil and gas leases | 604,824.64 | 721,190.10 | ..... | 116,365.46 |
| Dividends on stocks owned (Table 8) | 6,502,120.50 | 6,172,855.60 | \$329,264.90 | |
| Interest on bonds and notes owned (Table 9) | 3,052,095.10 | 3,810,971.67 | ..... | 758,876.57 |
| Other interest income | 243,814.26 | 203,228.84 | 40,585.42 | |
| Rents from lease of road | 121,884.64 | 123,735.35 | ..... | 1,850.71 |
| Miscellaneous rents | 729,868.99 | 732,037.16 | ..... | 2,168.17 |
| Miscellaneous income | 3,510,749.22 | 3,619,736.56 | ..... | 108,987.34 |
| Total | \$39,331,391.59 | \$44,480,868.49 | ..... | \$5,149,476.90 |
| Total Income | \$82,792,476.01 | \$83,298,892.88 | ..... | \$506,416.87 |
| FIXED AND OTHER CHARGES | | | | |
| Interest on funded debt (Table 7) | \$4,470,345.42 | \$4,520,711.23 | ..... | \$50,365.81 |
| Other interest | 22,613.56 | 26,290.12 | ..... | 3,676.56 |
| Miscellaneous rents | 34,888.74 | 36,237.10 | ..... | 1,348.36 |
| Miscellaneous charges | 482,184.40 | 467,878.76 | \$14,305.64 | |
| Total | \$5,010,032.12 | \$5,051,117.21 | ..... | \$41,085.09 |
| Net Income from All Sources | \$77,782,443.89 | \$78,247,775.67 | ..... | \$465,331.78 |
| †Per share on Union Pacific Railroad Co. common stock outstanding December 31st (after preferred dividends) | \$3.290 | \$3.341 | ..... | \$.051 |
| DIVIDENDS DECLARED | | | | |
| Dividends (4%) on Preferred Stock of Union Pacific Railroad Co. | \$3,981,724.00 | \$3,981,724.00 | | |
| Dividends on Common Stock of Union Pacific Railroad Co. (see page 18) | 35,706,654.50 | 35,566,560.00 | \$140,094.50 | |
| Total dividends declared | \$39,688,378.50 | \$39,548,284.00 | \$140,094.50 | |
| Net income less U.P.R.R. Co. dividends | \$38,094,065.39 | \$38,699,491.67 | ..... | \$605,426.28 |

* Excludes Federal income taxes (included under "Taxes") on such income, which were approximately \$7,327,100 in 1958 and \$8,993,000 in 1957.
 † Based on 22,429,235 shares for 1958 (including 200,135 shares issued October 6th) and 22,229,100 shares for 1957.

TABLE 3 — OPERATING REVENUES

| | 1958 | 1957 | Increase (+) or Decrease (-) | |
|---|-----------------------------|---|---------------------------------|------------------|
| Transportation | Freight | \$440,671,941.84 | \$452,889,155.04 | -\$12,217,213.20 |
| | Passenger | 27,931,280.15 | 28,047,382.44 | - 116,102.29 |
| | Baggage | 89,405.65 | 96,810.34 | - 7,404.69 |
| | Sleeping car | 187.37 | 163.79 | + 23.58 |
| | Parlor and chair car | 12,247.07 | 14,480.50 | - 2,233.43 |
| | Mail | 17,727,566.92 | 16,936,378.69 | + 791,188.23 |
| | Express | 4,674,552.62 | 4,643,433.34 | + 31,119.28 |
| | Other passenger-train | 189,853.81 | 220,721.81 | - 30,868.00 |
| | Milk | 95,986.98 | 104,708.52 | - 8,721.54 |
| | Switching | 6,333,940.65 | 6,225,548.42 | + 108,392.23 |
| | Dining and buffet | 3,884,126.88 | 3,929,780.86 | - 45,653.98 |
| | Hotel and restaurant | 628,938.92 | 1,121,707.15 | - 492,768.23 |
| | Incidental | Station, train, and boat privileges | 131,075.07 | 134,548.93 | - 3,473.86 |
| Parcel room | | 6,414.95 | 7,065.35 | - 650.40 |
| Storage—freight | | 8,486.08 | 10,869.33 | - 2,383.25 |
| Storage—baggage | | 12,076.53 | 14,063.02 | - 1,986.49 |
| Demurrage | | 970,676.83 | 831,625.11 | + 139,051.72 |
| Communication | | 96,779.53 | 107,724.84 | - 10,945.31 |
| Power | | 6,135.20 | 7,892.80 | - 1,757.60 |
| Rents of buildings and other property | | 484,665.49 | 477,688.43 | + 6,977.06 |
| Miscellaneous | | 876,408.41 | 920,587.78 | - 44,179.37 |
| Joint Facility | | Joint facility—credit | 492,754.30 | 411,510.20 | + 81,244.10 |
| | Joint facility—debit | 110,310.29 | 93,745.16 | + 16,565.13 |
| Total Operating Revenues | \$505,215,190.96 | \$517,060,101.53 | -\$11,844,910.57 | |



TABLE 4 — OPERATING EXPENSES

| | | 1958 | 1957 | Increase (+) or Decrease (-) |
|--------------------------------------|--|-----------------|-----------------|---------------------------------|
| MAINTENANCE OF WAY AND STRUCTURES | | | | |
| Supervision | { Superintendence | \$4,804,634.46 | \$4,730,639.80 | + \$73,994.66 |
| Roadway and Track | { Roadway maintenance | \$4,588,505.98 | \$4,720,525.08 | - \$132,019.10 |
| | { Tunnels and subways | 45,605.71 | 84,065.40 | - 38,459.69 |
| | { Bridges, trestles, and culverts | 2,180,132.74 | 2,250,385.50 | - 70,252.76 |
| | { Ties | 2,793,001.59 | 3,361,199.02 | - 568,197.43 |
| | { Rails | 1,490,288.66 | 1,250,735.80 | + 239,552.86 |
| | { Other track material | 1,910,236.05 | 2,319,471.46 | - 409,235.41 |
| | { Ballast | 419,208.86 | 817,799.75 | - 398,590.89 |
| | { Track laying and surfacing | 19,688,914.36 | 20,997,412.80 | - 1,308,498.44 |
| | { Fences, snowsheds, and signs | 421,901.85 | 520,600.04 | - 98,698.19 |
| | { Communication systems | 1,063,635.69 | 1,397,560.78 | - 333,925.09 |
| | { Signals and interlockers | 2,487,614.66 | 2,752,904.12 | - 265,289.46 |
| { Removing snow, ice, and sand | 776,227.13 | 1,075,828.42 | - 299,601.29 | |
| | Total | \$37,865,273.28 | \$41,548,488.17 | - \$3,683,214.89 |
| Structures | { Station and office buildings | \$2,282,195.15 | \$2,620,616.56 | - \$338,421.41 |
| | { Roadway buildings | 643,612.57 | 782,934.29 | - 139,321.72 |
| | { Water stations | 284,483.31 | 273,472.19 | + 11,011.12 |
| | { Fuel stations | 130,926.39 | 237,263.04 | - 106,336.65 |
| | { Shops and enginehouses | 1,617,642.06 | 1,964,234.12 | - 346,592.06 |
| | { Wharves and docks | 3,801.92 | 24,986.73 | - 21,184.81 |
| | { Power plants | 92,778.22 | 69,447.64 | + 23,330.58 |
| | { Power-transmission systems | 307,503.79 | 344,096.62 | - 36,592.83 |
| | Miscellaneous structures | 6,042.26 | 6,011.61 | + 30.65 |
| | Total | \$5,368,985.67 | \$6,323,062.80 | - \$954,077.13 |
| Miscellaneous ... | { Roadway machines | \$655,083.88 | \$720,201.89 | - \$65,118.01 |
| | { Dismantling retired road property | 437,960.84 | 479,105.06 | - 41,144.22 |
| | { Small tools and supplies | 1,436,637.56 | 1,526,067.30 | - 89,429.74 |
| | { Public improvements—maintenance | 459,905.42 | 580,646.08 | - 120,740.66 |
| | { Injuries to persons | 346,537.27 | 581,407.59 | - 234,870.32 |
| | { Insurance | 237,214.05 | 194,142.08 | + 43,071.97 |
| | { Stationery and printing | 67,361.36 | 72,725.04 | - 5,363.68 |
| | { Right-of-way expenses | 7,912.91 | 32,000.15 | - 24,087.24 |
| | { Other expenses | 1,235,706.05 | 1,339,569.74 | - 103,863.69 |
| | Maintaining joint tracks, yards, and other facilities—debit | 2,791,589.18 | 3,415,402.92 | - 623,813.74 |
| | Maintaining joint tracks, yards, and other facilities—credit | 1,480,670.15 | 1,629,897.51 | - 149,227.36 |
| | Total | \$6,195,238.37 | \$7,311,370.34 | - \$1,116,131.97 |
| Depreciation and Retirements | { Road property—depreciation | \$5,803,574.61 | \$5,635,601.88 | + \$167,972.73 |
| | { Retirements—road | 1,740,550.19 | 1,982,397.79 | + 358,152.40 |
| | Total | \$7,544,124.80 | \$7,017,999.67 | + \$526,125.13 |
| | Total Maintenance of Way and Structures | \$61,778,256.58 | \$66,931,560.78 | - \$5,153,304.20 |
| | Ratio to Operating Revenues | 12.23 | 12.94 | - .71 |
| MAINTENANCE OF EQUIPMENT | | | | |
| Supervision | { Superintendence | \$3,903,393.75 | \$3,840,128.60 | + \$63,265.15 |
| Equipment Repairs | { Steam locomotives—repairs | \$144,765.98 | \$1,940,950.51 | - \$1,796,184.53 |
| | { Diesel and gas-turbine locomotives—repairs | 28,418,355.43 | 31,539,687.49 | - 3,121,332.06 |
| | { Freight-train cars—repairs | 21,262,621.26 | 20,186,731.41 | + 1,075,889.85 |
| | { Passenger-train cars—repairs | 9,765,397.29 | 9,038,182.21 | + 727,215.08 |
| | { Work equipment—repairs | 397,648.43 | 399,448.01 | - 1,799.58 |
| | { Miscellaneous equipment—repairs | 494,946.06 | 494,594.36 | + 351.70 |
| | Total | \$60,483,734.45 | \$63,599,593.99 | - \$3,115,859.54 |
| Miscellaneous ... | { Shop machinery | \$1,231,443.51 | \$1,367,981.15 | - \$136,537.64 |
| | { Power-plant machinery | 307,734.93 | 275,261.10 | + 32,473.83 |
| | { Dismantling retired equipment | 293,934.13 | 187,716.62 | + 106,217.51 |
| | { Injuries to persons | 288,871.90 | 494,696.45 | - 205,824.55 |
| | { Insurance | 1,842,847.83 | 1,752,524.68 | + 90,323.15 |
| | { Stationery and printing | 66,150.78 | 78,711.24 | - 12,560.46 |
| | { Other expenses | 1,834,413.31 | 2,327,119.19 | - 492,705.88 |
| | { Joint maintenance of equipment expenses—debit | 524,829.34 | 454,144.44 | + 70,684.90 |
| | Joint maintenance of equipment expenses—credit | 113,026.84 | 95,023.82 | + 18,003.02 |
| | Total | \$6,277,198.89 | \$6,843,131.05 | - \$565,932.16 |



TABLE 4 — OPERATING EXPENSES — (Continued)

| | 1958 | 1957 | Increase (+) or Decrease (-) |
|--|---|----------------------------------|----------------------------------|
| MAINTENANCE OF EQUIPMENT—(Concluded) | | | |
| Depreciation and Retirements | Equipment—depreciation | \$22,230,758.17 | \$20,831,303.55 + \$1,399,454.62 |
| | Shop and power-plant machinery—depreciation | 387,604.32 | 380,341.63 + 7,262.69 |
| | Retirements—equipment | 38,392.65* | 30,034.22* - 8,358.43 |
| Total | \$22,579,969.84 | \$21,181,610.96 + \$1,398,358.88 | |
| Total Maintenance of Equipment | \$93,244,296.93 | \$95,464,464.60 - \$2,220,167.67 | |
| Ratio to Operating Revenues | 18.46 | 18.46 | |
| TRAFFIC | | | |
| Traffic Promotion | Superintendence | \$2,649,866.38 | \$2,516,166.20 + \$133,700.18 |
| | Outside agencies | 6,954,884.33 | 6,692,686.24 + 262,198.09 |
| | Advertising | 3,319,665.83 | 3,646,539.25 - 326,873.42 |
| | Traffic associations | 314,281.21 | 270,444.68 + 43,836.53 |
| | Industrial and immigration bureaus | 350,129.34 | 314,271.07 + 35,858.27 |
| Total | \$13,588,827.09 | \$13,440,107.44 + \$148,719.65 | |
| Miscellaneous | Insurance | \$11,364.12 | \$6,810.06 + \$4,554.06 |
| | Stationery and printing | 487,205.21 | 488,045.88 - 840.67 |
| | Other expenses | 65,981.94 | 71,373.49 - 5,391.55 |
| Total | \$564,551.27 | \$566,229.43 - \$1,678.16 | |
| Total Traffic | \$14,153,378.36 | \$14,006,336.87 + \$147,041.49 | |
| Ratio to Operating Revenues | 2.80 | 2.71 + .09 | |
| TRANSPORTATION | | | |
| Supervision | Superintendence | \$5,570,929.32 | \$5,502,734.22 + \$68,195.10 |
| | Dispatching trains | 2,419,574.45 | 2,203,593.96 + 215,980.49 |
| Total | \$7,990,503.77 | \$7,706,328.18 + \$284,175.59 | |
| Station Service | Station employees | \$19,539,856.74 | \$18,839,538.04 + \$700,318.70 |
| | Weighing, inspection, and demurrage bureaus | 428,436.89 | 436,548.67 - 8,111.78 |
| | Station supplies and expenses | 1,453,538.41 | 1,279,083.29 + 174,455.12 |
| Total | \$21,421,832.04 | \$20,555,170.00 + \$866,662.04 | |
| Yard Service | Yardmasters and yard clerks | \$7,127,767.61 | \$7,129,311.70 - \$1,544.09 |
| | Yard conductors and brakemen | 14,376,466.26 | 14,214,830.32 + 161,635.94 |
| | Yard switch and signal tenders | 961,653.16 | 1,023,504.37 - 61,851.21 |
| | Yard enginemen | 8,186,859.11 | 8,014,005.22 + 172,853.89 |
| | Yard switching fuel | 1,081,459.98 | 1,161,348.06 - 79,888.08 |
| | Water for yard locomotives | 584.62 | 18,545.13 - 17,960.51 |
| | Lubricants for yard locomotives | 115,627.62 | 107,583.62 + 8,044.00 |
| | Other supplies for yard locomotives | 57,178.33 | 62,312.28 - 5,133.95 |
| | Enginehouse expenses—yard | 1,360,253.57 | 1,390,954.36 - 30,700.79 |
| Yard supplies and expenses | 517,520.62 | 494,946.60 + 22,574.02 | |
| Total | \$33,785,370.88 | \$33,617,341.66 + \$168,029.22 | |
| Train Service | Train enginemen | \$20,741,046.06 | \$20,719,542.34 + \$21,503.72 |
| | Trainmen | 28,514,064.91 | 28,470,341.55 + 43,723.36 |
| | Train fuel | 20,348,134.86 | 25,432,176.96 - 5,084,042.10 |
| | Water for train locomotives | 406,287.12 | 594,178.19 - 187,891.07 |
| | Lubricants for train locomotives | 1,797,452.28 | 1,789,591.02 + 7,861.26 |
| | Other supplies for train locomotives | 251,675.90 | 309,539.59 - 57,863.69 |
| | Enginehouse expenses—train | 6,113,060.70 | 6,736,122.60 - 623,061.90 |
| | Train supplies and expenses | 13,850,448.09 | 13,052,310.95 + 798,137.14 |
| Operating sleeping cars | 1,106,933.78 | 1,515,386.47 - 408,452.69 | |
| Total | \$93,129,103.70 | \$98,619,189.67 - \$5,490,085.97 | |

* Credit.



TABLE 4 — OPERATING EXPENSES — (Concluded)

| | | 1958 | 1957 | Increase (+) or Decrease (-) | |
|--|--|-------------------------|-------------------------|---------------------------------|------------------------|
| TRANSPORTATION (Concluded) | | | | | |
| Casualties | Clearing wrecks | \$304,589.33 | \$282,450.53 | + | \$22,138.80 |
| | Damage to property | 507,714.92 | 89,319.02 | + | 418,395.90 |
| | Damage to livestock on right-of-way | 45,151.52 | 35,942.19 | + | 9,209.33 |
| | Loss and damage—freight | 4,848,259.07 | 4,949,117.69 | - | 100,858.62 |
| | Loss and damage—baggage | 22,455.06 | 14,673.08 | + | 7,781.98 |
| | Injuries to persons | 1,653,482.97 | 2,344,141.59 | - | 690,658.62 |
| | Total | \$7,381,652.87 | \$7,715,644.10 | - | \$333,991.23 |
| Miscellaneous | Signal and interlocker operation | \$923,795.40 | \$872,182.52 | + | \$51,612.88 |
| | Crossing protection | 535,931.88 | 549,788.87 | - | 13,856.99 |
| | Drawbridge operation | 121,754.09 | 104,003.47 | + | 17,750.62 |
| | Communication system operation | 1,256,624.06 | 1,221,838.10 | + | 34,785.96 |
| | Stationery and printing | 672,842.84 | 652,316.11 | + | 20,526.73 |
| | Insurance | 405,880.72 | 460,791.24 | - | 54,910.52 |
| | Other expenses | 1,094,821.58 | 1,105,000.24 | - | 10,178.66 |
| | Operating joint yards and terminals—debit | 7,808,351.26 | 7,797,610.29 | + | 10,740.97 |
| | Operating joint yards and terminals—credit | 2,950,293.41 | 2,952,915.96 | - | 2,622.55 |
| | Operating joint tracks and facilities—debit | 921,978.64 | 880,433.73 | + | 41,544.91 |
| Operating joint tracks and facilities—credit | 236,550.84 | 253,250.82 | - | 21,699.98 | |
| | Total | \$10,555,136.22 | \$10,432,797.79 | + | \$122,338.43 |
| | Total Transportation | \$174,263,599.48 | \$178,646,471.40 | - | \$4,382,871.92 |
| | Ratio to Operating Revenues | 34.49 | 34.55 | - | .06 |
| MISCELLANEOUS OPERATIONS | | | | | |
| Dining Car and Hotel | Dining and buffet service | \$7,391,598.38 | \$7,451,836.23 | - | \$60,237.85 |
| | Hotels and restaurants | 1,060,684.44 | 1,562,017.86 | - | 501,333.42 |
| | Total | \$8,452,282.82 | \$9,013,854.09 | - | \$561,571.27 |
| Miscellaneous | Producing power sold | \$6,076.07 | \$7,874.06 | - | \$1,797.99 |
| | Other miscellaneous operations | 3,404.23 | 2,940.65 | + | 463.58 |
| | Operating joint miscellaneous facilities—debit | 3,753.49 | 3,643.61 | + | 109.88 |
| | Total | \$13,233.79 | \$14,458.32 | - | \$1,224.53 |
| | Total Miscellaneous Operations | \$8,465,516.61 | \$9,028,312.41 | - | \$562,795.80 |
| | Ratio to Operating Revenues | 1.68 | 1.75 | - | .07 |
| GENERAL | | | | | |
| Administration .. | Salaries and expenses of general officers | \$1,636,658.36 | \$1,585,555.60 | + | \$51,102.76 |
| | Salaries and expenses of clerks and attendants | 10,152,457.49 | 9,888,702.83 | + | 263,754.66 |
| | General office supplies and expenses | 1,228,571.23 | 967,602.04 | + | 260,969.19 |
| | Law expenses | 1,545,025.22 | 1,550,989.80 | - | 5,964.58 |
| | Total | \$14,562,712.30 | \$13,992,850.27 | + | \$569,862.03 |
| Miscellaneous | Insurance | \$17,987.01 | \$12,323.76 | + | \$5,663.25 |
| | Pensions and employes' group insurance | 1,891,952.47 | 1,531,010.21 | + | 360,942.26 |
| | Stationery and printing | 555,223.06 | 428,646.76 | + | 126,576.30 |
| | Valuation expenses | 184,150.17 | 192,430.24 | - | 8,280.07 |
| | Other expenses | 1,900,395.92 | 1,877,124.47 | + | 23,271.45 |
| | General joint facilities—debit | 259,507.02 | 259,091.44 | + | 415.58 |
| | General joint facilities—credit | 19,031.09 | 15,906.55 | + | 3,124.54 |
| | | Total | \$4,790,184.56 | \$4,284,720.33 | + | $505,464.23 |
| | Total General | \$19,352,896.86 | \$18,277,570.60 | + | \$1,075,326.26 |
| | Ratio to Operating Revenues | 3.83 | 3.54 | + | .29 |
| | Total Operating Expenses | \$371,257,944.82 | \$382,354,716.66 | - | \$11,096,771.84 |
| | Ratio to Operating Revenues | 73.49 | 73.95 | - | .46 |



TABLE 5 — OPERATING STATISTICS

| | 1958 | 1957 | Increase | Decrease | Per Cent |
|---|----------------|----------------|-----------|---------------|----------|
| Average miles of road operated | 9,752.96 | 9,785.53 | ..... | 32.57 | .3 |
| FREIGHT TRAFFIC | | | | | |
| Revenue Freight | | | | | |
| Cars of revenue freight loaded on line | 949,645 | 950,022 | ..... | 377 | — |
| Cars of revenue freight received from connections | 705,165 | 786,924 | ..... | 81,759 | 10.4 |
| Total cars of revenue freight handled .. | 1,654,810 | 1,736,946 | ..... | 82,136 | 4.7 |
| Tons of revenue freight carried | 54,065,293 | 57,039,449 | ..... | 2,974,156 | 5.2 |
| Ton-miles, revenue freight | 31,681,957,764 | 33,924,602,599 | ..... | 2,242,644,835 | 6.6 |
| Average distance hauled per ton (miles) | 585.99 | 594.76 | ..... | 8.77 | 1.5 |
| Average revenue per ton | \$8.15 | \$7.94 | \$.21 | ..... | 2.6 |
| Average revenue per ton-mile (cents) | 1.391 | 1.335 | .056 | ..... | 4.2 |
| Average revenue per train mile | \$17.89 | \$17.32 | \$.57 | ..... | 3.3 |
| Revenue and Company Freight | | | | | |
| Tons of all freight carried | 57,449,443 | 61,162,520 | ..... | 3,713,077 | 6.1 |
| Ton-miles, all freight | 32,768,812,443 | 35,245,063,758 | ..... | 2,476,251,315 | 7.0 |
| Gross ton-miles (cars and contents) all freight | 79,970,006,923 | 84,895,828,825 | ..... | 4,925,821,902 | 5.8 |
| Average net ton-miles per mile of road per day | 9,205 | 9,867 | ..... | 662 | 6.7 |
| PASSENGER TRAFFIC | | | | | |
| Revenue passengers carried | 1,598,973 | 1,645,778 | ..... | 46,805 | 2.8 |
| Revenue passengers carried one mile | 1,234,134,180 | 1,236,426,667 | ..... | 2,292,487 | .2 |
| Average journey per passenger (miles) | 771.83 | 751.27 | 20.56 | ..... | 2.7 |
| Average revenue per passenger mile (cents) | 2.263 | 2.268 | ..... | .005 | .2 |
| Average revenue per train mile—passengers only | \$2.84 | \$2.75 | \$.09 | ..... | 3.3 |
| Average total revenue per train mile | \$4.61 | \$4.35 | \$.26 | ..... | 6.0 |
| TRAIN AND CAR STATISTICS | | | | | |
| Freight | | | | | |
| Train miles—Ordinary | 24,462,007 | 25,945,041 | ..... | 1,483,034 | 5.7 |
| Light (locomotive with caboose) | 170,627 | 199,593 | ..... | 28,966 | 14.5 |
| Total | 24,632,634 | 26,144,634 | ..... | 1,512,000 | 5.8 |
| Train hours | 933,654 | 1,013,783 | ..... | 80,129 | 7.9 |
| Locomotive miles | 26,780,060 | 28,794,013 | ..... | 2,013,953 | 7.0 |
| Car miles in freight trains: | | | | | |
| Freight—Loaded | 1,166,270,251 | 1,238,147,635 | ..... | 71,877,384 | 5.8 |
| Freight—Empty | 674,993,439 | 702,559,156 | ..... | 27,565,717 | 3.9 |
| Caboose | 24,000,306 | 25,541,077 | ..... | 1,540,771 | 6.0 |
| Passenger-train | 9,785,638 | 8,400,644 | 1,384,994 | ..... | 16.5 |
| Total | 1,875,049,634 | 1,974,648,512 | ..... | 99,598,878 | 5.0 |
| Average freight-train speed—miles per hour | 26.38 | 25.79 | .59 | ..... | 2.3 |
| Average tons per loaded car mile—all freight | 28.06 | 28.44 | ..... | .38 | 1.3 |
| Average car miles per freight-train mile | 75.27 | 74.80 | .47 | ..... | .6 |
| Percentage of loaded to total freight-carrying car miles .. | 63.34 | 63.80 | ..... | .46 | .7 |
| Average net tons per train mile—all freight | 1,339.52 | 1,358.31 | ..... | 18.79 | 1.4 |
| Average gross tons per train mile | 3,269.15 | 3,272.14 | ..... | 2.99 | .1 |
| Average gross ton-miles per train hour | 85,653 | 83,742 | 1,911 | ..... | 2.3 |
| Passenger | | | | | |
| Train miles—Passenger | 9,824,143 | 10,211,060 | ..... | 386,917 | 3.8 |
| Mail and express | 2,023,571 | 2,195,952 | ..... | 172,381 | 7.8 |
| Total | 11,847,714 | 12,407,012 | ..... | 559,298 | 4.5 |
| Train hours | 229,141 | 243,864 | ..... | 14,723 | 6.0 |
| Locomotive miles | 11,922,814 | 12,502,495 | ..... | 579,681 | 4.6 |
| Car miles in passenger trains: | | | | | |
| Passenger-carrying | 81,615,579 | 81,664,989 | ..... | 49,410 | .1 |
| Other passenger-train | 78,280,853 | 79,766,484 | ..... | 1,485,631 | 1.9 |
| Freight-train | 1,473,213 | 1,461,876 | 11,337 | ..... | .8 |
| Total | 161,369,645 | 162,893,349 | ..... | 1,523,704 | .9 |
| Average passenger-train speed—miles per hour | 51.70 | 50.88 | .82 | ..... | 1.6 |
| Average car miles per passenger-train mile | 13.62 | 13.13 | .49 | ..... | 3.7 |
| Average passengers per train mile | 125.62 | 121.09 | 4.53 | ..... | 3.7 |
| Average passengers per passenger-carrying car mile | 16.79 | 16.77 | .02 | ..... | .1 |



TABLE 6 — CAPITAL STOCK OUTSTANDING IN HANDS OF THE PUBLIC

| Company and Class of Stock | Par Value of Capital Stock Outstanding December 31, 1958 | | |
|---|---|-----------------|-------------------|
| | Common | Preferred | Total |
| UNION PACIFIC RAILROAD Co. | | | |
| Common Stock (par value \$10 per share) | *\$224,292,350.00 | ..... | *\$224,292,350.00 |
| Preferred Stock (par value \$10 per share) ..... | ..... | \$99,543,100.00 | 99,543,100.00 |
| Total | *\$224,292,350.00 | \$99,543,100.00 | *\$323,835,450.00 |
| THE ST. JOSEPH AND GRAND ISLAND RAILWAY Co. (See Note) | | | |
| Common Stock (par value \$100 per share) | \$10,000.00 | ..... | \$10,000.00 |
| First Preferred Stock (par value \$100 per share) ..... | ..... | \$35,210.37 | 35,210.37 |
| Second Preferred Stock (par value \$100 per share) ..... | ..... | 9,470.42 | 9,470.42 |
| Total | \$10,000.00 | \$44,680.79 | \$54,680.79 |
| Grand Total..... | *\$224,302,350.00 | \$99,587,780.79 | *\$323,890,130.79 |

* Increase of \$2,001,350 over par value outstanding December 31, 1957 (see page 18.)
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 | 5,464,189.63 | — |
| “ Second Preferred Stock | 3,490,529.58 | — |
| Des Chutes R. R. Co. Capital Stock | — | 100,000.00 |

TABLE 7 — FUNDED DEBT OUTSTANDING IN HANDS OF THE PUBLIC, AND 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, 1958 | Decrease vs. Dec. 31, 1957 | Year 1958 | Decrease vs. Year 1957 |
| UNION PACIFIC RAILROAD Co. | | | | | | | |
| Refunding Mortgage 2½% Bonds, Series C | Mar. 1, 1946 | Mar. 1, 1991 | Mar. & Sept. | \$70,858,000.00 | \$247,000.00 | \$1,776,868.33 | \$756.66 |
| Thirty Year 2½% Debenture Bonds | Feb. 1, 1946 | Feb. 1, 1976 | Feb. & Aug. | 44,493,000.00 | ..... | 1,279,173.75 | ..... |
| Equipment Purchase Contracts. | 1954 | Various | Quarterly | 566,000.00 | 2,432,000.00 | 35,653.34 | 48,639.98 |
| | | | | \$115,917,000.00 | \$2,679,000.00 | \$3,091,695.42 | \$49,396.64 |
| OREGON-WASHINGTON RAILROAD & NAVIGATION Co. | | | | | | | |
| *Refunding Mortgage 3% Bonds, Series A | Oct. 1, 1944 | Oct. 1, 1960 | Apr. & Oct. | \$45,955,000.00 | ..... | \$1,378,650.00 | \$969.17 |
| Total | | | | \$161,872,000.00 | \$2,679,000.00 | \$4,470,345.42 | \$50,365.81 |

* Principal and interest guaranteed by Union Pacific Railroad Co.

NOTE A: Union Pacific Railroad Co. is a guarantor of the principal and interest of \$40,070,000 face value of serial bonds, bearing interest rates varying from 1½% to 3%, issued by Kansas City Terminal Railway Co., maturing 1959-74, such issue having also as guarantors eleven other railroads which are joint tenants of the union depot and terminal facilities.

NOTE B: Union Pacific Railroad Co. is a guarantor of 50% of the principal and interest of \$10,546,817 face value of Pacific Fruit Express Co. 4.47% equipment obligation issued in 1958, maturing semi-annually 1959-73.

NOTE C: 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 | — |



TABLE 8 — STOCKS OWNED, AND DIVIDENDS THEREON

| Company | Total Shares Outstanding Dec. 31, 1958 | Number of Shares Owned | | Dividends Credited to Income Account | |
|---|---|------------------------|--|--------------------------------------|--|
| | | Dec. 31, 1958 | Increase (+) or Decrease (-) vs. Dec. 31, 1957 | Year 1958 | Increase (+) or Decrease (-) vs. Year 1957 |
| Investments in Affiliated Companies | | | | | |
| TERMINAL AND TRANSPORTATION | | | | | |
| Camas Prairie Railroad Co..... | 1,000 | 500 | | | |
| 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 | | \$4,320,000.00 | +\$1,440,000.00 |
| Pullman Co. | 731,350 | 43,914 | | 307,398.00 | + 175,656.00 |
| Railway Express Agency, Inc..... | 999 | 25 | | | |
| St. Joseph Terminal Railroad Co..... | 3,000 | 1,500 | | | |
| St. Joseph Union Depot Co..... | 100 | 10 | | | |
| Spokane International Railroad Co..... | 199,248 | 196,937 | + 193,135 (a) | 63,631.50 | + 57,928.50 |
| 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 | | | |
| LAND | | | | | |
| Kansas City Industrial Land Co..... | 9,000 | 9,000 | | | |
| Las Vegas Land and Water Co..... | 500 | 500 | | | |
| Union Land Co..... | 100 | 100 | | | |
| WATER | | | | | |
| Union Pacific Water Co..... | 1,783 | 1,783 | | 17,830.00 | |
| 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. | | | | \$4,708,859.50 | +\$1,673,584.50 |
| Other Investments | | | | | |
| Baltimore & Ohio Railroad Co. | | | | | |
| Preferred | | 24,191.9 | | \$96,768.00 | |
| Greyhound Corporation | | | | | |
| Preferred | | 3,020 | | 12,835.00 | |
| Illinois Central Railroad Co. | | | | | |
| Common | | 716,440 | - 17,500 (b) | 1,651,365.00 | -\$1,100,910.00 |
| New York Central Railroad Co. | | | | | |
| Capital | | | - 35,207 (b) | | - 127,493.10 |
| Pennsylvania Railroad Co. | | | | | |
| Capital | | 115,200 | | 28,800.00 | - 115,200.00 |
| Reading Co. | | | | | |
| Common | | 1,975 | | 1,975.00 | |
| Second Preferred | | 759 | | 1,518.00 | + 1,518.00 |
| United States Freight Co. | | | | | |
| Capital | | | | | - 2,047.50 |
| Miscellaneous | | 55 | | | - 187.00 |
| Total Dividends—Other than Affiliated Companies.... | | | | \$1,793,261.00 | -\$1,344,319.60 |
| Grand Total Dividends on Stocks Owned..... | | | | \$6,502,120.50 | +\$329,264.90 |

(a) See page 24.
(b) Sold.



TABLE 9—BONDS AND NOTES OWNED, AND INTEREST THEREON

| | Maturity | Face Value Owned | | Interest Credited to Income Account | |
|---|----------------|------------------|--|-------------------------------------|--|
| | | Dec. 31, 1958 | Increase (+) or Decrease (-) vs. Dec. 31, 1957 | Year 1958 | Increase (+) or Decrease (-) vs. Year 1957 |
| Temporary Cash Investments | | | | | |
| UNITED STATES OF AMERICA: | | | | | |
| Treasury Certificates of Indebtedness 3½%, Series B | Apr. 15, 1958 | ..... | — \$7,000,000.00 | \$24,191.21 | — \$139,320.69 |
| Treasury Certificates of Indebtedness 4%, Series C.. | Aug. 1, 1958 | ..... | — 22,866,000.00 | 260,291.30 | — 120,808.70 |
| Treasury Certificates of Indebtedness 1½%, Series D | Mar. 24, 1959 | \$15,000,000.00 | + 15,000,000.00 | 68,009.33 | + 68,009.33 |
| Treasury Certificates of Indebtedness 1½%, Series C | Aug. 1, 1959 | 26,866,000.00 | + 26,866,000.00 | 173,956.86 | + 173,956.86 |
| Treasury 1½% Notes, Series EA—1959 | Apr. 1, 1959 | 2,500,000.00 | + 2,500,000.00 | 5,509.87 | + 5,509.87 |
| Treasury Bonds 2½% | June 15, 1958 | ..... | — 3,000,000.00 | 25,681.73 | + 23,775.30 |
| Treasury Bills | Various | 31,500,000.00 | — 7,500,000.00 | 90,606.26 | — 779.73 |
| *Interest on other Treasury securities ..... | ..... | ..... | ..... | 480,389.16 | — 1,016,944.14 |
| Total Temporary Cash Investments ..... | ..... | \$75,866,000.00 | + \$4,000,000.00 | \$1,128,635.72 | — \$1,006,601.90 |
| Investments in Affiliated Companies | | | | | |
| Kansas City Terminal Railway Co. | | | | | |
| Demand Note (non-interest bearing) | | \$1,497,160.80 | \$102,001.18 | | |
| Pacific Fruit Express Co. | | | | | |
| Equipment Purchase Contract 4%-4¼%, dated November 15, 1956 (maturing in 20 semi-annual installments) | | 22,176,840.00 | 11,088,420.00 | — \$1,304,520.00 | \$492,256.74 + \$140,315.59 |
| St. Joseph Terminal Railroad Co. | | | | | |
| 6% Demand Note | | 350,000.00 | 175,000.00 | ..... | 10,500.00 |
| Total Notes of Affiliated Companies ..... | ..... | \$11,365,421.18 | — \$1,304,520.00 | \$502,756.74 | + \$140,315.59 |
| Other Investments | | | | | |
| Baltimore & Ohio Railroad Co. | | | | | |
| Convertible 4½% Debenture Bonds, Series A | Jan. 1, 2010 | \$1,613,000.00 | ..... | \$72,585.00 | |
| First Consolidated Mortgage 4% Bonds, Series B... | Sept. 1, 1980 | 2,009,000.00 | ..... | 80,360.00 | |
| 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) ..... | ..... | 1,974,231.65 | + \$332,020.00 | 94,181.15 | + \$9,680.67 |
| Total ..... | ..... | \$10,081,231.65 | + \$332,020.00 | \$448,951.15 | + \$9,680.67 |
| UNITED STATES OF AMERICA: | | | | | |
| Treasury 1½% Notes, Series A—1959 | Feb. 15, 1959 | \$20,000,000.00 | ..... | \$262,387.68 | — \$279,286.58 |
| Treasury 1½% Notes, Series EO—1959 | Oct. 1, 1959 | 1,000,000.00 | ..... | 34,585.06 | + 232.48 |
| Treasury 1½% Notes, Series EA—1960 | Apr. 1, 1960 | 1,000,000.00 | ..... | 32,891.10 | + 1,222.99 |
| Treasury 1½% Notes, Series EO—1960 | Oct. 1, 1960 | 20,500,000.00 | + \$12,500,000.00 | 478,334.77 | + 326,142.25 |
| Treasury 3½% Notes, Series B—1961 | May 15, 1961 | 2,000,000.00 | + 2,000,000.00 | 6,062.84 | + 6,062.84 |
| Treasury Bonds 2¼% | Sept. 15, 1959 | ..... | — 4,000,000.00 | 42,903.84 | — 71,231.11 |
| Treasury Bonds 2½% | Nov. 15, 1961 | 5,500,000.00 | + 5,500,000.00 | 55,314.40 | + 55,314.40 |
| Treasury Bonds 2% | Feb. 15, 1965 | 7,000,000.00 | + 7,000,000.00 | 59,271.80 | + 59,271.80 |
| Total ..... | ..... | \$57,000,000.00 | + \$23,000,000.00 | \$971,751.49 | + \$97,729.07 |
| Total Other Bonds and Notes ..... | ..... | \$67,081,231.65 | + \$23,332,020.00 | \$1,420,702.64 | + \$107,409.74 |
| Grand Total Interest on Bonds and Notes Owned ..... | ..... | ..... | ..... | \$3,052,095.10 | — \$758,876.57 |

* Interest received in 1958 on Treasury securities acquired during the year but disposed of prior to December 31st, compared with interest received in 1957 on Treasury securities disposed of prior to December 31st of that year.



TABLE 10 — EQUIPMENT OWNED

| | Owned December 31, 1957 | Acquired | | | Retired | Owned December 31, 1958 |
|---|-------------------------------|-----------------------|-------------------------|-------------------|--------------|-------------------------------|
| | | Purchased or Built | Rebuilt or Converted | Total Acquired | | |
| LOCOMOTIVES | | | | | | |
| Diesel | | | | | | |
| Freight units | 730 | .... | 66 | 66 | 78* | 718 |
| Passenger units | 115 | .... | .... | .... | .... | 115 |
| Road-Switch | 58 | .... | .... | .... | .... | 58 |
| Switch | 278 | .... | .... | .... | .... | 278 |
| Total Diesel | <u>1,181</u> | <u>....</u> | <u>66</u> | <u>66</u> | <u>78</u> | <u>1,169</u> |
| Gas-Turbine | 25 | 4 | .... | 4 | .... | 29 |
| Steam | | | | | | |
| Road | 168 | .... | .... | .... | 44 | 124 |
| Switch | 5 | .... | .... | .... | 3 | 2 |
| Total Steam | <u>173</u> | <u>....</u> | <u>....</u> | <u>....</u> | <u>47</u> | <u>126</u> |
| FREIGHT-TRAIN CARS | | | | | | |
| Automobile | 5,224 | 200 | .... | 200 | 81 | 5,343 |
| Box | 24,214 | .... | .... | .... | 780 | 23,434 |
| Gondola | 15,895† | 1,641 | .... | 1,641 | 919 | 16,617† |
| Ballast | 26 | .... | .... | .... | .... | 26 |
| Flat | 2,725 | .... | .... | .... | 140 | 2,585 |
| Stock | 3,589 | .... | .... | .... | 70 | 3,519 |
| Tank | 1,230 | 50 | .... | 50 | 42 | 1,238 |
| Caboose | 722 | .... | .... | .... | 21 | 701 |
| Total Freight-Train Cars | <u>53,625</u> | <u>1,891</u> | <u>....</u> | <u>1,891</u> | <u>2,053</u> | <u>53,463</u> |
| PASSENGER-TRAIN CARS | | | | | | |
| Postal | 125 | .... | .... | .... | 15 | 110 |
| Baggage | 290 | .... | 6 | 6 | 26 | 270 |
| Baggage-combination | 93 | .... | .... | .... | 8 | 85 |
| Coach | 264 | 5 | .... | 5 | 26 | 243 |
| Coach-combination | 6 | .... | .... | .... | 4 | 2 |
| Parlor | 1 | .... | .... | .... | .... | 1 |
| Sleeping | 240 | .... | .... | .... | 1 | 239 |
| Dining | 80 | .... | .... | .... | 10 | 70 |
| Club, Lounge, and Observation | 74 | .... | .... | .... | 4 | 70 |
| Auxiliary steam generator | 2 | .... | .... | .... | .... | 2 |
| Motor Car (Gas-Electric) | 4 | .... | .... | .... | 4 | .... |
| Motor-Car Trailer | 2 | .... | .... | .... | 2 | .... |
| Total Passenger-Train Cars | <u>1,181</u> | <u>5</u> | <u>6</u> | <u>11</u> | <u>100</u> | <u>1,092</u> |
| WORK EQUIPMENT | | | | | | |
| Business | 18 | .... | .... | .... | .... | 18 |
| Instruction | 9 | .... | .... | .... | .... | 9 |
| Roadway | 317 | .... | 1 | 1 | 2 | 316 |
| Boarding | 1,312 | .... | .... | .... | 32 | 1,280 |
| Tool | 403 | .... | 4 | 4 | 11 | 396 |
| Miscellaneous | 596 | 2 | 27 | 29 | 18 | 607 |
| Total Work Equipment Units | <u>2,655</u> | <u>2</u> | <u>32</u> | <u>34</u> | <u>63</u> | <u>2,626</u> |

* Represents 1,500 H.P. units retired for conversion into 1,750 H.P. units, including 12 units which had not been converted at close of year.

† Includes cars owned jointly with Utah Ry.: 713 as of December 31, 1957, and 413 as of December 31, 1958.



TABLE 11 — FREIGHT TRAFFIC BY COMMODITIES

| Commodity | TONS | | | | GROSS FREIGHT REVENUE | | | |
|--|------------|----------------------|------------|----------------------|-----------------------|----------------------|---------------|----------------------|
| | 1958 | Per Cent of total | 1957 | Per Cent of total | 1958 | Per Cent of total | 1957 | Per Cent of total |
| PRODUCTS OF AGRICULTURE | | | | | | | | |
| Wheat | 3,970,290 | 7.34 | 3,804,897 | 6.67 | \$23,475,997 | 5.19 | \$23,020,119 | 4.96 |
| Corn | 750,408 | 1.39 | 563,630 | .99 | 4,150,814 | .92 | 2,716,874 | .59 |
| Other grain and grain products..... | 2,681,114 | 4.96 | 1,952,091 | 3.42 | 14,752,368 | 3.26 | 10,125,722 | 2.18 |
| Sugar beets | 3,162,446 | 5.85 | 3,160,275 | 5.54 | 2,532,355 | .56 | 2,660,956 | .57 |
| Potatoes, other than sweet | 1,281,566 | 2.37 | 1,163,425 | 2.04 | 20,759,495 | 4.59 | 17,663,275 | 3.81 |
| Fresh fruits and vegetables | 1,772,979 | 3.28 | 1,932,192 | 3.39 | 27,177,221 | 6.00 | 28,842,217 | 6.22 |
| Other products of agriculture | 709,557 | 1.31 | 755,854 | 1.33 | 7,741,376 | 1.71 | 8,054,516 | 1.74 |
| Total | 14,328,360 | 26.50 | 13,332,364 | 23.38 | \$100,589,626 | 22.23 | \$93,083,679 | 20.07 |
| ANIMALS AND PRODUCTS | | | | | | | | |
| Livestock | 581,347 | 1.07 | 661,330 | 1.16 | \$10,794,283 | 2.39 | \$11,532,154 | 2.49 |
| Meats and other edible packing house products | 153,171 | .28 | 165,533 | .29 | 2,880,426 | .64 | 3,399,535 | .73 |
| Other animals and products | 176,635 | .33 | 176,591 | .31 | 3,142,434 | .69 | 3,216,861 | .69 |
| Total | 911,153 | 1.68 | 1,003,454 | 1.76 | \$16,817,143 | 3.72 | \$18,148,550 | 3.91 |
| PRODUCTS OF MINES | | | | | | | | |
| Bituminous coal | 3,817,853 | 7.06 | 5,276,043 | 9.25 | \$12,720,210 | 2.81 | \$19,015,937 | 4.10 |
| Iron ore | 3,981,466 | 7.37 | 4,902,440 | 8.59 | 9,741,904 | 2.15 | 12,897,126 | 2.78 |
| Other ores and concentrates | 1,141,081 | 2.11 | 1,327,261 | 2.33 | 5,964,334 | 1.32 | 6,931,201 | 1.49 |
| Gravel, sand, and stone | 2,682,243 | 4.96 | 2,775,737 | 4.87 | 5,622,743 | 1.24 | 5,724,174 | 1.23 |
| Phosphate rock | 1,947,958 | 3.60 | 1,858,047 | 3.26 | 2,825,521 | .63 | 2,726,671 | .59 |
| Other products of mines | 1,809,751 | 3.35 | 2,227,329 | 3.90 | 9,833,506 | 2.18 | 10,790,894 | 2.33 |
| Total | 15,380,352 | 28.45 | 18,366,857 | 32.20 | \$46,708,218 | 10.33 | \$58,086,003 | 12.52 |
| PRODUCTS OF FORESTS | | | | | | | | |
| Lumber, shingles, and lath | 4,819,349 | 8.92 | 5,106,579 | 8.95 | \$54,508,840 | 12.05 | \$54,597,651 | 11.77 |
| Veneer, plywood, and built-up wood .. | 1,265,232 | 2.34 | 1,107,365 | 1.94 | 12,858,553 | 2.84 | 10,688,184 | 2.30 |
| Other products of forests | 990,700 | 1.83 | 1,089,168 | 1.91 | 3,570,130 | .79 | 3,316,397 | .72 |
| Total | 7,075,281 | 13.09 | 7,303,112 | 12.80 | \$70,937,523 | 15.68 | \$68,602,232 | 14.79 |
| MANUFACTURES AND MISCELLANEOUS | | | | | | | | |
| Petroleum products | 1,019,951 | 1.89 | 1,093,174 | 1.92 | \$5,243,947 | 1.16 | \$5,797,899 | 1.25 |
| Iron and steel, including scrap | 2,208,106 | 4.08 | 2,753,783 | 4.83 | 22,623,538 | 5.00 | 27,982,682 | 6.03 |
| Other metals and alloys | 745,792 | 1.38 | 1,039,042 | 1.82 | 9,750,979 | 2.15 | 11,291,348 | 2.43 |
| Chemicals and products | 1,274,883 | 2.36 | 1,342,764 | 2.35 | 16,255,696 | 3.59 | 16,756,298 | 3.61 |
| Machinery and parts | 360,464 | .67 | 399,801 | .70 | 11,067,258 | 2.45 | 12,408,896 | 2.68 |
| Automobiles, other vehicles, and parts | 475,902 | .88 | 606,830 | 1.06 | 18,488,716 | 4.09 | 24,225,074 | 5.22 |
| Cement, brick, lime, and plaster | 1,710,862 | 3.16 | 1,566,778 | 2.75 | 5,792,165 | 1.28 | 5,667,868 | 1.22 |
| Paper and products | 1,009,130 | 1.87 | 952,669 | 1.67 | 13,541,264 | 2.99 | 12,650,921 | 2.73 |
| Ammunition and explosives | 63,151 | .12 | 70,954 | .13 | 1,976,183 | .44 | 2,488,939 | .54 |
| Canned and other foods and beverages | 2,801,546 | 5.18 | 2,563,274 | 4.49 | 33,522,843 | 7.41 | 31,099,541 | 6.71 |
| Other manufactures and miscellaneous | 4,041,470 | 7.47 | 3,965,748 | 6.95 | 52,538,164 | 11.61 | 49,784,161 | 10.73 |
| Total | 15,711,257 | 29.06 | 16,354,817 | 28.67 | \$190,800,753 | 42.17 | \$200,153,627 | 43.15 |
| Forwarder Traffic | 436,412 | .81 | 477,388 | .84 | \$16,982,969 | 3.75 | \$17,288,848 | 3.73 |
| Total Carload Freight | 53,842,815 | 99.59 | 56,837,992 | 99.65 | \$442,836,232 | 97.88 | \$455,362,939 | 98.17 |
| All less than carload freight | 222,478 | .41 | 201,457 | .35 | 9,595,966 | 2.12 | 8,507,155 | 1.83 |
| Total All Commodities | 54,065,293 | 100.00 | 57,039,449 | 100.00 | \$452,432,198 | 100.00 | \$463,870,094 | 100.00 |

NOTE: Total gross freight revenue shown above exceeds freight revenue reported in Table 3 for 1958 and 1957 by \$11,760,256 and \$10,980,939, 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.



TABLE 12—SUMMARY OF INCOME AND

| Transportation Operations | 1958 | 1957 | 1956 |
|--|----------------------|----------------------|----------------------|
| OPERATING REVENUES | | | |
| Freight | \$440,671,942 | \$452,889,155 | \$448,156,607 |
| Passenger | 27,931,280 | 28,047,383 | 29,221,502 |
| Other | 36,611,969 | 36,123,564 | 36,938,719 |
| Total operating revenues | <u>\$505,215,191</u> | <u>\$517,060,102</u> | <u>\$514,316,828</u> |
| OPERATING EXPENSES | | | |
| Maintenance of way and structures | \$61,778,257 | \$66,931,561 | \$66,114,241 |
| Maintenance of equipment | 93,244,296 | 95,464,465 | 92,721,400 |
| Transportation | 174,263,600 | 178,646,471 | 176,813,562 |
| Other | 41,971,792 | 41,312,220 | 40,605,521 |
| Total operating expenses | <u>\$371,257,945</u> | <u>\$382,354,717</u> | <u>\$376,254,724</u> |
| Operating ratio (per cent—operating expenses of operating revenues) | 73.49 | 73.95 | 73.16 |
| TAXES | | | |
| Federal income | \$34,800,000 | \$38,800,000 | \$40,000,000 |
| Other Federal | 15,473,903 | 15,799,677 | 15,212,270 |
| State and county | 19,530,000 | 19,090,000 | 18,326,000 |
| Total taxes | <u>\$69,803,903</u> | <u>\$73,689,677</u> | <u>\$73,538,270</u> |
| Equipment and joint facility rents—net charge | <u>\$20,692,259</u> | <u>\$22,197,684</u> | <u>\$22,386,672</u> |
| Net income from transportation operations | <u>\$43,461,084</u> | <u>\$38,818,024</u> | <u>\$42,137,162</u> |
| Income from Investments and Other Sources | | | |
| Net income from oil and gas operations(a) | 24,566,034 | 29,097,113 | 26,603,162 |
| Other income | 14,765,358 | 15,383,756 | 15,380,910 |
| Total income | <u>\$82,792,476</u> | <u>\$83,298,893</u> | <u>\$84,121,234</u> |
| Fixed and Other Charges | | | |
| Interest on funded debt | \$4,470,345 | \$4,520,711 | \$4,670,071 |
| Other charges | 539,687 | 530,406 | 882,318 |
| Net income from all sources | <u>\$77,782,444</u> | <u>\$78,247,776</u> | <u>\$78,568,845</u> |
| Released from "Reserve against possible refunds on U. S. Government shipments" ..... | ..... | ..... | ..... |
| Total credited to income account | <u>\$77,782,444</u> | <u>\$78,247,776</u> | <u>\$78,568,845</u> |
| Per share on U.P.R.R. Co. common stock outstanding December 31st (after preferred dividends) (b) | <u>\$3.29 (c)</u> | <u>\$3.34</u> | <u>\$3.36</u> |
| Dividends (4%) declared on preferred stock | \$3,981,724 | \$3,981,724 | \$3,981,724 |
| Dividends declared on common stock | 35,706,655 | 35,566,560 | 35,566,560 |
| Common dividends per share(b) | (d) \$1.60 | \$1.60 | \$1.60 |
| Net income less U.P.R.R. Co. dividends | <u>38,094,065</u> | <u>38,699,492</u> | <u>39,020,561</u> |
| Statistics | | | |
| Freight train miles | 24,462,007 | 25,945,041 | 27,836,956 |
| Ton-miles of revenue freight carried (thousands) | 31,681,958 | 33,924,603 | 34,846,925 |
| Average revenue per ton-mile (cents) | 1.391 | 1.335 | 1.286 |
| Average distance hauled per ton (miles) | 585.99 | 594.76 | 601.12 |
| Average net tons per train mile—all freight | 1,339.52 | 1,358.31 | 1,303.32 |
| Average gross ton-miles per train hour | 85,653 | 83,742 | 78,956 |
| Passenger train miles (excluding mail and express) | 9,824,143 | 10,211,060 | 10,465,835 |
| Revenue passengers carried one mile (thousands) | 1,234,134 | 1,236,427 | 1,363,680 |
| Average revenue per passenger-mile (cents) | 2.263 | 2.268 | 2.143 |
| Average journey per passenger (miles) | 771.83 | 751.27 | 752.49 |
| Average passengers per train mile | 125.62 | 121.09 | 130.30 |
| Average number of employes | 41,780 | 45,729 | 47,346 |
| Total wages paid | \$239,773,386 | \$245,321,667 | \$240,842,542 |
| Wages and other employe benefits charged to operating expenses, per share of common stock (b) | \$10.55 (c) | \$10.79 | \$10.53 |
| Other operating expenses, per share of common stock (b) | 6.00 (c) | 6.41 | 6.40 |
| U.P.R.R. Co. preferred stock—shares outstanding December 31st (b) | 9,954,310 | 9,954,310 | 9,954,310 |
| U.P.R.R. Co. common stock—shares outstanding December 31st (b) | 22,429,235 | 22,229,100 | 22,229,100 |
| Number of U.P.R.R. Co. Stockholders December 31st (e) | 82,023 | 77,211 | 67,129 |

(a) Excludes Federal income taxes, which are included in "Taxes" under "Transportation Operations."

(b) Figures for years prior to 1956 are adjusted to basis of shares outstanding after stock split effective July 2, 1956.

(c) Based on 22,429,235 shares, including 200,135 shares issued October 6, 1958.

(d) \$1.60 per share on 22,229,100 shares issued prior to 1958; \$.70 per share on 200,135 shares issued October 6, 1958.

(e) A holder of both common and preferred stock is counted as one Stockholder.



SELECTED STATISTICS FOR LAST TEN YEARS

| 1955 | 1954 | 1953 | 1952 | 1951 | 1950 | 1949 |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| \$441,533,942 | \$413,155,686 | \$453,790,011 | \$438,729,321 | \$428,511,620 | \$389,289,637 | \$332,654,719 |
| 30,208,680 | 31,574,599 | 36,264,163 | 39,604,044 | 39,463,456 | 33,159,662 | 32,400,923 |
| 37,619,854 | 37,056,166 | 39,970,126 | 41,887,961 | 37,222,684 | 42,834,217 | 33,767,440 |
| \$509,362,476 | \$481,786,451 | \$530,024,300 | \$520,221,326 | \$505,197,760 | \$465,283,516 | \$398,823,082 |
| \$67,105,513 | \$62,621,569 | \$72,090,672 | \$73,697,182 | \$65,749,039 | \$59,107,661 | \$63,410,805 |
| 92,275,940 | 88,890,693 | 100,178,643 | 93,610,503 | 91,851,520 | 81,527,612 | 73,694,809 |
| 173,484,002 | 175,993,960 | 189,579,208 | 185,125,446 | 181,810,856 | 155,294,638 | 148,980,346 |
| 37,660,875 | 38,352,658 | 38,578,842 | 37,406,923 | 36,059,204 | 31,721,701 | 32,194,226 |
| \$370,526,330 | \$365,858,880 | \$400,427,365 | \$389,840,054 | \$375,470,619 | \$327,651,612 | \$318,280,186 |
| 72.74 | 75.94 | 75.55 | 74.94 | 74.32 | 70.42 | 79.80 |
| \$40,300,000 | \$33,500,000 | \$47,018,000 | \$50,350,000 | \$47,255,406 | \$49,027,389 | \$15,843,910 |
| 13,517,848 | 12,886,778 | 13,418,443 | 13,008,000 | 12,406,466 | 11,201,474 | 10,697,965 |
| 18,700,000 | 17,300,000 | 17,200,000 | 16,600,000 | 17,452,920 | 16,312,888 | 16,187,349 |
| \$72,517,848 | \$63,686,778 | \$77,636,443 | \$79,958,000 | \$77,114,792 | \$76,541,751 | \$42,729,224 |
| \$22,578,806 | \$22,679,243 | \$23,100,566 | \$17,662,152 | \$16,961,060 | \$16,631,021 | \$15,969,571 |
| \$43,739,492 | \$29,561,550 | \$28,859,926 | \$32,761,120 | \$35,651,289 | \$44,459,132 | \$21,844,101 |
| 28,075,475 | 33,743,135 | 34,318,992 | 33,608,842 | 31,483,424 | 23,902,998 | 27,140,327 |
| 13,207,325 | 12,133,390 | 13,003,414 | 8,218,892 | 8,324,772 | 8,031,732 | 7,473,941 |
| \$85,022,292 | \$75,438,075 | \$76,182,332 | \$74,588,854 | \$75,459,485 | \$76,393,862 | \$56,458,369 |
| \$4,955,347 | \$5,016,564 | \$4,998,646 | \$5,175,091 | \$5,368,575 | \$5,565,280 | \$5,766,478 |
| 839,689 | 798,846 | 753,473 | 686,537 | 1,225,558 | 1,067,032 | 1,102,164 |
| \$79,227,256 | \$69,622,665 | \$70,430,213 | \$68,727,226 | \$68,865,352 | \$69,761,550 | \$49,589,727 |
| ..... | ..... | 535,127 | 938,258 | 6,894 | 226,982 | 104,811 |
| \$79,227,256 | \$69,622,665 | \$70,965,340 | \$69,665,484 | \$68,872,246 | \$69,988,532 | \$49,694,538 |
| \$3.39 | \$2.95 | \$3.01 | \$2.95 | \$2.92 | \$2.97 | \$2.06 |
| \$3,981,724 | \$3,981,724 | \$3,981,724 | \$3,981,724 | \$3,981,724 | \$3,981,724 | \$3,981,724 |
| 35,566,560 | 31,120,740 | 26,674,920 | 26,674,920 | 26,674,920 | 26,674,920 | 22,229,100 |
| \$1.60 | \$1.40 | \$1.20 | \$1.20 | \$1.20 | \$1.20 | \$1.00 |
| 39,678,972 | 34,520,201 | 40,308,696 | 39,008,840 | 38,215,602 | 39,331,888 | 23,483,714 |
| 29,091,418 | 28,244,519 | 31,267,813 | 30,412,231 | 29,668,815 | 28,251,009 | 25,758,066 |
| 34,861,396 | 32,065,877 | 34,132,866 | 33,723,962 | 34,350,333 | 30,255,786 | 25,918,651 |
| 1,267 | 1,288 | 1,329 | 1,301 | 1,247 | 1,287 | 1,283 |
| 619.94 | 615.37 | 611.10 | 609.27 | 600.60 | 587.95 | 550.50 |
| 1,254.13 | 1,195.33 | 1,188.31 | 1,215.93 | 1,263.39 | 1,181.69 | 1,127.20 |
| 77,736 | 75,216 | 68,046 | 64,194 | 62,613 | 62,290 | 59,062 |
| 11,369,756 | 14,510,457 | 15,066,676 | 15,310,892 | 15,695,186 | 15,435,774 | 15,492,216 |
| 1,437,009 | 1,459,288 | 1,562,489 | 1,679,295 | 1,682,086 | 1,426,402 | 1,431,214 |
| 2,102 | 2,164 | 2,321 | 2,358 | 2,346 | 2,325 | 2,264 |
| 736.68 | 741.42 | 734.10 | 744.83 | 713.26 | 651.14 | 616.97 |
| 126.39 | 100.57 | 103.70 | 109.68 | 107.17 | 92.41 | 92.38 |
| 49,744 | 49,823 | 55,934 | 54,881 | 55,092 | 52,100 | 48,046 |
| \$235,446,579 | \$231,035,018 | \$251,324,408 | \$247,331,696 | \$232,961,063 | \$201,003,662 | \$190,217,928 |
| \$10.23 | \$10.02 | \$10.79 | \$10.65 | \$9.98 | \$8.60 | \$8.46 |
| 6.44 | 6.44 | 7.22 | 6.89 | 6.91 | 6.14 | 5.86 |
| 9,954,310 | 9,954,310 | 9,954,310 | 9,954,310 | 9,954,310 | 9,954,310 | 9,954,310 |
| 22,229,100 | 22,229,100 | 22,229,100 | 22,229,100 | 22,229,100 | 22,229,100 | 22,229,100 |
| 58,701 | 58,325 | 59,459 | 59,449 | 59,205 | 59,201 | 59,727 |



TABLE 13—BALANCE SHEETS AND INCOME AND

Subject to Interstate Commerce Commission Accounting Regulations

| BALANCE SHEET DECEMBER 31, 1958 | (1) Union Pacific Motor Freight Co. | (2) Yakima Valley Transportation Co. | (3) Union Pacific Stage Co. | (4) Spokane In- ternational R.R. Co. & con- trolled Land Co. | (5) Pacific Fruit Express Co. |
|--|--|--|--------------------------------------|---|-------------------------------------|
| ASSETS | | | | | |
| Property investment (stated at cost or less) .. | \$2,234,210.34 | \$1,084,373.23 | — | \$10,018,826.59 | \$232,796,683.35 |
| Reserves for depreciation and depletion (credit) | 568,598.61 | 195,915.52 | — | 1,190,633.43 | 112,532,080.97 |
| Donations and grants (credit) | — | 7,289.08 | — | 16,618.40 | — |
| Cash: In banks | — | 130,624.42 | — | 1,280,534.96 | 983,898.39 |
| On deposit with Union Pacific R.R. Co. | — | — | \$2,665.82 | — | 8,590,651.99 |
| On deposit with other stockholder | — | — | — | — | 8,590,651.99 |
| Accounts receivable | 244,288.58 | 4,634.64 | 8,738.68 | 155,529.40 | 8,540,580.18 |
| Material and supplies | 261.08 | 16,102.01 | — | 344,685.73 | 2,635,101.81 |
| Other current assets | 153,038.01 | 25.69 | — | 15,900.20 | 70,831.24 |
| Other assets and deferred charges | 130.28 | — | 161.40 | 345,067.33 | 1,359,806.75 |
| Total | <u>\$2,063,329.68</u> | <u>\$1,032,555.39</u> | <u>\$11,565.90</u> | <u>\$10,953,292.38</u> | <u>\$151,036,124.73</u> |
| LIABILITIES | | | | | |
| Capital stock | \$5,000.00 | \$500,000.00 | \$3,000.00 | \$3,273,360.00 | \$24,000,000.00 |
| Funded debt | — | — | — | 3,405,554.15 | 58,460,547.15 |
| Due Union Pacific Railroad Co. | 1,559,411.76 | 168,309.99 | — | — | — |
| Tax liability | 2,265.73 | 28,196.11 | — | 401,977.53 | 1,923,748.45 |
| Other current liabilities | 167,337.91 | 27,677.92 | 7,348.22 | 650,795.08 | 17,282,137.65 |
| Other liabilities and deferred credits | — | 3.67 | — | 249,946.39 | 475,485.35 |
| Reserves for insurance, casualties, etc. | 5,587.56 | — | — | 12,594.74 | 2,428,147.88 |
| Total liabilities | <u>\$1,739,602.96</u> | <u>\$724,187.69</u> | <u>\$10,348.22</u> | <u>\$7,994,227.89</u> | <u>\$104,570,066.48</u> |
| Paid in capital surplus | — | \$100,000.00 | — | — | — |
| Retained income, as shown below | <u>\$323,726.72</u> | <u>208,367.70</u> | <u>\$1,217.68</u> | <u>\$2,959,064.49</u> | <u>\$46,466,058.25</u> |
| Total surplus | <u>\$323,726.72</u> | <u>\$308,367.70</u> | <u>\$1,217.68</u> | <u>\$2,959,064.49</u> | <u>\$46,466,058.25</u> |
| Total | <u>\$2,063,329.68</u> | <u>\$1,032,555.39</u> | <u>\$11,565.90</u> | <u>\$10,953,292.38</u> | <u>\$151,036,124.73</u> |
| INCOME ACCOUNT, YEAR ENDED | | | | | |
| DECEMBER 31, 1958 | | | | | |
| Revenues | \$1,464,382.15 | \$242,957.26 | — | \$3,671,890.35 | \$76,902,661.17 |
| Expenses and rents | 1,213,568.90 | 170,270.64 | — | 2,421,167.57 | 52,409,787.92 |
| Net | <u>\$250,813.25</u> | <u>\$72,686.62</u> | — | <u>\$1,250,722.78</u> | <u>\$24,492,873.25</u> |
| Royalties from oil and gas leases | — | — | — | — | — |
| Other income | — | 371.44 | — | 11,756.08 | 1,408.90 |
| Total | <u>\$250,813.25</u> | <u>\$73,058.06</u> | — | <u>\$1,262,478.86</u> | <u>\$24,494,282.15</u> |
| Interest on funded debt | — | — | — | \$149,300.21 | \$1,833,092.95 |
| Federal income taxes | \$2,660.87 | \$25,213.49 | — | 369,662.20 | 2,640,344.39 |
| Other taxes | 141,386.31 | 11,710.05 | — | 223,102.22 | 4,472,106.60 |
| Other deductions | 338.52 | 332.63 | — | 5,740.94 | 7,332,327.02 |
| Balance transferred to retained income | <u>\$106,427.55</u> | <u>\$35,801.89</u> | — | <u>\$514,673.29</u> | <u>\$8,216,411.19</u> |
| RETAINED INCOME | | | | | |
| Retained income, December 31, 1957 | \$220,299.17 | \$172,565.81* | \$1,217.68 | \$2,748,798.63 | \$46,888,917.30 |
| Income balance, as shown above | 106,427.55 | 35,801.89 | — | 514,673.29 | 8,216,411.19 |
| Miscellaneous profits and losses—Net † | 3,000.00 † | — | — | 5,535.43 † | 729.76 |
| Absorption of profit by U.P.R.R. Co. (debit) .. | — | — | — | — | — |
| Total | <u>\$323,726.72</u> | <u>\$208,367.70</u> | <u>\$1,217.68</u> | <u>\$3,257,936.49</u> | <u>\$55,106,058.25</u> |
| Less dividends | — | — | — | 298,872.00 | 8,640,000.00 |
| Retained income, December 31, 1958 | <u>\$323,726.72</u> | <u>\$208,367.70</u> | <u>\$1,217.68</u> | <u>\$2,959,064.49</u> | <u>\$46,466,058.25</u> |

(1) Owns and operates motor trucks, tractors and trailers, and provides a motor truck operation supplemental to rail freight service of U.P.R.R.Co. in various cities and States. This includes pick-up and delivery of LCL shipments and of trailers operated in trailer-freight service, and substitute highway service. (2) Owns and operates electric railway for freight service, connecting with U.P.R.R.Co. at Yakima, Wash. (3) Operates motor coaches between East Los Angeles and other Southern California points, for accommodation of rail passengers. All revenues and income are paid over to, and all expenses are borne by, U.P.R.R.Co. (4) Owns and operates railroad for freight service between Spokane, Wash., and Eastport, Idaho. U.P.R.R.Co. acquired control on October 6, 1958, and owned 98.84% of capital stock at close of year. (5) 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.

* Restated. † Debit. ‡ Income tax effect is reflected in "Federal income taxes."



RETAINED INCOME ACCOUNTS OF AFFILIATED COMPANIES

Not Subject to Interstate Commerce Commission Accounting Regulations §

| (6) Union Pacific Coal Co. | (7) Utah Parks Co. | (8) Southern Wyoming Utilities Co. | (9) Union Pacific Water Co. | (10) Las Vegas Land and Water Co. | (11) Union Land Co. | (12) Kansas City Industrial Land Co. | (13) Overland Terminal Warehouse Co. |
|----------------------------|---------------------|------------------------------------|-----------------------------|-----------------------------------|-----------------------|--------------------------------------|--------------------------------------|
| \$18,672,348.36 | \$3,804,443.80 | \$3,299,709.85 | \$1,212,971.89 | \$4,158,398.79 | \$3,154,732.87 | \$527,005.54 | \$1,238,320.30 |
| <i>12,798,100.43</i> | <i>3,149,168.17</i> | <i>1,792,681.39</i> | <i>1,011,325.90</i> | <i>519,765.09</i> | <i>257,166.46</i> | <i>25,248.35</i> | <i>733,147.19</i> |
| — | — | <i>144,827.46</i> | — | — | <i>10,784.67</i> | <i>63,939.70</i> | — |
| 134,469.85 | — | 995.53 | — | — | — | — | 7,596.56 |
| 12,424,864.03 | — | 88,409.75 | 213,620.56 | — | — | 91,241.66 | — |
| — | — | — | — | — | — | — | — |
| 82,249.30 | 17,108.63 | 100,727.20 | 7,879.57 | 11,074.66 | 1,493.80 | 13,087.98 | 40,459.79 |
| 426,603.82 | 173,502.01 | 65,758.47 | 10,767.51 | — | — | — | — |
| 1,630.62 | 5,562.43 | 361.15 | 146.00 | — | — | 823.68 | 3,401.06 |
| 156,011.00 | — | 598.47 | — | 162,146.40 | — | 1,088,650.96 | 9,122.83 |
| <u>\$19,100,076.55</u> | <u>\$851,448.70</u> | <u>\$1,619,051.57</u> | <u>\$434,059.63</u> | <u>\$3,811,854.76</u> | <u>\$2,888,275.54</u> | <u>\$1,631,621.77</u> | <u>\$565,753.35</u> |
| \$5,000,000.00 | \$25,000.00 | \$350,000.00 | \$178,300.00 | \$50,000.00 | \$10,000.00 | \$900,000.00 | \$115,000.00 |
| — | — | — | — | — | — | — | — |
| — | 745,722.25 | — | — | 1,474,312.35 | 2,254,619.54 | — | 42,633.47 |
| 99,327.35 | 36,167.56 | 99,025.82 | 18,267.18 | 89,501.95 | 44,916.47 | 22,687.76 | 25,349.83 |
| 133,916.35 | 40,928.01 | 70,836.93 | 2,698.18 | 304.82 | 232.12 | 5,335.96 | 49,075.88 |
| 19,117.59 | 3,580.88 | 104,476.90 | — | 74,763.67 | — | 42,116.41 | — |
| 985,171.42 | 50.00 | 58,959.98 | 23,316.68 | — | — | — | — |
| <u>\$6,237,532.71</u> | <u>\$851,448.70</u> | <u>\$683,299.63</u> | <u>\$222,582.04</u> | <u>\$1,688,882.79</u> | <u>\$2,309,768.13</u> | <u>\$970,140.13</u> | <u>\$232,059.18</u> |
| — | — | — | — | — | — | \$466,371.39 | \$100,000.00 |
| \$12,862,543.84 | — | \$935,751.94 | \$211,477.59 | \$2,122,971.97 | \$578,507.41 | 195,110.25 | 233,694.17 |
| \$12,862,543.84 | — | \$935,751.94 | \$211,477.59 | \$2,122,971.97 | \$578,507.41 | \$661,481.64 | \$333,694.17 |
| \$19,100,076.55 | \$851,448.70 | \$1,619,051.57 | \$434,059.63 | \$3,811,854.76 | \$2,888,275.54 | \$1,631,621.77 | \$565,753.35 |
| \$1,825,956.46 | \$1,418,012.52 | \$1,056,001.03 | \$92,459.07 | \$272,940.48 | \$162,200.42 | \$146,919.92 | \$589,339.68 |
| 1,582,728.56 | 1,235,244.75 | 848,945.87 | 45,486.46 | 46,012.23 | 79,003.10 | 56,745.41 | 502,418.56 |
| \$243,227.90 | \$182,767.77 | \$207,055.16 | \$46,972.61 | \$226,928.25 | \$83,197.32 | \$90,174.51 | \$86,921.12 |
| — | — | — | — | 49,690.86 | — | — | — |
| 1,272.80 | 5,259.99 | 599.14 | 240.00 | — | — | 220.02 | — |
| <u>\$244,500.70</u> | <u>\$188,027.76</u> | <u>\$207,654.30</u> | <u>\$47,212.61</u> | <u>\$276,619.11</u> | <u>\$83,197.32</u> | <u>\$90,394.53</u> | <u>\$86,921.12</u> |
| — | — | — | — | — | — | — | — |
| \$56,039.46 | \$18,973.67 | \$76,371.25 | \$10,856.23 | \$64,158.66 | \$26,647.09 | \$21,810.22 | \$4,019.43 |
| 161,370.20 | 73,977.60 | 55,173.48 | 16,660.25 | 57,643.08 | 22,536.60 | 3,351.52 | 74,723.57 |
| 6.21 | — | 2,792.46 | — | — | 17.20 | — | .63 |
| <u>\$27,084.83</u> | <u>\$95,076.49</u> | <u>\$73,317.11</u> | <u>\$19,696.13</u> | <u>\$154,817.37</u> | <u>\$33,996.43</u> | <u>\$65,232.79</u> | <u>\$8,177.49</u> |
| \$12,834,904.60 | — | \$862,197.65* | \$209,611.46 | \$1,968,154.60 | \$544,510.98* | \$140,189.13* | \$225,501.38* |
| 27,084.83 | \$95,076.49 | 73,317.11 | 19,696.13 | 154,817.37 | 33,996.43 | 65,232.79 | 8,177.49 |
| 554.41 | 34,581.57 | 237.18 | — | — | — | 10,311.67† | 15.30 |
| — | <i>129,658.06</i> | — | — | — | — | — | — |
| <u>\$12,862,543.84</u> | <u>—</u> | <u>\$935,751.94</u> | <u>\$229,307.59</u> | <u>\$2,122,971.97</u> | <u>\$578,507.41</u> | <u>\$195,110.25</u> | <u>\$233,694.17</u> |
| — | — | — | 17,830.00 | — | — | — | — |
| <u>\$12,862,543.84</u> | <u>—</u> | <u>\$935,751.94</u> | <u>\$211,477.59</u> | <u>\$2,122,971.97</u> | <u>\$578,507.41</u> | <u>\$195,110.25</u> | <u>\$233,694.17</u> |

(6) Owns and operates coal mines in Wyoming to supply U.P.R.R.Co. and affiliated companies. Audit of the company's Federal income tax returns for 1943 and subsequent years not completed by Internal Revenue Service. (7) Owns and operates hotels and other tourist facilities (including motor coaches) in National Parks in Utah and Arizona. (8) Furnishes electric energy and water to consumers in various Wyoming towns on line of U.P.R.R. Co. (9) Owns and operates water facilities in Wyoming to supply U.P.R.R.Co. and others. (10) Holds real estate for sale or lease in California. (11) Holds real estate for sale or lease in Nebraska, Wyoming, Kansas, Colorado, Idaho and Utah. (12) Holds real estate for sale or lease at Kansas City, Kans. (13) Owns and operates public warehouse at Los Angeles, Calif.

§ See opinion of Independent Public Accountants, relating to these statements, on following page.

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

912 FIRST NATIONAL BANK BUILDING
OMAHA 2

To the Board of Directors of
Union Pacific Railroad Company

We have examined the financial statements of the eight wholly owned affiliated companies of the Union Pacific Railroad Company for the year ended December 31, 1958, included in Columns 6 to 13, inclusive, in the accompanying Table 13. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of the companies at December 31, 1958 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Haskins & Sells

March 6, 1959.



TABLE 14 — TRACK MILEAGE

| | Miles of Road | Miles of Additional Main Track | Miles of Yard Tracks and Sidings |
|--|---------------------|--------------------------------------|--|
| Wholly owned | 9,054.24 | 1,313.28 | 4,134.76 |
| Owned jointly with other companies | 90.88 | 2.00 | 187.50 |
| Total owned | 9,145.12 | 1,315.28 | 4,322.26 |
| Owned but not operated | 60.31 | 1.70 | 44.10 |
| Total owned and operated | 9,084.81 | 1,313.58 | 4,278.16 |
| Operated but not owned: | | | |
| Trackage rights granted by other companies | 658.58 | 259.30 | 488.88 |
| Operated under lease or contract | 1.30 | ..... | 4.87 |
| Total operated at close of year | 9,744.69 | 1,572.88 | 4,771.91 |
| Total operated at beginning of year | 9,786.38 | 1,572.95 | 4,775.79 |
| Decrease during year | 41.69* | .07 | 3.88 |
| Average mileage operated during year | 9,752.96 | 1,572.94 | 4,766.35 |
| Mileage maintained at close of year | 8,948.16 | 1,312.37 | 4,121.66 |
| Average mileage maintained during year | 8,953.77 | 1,312.33 | 4,118.72 |

* Principally abandonment of Homestead Branch in Oregon, Mammoth Branch in Utah, and portion of Manhattan Branch in Kansas.

TABLE 15 — 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 | 365.28 | 3.75 | 119.24 | 7.58 | 524.30 | 10.99 |
| Colorado | 642.74 | 6.60 | 13.82 | .88 | 311.49 | 6.53 |
| Idaho | 1,987.22 | 20.39 | 107.67 | 6.84 | 736.56 | 15.43 |
| Iowa | 2.25 | .02 | 2.25 | .14 | 84.89 | 1.78 |
| Kansas | 1,149.51 | 11.80 | 68.82 | 4.38 | 468.40 | 9.82 |
| Missouri | 2.16 | .02 | 1.54 | .10 | 21.92 | .46 |
| Montana | 143.16 | 1.47 | .75 | .05 | 47.41 | .99 |
| Nebraska | 1,332.38 | 13.67 | 466.84 | 29.68 | 617.74 | 12.94 |
| Nevada | 366.85 | 3.76 | ..... | ..... | 130.25 | 2.73 |
| Oregon | 1,110.92 | 11.40 | 30.76 | 1.96 | 458.89 | 9.62 |
| Utah | 810.76 | 8.32 | 104.97 | 6.67 | 423.06 | 8.86 |
| Washington | 1,022.09 | 10.49 | 147.71 | 9.39 | 439.37 | 9.21 |
| Wyoming | 809.37 | 8.31 | 508.51 | 32.33 | 507.63 | 10.64 |
| Total | 9,744.69 | 100.00 | 1,572.88 | 100.00 | 4,771.91 | 100.00 |

Telling the public . . .

Why Union Pacific Railroad Advertises for Passenger Business

(From a recent newspaper advertisement of the Company)

"In face of all that has been said and written about railroads getting out of the passenger business, doesn't it seem strange that Union Pacific should be so energetic and enthusiastic about promoting passenger business on its Streamliners and Domeliners?"

"Believing that if you create a better product people will buy it, Union Pacific, in the last few years, has invested over \$31,000,000 in new, modern passenger equipment. This has included dome lounges, dome diners and dome coaches . . . latest design Pullmans . . . and the most comfortable coaches ever built. Today, Union Pacific operates the finest, most luxurious transportation between Chicago and the Pacific Coast! **This is why Union Pacific advertises its passenger trains!**

"But what about planes? Aren't the airlines putting the trains out of business? No, . . . as long as there are people who prefer the finer things of life there'll always be those who will choose to ride on Union Pacific trains! Not all people believe that you "have to break your neck" to get there. There are those who firmly believe that travel was meant to be enjoyed — not merely endured. And those who can afford to travel by train see no reason for paying more for something less! **This is**

why Union Pacific advertises its passenger trains!

"Then there's the matter of special family fares. Union Pacific encourages families to travel together. For four days of every week — Mondays through Thursdays — fares are made so attractive to husband and wife, or one or both parents and their children, that trips started on those days become unbelievably low in cost. These special rates apply to both coach and Pullman accommodations. Children are thrilled to ride on the train (and who isn't?) and because of their welcomeness aboard, they never fail to have a good time. Union Pacific extends a special welcome to families traveling together. **This is another reason why Union Pacific advertises its passenger trains!**

"Does all this effort to tell the Union Pacific story of its fine trains really pay off? We hope so. And we believe it does. The nicest letters are written to us by people who have ridden our trains recently and they are very enthusiastic about their experiences. We know you will also find Union Pacific Domeliners and Streamliners the finest and most luxurious means of travel in America today, and we want everyone to know about it! **That's why we advertise so enthusiastically!**"





