

1960
ANNUAL
REPORT





64th ANNUAL REPORT

Year Ended December 31, 1960

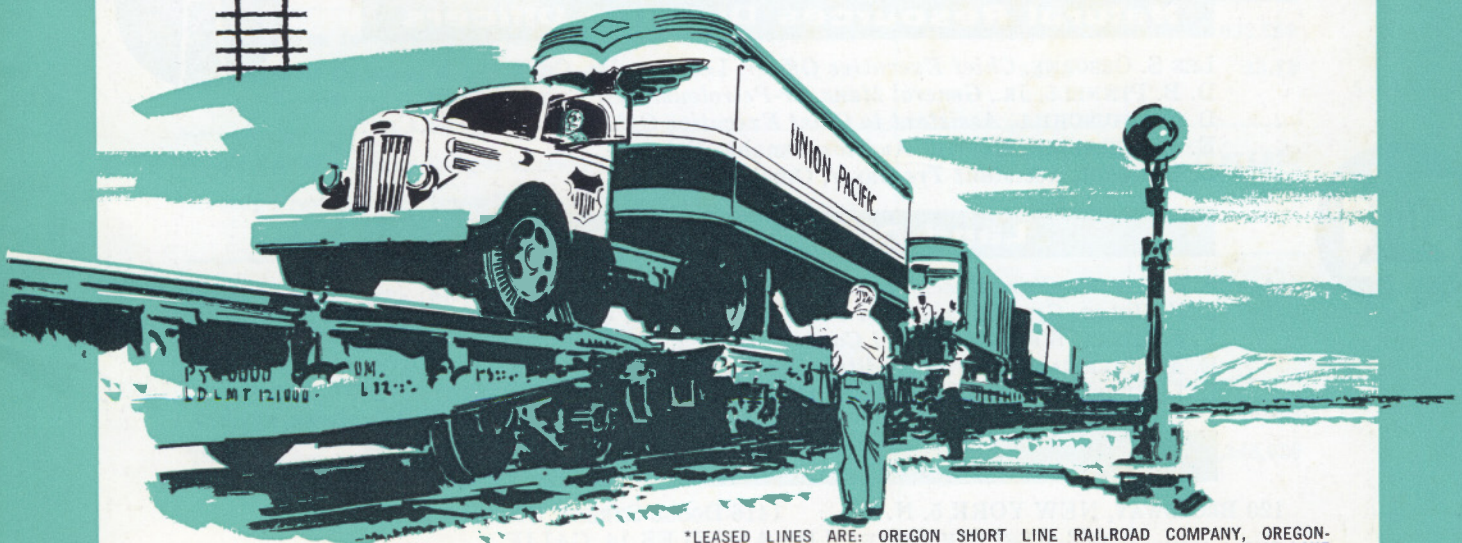
UNION PACIFIC RAILROAD COMPANY

(INCLUDING ITS LEASED LINES*)



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*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.

UNION PACIFIC RAILROAD COMPANY

DIRECTORS AND OFFICERS (April 1, 1961)

Directors

E. ROLAND HARRIMAN, *Chairman*, Arden, N. Y.
FRANK E. BARNETT, New York, N. Y.
COURTNEY C. BROWN, Scarsdale, N. Y.
W. DALE CLARK, Omaha, Nebr.
GEORGE S. ECCLES, Salt Lake City, Utah
WALTER D. FLETCHER, New York, N. Y.
ARTEMUS L. GATES, Locust Valley, N. Y.
ELBRIDGE T. GERRY, Delhi, N. Y.
ELGIN HICKS, Omaha, Nebr.
THOMAS P. JERMAN, Short Hills, N. J.
THOMAS KERR, Portland, Ore.
OSCAR T. LAWLER, Los Angeles, Calif.
HAROLD B. LEE, Salt Lake City, Utah
ROBERT A. LOVETT, Locust Valley, N. Y.
WILLIAM C. MULLENDORE, Los Angeles, Calif.
GEORGE E. ROOSEVELT, New York, N. Y.
JOHN S. SINCLAIR, Weston, Conn.
A. E. STODDARD, Omaha, Nebr.
R. M. SUTTON, New York, N. Y.

Executive Committee

ROBERT A. LOVETT, *Chairman*
COURTNEY C. BROWN
GEORGE E. ROOSEVELT
JOHN S. SINCLAIR
E. ROLAND HARRIMAN, *ex officio*

General Officers

E. ROLAND HARRIMAN, *Chairman, Board of Directors*, New York, N. Y.
ROBERT A. LOVETT, *Chairman, Executive Committee*, New York, N. Y.
A. E. STODDARD, *President*, Omaha, Nebr.
R. M. SUTTON, *Vice-President and Controller*, New York, N. Y.
FRANK E. BARNETT, *Vice-President and General Counsel*, New York, N. Y.
C. W. ROSSWORN, *Secretary*, New York, N. Y.
D. A. POWELL, *Treasurer*, New York, N. Y.

Transportation Division Officers

A. E. STODDARD, *Chief Executive Officer*, Omaha, Nebr.
ELGIN HICKS, *Executive Vice-President*, Omaha, Nebr.
E. H. BAILEY, *Vice-President, Operations*, Omaha, Nebr.
J. R. MACANALLY, *Vice-President, Traffic*, Omaha, Nebr.
A. J. SEITZ, *Vice-President*, Portland, Ore.
F. J. MELIA, *Vice-President and Western General Counsel*, Omaha, Nebr.
L. J. BACHMAN, *Assistant to President*, Omaha, Nebr.
E. M. KERRIGAN, *General Auditor*, Omaha, Nebr.
J. A. BUNJER, *Chief Engineer*, Omaha, Nebr.
L. L. BURRI, *Assistant Treasurer*, Omaha, Nebr.

Natural Resources Division Officers

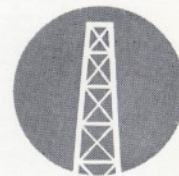
LEE S. OSBORNE, *Chief Executive Officer*, Los Angeles, Calif.
D. B. PINNELL, JR., *General Manager-Petroleum*, Los Angeles, Calif.
D. O. CHURCHILL, *Assistant to Chief Executive Officer*, Los Angeles, Calif.
E. M. KERRIGAN, *General Auditor*, Omaha, Nebr.
L. L. BURRI, *Assistant Treasurer*, Omaha, Nebr.

Land Division Officers

A. C. RITTER, *Chief Executive Officer*, Omaha, Nebr.
J. F. HOLST, *General Land and Tax Commissioner*, Omaha, Nebr.
F. J. MELIA, *Western General Counsel*, Omaha, Nebr.
E. M. KERRIGAN, *General Auditor*, Omaha, Nebr.
L. L. BURRI, *Assistant Treasurer*, Omaha, Nebr.

Offices

120 BROADWAY, NEW YORK 5, N. Y. 1416 DODGE STREET, OMAHA 2, NEBR.
422 WEST 6TH STREET, LOS ANGELES 14, CALIF.
Annual Meeting of Stockholders, Salt Lake City, Utah, Second Tuesday in May.



1960



YEAR IN BRIEF

	1960	1959
INCOME		
Operating revenues	\$494,184,464	\$515,767,433
Operating expenses	<u>359,741,036</u>	<u>378,741,803</u>
Revenues over expenses	\$134,443,428	\$137,025,630
Operating ratio (ratio of expenses to revenues)	<u>72.79%</u>	<u>73.43%</u>
Federal income taxes	\$ 42,400,000	\$ 38,400,000
Other taxes	36,942,574	38,406,304
Equipment and joint facility rents (Debit)	<u>22,265,560</u>	<u>23,262,674</u>
Net income from transportation operations	\$ 32,835,294	\$ 36,956,652
Net income from oil and gas operations	22,098,416	19,347,089
Dividend income	5,215,094	5,133,955
Interest income	5,093,809	5,246,208
Other income	<u>4,638,717</u>	<u>3,145,997</u>
Total income	\$ 69,881,330	\$ 69,829,901
Fixed and other charges	<u>4,568,818</u>	<u>4,988,541</u>
Net income	\$ 65,312,512	\$ 64,841,360
Net income (after Preferred Dividends) per share of Common Stock outstanding	\$2.73	\$2.71
Dividends declared on Common Stock	\$ 35,886,776	\$ 35,886,776
Annual rate per share (30¢ each quarter; 40¢ extra)	\$1.60	\$1.60
Number of Preferred and Common Stockholders— December 31st	96,884	87,705
Expenditures for equipment and other improvements	\$ 56,329,478	\$ 70,092,589
Per share of Common Stock outstanding	\$2.51	\$3.13
Ton-miles of revenue freight carried (thousands)	31,532,831	32,874,828
Average revenue per ton-mile (cents)	1.358	1.366
Revenue passengers carried one mile (thousands)	1,232,604	1,242,182
Average revenue per passenger-mile (cents)	2.233	2.248
Average number of employes	37,589	40,565
Total wages paid	\$229,981,761	\$242,343,020

**REPORT OF THE BOARD OF DIRECTORS
ON THE YEAR'S BUSINESS**

TO OUR STOCKHOLDERS

New York, N. Y., April 27, 1961

As announced in the special letter mailed to all Stockholders of record at the beginning of this year, a major change was made in the organizational structure of the Union Pacific on January 1, 1961, by setting up three specialized Operating Divisions, each headed by a Chief Executive Officer. The objective of this move was to gain the maximum advantages from the inherent benefit accruing to the Company through the diversification of its interests and activities. The jurisdiction of the Transportation Division embraces all railroad and related activities. The Natural Resources Division is responsible for activities of the Company and its subsidiaries relating to discovery, production, processing, and marketing of oil, natural gas, and other mineral resources, including pipe line operations. The Land Division is in charge of leases, purchases, and sales of all lands not assigned to either of the other Divisions, with the primary function of promoting industrial development on the Company's lines. The names of the principal Divisional Officers are listed on page 2, but this report does not otherwise reflect the new Divisional organization, since it was not in effect during 1960.

Our income from transportation operations in 1960 was disappointing. It was 11 per cent less than in 1959 (which was itself an unsatisfactory year) and was in sharp contrast with the hope for an increase in volume of traffic based upon the many optimistic forecasts that had been made of a high level of general economic activity in 1960. These predictions fell far short of realization, and Union Pacific operating revenues showed a drop of \$21.6 million. This decline in gross was almost balanced by a reduction of \$19 million in operating expenses, despite further wage rate increases, a reduction in State and county taxes, and a decrease in equipment rents. However, there was an increase of \$4 million in Federal income taxes, chiefly because of a further decline in allowances, for tax purposes, in connection with amortization of defense facilities,

with a corresponding decrease of \$4 million in net transportation income.

Fortunately our net income from oil and gas operations showed a heartening increase of 14 per cent, due primarily to income derived from the new Patrick Draw oil field in Wyoming. This together with a net increase in other income resulted in a modest increase in net income from all sources. Net income per share of common stock, after allowance for preferred dividends, was \$2.73 compared with \$2.71 in 1959. Dividends declared on common stock at the rate of \$1.60 per share, the same rate as in the five preceding years, represented 59 per cent of net income after preferred dividends.

The program of investment in new equipment and improvements to other transportation property was continued during 1960 with expenditures totaling \$56.3 million. Substantial expenditures were made also for oil and gas facilities in various areas, for additional industrial property along our lines, and for investment in the capital stock (70% of total issued) and 6 $\frac{1}{8}$ % first mortgage promissory notes of the Calnev Pipe Line Company, which is constructing a pipe line for refined petroleum products between Southern California and Las Vegas, Nevada. Operation of the pipe line, which is scheduled to start around the middle of 1961, promises to be a profitable venture.

Long-term debt in the hands of the public was reduced by 29 per cent during the year, with a reduction of \$1.4 million in fixed interest charges on an annual basis. This was accomplished chiefly by the redemption of \$46 million of Oregon-Washington Railroad & Navigation Company 3% bonds which matured on October 1st, the necessary funds having been provided through proceeds from the maturity of investments in U. S. Treasury obligations which had previously been earmarked for this purpose.



Previous annual reports have outlined the difficulties of the railroad industry arising from governmental promotion and development of competing forms of transportation, and from over-taxation and over-regulation. An exhaustive transportation study under the direction of General John P. Doyle, pursuant to Senate Resolution 29, was completed in January, 1961. The report issued brings out a number of inequities to which the railroads are subject and makes some recommendations of a constructive character, particularly those having to do with relieving the railroads from unduly burdensome State and local taxation and imposing adequate charges for use by for-hire carriers of publicly provided transportation facilities. It is to be hoped that in due course legislation to carry out these recommendations will be enacted. It is important that railroad stockholders and employes should keep themselves informed on such legislative matters and let their representatives at Washington know of their interest in seeing that the railroads are accorded fair treatment and permitted to compete with other forms of transportation on an equal basis.

It is gratifying to report a constructive and hopeful development in connection with the matter of burdensome "working rules" of railroad employes. On November 1, 1960, following agreement between the railroads and the employe organizations concerned, former President Eisenhower appointed a 15-man commission to study this problem, composed of five representatives each of the railroads, the unions, and the public. The commission is to issue its report and recommendations by December 1, 1961, although the date may be extended for 90 days. The commission's recommendations will not be binding on the parties, but they should be helpful and in any event the appointment of the commission repre-

sents tangible recognition of the need for revision of the working rules at issue.

Several chemical companies have been conducting extensive exploratory core-hole drilling for trona in the Green River Basin, Wyoming, which has substantially increased the proved reserves of this mineral in lands where the Company owns mineral rights. The most promising area developed by this drilling is located approximately 17 miles northwest of Green River, where the Union Pacific has undertaken to pool its lands with those held by a chemical company under a joint arrangement for mining the trona and manufacturing soda ash.

New tests were conducted for the Company on several hundred tons of Iron Mountain titaniferous iron ore during the year in a plant at Niagara Falls, Canada. The cost of these tests was relatively small. The results demonstrated the technical feasibility of the process used for treatment of the ore to yield a high-grade iron product as well as titania slag of a grade suitable for utilization in the manufacture of pigments. However, the economic aspects of the process will require additional study before conclusions can be reached.

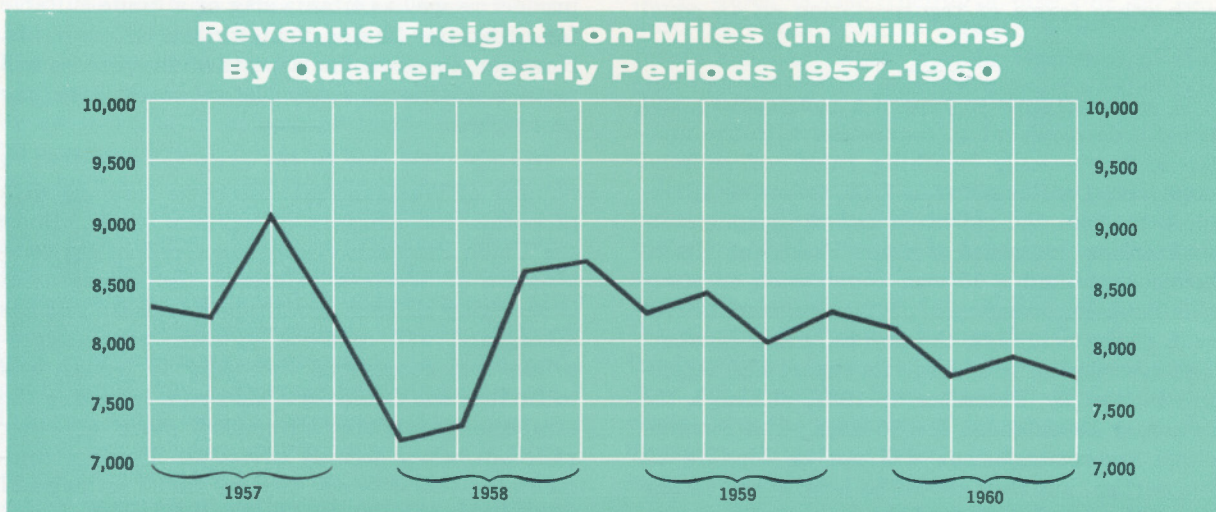
During 1960 and in the early part of 1961, a number of Western railroads came forward with proposals for mergers of various kinds. Since the Union Pacific is vitally concerned in any combination of Western railroads, the management is watching all such developments closely and has taken, and will continue to take, every appropriate step considered necessary to protect and to further the Company's interests, including the strategic acquisition of capital stock of other railroads when deemed advisable. Further comments on this subject may be found on page 21 of this report.

OPERATING REVENUES

	1960	1959	Increase	Decrease	Per Cent
Freight	\$428,271,329	\$449,037,095	.....	\$20,765,766	4.6
Passenger	27,519,034	27,929,586	.....	410,552	1.5
Mail	20,743,000	19,301,949	\$1,441,051	.....	7.5
Express	4,064,304	5,344,529	.....	1,280,225	24.0
Switching	6,166,274	6,353,256	.....	186,982	2.9
Other	7,420,523	7,801,018	.....	380,495	4.9
Total operating revenues.....	\$494,184,464	\$515,767,433	.....	\$21,582,969	4.2

Most of the decrease in **Freight** revenue occurred in the first seven months of the year; traffic during the corresponding period of 1959 was stimulated by an upward trend in the business cycle, coupled with abnormally heavy stockpiling by industry prior to the steel strike in July, whereas general economic activity in 1960 held to a relatively reduced level. In the last five months of 1960 there was a net increase of 6 per cent in tons carried compared with the same period of 1959, but the monthly trend was downward with a sharp drop in December; moreover the increases in tonnage during the latter part of the year were in short-haul, low-rated freight, such as sugar beets and iron ore, while there were declines in lumber and other long-haul traffic.

The number of tons handled for the full year was about the same as in 1959, but the average length of haul was 4.3 per cent shorter and the average revenue per ton-mile decreased slightly. The Interstate Commerce Commission authorized the railroads to increase the interstate freight rates applying to most commodities, effective October 24, 1960, to compensate in some degree for increases in expenses caused by higher wage rates and other factors. However, it is estimated that the resulting increase in annual freight revenue will amount to only slightly more than one per cent for the Union Pacific, if and when the rate increases are made applicable, as well, to intrastate traffic in all of the States in its territory.



All of the major commodity groups reflected decreases in freight revenue in 1960, the largest declines being in Products of Forests, Products of Agriculture, and Manufactures and Miscel-

laneous, in that order. The individual commodities that had the most substantial decreases or increases in freight revenue, and a brief explanation of each, are listed below.

Decreases:

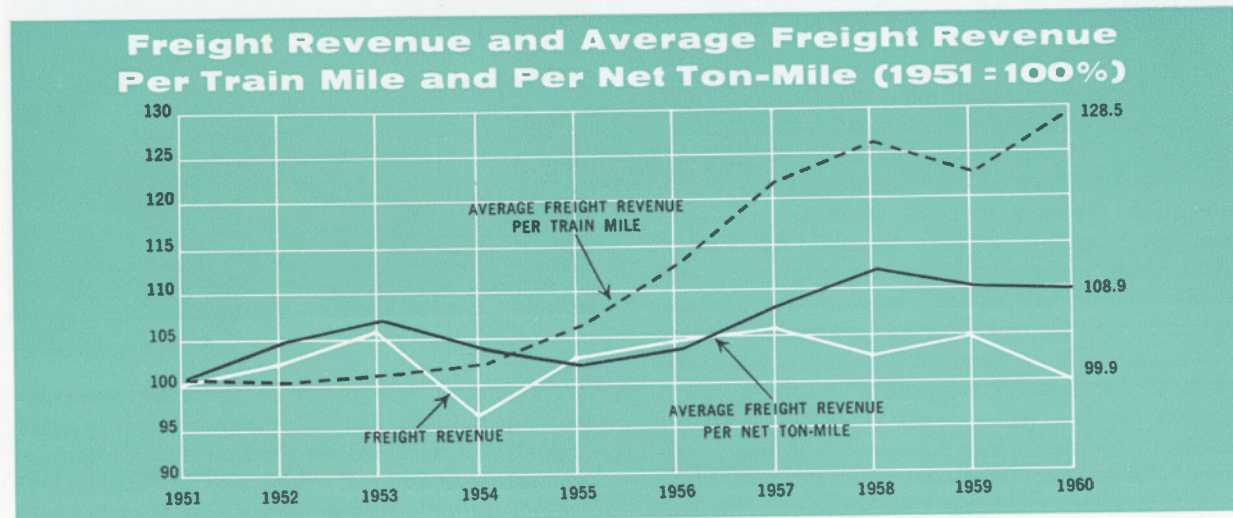
<i>Lumber</i>	<i>Decline in number of homes constructed.</i>
<i>Potatoes</i>	<i>Unfavorable market prices, with larger proportion of supplies moving to local Idaho processors.</i>
<i>Fresh fruits</i>	<i>Lighter production of citrus and deciduous fruits in Pacific Coast territory.</i>
<i>Miscellaneous manufactures</i>	<i>Reduced business activity.</i>
<i>Non-ferrous metals</i>	<i>Less demand by industry.</i>

Livestock

Fewer hogs available for shipment, and less cattle marketed because of high prices.

Increases:

<i>Automobiles</i>	<i>Greater production and sales, and increased trailer on flat car (piggy-back) shipments.</i>
<i>Sorghum grain</i>	<i>Larger crops of milo maize and increased movement of Government-owned stocks.</i>
<i>Canned food products</i>	<i>Greater demand in Eastern markets.</i>



The decrease in **Passenger revenue** was due to a further decline in sleeping car travel, but the decrease in the number of passenger-miles in Pullman cars was counterbalanced to a considerable extent by increased travel in coaches.

The increase in **Mail revenue** was principally the result of increases in the rate of compen-

sation for transporting mail, of 5.6 per cent effective July 1, 1959, and 13 per cent effective September 1, 1960.

The decrease in **Express revenue** may be ascribed chiefly to the generally unsatisfactory level of business activity that prevailed during 1960.

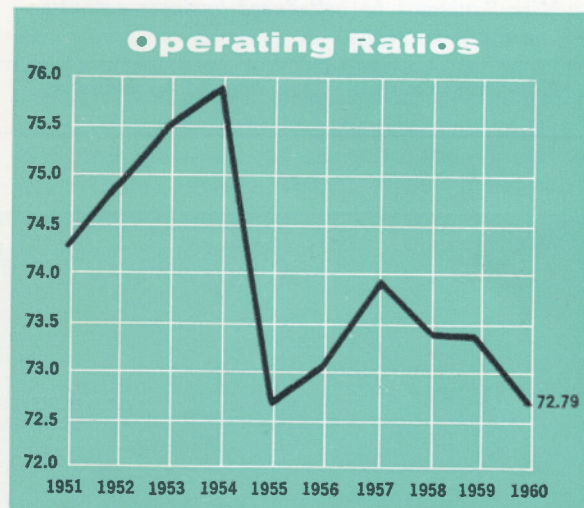
OPERATING EXPENSES

	1960	1959	Increase	Decrease	Per Cent
Maintenance of way and structures	\$52,602,251	\$60,397,222	.....	\$7,794,971	12.9
Maintenance of equipment	89,299,382	94,528,551	.....	5,229,169	5.5
Total maintenance	\$141,901,633	\$154,925,773	.....	\$13,024,140	8.4
Traffic	13,912,766	14,698,299	.....	785,533	5.3
Transportation	175,940,356	180,661,878	.....	4,721,522	2.6
Miscellaneous operations	7,695,841	8,294,564	.....	598,723	7.2
General	20,290,440	20,161,289	\$129,151	.....	.6
Total operating expenses	\$359,741,036	\$378,741,803	.....	\$19,000,767	5.0
Per cent—Operating expenses of operating revenues	72.79	73.43	.....	.64	.9

The decrease in **Operating expenses** was due in large measure to the decline in volume of freight traffic handled. This resulted in lowering direct costs of train and yard operations, and at the same time permitted substantially reduced outlays for labor and materials to maintain tracks, roadway, and rolling stock.

Nevertheless the extent of the decrease in expenses represented a considerable achievement. The "operating ratio," or percentage of total operating expenses to total operating revenues, was only 72.79 compared with 73.43 in 1959, and the "transportation ratio" (percentage of transportation expenses to total revenues) of 35.60 was not much higher than the ratio of 35.03 in 1959, despite the fact that in a year of severe traffic decline the normal tendency is for such ratios to rise sharply. Further underscoring this accomplishment is the fact that there were substantial increases in expenses resulting from factors beyond management control, including floods in Nebraska and Kansas, an unusually severe winter, increased depreciation and property retirement charges, and higher wages. The charges for depreciation and retirements of non-depreciable property rose by an aggregate amount of about \$3.3 million, chiefly because of increased investment in equipment and other property; and the increase in wage rates raised expenses by about \$4.4 million.

The increases in wage rates consisted of "cost-of-living" increases of 3¢ and 1¢ per hour, effective November 1, 1959, and May 1, 1960, respec-



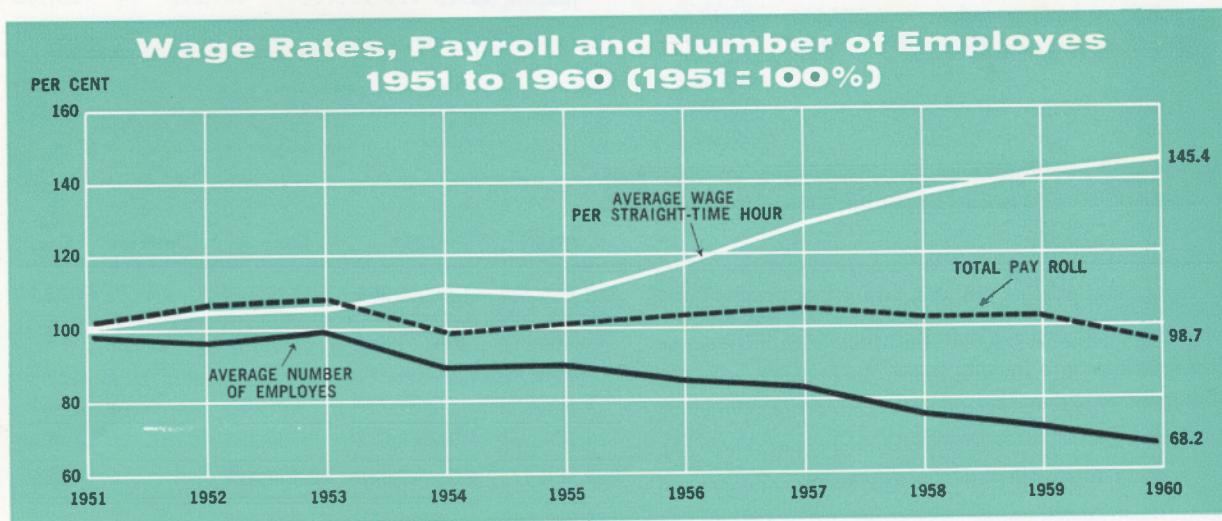
tively, and an increase of 5¢ per hour commencing July 1, 1960. The latter increase was granted as part of a nation-wide agreement with employe organizations in 1960, which also provided for all "cost-of-living" increases granted during the preceding three years to be included permanently in the basic wage rates and for a further increase in wage rates of 5¢ per hour (or the equivalent in "fringe benefits") to be effective on March 1, 1961. It is estimated that the total cost to the Company of this wage agreement on an annual basis may be as much as \$9.5 million. The overall effect on wage rates for the year 1960 was an average increase of 5½ cents an hour, with a further average increase for 1961 of 7 cents an hour.

The management's successful effort to hold down expenses in the face of diverse handicaps was accomplished in part through economies made possible by property improvements, such as acquisition of new equipment and construction of new freight station and yard facilities, and through consolidation of certain passenger trains with a resultant reduction in passenger-train miles.

A breakdown of operating expenses by primary accounts, compared with the preceding year, is shown in Table 4 on pages 33 through 35.

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

	1960	Increase (+) or Decrease (-) vs. 1959
New rails (track miles).....	82.91	- 27.44
Second-hand rails (track miles)	46.37	+ 6.14
Total rails (track miles)	129.28	- 21.30
Ties (number)	775,453	-79,655
Ballast (cubic yards).....	173,496	-80,096



TAXES

	1960	1959	Increase	Decrease	Per Cent
Federal income	\$42,400,000	\$38,400,000	\$4,000,000		10.4
Federal retirement	11,892,420	11,865,871	26,549		.2
Federal unemployment insurance	6,664,432	6,329,486	334,946		5.3
Other Federal	121,722	134,947		\$13,225	9.8
Total Federal	\$61,078,574	\$56,730,304	\$4,348,270		7.7
State and county	\$18,264,000	\$20,076,000		\$1,812,000	9.0
Total taxes	\$79,342,574	\$76,806,304	\$2,536,270		3.3
Per share of common stock	\$3.54	\$3.42	\$0.12		3.5

The increase in Federal income taxes was due to an increase in taxable income, chiefly

because of a decrease in the deduction for tax purposes, not reflected in the income statement,

for amortization allowances on the cost of property classified as "emergency facilities" by the Office of Defense Mobilization. The effect of such smaller allowances upon total income taxes and the amount per share of common stock in 1960 compared with the previous year is indicated in the tabulation shown below:

	1960	Decrease vs. 1959
Amortization allowances...	\$10,173,171	\$7,599,245
Excess of amortization over depreciation at Interstate Commerce Commission rates	1,968,525	7,594,162
Reduction in income taxes	1,023,633	3,948,964
Per share of common stock	\$.05	\$.17

State and county taxes declined because of reductions in accruals and taxes due to decisions of the courts in Nebraska and Wyoming, and reduced assessments by certain other States, offset to some extent by increased levies by school districts and municipalities. State and county taxes by classes compared with 1959 were:

	1960	Increase (+) or Decrease (-) vs. 1959
Ad valorem and other property taxes	\$16,033,440	-\$1,960,301
Income and franchise taxes	1,542,641	+ 119,199
Sales, use, and compensating taxes	687,919	+ 29,102
Total.....	<u>\$18,264,000</u>	<u>-\$1,812,000</u>

OIL AND GAS OPERATIONS

	1960	1959	Increase	Decrease	Per Cent
Receipts from sale of oil, gas, and other products...	\$32,843,693	\$29,298,485	\$3,545,208	.....	12.1
Production expenses (including depreciation).....	\$6,639,897	\$5,772,804	\$867,093	.....	15.0
Taxes (other than income taxes*).....	1,677,591	2,102,647	.....	\$425,056	20.2
Development expenses	2,427,789	2,075,945	351,844	.....	16.9
Total charges against receipts.....	\$10,745,277	\$9,951,396	\$793,881	.....	8.0
Net income from oil and gas operations.....	\$22,098,416	\$19,347,089	\$2,751,327	.....	14.2
Capitalized development costs.....	\$1,783,868	\$398,878	\$1,384,990	.....	347.2

* Federal taxes on income from oil and gas operations, which were approximately \$6,716,600 in 1960 and \$5,863,100 in 1959, are included in "Taxes" under "Transportation Operations."

The increase in receipts was due chiefly to production from the new Patrick Draw and West Desert Springs fields and increased sales of gas in Table Rock and Church Buttes fields, as indicated in the production table on the following page, partially offset by a net decrease in production from other fields and lower average prices for oil sold in Wilmington field. The increase in production expenses was attributable primarily to operation of the new Patrick Draw and West Desert Springs fields, and the rise in development expenses resulted from drilling activity in those fields and in other Wyoming areas. Most of the decrease in taxes was due to lower ad valorem taxes in Wilmington field.

As indicated in last year's report with respect to **Wilmington field**, unitization agreements covering lands of the larger producers in a substantial segment of the field became effective early in 1960. Union Pacific acts as operator of all lands now unitized except those belonging to the City of Long Beach and, as Unit Coordinator, apportions production and costs in the unitized areas among the several producers on the basis of agreed percentages. Negotiations are being continued with a view to unitization of an additional segment of the field where Union Pacific properties are located.

The Government's suit (mentioned in previous annual reports) asking for an injunction against further production from the field and

Union Pacific Share of Oil and Gas Production in Principal Fields

Principal oil fields	Number of wells at close of 1960	Barrels produced in 1960	Increase (+) or decrease (-) vs. 1959	
			Barrels	Per cent
Wilmington (Calif.)	781	6,636,579	- 85,554	1.3
East Los Angeles (Calif.)	33	189,279	- 15,579	7.6
Patrick Draw (Wyo.)	91	1,556,653	+1,556,653	—
West Desert Springs (Wyo.)	7	119,526	+ 119,526	—
Rangely (Colo.)	389	2,165,942	- 108,935	4.8
Pierce (Colo.)	18	345,245	- 19,738	5.4
Total		11,013,224	+1,446,373	15.1

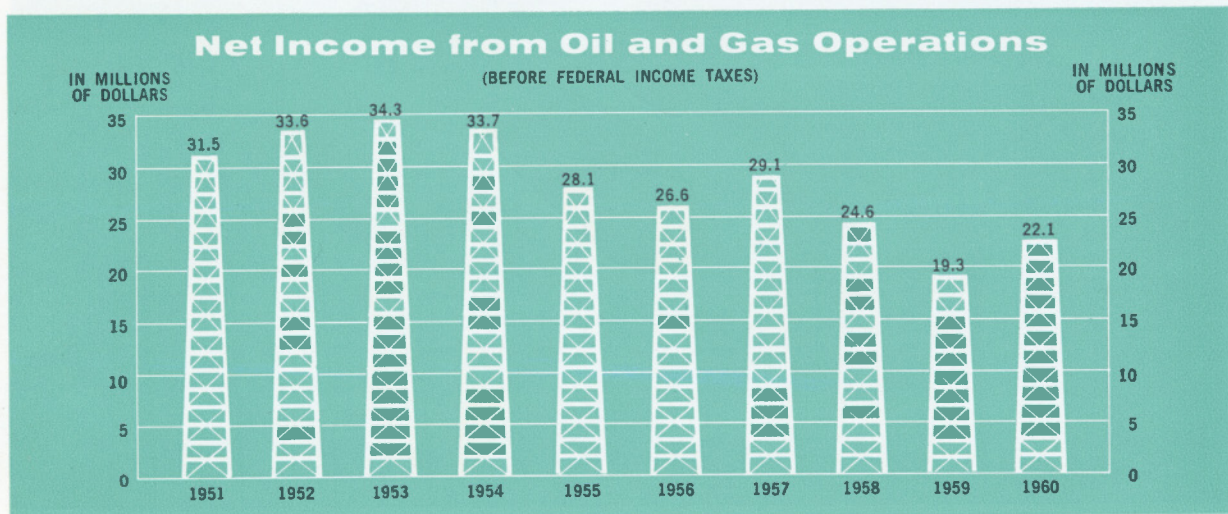
Principal gas fields	Number of wells at close of 1960	M cu. ft. produced in 1960	Increase (+) vs. 1959	
			M cu. ft.	Per cent
Church Buttes (Wyo.)	11	5,400,851	+ 425,419	8.6
Table Rock (Wyo.)	8	3,168,050	+2,423,921	325.7
Total		8,568,901	+2,849,340	49.8

for payment of damages on account of subsidence of land in the area, has not been brought to trial. During the year the Company injected 34.4 million barrels of salt water into the field or about 22 per cent more than in 1959. As shown in the production table the Union Pacific share of oil production declined only 1.3 per cent in 1960, whereas the production drop in 1959 compared with 1958 was 11.3 per cent. While redrilling of a number of wells in the latter part of 1959 and during 1960 was undoubtedly helpful in checking the rate of production decline, it is believed that the chief factor was extensive water flooding,

which would not have been possible without unitization.

In **Rangely field** also, water flooding appears to have been beneficial. During the year, 28 productive wells and a previously abandoned well were converted to water injection or water source wells. The decline of 4.8 per cent in oil production for the year compares with a decline of 16.3 per cent in 1959 compared with 1958.

The map on page 12 shows the portion of the **Greater Green River Basin** in Wyoming where the most extensive development activity was undertaken during the year, including Pat-



rick Draw oil field, West Desert Springs oil and gas areas, and the recently discovered Jackknife Spring gas field. Also included in this region are the producing Table Rock gas field, and the Desert Springs gas field where the wells are still closed in, pending development of a market outlet.

The Union Pacific interest in **Patrick Draw field** involves five areas. The Company is a party (with varying percentages of participation) to four unit agreements with various oil companies, covering different portions of the field, namely, Patrick Draw Unit, Beacon Ridge Unit, Arch Unit, and Gulf Unit, and in addition operates a relatively small area for its sole account. The total productive area approximates 20 square miles. Only three wells in which the Company had an interest in this field were unsuccessful.

Since there was no pipe line in the vicinity of Patrick Draw field when production began, it was necessary to haul the oil in trucks for a considerable distance. Such transportation not only was unduly expensive but also posed a threat of eventually restricting production. Accordingly the Company, in collaboration with another large producer, constructed an oil gathering system in

the field and a 31-mile pipe line to Wamsutter, Wyoming (about 41 miles west of Rawlins), which tied in with another pipe line at that point. Union Pacific owns a 50% interest in the line, which is leased to an operating company. It has a capacity of about 20,000 barrels per day. The cost per barrel of handling the Company's share of oil through the pipe line is less than half of the trucking charges previously paid.

The Union Pacific interest in **West Desert Springs field** involves two areas—the westerly portion of the Playa Unit and an area operated by the Company for its sole account. In addition to the seven productive oil wells in this field at the close of 1960, there was one productive gas well which will remain closed in until an outlet is available. Two unsuccessful wells were drilled in the field during the year.

In various other areas where Union Pacific oil and gas rights are pooled with those of oil companies, six productive gas wells and fifteen unproductive wells were drilled during 1960; two of the productive wells and thirteen of the unproductive wells were drilled at the sole cost of oil companies.



OTHER INCOME

	1960	1959	Increase	Decrease	Per Cent
Royalties from oil and gas leases	\$408,957	\$402,869	\$6,088	.....	1.5
Dividends on stocks owned (Table 8)	5,215,094	5,133,955	81,139	.....	1.6
Interest on bonds and notes owned (Table 9)....	4,892,089	5,015,229	.....	\$123,140	2.5
Other interest income	201,720	230,979	.....	29,259	12.7
Rents from lease of road	122,579	122,290	289	.....	.2
Miscellaneous rents	756,687	716,194	40,493	.....	5.7
Miscellaneous income	3,350,494	1,904,644	1,445,850	.....	75.9
Total	\$14,947,620	\$13,526,160	\$1,421,460	.....	10.5

The increase in **Dividends on stocks owned** resulted primarily from a special dividend declared by Northern Pacific Terminal Co. of Oregon (owned jointly by Union Pacific, Northern Pacific and Southern Pacific), representing the distribution of profit from sale of a part of the Terminal Company's land at Portland. This dividend was largely offset by decreases in dividends received from other companies — chiefly Pacific Fruit Express Co. and Spokane International R.R. Co. The latter company, which is 99% owned by Union Pacific, declared no dividends in 1960 in view of its substantial debt to the Union Pacific, representing funds advanced for redemption of its bonds held by the public.

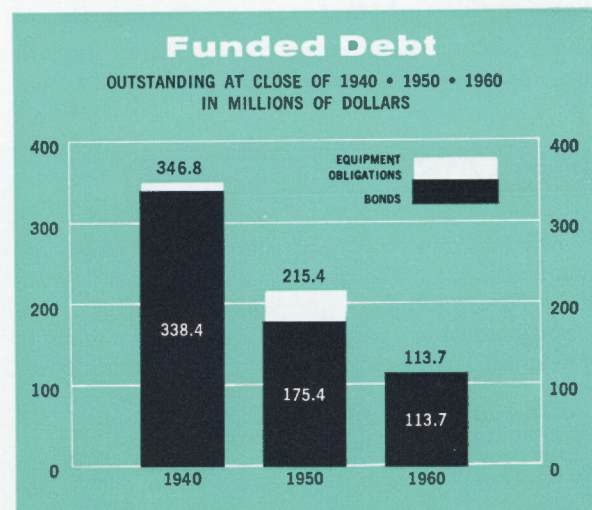
The net decrease in **Interest on bonds and notes owned** resulted chiefly from the maturity

in October, 1960, of U.S. Government securities, the proceeds from which were not reinvested but were utilized for redemption of Oregon-Washington Railroad & Navigation Co. bonds, referred to below.

The increase in **Miscellaneous income** was due principally to nonrecurring charges in 1959 in connection with a project for testing Iron Mountain (Wyoming) ore by an experimental reduction process; to larger profits in 1960 from sales of short-term U.S. Government securities; and to rental from the new jointly owned crude oil pipe line from Patrick Draw field to Wamsutter, Wyoming, referred to on page 12; offset in part by a decrease in compensation receivable for services rendered and privileges granted to the Pacific Fruit Express Co.

FUNDED DEBT

Outstanding funded debt of Union Pacific Railroad Company and Leased Lines was reduced during the year by \$46,604,000, or 29.1 per cent, representing \$45,955,000 face value of Oregon-Washington Railroad & Navigation Co. Refunding Mortgage 3% Bonds, Series A, due October 1, 1960 (a portion of which were reacquired at a discount before the maturity date), and the reacquisition, in anticipation of sinking fund requirements, of \$649,000 face value of Union Pacific Railroad Co. bonds, consisting of \$536,000 of Refunding Mortgage 2½% Bonds, Series C, and \$113,000 of Thirty Year 2⅞% Debenture Bonds. As shown in Table 7, the two latter bond issues, aggregating \$113,727,000, constituted the total publicly held long-term debt at the close of the year, making the "debt ratio" (percentage of long-term debt to total capitalization) of Union Pacific Railroad Company and Leased Lines only



8.4%, one of the lowest ratios for any major railroad.

Publicly held long-term debt of Spokane Inter-

national Railroad Company (a Union Pacific subsidiary) was reduced by \$1,200,511 or about 84 per cent in 1960, chiefly as the result of calling its Income Mortgage 4½% Bonds, \$1,062,200

face value, for redemption April 1st. Funds required for this purpose were advanced by the Union Pacific. Financial statements of the Spokane International are included in Table 13.

CAPITAL STOCK

Capital stock of Union Pacific Railroad Company remained unchanged during the year. The total outstanding on December 31, 1960 (Table 6) was as follows:

	Shares	Par value
Common stock	22,429,235	\$224,292,350
Preferred stock	9,954,310	99,543,100
Total	<u>32,383,545</u>	<u>\$323,835,450</u>

As indicated in the 5-year tabulation below, there was an increase of 9,179 during 1960 in the number of Union Pacific Stockholders of record:

Year	Stockholders Dec. 31st
1960	96,884
1959	87,705
1958	82,023
1957	77,211
1956	67,129

The number of shares voted at the annual meeting of the Stockholders on May 10, 1960, was 27,066,313 or 83.6 per cent of the total shares—a slightly higher percentage than in the preceding year. *The management considers that this good showing is a gratifying indication of the genuine interest that the great majority of*

Union Pacific Stockholders take in the affairs of their Company. It is also interesting to note in this connection that the number of *individual proxies* voted at the annual meeting totaled 74,932, an increase of 8,394 or 13% over the preceding year. To a large extent this reflects the growth in the number of small holders of the Company's stock. A recent analysis revealed that about 95 per cent of the total Stockholders of record held less than 1,000 shares and 41 per cent held less than 100 shares.

Dividends declared on Union Pacific common stock in 1960 aggregated \$35,886,776, or about 59 per cent of the Company's net income after preferred dividends. The details of such dividends, which were the same as in 1959, are shown below:

Date payable	Per share	Amount
April 1, 1960	\$.30	\$ 6,728,770.50
July 1, 1960 . . . . .	.30	6,728,770.50
October 1, 1960 . . . . .	.30	6,728,770.50
January 3, 1961 . . . . .	.70*	15,700,464.50
	<u>\$1.60</u>	<u>\$35,886,776.00</u>

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

RETAINED INCOME

Retained income represents the portion of income and profits retained in the business to provide funds for such purposes as property improvements and reduction of debt, with a view to the maintenance of the Company's earning ca-

capacity and financial position. At the close of the year, retained income amounted to \$875,303,761, as shown in the balance sheet on page 31. This was an increase of \$27,787,230 over the amount at the close of 1959, which is analyzed below:

Net income (Table 2)		\$65,312,512
Net profits from property disposed of	\$2,847,276	
Profit from reacquisition (at a discount) of Company bonds	190,946	
Less: Federal income tax applicable to above profits	<u>692,694</u>	2,345,528
<i>Deduct:</i>		\$67,658,040
Dividends on preferred and common stocks (including St. J. & G. I. Ry. Co. stocks held by public)		<u>39,870,810</u>
Net increase in Retained Income (Table 1)		<u>\$27,787,230</u>

INVESTMENT IN ROAD AND EQUIPMENT PROPERTY

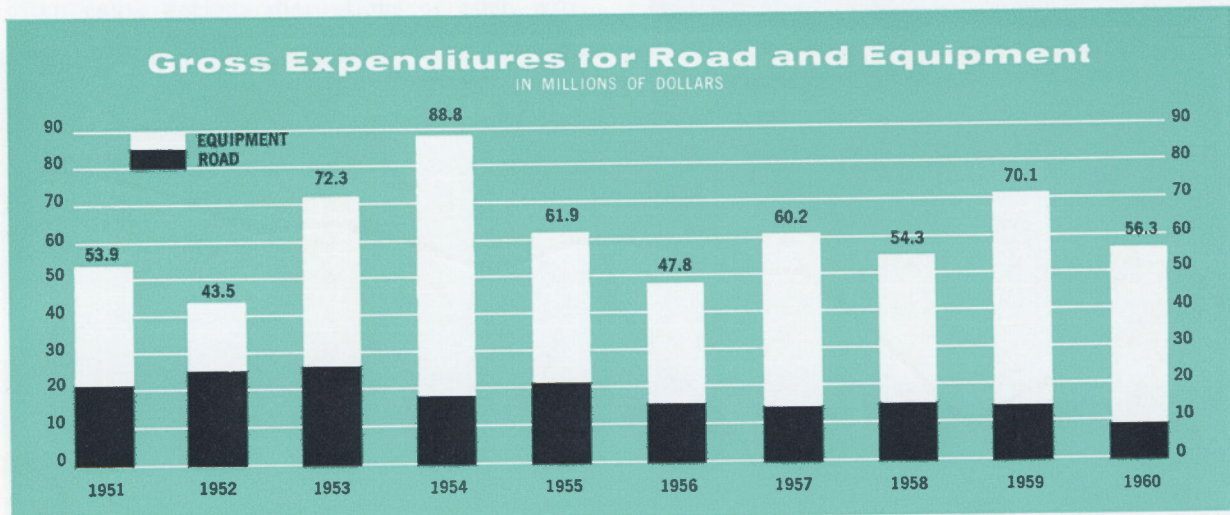
Gross expenditures for improvements to road and equipment property in 1960 aggregated \$56.3 million. The tabulation below shows the

details of such expenditures and the cost of the road and equipment property that was retired during the year.

Expenditures and Retirements in 1960	
Expenditures:	
Road Property:	
Microwave system between Omaha, Nebr., and Laramie, Wyo.....	\$772,280
Centralized traffic control between Sand Creek Jct. and Carr, Colo.....	339,501
Other centralized traffic control and signal improvements.....	1,196,961
Freight station at East Los Angeles, Calif.....	309,559
Other station buildings and facilities.....	820,796
Industry tracks between Schroyer and Blue Rapids, Kans.....	155,034
Other yard tracks, sidings, and industry tracks.....	747,806
Line change between Ash and Matthew, Wash.....	257,556
Bridges, trestles, and culverts, including subways for highway traffic.....	1,218,798
Shop facilities, including shop machinery and power plants.....	1,156,997
Roadway machines.....	1,072,976
Increased weight of rails and other track material.....	555,806
Other road property.....	799,329
	\$9,403,399
Equipment:	
12 gas-turbine freight locomotives (oil-burning).....	\$14,142,628
34 diesel freight locomotive units.....	7,121,535
1,503 freight-train cars (800 built in Company shops).....	18,311,837
26 passenger-train cars.....	3,776,577
Coal-burning gas-turbine locomotive under construction (see page 27).....	1,270,405
Other equipment.....	851,481
Equipment rebuilt or converted.....	651,580
Improvements to existing equipment.....	753,855
Adjustments—equipment purchased in previous years, etc.....	46,181
	46,926,079
Total.....	\$56,329,478
Retirements:	
Cost of road property retired and replaced.....	\$1,750,823
Cost of road property retired and not replaced.....	2,690,859
Cost of 31 steam locomotives retired.....	7,164,329
Cost of other equipment retired (including equipment for rebuilding or conversion).....	6,517,962
	18,123,973
Increase in Investment in Road and Equipment Property (as shown in Table 1).....	\$38,205,505

During the last ten years, gross expenditures for improvements to road and equipment property have aggregated \$609 million. The expen-

ditures in each year, segregated between road and equipment, are shown in the chart that follows:



NEW EQUIPMENT

Units of new equipment acquired during 1960 were as follows:

	<u>Units</u>
<i>Locomotives</i>	
Gas-Turbine—Freight	12
Diesel—Freight	34
Total	<u>46</u>
<i>Freight-train cars</i>	
PURCHASED:	
Box	50
Gondola	353
Covered hopper	300
CONSTRUCTED IN COMPANY SHOPS:	
Box	500
Flat	300
Total	<u>1,503</u>
<i>Passenger-train cars</i>	
Coaches	20
Lunch counter-cafe lounge	1
Baggage-mail	5
Total	<u>26</u>

Undelivered equipment on order at the close of the year included 7 gas-turbine locomotives, 122 freight-train cars, 25 mail-baggage-express cars, and 20 passenger coaches.

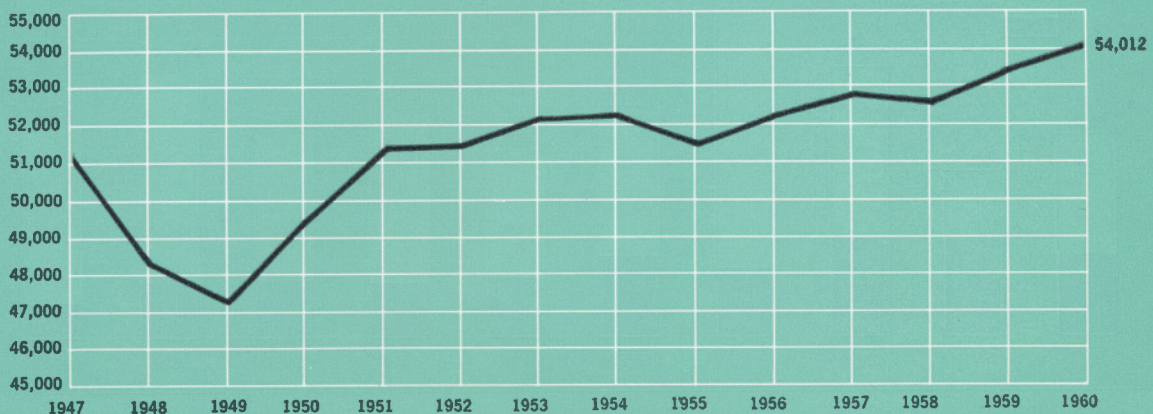
Pacific Fruit Express Co. (owned jointly with Southern Pacific Co.) during 1960 constructed in its shops 951 mechanically refrigerated freight cars.

The 1,503 freight-carrying cars acquired during 1960, shown in the above table, exceeded the number retired during the year by 496 cars. The steady rise in Union Pacific ownership of such cars is shown in the chart below.



Portion of lunch counter-cafe lounge car.

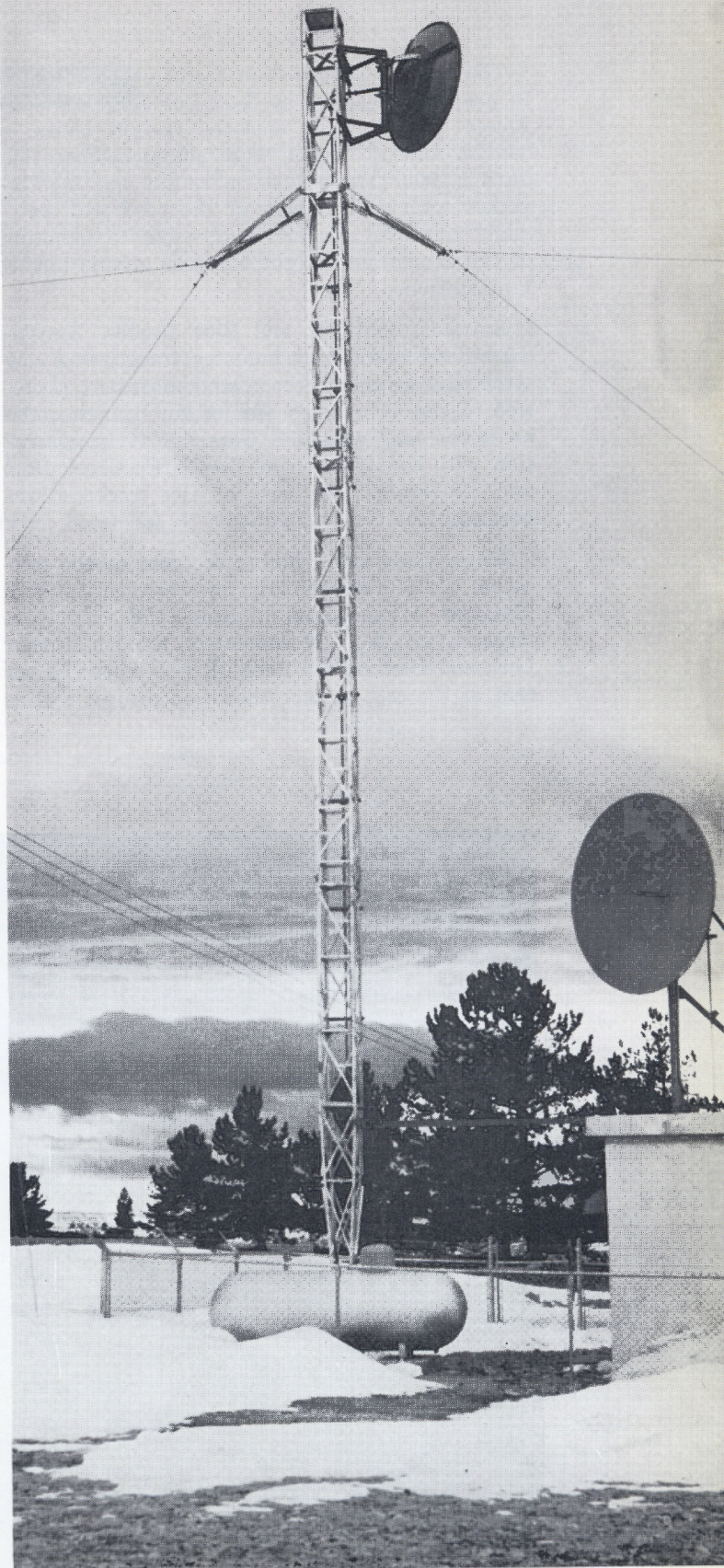
Number of Freight-Carrying Cars Owned at Close of Each Year 1947 to 1960



OTHER IMPROVEMENTS

The installation of a microwave radio system between Omaha, Nebraska, and Laramie, Wyoming, a distance of 563 miles, was practically completed at the close of 1960. The system utilizes ultra-high frequency radio waves that are relayed from the transmitting station to the terminal station by a series of repeater stations strung out at intervals of from 10 to 35 miles. There are 18 such repeater stations between Omaha and Laramie, mounted on towers, the tallest of which is 180 feet high. Intermediate terminal stations are located at Grand Island and North Platte, Nebraska, and Cheyenne, Wyoming, to tie those important points into the system. At present the installation has 48 circuits, and more can be added as they are needed, providing a far greater capacity than open wire communications, since one pair of wires can handle only 16 voice circuits. The new system supplements and is integrated with the Company's extensive wire communications system, and performs the same functions, including the car reporting service, by means of which freight shippers all over the country are furnished with information as to the current locations of their shipments. A microwave system such as that installed by the Union Pacific has a number of advantages over other communications systems, in addition to its greater capacity and the generally higher quality of its reception. One of these advantages is its greater dependability. This is very important in much of Union Pacific territory where severe sleet and snow storms, as well as high winds and lightning, often cause serious disruptions of open wire communications, whereas such storms have relatively little effect on microwave operations. Maintenance problems are also simplified because microwave facilities are located at a relatively small number of points instead of being spread over the entire line as is the case with wire facilities. Ultimately it is planned to have systemwide microwave communications.

Installation of centralized traffic control on 80 miles of main line between Sand Creek Junction and Carr, Colorado, was completed and placed in operation during the year, making a total of approximately 2,095 miles of CTC system in operation on the Union Pacific at the close of the year.



Microwave repeater station between Cheyenne and Laramie.

The new freight station facilities (mentioned in previous reports) at East Los Angeles, California, including an enclosed freight house, a quarter-mile in length, were placed in operation during 1960. These modern freight buildings together with enlargement of the yard will materially improve efficiency and expedite handling of the expanding freight business at this important station.

Between Schroyer and Blue Rapids, Kansas, 6.3 miles of necessary industry tracks were constructed because of the abandonment of a portion of the Company's Manhattan Branch under an agreement with the Government in connection with construction of the Tuttle Creek Dam and Reservoir. The cost of the trackage was borne by the Government.

Work was started during the year on the relocation of 26 miles of main line between Ash and Matthew, Washington, in connection with construction by the Government of the Ice Harbor Lock and Dam on the Snake River. About 98 per cent of the cost of this relocation project will be

borne by the Government; the remainder of the cost, to be borne by the Company, covers incidental improvements, such as an extra-wide embankment to provide a roadway for the use of off-track maintenance equipment. Grades on the relocated line will be more favorable than on the line to be replaced, resulting in more economical train operations.

Construction work was also commenced on the relocation of approximately 14 miles of main line between Kidd and Dalys, Montana, necessitated by construction of the Clark Canyon Dam and Reservoir on the Beaverhead River near Armstead, Montana. Total cost of this line change will be borne by the Government.

The Spokane International Railroad Co. started work in 1960 on replacement of a 1,336-foot timber bridge, over the Pend Oreille River, near Dover, Idaho, by a steel bridge on concrete capped steel piers. This important project was undertaken to insure safety of operations and reduce the cost of maintenance.

Interior of new freight house, East Los Angeles.



SALE OF INVESTMENT SECURITIES

During the year the Company sold its entire holdings, 115,200 shares, of Pennsylvania Railroad Company capital stock; and \$813,000 face value of Baltimore & Ohio Railroad Company Convertible 4½% Debenture Bonds and \$69,000

face value of that company's First Consolidated Mortgage 4% Bonds, Series B. These securities were sold at a loss for the purpose of offsetting, for tax purposes, a portion of the net capital gains realized from other transactions.

WORKING CAPITAL

The excess of cash and other current assets over current liabilities on December 31, 1960, was \$87,588,446, representing an increase in working capital of \$10.1 million compared with the close of 1959. Amount of the current assets

was 1.78 times the amount of current liabilities.

Cash and short-term Government securities increased by \$15,652,869 during the year. The principal receipts and disbursements are set forth in detail below:

Cash and investments in short-term U. S. Government Securities, December 31, 1959.....	\$102,222,680
Receipts:	
Net income (as detailed in Table 2).....	\$65,312,512
Non-cash charges to income for:	
Depreciation and retirements of property.....	37,749,588
Reserve for fire insurance	764,828
Proceeds from investment securities disposed of and from sales of land and other property	54,983,450
Receipts in suspense, subject to adjustment.....	9,274,074
Contributions from U. S. Government in connection with abandonment or relocation of Company lines, necessitated by dam projects, and donations received toward cost of property improvements.....	2,697,891
Deposits by affiliated companies in excess of advances.....	1,364,700
Miscellaneous — net	1,002,807
Total receipts.....	\$173,149,850
Disbursements:	
Dividends payable in 1960 on Union Pacific Railroad Company preferred and common stocks.....	\$39,868,500
Expenditures for equipment and other improvements to transportation property.	56,329,478
Investments in securities of affiliated companies.....	9,472,139
Cost of retiring funded debt	46,276,848
Capitalized cost of oil and gas facilities and cost of improvements to other miscellaneous physical property.....	4,003,565
Purchases of material and supplies in excess of cost of quantities used.....	1,546,451
Total disbursements	\$157,496,981
Receipts in excess of disbursements.....	15,652,869
Cash and investments in short-term U. S. Government Securities, December 31, 1960.....	\$117,875,549

NOTE: At the close of 1960, Union Pacific Railroad Co. was the guarantor of short-term bank loans, aggregating \$16,350,000, obtained by Spokane International Railroad Co., payable in 1961 with funds to be advanced by the Union Pacific.

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.

CALNEV PIPE LINE COMPANY

In 1960 the Union Pacific acquired 70 per cent of the capital stock of Calnev Pipe Line Company which will operate an 8-inch pipe line for the transportation of refined petroleum products from a connection with the Southern Pacific pipe line at Colton, California, to Las Vegas, Nevada, a distance of about 245 miles. The line will roughly parallel the railroad right of way of the Union Pacific.

Construction of the pipe line, which was well under way at the close of the year, is being performed by Williams Brothers Company, the other major stockholder. It is anticipated that operation of the pipe line will be started by about the middle of 1961. The total cost of the line is estimated to be approximately \$10,000,000, most of the necessary funds being obtained through sale

to the Union Pacific of 6 $\frac{1}{8}$ % First Mortgage Promissory Notes, payable in twenty-six installments on March 1st and September 1st of each year, commencing in 1963.

The initial capacity of the pipe line will be around 16,000 barrels per day. Most of the major oil companies in Southern California and the U. S. Air Force authorities have signified their intention of using the line for transporting petroleum products destined to Barstow and the George Air Force Base at Victorville in California, and to Las Vegas and the Nellis Air Force Base in Nevada. The Union Pacific will also utilize the pipe line for delivery of its own diesel fuel supplies from Southern California to Las Vegas. The investment in Calnev Pipe Line Company promises to yield a profitable return.

TRAILER TRAIN STOCK INTEREST

Early in 1960, the Union Pacific acquired an interest in Trailer Train Company by purchase of 500 shares of its capital stock, representing 2.94 per cent of total shares outstanding at close of the year. Trailer Train Company was organized in 1955 to own and maintain a pool of special-purpose flat cars for moving highway trailers by rail. Since then the company has also acquired new kinds of general purpose piggy-back cars. Affiliation with Trailer Train Company has en-

abled the Union Pacific to secure additional flat car equipment in an economical manner and will permit and facilitate interchange with other railroads which rely almost entirely on this car pool for supply of special-purpose flat cars for interline movements. The stockholders of Trailer Train Company have a contingent obligation to advance any sums that it may require for principal and interest payments in connection with its equipment obligations.

The Calnev pipe line under construction at Jean, Nevada, near Las Vegas.

Piggy-back transport of automobiles.



CENTRAL PACIFIC CASE

As stated in previous annual reports, this case has to do with a petition filed by the Denver & Rio Grande Western Railroad Co. with the Interstate Commerce Commission in 1957 seeking nullification of one of the conditions imposed in the Commission's 1923 order in connection with application by the Southern Pacific for authority to acquire control of the Central Pacific. The Commission's order approving such control was expressly conditioned upon an undertaking by the Southern Pacific to solicit Central Pacific-Union Pacific routing for freight traffic moving between certain California and Oregon areas and specified territory east of Ogden, Utah. This condition was imposed by the Commission with a view to insuring continuation of an arrangement

consistent with a Congressional mandate under the Pacific Railroad Acts of 1862 and 1864. The Southern Pacific joined with the Union Pacific in opposing the Denver & Rio Grande's petition.

After public hearings the Examiner who conducted them issued a proposed report on September 16, 1960, recommending that the Commission find for the Denver & Rio Grande. On January 3, 1961, the Union Pacific and Southern Pacific filed exceptions with the Commission, calling attention to material errors in the Examiner's report and requested that the Commission grant an opportunity for oral argument. The Denver & Rio Grande filed a reply brief on March 7, 1961. Oral argument was held on April 18, 1961, before the Commission in Washington, D. C.

FREIGHT REVENUE DIVISIONS

On December 6, 1960, the Interstate Commerce Commission Examiners who conducted the hearings in this important case, which was initiated in 1953, released a proposed report containing recommendations to the Commission for formulas to be adopted in determining future divisions of freight revenue on traffic moving between points on Eastern and Midwestern railroads and points on Western railroads. The recommendations, if adopted, would substantially increase the Eastern and Midwestern rail-

roads' respective shares of aggregate revenue derived from such inter-regional shipments, with corresponding reductions in the shares received by Western railroads, including the Union Pacific. The Western railroads have contended that for a number of reasons their divisions of such freight revenue should as a matter of equity be increased rather than reduced, and are preparing their exceptions to the Examiners' proposed report for filing with the Commission.

PROPOSED WESTERN RAILROAD MERGERS

In 1960 the financial difficulties of certain railroads were intensified. At the same time the impression grew that the merger panacea could cure almost any railroad in trouble and be beneficial even to those in relatively good condition. This is not necessarily true. Such thinking could lead to precipitate merging of railroad companies, as distinct from logical regrouping of underlying transportation properties. While elimination of unneeded facilities and services and the joint use of properties are desirable, the basic reason for the dismal outlook of some segments of the industry is that the industry does not have: *Freedom from discriminatory regulation; freedom from discriminatory taxation; freedom from subsidized competition; and freedom from restrictions against engaging in a diversified transportation service.* These freedoms are discussed in detail on page 23.

The Union Pacific is in general disposed to favor sound mergers that would strengthen the railroad industry, but as a railroad which, in a broad sense, "serves all the West," it is vitally concerned that any specific combination of carriers be consistent with the general public interest in the West and not infringe upon the legitimate interests of the Union Pacific.

For the information of our Stockholders, an outline is presented below of the Company's present attitude toward certain of the proposed mergers where the Union Pacific is most closely concerned, although of course this outline cannot cover all of the details involved in such complicated questions or set forth all of the actions that the Union Pacific will be prepared to take as new developments occur.

Proposals for control of the Western Pacific: In 1960 the Southern Pacific Company filed an

application with the Interstate Commerce Commission for authority to acquire control of the Western Pacific Railroad Company, and announced that through one of its subsidiaries it had purchased on the open market slightly less than 10 percent of the outstanding common stock of the Western Pacific.

Subsequently the Atchison, Topeka and Santa Fe applied to the I.C.C. for authority to acquire control of the Western Pacific, and announced that through one of its subsidiaries it had acquired 20 per cent of Western Pacific's common stock. Thereafter the Great Northern Railway Company intervened in support of the Santa Fe and revealed that it had acquired 8.4 per cent of the Western Pacific's outstanding common stock.

The Union Pacific has intervened in support of the application of the Southern Pacific and in opposition to that of the Santa Fe. The Union Pacific has the obligation which exists under the Pacific Railroad Acts of 1862 and 1864, to maintain the strategic middle route through the Utah Gateways and feels strongly that Santa Fe acquisition of Western Pacific would result in diversion of traffic from the Utah Gateways to the southern route of the Santa Fe.

PUBLIC RELATIONS

The primary function of our Public Relations Department is to bring about understanding of the policies of the Company, with its varied obligations to the public, its stockholders, and its employes.

Among the numerous matters that may give rise to misunderstanding are such questions as changes in freight rates, discontinuance or consolidation of trains, major revisions of timetables, station abandonments, and taxation controversies. The Public Relations Department undertakes to give a fair presentation of the Company's position in cases such as these and others of many kinds, through the use of press releases, radio, television, personal interviews, or public addresses. Candid explanations of the reasons for the policies at issue, accompanied when appropriate by exposition of their bene-

These proceedings have an obvious importance to the Union Pacific, and in order to provide Union Pacific interests with a substantial voice in their ultimate disposition, Spokane International Railroad Company (99.7% owned by Union Pacific) has acquired approximately 10% of the outstanding common stock of the Western Pacific. For the same reason, Spokane International Railroad Company has acquired approximately 10 per cent of the outstanding common stock of the Denver & Rio Grande Western Railroad Company. Union Pacific has no plans to seek control of either the Western Pacific or the Denver & Rio Grande Western under present circumstances.

Proposal for merger of Northern Pacific Railway, Great Northern Railway, Chicago, Burlington & Quincy Railroad, and Spokane, Portland and Seattle Railway: The Union Pacific is concerned in this proposed consolidation and may intervene with respect to the application before the Interstate Commerce Commission. However, the precise character of its intervention is still under study and depends to a considerable extent upon developments in the near future.

ficial aspects, generally win acceptance, and in any event dispel much misunderstanding.

Another important activity is the promotion of interest in Union Pacific services. For example, wide distribution is made of descriptive literature and photographs to travel editors and freelance writers on travel. One very effective measure for winning goodwill and interest in the Union Pacific is through free loans of moving pictures from the Company's library to organizations and responsible individuals. These films cover many subjects, including Union Pacific freight and passenger operations, Sun Valley, Utah National Parks, safety, agricultural methods, and employe relations. They have proved extraordinarily popular and additional series are continually being programmed.

UNION PACIFIC RAILROAD FOUNDATION

During 1960, Union Pacific Railroad Foundation continued to support activities in the fields of private education, social welfare, health, science and culture, primarily in the communities which the Company serves. This work has been well received throughout the West and from reports

received as to both public and private reactions, it is believed that Union Pacific's obligations as a corporate citizen in the communities it serves are being met and that the benefits from this organized program are substantial to the public and reflect credit on the Company.

FEDERAL LEGISLATION

Congress and other Federal officials at Washington have many important matters to deal with and neither the railroad industry nor any other single segment of our economy has the right to expect that its own problems should be given precedence over all others. Nevertheless, the railroad problem is one of long standing and it is not unreasonable to ask that a start be made toward consideration and enactment of legislation that will enable the railroads not only to survive, but to prosper and serve the nation to the full extent of their potentialities. It should be remembered that the railroads, as proved during the war, represent the one absolutely indispensable mass transportation medium for both freight and passengers. Moreover, they have always been one of the largest purchasing and consuming industries. Few factors would provide greater stimulation and steady support for the national economy than the financial ability of the railroads to purchase all of the equipment, materials, and supplies that they require year in and year out.

The primary needs of the railroads are that they should be freed from over-regulation and over-taxation, and that competition in the transportation field should be equalized by requiring the railroads' competitors to pay adequate charges for the use of publicly-provided transportation facilities. Here are some of the inequities that should be cured by Federal legislation:

- Special restrictions have been imposed upon the entry of railroads into highway and water transportation, and upon the entry of any surface carrier into air transportation. All such special restrictions should be removed. Railroads, for example, should be permitted to provide service by highway, water, or air transportation in furtherance of the public interest, under exactly the same terms and conditions that apply to any other agency. If this were done, unnecessary duplication of facilities would be greatly reduced, and improved service would be made available to the public at lower cost.

- Adequate user charges are not being paid toward the cost and upkeep of publicly-provided transportation facilities, such as highways, airports and waterways, by the commercial agencies that use them. This situation calls for prompt correction. The railroads assume the cost of providing and maintaining all of their facilities. Why then should the general taxpayers, includ-

ing the railroads, be compelled to subsidize the railroads' competitors?

- Certain agricultural commodities, when handled by highway carriers, are exempt from rate regulation by the Interstate Commerce Commission. The railroads urge full and outright repeal of this agricultural commodities exemption. If this is not done, however, they ask alternatively extension of the exemption to rail carriers, so that they may negotiate for such traffic on an equal basis with their highway competitors and thus have the opportunity of sharing in the transportation of the commodities involved.

- Another urgent requirement of the railroads is the revision of governmental policies with respect to depreciation of their plant and equipment for income tax purposes. If the railroads were permitted to write off the cost of their property on a much more liberal basis, this would serve as a tremendous stimulus to the great improvement programs that they are eager to undertake. The effect that such programs would have upon the national prosperity and the reduction of unemployment is self-evident.

- Tax policies of the States and local governmental agencies are another vitally important problem for the railroads, and in some instances have become so oppressive that Federal legislation is required to remove the undue burden on interstate commerce arising out of discriminatory State taxation of railroad right-of-way. In far too many instances the railroads are taxed on a much higher valuation basis than other taxpayers. In a draft dated January 3, 1961, of a report prepared for the Senate Committee on Interstate and Foreign Commerce by a Special Study Group, under the direction of John P. Doyle, figures supplied by the Association of American Railroads showed (p. 487) that if railroad property in some 31 selected States had been assessed at the same average rate as other taxpayers' property, the railroads' ad valorem tax bill in those States would have been reduced by over \$140,000,000 in a single year!

If railroad stockholders, employes and patrons, as well as other thoughtful citizens, will make known to their elected representatives that they are interested in seeing that the railroads are given a square deal, there is real hope that effective action in that direction will at last be undertaken.

PACIFIC OCEAN

C



UNION PACIFIC RAILROAD

LEGEND

- Double Track
- Single Track
- Track with Centralized Traffic Control*
- Camas Prairie Railroad
- Single Track
- Double Track
- Motor Coach Routes to National Parks

Union Pacific Railroad

Solid Through Train Connections

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.

MEXICO

N A D A



NORTH DAKOTA

SOUTH DAKOTA

NEBRASKA

KANSAS

OKLAHOMA

T E X A S

M I N N E S O T A

I O W A

M I S S O U R I

ARKANSAS

L O U I S I A N A

W I S C O N S I N

I L L I N O I S

T E N N E S S E E

A L A B A M A

I N D I A N A

O H I O

G U L F O F M E X I C O

Chicago

Council Bluffs

Omaha

Grand Island

St. Joseph

Topeka

Kansas City

St. Louis

Cheyenne

Laramie

Denver

C O L O R A D O

M E X I C O

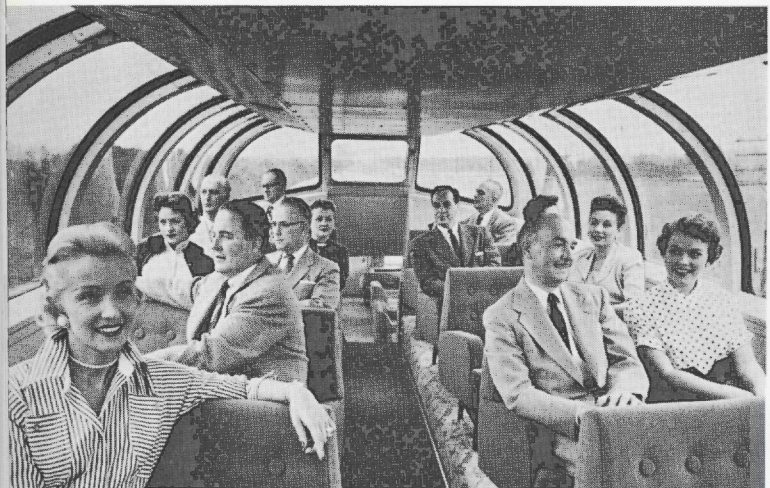


PASSENGER SERVICE

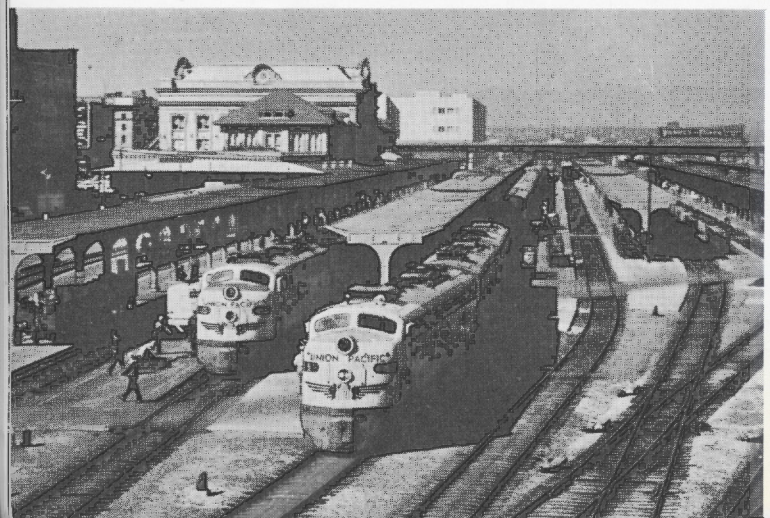
Total passenger revenue in 1960 showed a slight decrease compared with 1959, in keeping with the gradual downward trend that has been evident for a number of years. The decline in 1960 may have resulted partly from unsatisfactory general business conditions, but the primary reason for the deterioration in railroad passenger business has undoubtedly been the intense competition from other forms of transportation, coupled with the growth of travel in private automobiles. It should be noted, however, that the decline has occurred in revenue from first-class Pullman travel, while there has been a contrary upward trend in the revenue from travel in coaches; for example, coach revenue in 1960 was almost 10 per cent greater than in 1955.



Another favorable aspect of the situation is the fact that average passenger revenue *per train mile* has shown a steady increase from year to year—\$3.08 in 1960, an increase of about 16 per cent over the average of \$2.66 in 1955. This improved showing has resulted in part from minor increases in fares in recent years, and in part from the increased number of passengers per train mile, brought about largely by consolidation or discontinuance of trains that were insufficiently patronized. In this way in 1960, an additional saving of 513,000 passenger-train miles was accomplished. If it had not been for the continually mounting costs of providing passenger service, the net results would have shown steady improvement despite the over-all decrease in volume of travel.



Although not yet reflected in the statistical results, there are some indications that many people are becoming disillusioned as to other forms of transportation and are beginning to realize that railroads provide *by far the safest, most dependable, and most comfortable form of travel available*. The Union Pacific, therefore, is optimistic as to the future of railroad passenger service and, to the extent that volume of patronage permits, will continue to maintain its high standards of passenger service.



RESEARCH AND DEVELOPMENT

Activities in this field during 1960 were mostly confined to further development of undertakings mentioned in last year's report.

Construction of the experimental coal-burning gas-turbine locomotive had about reached the halfway mark at the close of the year. At the current rate of progress it is expected that stationary tests can be started late in 1961, to be followed by load tests, placing the locomotive in service on the line between Cheyenne and Green River, Wyoming. This evaluation project should determine whether the use of coal in a gas-turbine locomotive is practicable and economically attractive.

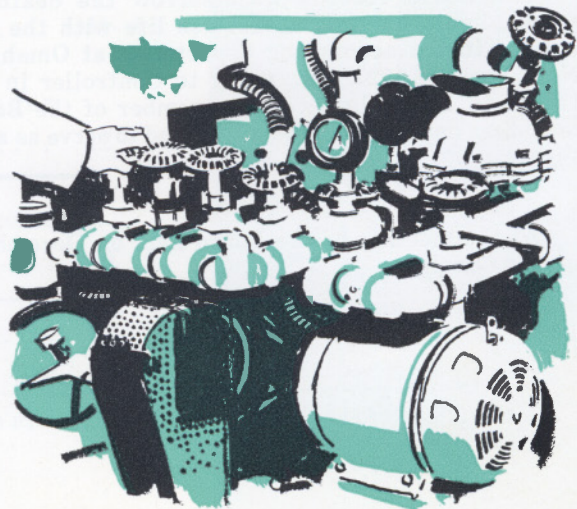


Laboratory work has been continued in connection with study of the physical and chemical properties of diesel lubricating oils, and this project has been progressed to the point that suppliers of oils that were showing relatively high wear rates are now furnishing oils with the requisite additives to produce significantly lower rates of wear. Further investigations in this field are under way to determine the stability of the lubricants and their efficacy in contending with the additional contamination resulting from the burning of lower grade fuels.

Turbocharged diesel units are being subjected to a program of modification, incorporating many changes to improve the reliability and efficiency of performance. Turbocharging of diesel engines has not only brought about a gratifying increase in horsepower output at lower altitudes, but has also greatly reduced the falling off in horsepower accompanying imperfect combustion at high altitudes where the air is thin. However, the modification program in progress should further develop the potentialities of this new advance in motive power.



The complicated engineering calculations for the precise correlation of freight train schedules with locomotive performance, made possible by use of the IBM 705 computer, were completed during the year and made available to the Operating Department in the form of indexed tables. These enable determination of the relationship between train tonnage, locomotive horsepower, and running time, on all of the railroad's subdivisions with their varying physical characteristics. Supplementary calculations are programmed for computer processing in 1961, to determine the gallons of fuel required in relation to operating time and other variables. The objective in view is to make it possible to produce almost instantaneously an IBM chart showing the mile by mile performance of any given train, with the fuel required and locomotive load factor, together with the speed and approximate operating time.



INDUSTRIAL DEVELOPMENT

Despite the relatively low level of general business activity in 1960, there was a net increase of 112 industries on the Company's lines during the year.

Some particularly important developments from a traffic-producing standpoint are under way in the State of Wyoming. At Atlantic City, a steel company is expending some \$55 million for an iron ore pelletizing plant and 82 miles of railroad to connect with our line at Winton Junction, Wyoming. Completion of the railroad line is scheduled for about the middle of 1961, with completion of the plant expected in 1962. Daily production of the plant is estimated to be 4,000 tons of iron ore pellets, which will move over the Union Pacific to Geneva, Utah. The same steel company and a chemical company are jointly constructing a plant near Kemmerer, Wyoming, to produce char, a coke substitute, through carbonization of coal. Initially, the production from this \$3 million plant will be hauled to the chemical company's plant at Pocatello, Idaho; later, ship-

ments will be made to the steel company's plant at Geneva for testing in its furnaces.

A plant that is expected to produce up to 200,000 tons of refined soda ash annually is being constructed northwest of Green River, Wyoming. The cost of the plant and 10 miles of railroad to connect with our line is estimated at \$22 million.

In Idaho, five plants for processing, storage, etc., of potatoes, with an aggregate cost of \$8 million, were placed in operation during the year. Three of the plants are located at Burley and one each at Aberdeen and Rexburg. Expansion of a potato processing plant at Heyburn, Idaho, at a cost of \$2 million, was also completed in 1960.

Expenditures aggregating \$27 million are being made to increase the capacity of paper and wood pulp plants at Hoquiam, Longview and Wallula, Washington.

Other large plants locating on the Union Pacific, further reflecting the industrial expansion and growing population of the West, are listed below:

Location	Description	Approximate cost of plant	Status
Cozad, Nebr.	Shock absorber plant.....	\$4,500,000	Construction started
Greeley, Colo.	Meat packing plant.....	1,800,000	Completed
Woods Cross, Utah	Asphalt roofing plant.....	1,750,000	Construction started
City of Commerce, Calif.	Coffee roasting plant.....	2,000,000	Construction started
City of Commerce, Calif.	Two office and warehouse buildings.....	1,800,000	Completed
City of Industry, Calif.	Steel products manufacturing plant.....	1,500,000	Completed
Crestmore, Calif.	Cement plant.....	5,000,000	Construction started
Portland, Ore.	Asphalt roofing plant.....	2,000,000	Completed
Portland, Ore.	Vinyl acetate plant.....	500,000	Completed
Seattle, Wash.	Warehouse building.....	600,000	Completed
Dayton, Wash.	Grain elevator.....	500,000	Completed

The Board records with sorrow the death on August 2, 1960, of LEO J. TRACY, who had spent almost his entire business life with the Company. Mr. Tracy's service with the Union Pacific started in the accounting department at Omaha in 1904. He was appointed Assistant Controller at New York in 1927, advancing to Controller in the following year and to Vice President and Controller in 1952. He became a member of the Board of Directors in 1941, and although he retired as an Officer on June 30, 1960, continued to serve as a Director until his death.

At the meeting of the Board held on December 29, 1960, Mr. Thomas Kerr was elected a Director of the Company.

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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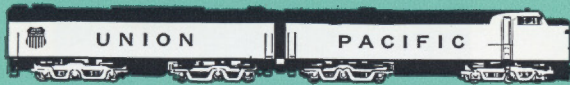


TABLE 1 — GENERAL BALANCE SHEET — ASSETS

	December 31, 1960	December 31, 1959	Increase	Decrease
CURRENT ASSETS				
Cash	\$40,365,865	\$39,155,602	\$1,210,263	
Temporary cash investments (Table 9)	77,509,684	63,067,079	14,442,605	
Special deposits	75,238	75,250		
Traffic and car-service balances—net	11,264,202	13,313,990		
Net balance receivable from agents and conductors	6,333,528	6,761,870		\$12
Miscellaneous accounts receivable	14,031,670	11,364,475	2,667,195	2,049,788
Interest and dividends receivable	1,955,461	1,598,690	356,771	428,342
Accrued accounts receivable	19,924,029	19,157,949	766,080	
Material and supplies	27,351,833	25,805,382	1,546,451	
Other current assets	1,766,565	661,935	1,104,630	
Total Current Assets	<u>\$200,578,075</u>	<u>\$180,962,222</u>	<u>\$19,615,853</u>	
SINKING FUNDS	<u>\$613</u>	<u>\$1,621</u>		<u>\$1,008</u>
INVESTMENTS				
Investments in affiliated companies:				
Stocks (Table 8)	\$24,989,241	\$24,157,102	\$832,139	
Notes (Table 9)	18,017,269	10,783,790	7,233,479	
Advances	11,945,202	10,990,419	954,783	
Total Investments in Affiliated Companies	<u>\$54,951,712</u>	<u>\$45,931,311</u>	<u>\$9,020,401</u>	
Other investments:				
Stocks (Table 8)	\$43,003,929	\$45,274,299		\$2,270,370
Bonds and notes (Table 9)	22,927,259	72,126,083		49,198,824
Total Other Investments	<u>\$65,931,188</u>	<u>\$117,400,382</u>		<u>\$51,469,194</u>
Reserve for adjustment of investments in securities (credit)	<u>\$19,132,314</u>	<u>\$20,423,152</u>		<u>\$1,290,838 (a)</u>
Total Investments	<u>\$101,750,586</u>	<u>\$142,908,541</u>		<u>\$41,157,955</u>
PROPERTIES				
Road and equipment property	\$1,609,651,242	\$1,571,445,737	\$38,205,505	
Donations and grants (credit)	31,095,527	30,406,269	689,258	
Reserve for depreciation—road and equipment (credit)	312,857,374	286,587,192	26,270,182	
Reserve for amortization of national defense projects (credit)	41,583,146	49,135,428		\$7,552,282
Miscellaneous physical property	47,257,575	43,867,930	3,389,645 (b)	
Reserve for depreciation—miscellaneous physical property (credit)	23,436,264	27,729,227	707,037	
Total Properties	<u>\$1,242,936,506</u>	<u>\$1,221,455,551</u>	<u>\$21,480,955</u>	
OTHER ASSETS AND DEFERRED CHARGES				
Other assets	\$4,969,054	\$4,788,973	\$180,081	
Deferred charges	3,065,560	2,983,393	82,167	
Total Other Assets and Deferred Charges	<u>\$8,034,614</u>	<u>\$7,772,366</u>	<u>\$262,248</u>	
Grand Total	<u>\$1,553,300,394</u>	<u>\$1,553,100,301</u>	<u>\$200,093</u>	

(a) Loss from sale of Pennsylvania R.R. Co. capital stock, and Baltimore & Ohio R.R. Co. Convertible 4½% Debenture Bonds and First Consolidated Mortgage 4% Bonds (see page 19).

(b) Represents principally expenditures for drilling productive wells and constructing related facilities in Patrick Draw oil field and other areas, and the cost of acquiring land for lease or sale to industries.



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

	December 31, 1960	December 31, 1959	Increase	Decrease
CURRENT LIABILITIES				
Audited accounts and wages payable.....	\$20,460,901	\$18,421,390	\$2,039,511	
Miscellaneous accounts payable.....	1,346,422	1,166,792	179,630	
Interest matured unpaid.....	33,045	46,876		\$13,831
Dividends matured unpaid:				
Dividend on common stock payable in January of following year	15,700,465	15,700,465		
Dividends due but unclaimed.....	381,554	368,647	12,907	
Unmatured interest accrued.....	1,107,004	1,457,487		350,483
Accrued accounts payable.....	28,405,230	29,010,792		605,562
Taxes accrued	42,877,050	34,851,429	8,025,621	
Other current liabilities.....	2,677,958	2,497,520	180,438	
Total Current Liabilities.....	\$112,989,629	\$103,521,398	\$9,468,231	
FUNDED DEBT (Table 7)				
Bonds	\$113,727,000	\$160,331,000		\$46,604,000
DUE TO AFFILIATED COMPANIES.....	\$24,821,455	\$22,501,973	\$2,319,482	
RESERVES				
Fire insurance reserve.....	\$32,263,640	\$31,707,704	\$555,936	
Casualty and other reserves.....	10,863,025	10,978,180		\$115,155
Total Reserves	\$43,126,665	\$42,685,884	\$440,781	
OTHER LIABILITIES AND DEFERRED CREDITS				
Other liabilities	\$352,763	\$653,597		\$300,834
Unamortized premium on funded debt.....	2,213,199	2,392,651		179,452
Other deferred credits.....	8,540,843	3,280,225	\$5,260,618	
Total Other Liabilities and Deferred Credits	\$11,106,805	\$6,326,473	\$4,780,332	
STOCKHOLDERS' EQUITY				
Common stock	\$224,302,350	\$224,302,350		
Preferred stock	99,587,081	99,587,781		\$700 (c)
Total Capital Stock (Table 6).....	\$323,889,431	\$323,890,131		\$700
Premium on common stock.....	\$4,327,919	\$4,327,919		
Other capital surplus.....	4,422,297	2,413,665	\$2,008,632 (d)	
Total Capital Surplus.....	\$8,750,216	\$6,741,584	\$2,008,632	
Retained income—appropriated	\$48,566,036	\$47,352,969	\$1,213,067	
Retained income—unappropriated	826,737,725	800,163,562	26,574,163	
Total Retained Income (see page 14)....	\$875,303,761	\$847,516,531	\$27,787,230	
Consolidation surplus (e).....	\$39,585,432	\$39,585,327	\$105	
Total Stockholders' Equity.....	\$1,247,528,840	\$1,217,733,573	\$29,795,267	
Grand Total	\$1,553,300,394	\$1,553,100,301	\$200,093	

(c) Represents par value of 7 shares of first preferred stock of The St. Joseph and Grand Island Railway Company, purchased from the public.

(d) Principally contribution from U.S. Government toward a capital fund to produce income sufficient to compensate the Company for its additional annual operating costs resulting from abandonment of portion of Manhattan Branch in connection with construction of Tuttle Creek Dam and Reservoir in Kansas.

(e) 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 amounts less than those at which carried on the issuing companies' books.



TABLE 2 — INCOME ACCOUNT

	1960	1959	Increase	Decrease
TRANSPORTATION OPERATIONS				
Operating revenues (Table 3)	\$494,184,464	\$515,767,433	.....	\$21,582,969
Operating expenses (Table 4)	359,741,036	378,741,803	.....	19,000,767
Revenues over expenses	\$134,443,428	\$137,025,630	.....	\$2,582,202
Taxes* (see page 9)	79,342,574	76,806,304	\$2,536,270	
Railway Operating Income	\$55,100,854	\$60,219,326	.....	\$5,118,472
Equipment rents (debit)	20,575,972	21,644,395	.....	1,068,423
Joint facility rents (debit)	1,689,588	1,618,279	\$71,309	
Net Income from Transportation Operations	\$32,835,294	\$36,956,652	.....	\$4,121,358
INCOME FROM INVESTMENTS AND OTHER SOURCES				
Net income from oil and gas operations* (see page 10).....	\$22,098,416	\$19,347,089	\$2,751,327	
Royalties from oil and gas leases	408,957	402,869	6,088	
Dividends on stocks owned (Table 8)	5,215,094	5,133,955	81,139	
Interest on bonds and notes owned (Table 9)	4,892,089	5,015,229	.....	\$123,140
Other interest income	201,720	230,979	.....	29,259
Rents from lease of road	122,579	122,290	289	
Miscellaneous rents	756,687	716,194	40,493	
Miscellaneous income	3,350,494	1,904,644	1,445,850	
Total	\$37,046,036	\$32,873,249	\$4,172,787	
Total Income	\$69,881,330	\$69,829,901	\$51,429	
FIXED AND OTHER CHARGES				
Interest on funded debt (Table 7)	\$4,052,192	\$4,413,298	.....	\$361,106
Other interest	20,093	39,787	.....	19,694
Miscellaneous rents	29,394	34,245	.....	4,851
Miscellaneous charges	467,139	501,211	.....	34,072
Total	\$4,568,818	\$4,988,541	.....	\$419,723
Net Income from All Sources	\$65,312,512	\$64,841,360	\$471,152	
Per share on Union Pacific Railroad Co. common stock out- standing (after preferred dividends)	\$2.734	\$2.713	\$0.021	
DIVIDENDS DECLARED ON UNION PACIFIC R.R. CO. STOCK				
On Preferred Stock (4%)	\$3,981,724	\$3,981,724		
On Common Stock (see page 14)	35,886,776	35,886,776		
Total dividends declared	\$39,868,500	\$39,868,500		
Net income less U.P.R.R. Co. dividends	\$25,444,012	\$24,972,860	\$471,152	

* Federal taxes on income from oil and gas operations, which were approximately \$6,716,600 in 1960 and \$5,863,100 in 1959, are included in "Taxes" under "Transportation Operations."

TABLE 3 — OPERATING REVENUES

	1960	1959	Increase (+) or Decrease (-)	
Transportation	Freight	\$428,271,329	\$449,037,095	-\$20,765,766
	Passenger	27,519,034	27,929,586	- 410,552
	Baggage	74,237	90,481	- 16,244
	Mail	20,743,000	19,301,949	+ 1,441,051
	Express	4,064,304	5,344,529	- 1,280,225
	Other passenger-train	173,148	175,330	- 2,182
	Milk	58,729	74,047	- 15,318
	Switching	6,166,274	6,353,256	- 186,982
	Other	10,980	11,870	- 890
	Total	\$487,081,035	\$508,318,143	-\$21,237,108
Incidental	Dining and buffet	\$3,638,706	\$3,848,056	- \$209,350
	Hotel and restaurant	468,485	538,446	- 69,961
	Station, train, and boat privileges	108,456	124,221	- 15,765
	Demurrage	955,490	945,633	+ 9,857
	Communication	73,483	89,280	- 15,797
	Rents of buildings and other property	510,909	477,237	+ 33,672
	Miscellaneous	1,008,677	993,796	+ 14,881
Total	\$6,764,206	\$7,016,669	- \$252,463	
Joint Facility	Joint facility—credit	\$460,565	\$519,368	- \$58,803
	Joint facility—debit	121,842	86,747	+ 34,595
	Total	\$339,223	\$432,621	- \$93,398
Total Operating Revenues	\$494,184,464	\$515,767,433	-\$21,582,969	



TABLE 4 — OPERATING EXPENSES

		1960	1959	Increase (+) or Decrease (-)
MAINTENANCE OF WAY AND STRUCTURES				
Supervision	Superintendence	\$4,378,561	\$4,669,652	- \$291,091
Roadway and Track	Roadway maintenance	\$2,738,494	\$3,366,730	- \$628,236
	Tunnels and subways	30,572	31,891	- 1,319
	Bridges, trestles, and culverts	1,436,913	1,808,720	- 371,807
	Ties	3,505,022	3,678,663	- 173,641
	Rails	1,459,587	2,331,008	- 871,421
	Other track material	2,271,747	2,891,024	- 619,277
	Ballast	203,338	308,273	- 104,935
	Track laying and surfacing	15,401,274	19,218,715	- 3,817,441
	Fences, snowsheds, and signs	324,607	400,369	- 75,762
	Communication systems	897,756	885,767	+ 11,989
	Signals and interlockers	1,980,680	2,369,040	- 388,360
	Removing snow, ice, and sand	1,300,112	729,667	+ 570,445
	Total		\$31,550,102	\$38,019,867	- $6,469,765
Structures	Station and office buildings	\$1,671,904	\$2,151,917	- \$480,013
	Roadway buildings	239,012	365,702	- 126,690
	Water stations	147,326	233,933	- 86,607
	Fuel stations	43,903	236,008	- 192,105
	Shops and enginehouses	1,186,550	1,381,524	- 194,974
	Wharves and docks	10,845	2,939	+ 7,906
	Power plants	102,432	91,259	+ 11,173
	Power-transmission systems	258,944	307,645	- 48,701
	Miscellaneous structures	12,290	17,968	- 5,678
Total		\$3,673,206	\$4,788,895	- \$1,115,689
Miscellaneous ...	Roadway machines	\$541,063	\$643,311	- \$102,248
	Dismantling retired road property	168,191	256,439	- 88,248
	Small tools and supplies	1,360,172	1,374,820	- 14,648
	Public improvements—maintenance	472,603	472,091	+ 512
	Injuries to persons	474,598	368,832	+ 105,766
	Insurance	92,298	84,028	+ 8,270
	Stationery and printing	79,199	67,428	+ 11,771
	Right-of-way expenses	1,121	12,341	- 11,220
	Other expenses	943,970	1,055,124	- 111,154
	Maintaining joint tracks, yards, and other facilities—debit	2,671,908	3,289,587	- 617,679
Maintaining joint tracks, yards, and other facilities—credit	1,271,708	1,423,805	- 152,097	
Total		\$5,533,415	\$6,200,196	- \$666,781
Depreciation and Retirements	Road property—depreciation	\$6,178,725	\$5,931,068	+ \$247,657
	Retirements—road	1,288,242	787,544	+ 500,698
	Total	\$7,466,967	\$6,718,612	+ \$748,355
Total Maintenance of Way and Structures		\$52,602,251	\$60,397,222	- \$7,794,971
Percentage Ratio to Operating Revenues		10.64	11.71	- 1.07
MAINTENANCE OF EQUIPMENT				
Supervision	Superintendence	\$3,736,897	\$3,950,676	- \$213,779
Equipment Repairs	Steam locomotives—repairs	\$332,046*	\$222,636*	- \$109,410
	Diesel and gas-turbine locomotives—repairs	26,425,434	29,081,742	- 2,656,308
	Freight-train cars—repairs	17,170,785	19,407,473	- 2,236,688
	Passenger-train cars—repairs	7,719,548	9,727,930	- 2,008,382
	Work equipment—repairs	260,452	391,571	- 131,119
	Miscellaneous equipment—repairs	566,279	540,423	+ 25,856
Total		\$51,810,452	\$58,926,503	- \$7,116,051
Miscellaneous ...	Shop machinery	\$1,235,466	\$1,428,743	- \$193,277
	Power-plant machinery	293,412	314,234	- 20,822
	Dismantling retired equipment	205,996	194,771	+ 11,225
	Injuries to persons	243,708	383,152	- 139,444
	Insurance	719,842	678,939	+ 40,903
	Stationery and printing	70,874	78,243	- 7,369
	Other expenses	1,298,858	1,437,468	- 138,610
	Joint maintenance of equipment expenses—debit	510,381	504,629	+ 5,752
Joint maintenance of equipment expenses—credit	143,695	93,514	+ 45,181	
Total		\$4,434,842	\$4,921,665	- \$486,823

* Credit.

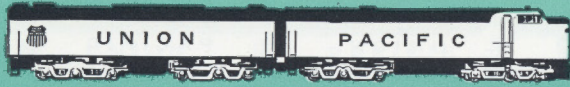


TABLE 4 — OPERATING EXPENSES — (Continued)

		1960	1959	Increase (+) or Decrease (-)
MAINTENANCE OF EQUIPMENT—(Concluded)				
Depreciation and Retirements	Equipment—depreciation	\$28,974,906	\$26,424,652	+ \$2,550,254
	Shop and power-plant machinery—depreciation	382,410	390,061	- 7,651
	Retirements—equipment	40,125*	85,006*	+ 44,881
	Total	\$29,317,191	\$26,729,707	+ \$2,587,484
Total Maintenance of Equipment		\$89,299,382	\$94,528,551	- \$5,229,169
Percentage Ratio to Operating Revenues		18.07	18.32	- .25
TRAFFIC				
Traffic Promotion	Superintendence	\$2,616,897	\$2,686,339	- \$69,442
	Outside agencies	7,193,932	7,311,169	- 117,237
	Advertising	2,790,862	3,428,165	- 637,303
	Traffic associations	334,271	301,439	+ 32,832
	Industrial and immigration bureaus	422,335	398,712	+ 23,623
Total		\$13,358,297	\$14,125,824	- \$767,527
Miscellaneous ...	Insurance	\$12,627	\$12,889	- \$262
	Stationery and printing	480,054	495,115	- 15,061
	Other expenses	61,788	64,471	- 2,683
	Total	\$554,469	\$572,475	- \$18,006
Total Traffic		\$13,912,766	\$14,698,299	- \$785,533
Percentage Ratio to Operating Revenues		2.81	2.85	- .04
TRANSPORTATION				
Supervision	Superintendence	\$5,463,544	\$5,592,205	- \$128,661
	Dispatching trains	2,330,668	2,428,564	- 97,896
Total		\$7,794,212	\$8,020,769	- \$226,557
Station Service...	Station employees	\$18,881,044	\$19,508,662	- \$627,618
	Weighing, inspection, and demurrage bureaus	410,793	445,284	- 34,491
	Station supplies and expenses	1,746,534	1,601,851	+ 144,683
Total		\$21,038,371	\$21,555,797	- \$517,426
Yard Service....	Yardmasters and yard clerks	\$7,286,948	\$7,237,096	+ \$49,852
	Yard conductors and brakemen	14,015,235	14,486,045	- 470,810
	Yard switch and signal tenders	886,679	911,933	- 25,254
	Yard enginemen	8,028,244	8,307,930	- 279,686
	Yard switching fuel	949,014	976,493	- 27,479
	Water for yard locomotives	7*	550	- 557
	Lubricants for yard locomotives	138,607	139,988	- 1,381
	Other supplies for yard locomotives	65,291	71,706	- 6,415
	Enginehouse expenses—yard	1,314,449	1,307,674	+ 6,775
	Yard supplies and expenses	583,820	566,014	+ 17,806
Total		\$33,268,280	\$34,005,429	- \$737,149
Train Service ...	Train enginemen	\$20,697,715	\$21,841,229	- \$1,143,514
	Trainmen	28,646,033	29,960,930	- 1,314,897
	Train fuel	21,555,862	22,818,355	- 1,262,493
	Water for train locomotives	386,771	424,182	- 37,411
	Lubricants for train locomotives	1,738,878	1,999,230	- 260,352
	Other supplies for train locomotives	274,885	312,603	- 37,718
	Enginehouse expenses—train	5,732,230	6,027,988	- 295,758
	Train supplies and expenses	15,736,662	14,957,934	+ 778,728
	Operating sleeping cars	1,046,506	854,632	+ 191,874
Total		\$95,815,542	\$99,197,083	- \$3,381,541

* Credit.



TABLE 4 — OPERATING EXPENSES — (Concluded)

	1960	1959	Increase (+) or Decrease (-)
TRANSPORTATION (Concluded)			
Casualties			
{ Clearing wrecks	\$412,011	\$397,945	+ \$14,066
{ Damage to property	395,752	135,076	+ 260,676
{ Damage to livestock on right-of-way	46,840	27,437	+ 19,403
{ Loss and damage—freight	5,179,874	4,893,539	+ 286,335
{ Loss and damage—baggage	1,954*	10,475	- 12,429
{ Injuries to persons	1,462,471	1,737,282	- 274,811
Total	\$7,494,994	\$7,201,754	+ \$293,240
Miscellaneous			
{ Signal and interlocker operation	\$946,049	\$932,267	+ \$13,782
{ Crossing protection	560,401	611,612	- 51,211
{ Drawbridge operation	124,541	130,110	- 5,569
{ Communication system operation	1,417,339	1,332,412	+ 84,927
{ Stationery and printing	616,878	669,111	- 52,233
{ Insurance	200,708	263,087	- 62,379
{ Other expenses	1,039,070	1,074,639	- 35,569
{ Operating joint yards and terminals—debit	7,874,563	8,080,009	- 205,446
{ Operating joint yards and terminals—credit	2,836,943	2,940,770	- 103,827
{ Operating joint tracks and facilities—debit	848,879	830,526	+ 18,353
{ Operating joint tracks and facilities—credit	262,528	301,957	- 39,429
Total	\$10,528,957	\$10,681,046	- \$152,089
Total Transportation	\$175,940,356	\$180,661,878	- \$4,721,522
Percentage Ratio to Operating Revenues	35.60	35.03	+ .57
MISCELLANEOUS OPERATIONS			
Dining Car and Hotel			
{ Dining and buffet service	\$6,774,442	\$7,309,903	- \$535,461
{ Hotels and restaurants	901,402	968,458	- 67,056
Total	\$7,675,844	\$8,278,361	- \$602,517
Miscellaneous			
{ Producing power sold	\$8,074	\$7,144	+ \$930
{ Other miscellaneous operations	8,279	5,336	+ 2,943
{ Operating joint miscellaneous facilities—debit	3,644	3,723	- 79
Total	\$19,997	\$16,203	+ \$3,794
Total Miscellaneous Operations	\$7,695,841	\$8,294,564	- \$598,723
Percentage Ratio to Operating Revenues	1.56	1.61	- .05
GENERAL			
Administration			
{ Salaries and expenses of general officers	\$1,668,377	\$1,658,213	+ \$10,164
{ Salaries and expenses of clerks and attendants	9,853,029	10,110,407	- 257,378
{ General office supplies and expenses	1,709,954	1,855,024	- 145,070
{ Law expenses	1,656,297	1,650,998	+ 5,299
Total	\$14,887,657	\$15,274,642	- \$386,985
Miscellaneous			
{ Insurance	\$353,294	\$21,348	+ \$331,946
{ Pensions and employes' group insurance	2,330,057	2,024,486	+ 305,571
{ Stationery and printing	464,821	477,704	- 12,883
{ Valuation expenses	190,113	180,177	+ 9,936
{ Other expenses	1,827,263	1,898,818	- 71,555
{ General joint facilities—debit	252,845	300,511	- 47,666
{ General joint facilities—credit	15,610	16,397	- 787
Total	\$5,402,783	\$4,886,647	+ \$516,136
Total General	\$20,290,440	\$20,161,289	+ \$129,151
Percentage Ratio to Operating Revenues	4.11	3.91	+ .20
Total Operating Expenses	\$359,741,036	\$378,741,803	- \$19,000,767
Percentage Ratio to Operating Revenues	72.79	73.43	- .64

* Credit.



TABLE 5 — OPERATING STATISTICS

	1960	1959	Increase	Decrease	Per Cent
Average miles of road operated.....	9,740.80	9,746.47	.....	5.67	.1
FREIGHT TRAFFIC					
Revenue Freight					
Cars of revenue freight loaded on line.....	937,849	951,897	.....	14,048	1.5
Cars of revenue freight received from connections.....	727,890	745,193	.....	17,303	2.3
Total cars of revenue freight handled..	<u>1,665,739</u>	<u>1,697,090</u>	.....	<u>31,351</u>	<u>1.8</u>
Tons of revenue freight carried.....	55,750,309	55,597,824	152,485	.....	.3
Ton-miles, revenue freight.....	31,532,830,559	32,874,828,224	.....	1,341,997,665	4.1
Average distance hauled per ton (miles).....	565.61	591.30	.....	25.69	4.3
Average revenue per ton.....	\$7.68	\$8.08	.....	\$.40	5.0
Average revenue per ton-mile (cents).....	1.358	1.366	.....	.008	.6
Average revenue per train mile.....	\$18.29	\$17.37	\$.92	.....	5.3
Revenue and Company Freight					
Tons of all freight carried.....	58,661,920	58,842,444	.....	180,524	.3
Ton-miles, all freight.....	32,566,570,024	33,907,952,566	.....	1,341,382,542	4.0
Gross ton-miles (cars and contents) all freight.....	77,906,219,874	82,026,284,811	.....	4,120,064,937	5.0
Average net ton-miles per mile of road per day.....	9,134	9,531	.....	397	4.2
PASSENGER TRAFFIC					
Revenue passengers carried.....	1,572,402	1,589,626	.....	17,224	1.1
Revenue passengers carried one mile.....	1,232,604,269	1,242,181,742	.....	9,577,473	.8
Average journey per passenger (miles).....	783.90	781.43	2.47	.....	.3
Average revenue per passenger-mile (cents).....	2.233	2.248	.....	.015	.7
Average revenue per train mile—passengers only.....	\$3.08	\$2.99	\$.09	.....	3.0
Average total revenue per train mile.....	\$5.16	\$4.97	\$.19	.....	3.8
TRAIN AND CAR STATISTICS					
Freight					
Train miles—Ordinary.....	23,237,229	25,639,585	.....	2,402,356	9.4
Light (locomotive with caboose).....	179,776	205,269	.....	25,493	12.4
Total.....	<u>23,417,005</u>	<u>25,844,854</u>	.....	<u>2,427,849</u>	<u>9.4</u>
Train hours.....	845,705	929,340	.....	83,635	9.0
Locomotive miles.....	25,162,486	27,760,619	.....	2,598,133	9.4
Car miles in freight trains:					
Freight cars—Loaded.....	1,137,805,185	1,212,283,117	.....	74,477,932	6.1
Freight cars—Empty.....	635,866,348	670,605,333	.....	34,738,985	5.2
Caboose.....	23,074,118	25,366,038	.....	2,291,920	9.0
Passenger-train cars.....	6,672,820	7,390,942	.....	718,122	9.7
Total car miles.....	<u>1,803,418,471</u>	<u>1,915,645,430</u>	.....	<u>112,226,959</u>	<u>5.9</u>
Average freight-train speed—miles per hour.....	27.69	27.81	.....	.12	.4
Average tons per loaded car mile—all freight.....	28.59	27.94	.65	.....	2.3
Average car miles per freight-train mile.....	76.33	73.44	2.89	.....	3.9
Percentage of loaded to total freight-carrying car miles..	64.15	64.38	.....	.23	.4
Average net tons per train mile—all freight.....	1,401.31	1,322.47	78.84	.....	6.0
Average gross tons per train mile.....	3,352.65	3,199.20	153.45	.....	4.8
Average gross ton-miles per train hour.....	92,120	88,263	3,857	.....	4.4
Passenger					
Train miles—Passenger.....	8,934,395	9,331,086	.....	396,691	4.3
Mail and express.....	1,973,356	2,089,693	.....	116,337	5.6
Total.....	<u>10,907,751</u>	<u>11,420,779</u>	.....	<u>513,028</u>	<u>4.5</u>
Train hours.....	210,433	220,592	.....	10,159	4.6
Locomotive miles.....	10,963,224	11,483,717	.....	520,493	4.5
Car miles in passenger trains:					
Passenger-carrying cars.....	73,278,514	78,345,765	.....	5,067,251	6.5
Other passenger-train cars.....	76,717,299	79,374,282	.....	2,656,983	3.3
Freight-train cars.....	1,496,038	1,270,007	226,031	.....	17.8
Total car miles.....	<u>151,491,851</u>	<u>158,990,054</u>	.....	<u>7,498,203</u>	<u>4.7</u>
Average passenger-train speed—miles per hour.....	51.83	51.77	.06	.....	.1
Average car miles per passenger-train mile.....	13.89	13.92	.....	.03	.2
Average passengers per train mile.....	137.96	133.12	4.84	.....	3.6
Average passengers per passenger-carrying car mile.....	18.50	17.54	.96	.....	5.5



TABLE 6 — CAPITAL STOCK OUTSTANDING IN HANDS OF THE PUBLIC

Company and Class of Stock	Par Value of Capital Stock Outstanding December 31, 1960		
	Common	Preferred	Total
UNION PACIFIC RAILROAD Co.			
Common Stock (par value \$10 per share)	\$224,292,350	.....	\$224,292,350
Preferred Stock (par value \$10 per share) .....	.....	\$99,543,100	99,543,100
Total	<u>\$224,292,350</u>	<u>\$99,543,100</u>	<u>\$323,835,450</u>
THE ST. JOSEPH AND GRAND ISLAND RAILWAY Co. (See Note)			
Common Stock (par value \$100 per share)	\$10,000	.....	\$10,000
First Preferred Stock (par value \$100 per share) .....	.....	\$34,510	34,510
Second Preferred Stock (par value \$100 per share) .....	.....	9,471	9,471
Total	<u>\$10,000</u>	<u>\$43,981</u>	<u>\$53,981</u>
Grand Total	<u>\$224,302,350</u>	<u>\$99,587,081</u>	<u>\$323,889,431</u>

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

Description	Owned by:	
	U. P. R. R. Co.	O. S. L. R. R. Co.
O. S. L. R. R. Co. Capital Stock	\$100,000,000	—
O-W. R. R. & N. Co. Capital Stock	—	\$50,000,000
L. A. & S. L. R. R. Co. Capital Stock	12,500,000	12,500,000
St. J. & G. I. Ry. Co. Common Stock	4,590,000	—
“ First Preferred Stock	5,464,890	—
“ Second Preferred Stock	3,490,530	—
Des Chutes R. R. Co. Capital Stock	—	100,000

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, 1960	Decrease vs. Dec. 31, 1959	Year 1960	Decrease vs. Year 1959
UNION PACIFIC RAILROAD Co.							
Refunding Mortgage 2½% Bonds, Series C	Mar. 1, 1946	Mar. 1, 1991	Mar. & Sept.	\$70,089,000	\$536,000	\$1,763,176	\$3,568
Thirty Year 2⅞% Debenture Bonds	Feb. 1, 1946	Feb. 1, 1976	Feb. & Aug.	43,638,000	113,000	1,256,892	9,582
Equipment Purchase Contracts .....	.....	.....	.....	.....	.....	.....	1,430
Total				<u>\$113,727,000</u>	<u>\$649,000</u>	<u>\$3,020,068</u>	<u>\$14,580</u>
OREGON-WASHINGTON RAILROAD & NAVIGATION Co.							
Refunding Mortgage 3% Bonds, Series A .....				.....	\$45,955,000	\$1,032,124	\$346,526
Total				<u>\$113,727,000</u>	<u>\$46,604,000</u>	<u>\$4,052,192</u>	<u>\$361,106</u>

NOTE A: Union Pacific Railroad Co. is a guarantor of the principal and interest of \$38,602,000 face value of serial bonds, bearing interest rates varying from 1⅞% to 3%, issued by Kansas City Terminal Railway Co., maturing 1961-74, 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 \$9,092,083 face value of Pacific Fruit Express Co. 4.47% equipment obligation maturing semi-annually 1961-73.

NOTE C: Union Pacific Railroad Co. and thirty-one other proprietary companies of Trailer Train Co. (see page 20) are obligated to advance any sums that may be needed by Trailer Train Co. for payment of principal and interest of its equipment obligations, which amounted to \$59,072,807 on December 31, 1960.

NOTE D: Face value of bonds owned within the System by Union Pacific Railroad Co.:

O. S. L. R. R. Co. First & Consolidated Mortgage 4% Bonds, due December 1, 1980 (Extended)	\$41,487,000
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, 1960	Number of Shares Owned		Dividends Credited to Income Account	
		Dec. 31, 1960	Increase (+) or Decrease (—) vs. Dec. 31, 1959	Year 1960	Increase (+) or Decrease (—) vs. Year 1959
Investments in Affiliated Companies					
RAILROAD TRANSPORTATION, ETC.					
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		\$679,920	+\$679,920
Ogden Union Railway and Depot Co.....	3,000	1,500			
Pacific Fruit Express Co.....	240,000	120,000		2,880,000	— 240,000
Pullman Co.	731,350	43,914		175,656	+ 43,914
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	198,609	+ 614*		— 296,662
Trailer Train Co. (see page 20).....	17,000	500	+ 500		
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			— 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	
MISCELLANEOUS					
Calnev Pipe Line Co. (see page 20).....	1,000,000	700,000	+ 700,000		
Overland Terminal Warehouse Co.....	1,150	1,150			
Southern Wyoming Utilities Co.†.....	3,500	3,500			— 28,000
Utah Parks Co.....	250	250			
Total Dividends—Affiliated Companies.....				\$3,753,406	+\$109,172
Other Investments					
Baltimore & Ohio Railroad Co.					
Preferred					—\$ 19,498
Greyhound Corporation					
Preferred					— 8,543
Illinois Central Railroad Co.					
Common		716,440		\$1,432,880	
Pennsylvania Railroad Co.					
Capital			— 115,200‡	28,800	
Miscellaneous		56	+ 1	8	+ 8
Total Dividends—Other than Affiliated Companies.....				\$1,461,688	—\$ 28,033
Grand Total Dividends on Stocks Owned.....				\$5,215,094	+\$ 81,139

* Purchased.

† Company to be dissolved in 1961.

‡ Sold (see page 19).



TABLE 9 — BONDS AND NOTES OWNED AND INCOME YIELD

	Maturity	Face Value Owned		Current Income Yield	
		Dec. 31, 1960	Increase (+) or Decrease (-) vs. Dec. 31, 1959	Year 1960	Increase (+) or Decrease (-) vs. Year 1959
Temporary Cash Investments					
UNITED STATES OF AMERICA:					
Treasury 4 7/8 % Certificates of Indebtedness, Series A	Feb. 15, 1961	\$21,000,000	+\$21,000,000	\$651,175	+ \$651,175
Treasury 3 1/2 % Certificates of Indebtedness, Series C	Aug. 1, 1961	2,080,000	+ 2,080,000	22,401	+ 22,401
Treasury 4 3/4 % Notes, Series C-1960	Aug. 15, 1960	.....	- 26,866,000	563,977	+ 91,723
Treasury Bills	Various	48,500,000	+ 13,000,000	428,932	+ 1,012
Treasury securities held under Repurchase Agreements	.....	6,500,000	+ 5,500,000	4,239	+ 3,017
*Interest on other Treasury securities	.....	.....	.....	955,077	- 287,593
Total Temporary Cash Investments	.....	\$78,080,000	+\$14,714,000	\$2,625,801	+ \$481,735
Investments in Affiliated Companies					
Total Outstanding Dec. 31, 1960					
Calnev Pipe Line Co.					
6 1/2 % First Mortgage Promissory Notes (maturing in 26 semi-annual installments starting in 1963)		\$3,640,000	\$3,640,000	+ \$3,640,000	\$25,354 + \$25,354
Kansas City Terminal Railway Co.					
Demand Note (non-interest bearing)		.....	- 102,001		
Pacific Fruit Express Co.					
Equipment Purchase Contract 4% - 4 1/4 %, dated November 15, 1956 (maturing in 20 semi-annual installments)		16,958,760	8,479,380	- 1,304,520	387,540 - 52,259
Equipment Purchase Contract 4 1/2 % - 5 %, dated August 20, 1959 (maturing in 30 semi-annual installments)		27,017,875	5,000,000	+ 5,000,000	121,184 + 121,184
Railway Express Agency, Inc.					
5 % Promissory Note		27,637,054	722,889	.....	36,144 + 27,108
St. Joseph Terminal Railroad Co.					
6 % Demand Note		350,000	175,000	.....	10,500
Total Obligations of Affiliated Companies	.....	\$18,017,269	+\$7,233,479	\$580,722	+ \$121,387
Other Investments					
Maturity					
Baltimore & Ohio Railroad Co.					
Convertible 4 1/2 % Debenture Bonds, Series A	Jan. 1, 2010	.....	- \$813,000†	\$35,589	- \$36,261
First Consolidated Mortgage 4 % Bonds, Series B	Sept. 1, 1980	\$1,940,000	- 69,000†	80,285	- 75
New York Central Railroad Co.					
Refunding and Improvement Mortgage 4 1/2 % Bonds	Oct. 1, 2013	.....	.....	.....	- 133,792
Pittsburgh, Youngstown & Ashtabula Railway Co.					
First General Mortgage 4 1/2 % Gold Bonds, Series D	June 1, 1977	1,485,000	.....	66,825	
Miscellaneous (principally property-sale and other contracts)	.....	3,319,464	+ 195,785	157,645	+ 14,253
Total	.....	\$6,744,464	- \$686,215	\$340,344	- \$155,875
UNITED STATES OF AMERICA:					
Treasury 3 3/4 % Certificates of Indebtedness, Series A	Feb. 15, 1960	.....	-\$20,000,000	\$89,062	- \$534,375
Treasury 1 1/2 % Notes, Series EA—1960	Apr. 1, 1960	.....	- 1,000,000	5,290	- 27,601
Treasury 1 1/2 % Notes, Series EO—1960	Oct. 1, 1960	.....	- 28,000,000	683,627	+ 26,095
Treasury 3 5/8 % Notes, Series B—1961	May 15, 1961	\$2,000,000	.....	72,754	
Treasury 2 1/2 % Bonds	Nov. 15, 1961	6,500,000	.....	232,049	+ 12,517
Treasury 2 5/8 % Bonds	Feb. 15, 1965	8,000,000	.....	262,440	- 641
*Interest on other Treasury securities	.....	.....	.....	.....	- 46,382
Total	.....	\$16,500,000	-\$49,000,000	\$1,345,222	- \$570,387
Total Other Bonds and Notes	.....	\$23,244,464	-\$49,686,215	\$1,685,566	- \$726,262
Grand Total Income Yield on Bonds and Notes Owned	.....	.....	.....	\$4,892,089	- \$123,140

* Interest received in 1960 on Treasury securities acquired during the year but disposed of prior to December 31st, compared with interest received in 1959 on Treasury securities disposed of prior to December 31st of that year.

† Sold (see page 19).



TABLE 10 — EQUIPMENT OWNED

	Owned December 31, 1959	Acquired			Retired	Owned December 31, 1960
		Purchased or Built	Rebuilt or Converted	Total Acquired		
LOCOMOTIVES						
Diesel						
Freight units	805	34	....	34	2	837
Passenger units	115	....	....	....	....	115
Road-Switch	59	....	....	....	....	59
Switch	278	....	....	....	....	278
Total Diesel	<u>1,257</u>	<u>34</u>	<u>....</u>	<u>34</u>	<u>2</u>	<u>1,289</u>
Gas-Turbine	36	12	....	12	....	48
Steam						
Road	84	....	....	....	30	54
Switch	2	....	....	....	1	1
Total Steam	<u>86</u>	<u>....</u>	<u>....</u>	<u>....</u>	<u>31</u>	<u>55</u>
FREIGHT-TRAIN CARS						
Automobile	6,103	300	....	300	38	6,365
Box	23,007	250	....	250	487	22,770
Gondola	16,908*	653	....	653	327	17,234*
Ballast	26	....	....	....	....	26
Flat	2,746	300	....	300	84	2,962
Stock	3,488	....	....	....	71	3,417
Tank	1,238	....	....	....	....	1,238
Caboose	774	....	....	....	30	744
Total Freight-Train Cars	<u>54,290</u>	<u>1,503</u>	<u>....</u>	<u>1,503</u>	<u>1,037</u>	<u>54,756</u>
PASSENGER-TRAIN CARS						
Postal	115	....	3	3	8	110
Baggage	251	....	1	1	16	236
Baggage-combination	71	5	....	5	6	70
Coach	232	20	....	20	4	248
Coach-combination	2	....	....	....	....	2
Parlor	1	....	....	....	1	1
Sleeping	235	....	....	....	8	227
Dining and Lunch Counter-Cafe	83	1	2	3	13	73
Club, Lounge, and Observation	57	....	....	....	5	52
Auxiliary steam generator	2	....	....	....	....	2
Total Passenger-Train Cars	<u>1,049</u>	<u>26</u>	<u>6</u>	<u>32</u>	<u>61</u>	<u>1,020</u>
WORK EQUIPMENT						
Business	18	....	....	....	....	18
Instruction	9	....	....	....	....	9
Roadway	316	....	20	20	3	333
Boarding	1,278	....	30	30	11	1,297
Tool	395	....	2	2	1	396
Miscellaneous	597	....	38	38	18	617
Total Work Equipment Units	<u>2,613</u>	<u>....</u>	<u>90</u>	<u>90</u>	<u>33</u>	<u>2,670</u>

*Includes cars owned jointly with Utah Ry.: 396 as of December 31, 1959, and 301 as of December 31, 1960.



TABLE 11 — FREIGHT TRAFFIC BY COMMODITIES

Commodity	TONS				GROSS FREIGHT REVENUE			
	1960	Per Cent of Total	1959	Per Cent of Total	1960	Per Cent of Total	1959	Per Cent of Total
PRODUCTS OF AGRICULTURE								
Wheat	4,389,765	7.87	3,843,340	6.91	\$24,442,329	5.54	\$23,266,786	5.02
Corn	675,914	1.21	892,808	1.61	3,606,557	.82	4,617,678	1.00
Other grain and grain products.....	2,301,375	4.13	2,254,874	4.06	10,436,566	2.36	10,210,449	2.20
Sugar beets	3,640,558	6.53	3,149,950	5.66	2,980,823	.68	2,536,419	.55
Potatoes, other than sweet	1,091,297	1.96	1,277,338	2.30	14,412,617	3.26	18,664,919	4.02
Fresh fruits and vegetables	1,851,306	3.32	1,952,697	3.51	26,556,367	6.02	29,529,191	6.37
Other products of agriculture	789,622	1.42	762,336	1.37	7,914,571	1.79	7,941,739	1.71
Total	14,739,837	26.44	14,133,343	25.42	\$90,349,830	20.47	\$96,767,181	20.87
ANIMALS AND PRODUCTS								
Livestock	504,484	.90	593,080	1.07	\$9,968,044	2.26	\$11,683,716	2.52
Meats and other edible packing house products	185,582	.33	160,222	.29	3,040,326	.69	2,744,636	.59
Other animals and products	182,012	.33	184,865	.33	2,760,655	.62	3,101,078	.67
Total	872,078	1.56	938,167	1.69	\$15,769,025	3.57	\$17,529,430	3.78
PRODUCTS OF MINES								
Bituminous coal	3,717,768	6.67	3,783,693	6.80	\$11,259,539	2.55	\$11,980,065	2.58
Iron ore	3,782,082	6.78	3,229,773	5.81	8,457,824	1.92	7,703,179	1.66
Other ores and concentrates.....	1,005,546	1.80	960,379	1.73	4,254,983	.97	4,485,189	.97
Gravel, sand, and stone	2,311,088	4.15	2,832,182	5.09	4,824,576	1.09	5,588,329	1.21
Phosphate rock	2,210,517	3.97	2,094,324	3.77	3,542,817	.80	2,908,602	.63
Other products of mines	2,007,187	3.60	2,050,475	3.69	9,966,584	2.26	10,753,630	2.32
Total	15,034,188	26.97	14,950,826	26.89	\$42,306,323	9.59	\$43,418,994	9.37
PRODUCTS OF FORESTS								
Lumber, shingles, and lath	4,494,134	8.06	5,185,891	9.33	\$50,397,546	11.42	\$58,731,812	12.67
Veneer, plywood, and built-up wood...	1,475,388	2.65	1,535,801	2.76	14,219,300	3.22	15,150,842	3.27
Other products of forests	1,032,618	1.85	966,138	1.74	3,854,259	.87	3,553,905	.76
Total	7,002,140	12.56	7,687,830	13.83	\$68,471,105	15.51	\$77,436,059	16.70
MANUFACTURES AND MISCELLANEOUS								
Petroleum products	1,082,480	1.94	1,091,823	1.96	\$6,158,029	1.39	\$5,967,294	1.29
Iron and steel, including scrap	2,405,341	4.31	2,351,978	4.23	23,167,147	5.25	23,403,417	5.05
Other metals and alloys	898,008	1.61	918,904	1.65	8,365,109	1.89	10,280,693	2.22
Chemicals and products	1,474,689	2.65	1,466,544	2.64	17,195,490	3.90	18,172,983	3.92
Machinery and parts	379,770	.68	383,286	.69	10,702,406	2.42	11,345,825	2.45
Automobiles, other vehicles, and parts	665,030	1.19	566,553	1.02	24,409,059	5.53	21,253,746	4.58
Cement, brick, lime, and plaster	1,709,542	3.07	1,875,255	3.37	6,043,601	1.37	6,375,753	1.38
Paper and products	1,112,104	2.00	1,080,061	1.94	14,284,637	3.24	14,206,051	3.06
Ammunition and explosives	44,623	.08	60,548	.11	1,404,463	.32	2,457,589	.53
Canned and other foods and beverages	3,273,446	5.87	2,957,560	5.32	35,362,144	8.01	33,252,390	7.17
Other manufactures and miscellaneous	4,411,032	7.91	4,452,526	8.01	54,029,444	12.24	56,755,135	12.24
Total	17,456,065	31.31	17,205,038	30.94	\$201,121,529	45.56	\$203,470,876	43.89
Forwarder Traffic	477,530	.86	493,116	.89	\$16,346,970	3.70	\$16,928,982	3.65
Total Carload Freight	55,581,838	99.70	55,408,320	99.66	\$434,364,782	98.40	\$455,551,522	98.26
All less than carload freight	168,471	.30	189,504	.34	7,069,876	1.60	8,057,771	1.74
Total All Commodities.....	55,750,309	100.00	55,597,824	100.00	\$441,434,658	100.00	\$463,609,293	100.00

NOTE: Total gross freight revenue shown above exceeds freight revenue reported in Table 3 for 1960 and 1959 by \$13,163,329 and \$14,572,198, 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	1960	1959	1958
OPERATING REVENUES			
Freight	\$428,271,329	\$449,037,095	\$440,671,942
Passenger	27,519,034	27,929,586	27,931,280
Other	38,394,101	38,800,752	36,611,969
Total operating revenues	<u>\$494,184,464</u>	<u>\$515,767,433</u>	<u>\$505,215,191</u>
OPERATING EXPENSES			
Maintenance of way and structures	\$52,602,251	\$60,397,222	\$61,778,257
Maintenance of equipment	89,299,382	94,528,551	93,244,296
Transportation	175,940,356	180,661,878	174,263,600
Other	41,899,047	43,154,152	41,971,792
Total operating expenses	<u>\$359,741,036</u>	<u>\$378,741,803</u>	<u>\$371,257,945</u>
Operating ratio (per cent—operating expenses of operating revenues)	72.79	73.43	73.49
TAXES			
Federal income	\$42,400,000	\$38,400,000	\$34,800,000
Other Federal	18,678,574	18,330,304	15,473,903
State and county	18,264,000	20,076,000	19,530,000
Total taxes	<u>\$79,342,574</u>	<u>\$76,806,304</u>	<u>\$69,803,903</u>
Equipment and joint facility rents—net charge	<u>\$22,265,560</u>	<u>\$23,262,674</u>	<u>\$20,692,259</u>
Net income from transportation operations	<u>\$32,835,294</u>	<u>\$36,956,652</u>	<u>\$43,461,084</u>
Income from Investments and Other Sources			
Net income from oil and gas operations (a)	22,098,416	19,347,089	24,566,034
Other income	14,947,620	13,526,160	14,765,358
Total income	<u>\$69,881,330</u>	<u>\$69,829,901</u>	<u>\$82,792,476</u>
Fixed and Other Charges			
Interest on funded debt	\$4,052,192	\$4,413,298	\$4,470,345
Other charges	516,626	575,243	539,687
Net income from all sources	<u>\$65,312,512</u>	<u>\$64,841,360</u>	<u>\$77,782,444</u>
Released from "Reserve against possible refunds on U. S. Government shipments" .....	.....	.....	.....
Total credited to income account	<u>\$65,312,512</u>	<u>\$64,841,360</u>	<u>\$77,782,444</u>
Per share on U.P.R.R. Co. common stock outstanding December 31st (after preferred dividends) (b)	<u>\$2.73</u>	<u>\$2.71</u>	<u>\$3.29</u>
Dividends (4%) declared on preferred stock	\$3,981,724	\$3,981,724	\$3,981,724
Dividends declared on common stock	35,886,776	35,886,776	35,706,655
Common dividends per share (b)	\$1.60	\$1.60	(c)
Net income less U.P.R.R. Co. dividends	25,444,012	24,972,860	38,094,065
Statistics			
Freight train miles	23,237,229	25,639,585	24,462,007
Ton-miles of revenue freight carried (thousands)	31,532,831	32,874,828	31,681,958
Average revenue per ton-mile (cents)	1.358	1.366	1.391
Average distance hauled per ton (miles)	565.61	591.30	585.99
Average net tons per train mile—all freight	1,401.31	1,322.47	1,339.52
Average gross ton-miles per train hour	92,120	88,263	85,653
Passenger train miles (excluding mail and express)	8,934,395	9,331,086	9,824,143
Revenue passengers carried one mile (thousands)	1,232,604	1,242,182	1,234,134
Average revenue per passenger-mile (cents)	2.233	2.248	2.263
Average journey per passenger (miles)	783.90	781.43	771.83
Average passengers per train mile	137.96	133.12	125.62
Average number of employees	37,589	40,565	41,780
Total wages paid	\$229,981,761	\$242,343,020	\$239,773,386
Wages and other employe benefits charged to operating expenses, per share of common stock (b)	\$10.07	\$10.63	\$10.55
Other operating expenses, per share of common stock (b)	5.97	6.26	6.00
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	22,429,235	22,429,235
Number of U.P.R.R. Co. Stockholders December 31st (d)	96,884	87,705	82,023

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

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



SELECTED STATISTICS FOR LAST TEN YEARS

1957	1956	1955	1954	1953	1952	1951
\$452,889,155	\$448,156,607	\$441,533,942	\$413,155,686	\$453,790,011	\$438,729,321	\$428,511,620
28,047,383	29,221,502	30,208,680	31,574,599	36,264,163	39,604,044	39,463,456
36,123,564	36,938,719	37,619,854	37,056,166	39,970,126	41,887,961	37,222,684
<u>\$517,060,102</u>	<u>\$514,316,828</u>	<u>\$509,362,476</u>	<u>\$481,786,451</u>	<u>\$530,024,300</u>	<u>\$520,221,326</u>	<u>\$505,197,760</u>
\$66,931,561	\$66,114,241	\$67,105,513	\$62,621,569	\$72,090,672	\$73,697,182	\$65,749,039
95,464,465	92,721,400	92,275,940	88,890,693	100,178,643	93,610,503	91,851,520
178,646,471	176,813,562	173,484,002	175,993,960	189,579,208	185,125,446	181,810,856
41,312,220	40,605,521	37,660,875	38,352,658	38,578,842	37,406,923	36,059,204
<u>\$382,354,717</u>	<u>\$376,254,724</u>	<u>\$370,526,330</u>	<u>\$365,858,880</u>	<u>\$400,427,365</u>	<u>\$389,840,054</u>	<u>\$375,470,619</u>
73.95	73.16	72.74	75.94	75.55	74.94	74.32
\$38,800,000	\$40,000,000	\$40,300,000	\$33,500,000	\$47,018,000	\$50,350,000	\$47,255,406
15,799,677	15,212,270	13,517,848	12,886,778	13,418,443	13,008,000	12,406,466
19,090,000	18,326,000	18,700,000	17,300,000	17,200,000	16,600,000	17,452,920
<u>\$73,689,677</u>	<u>\$73,538,270</u>	<u>\$72,517,848</u>	<u>\$63,686,778</u>	<u>\$77,636,443</u>	<u>\$79,958,000</u>	<u>\$77,114,792</u>
<u>\$22,197,684</u>	<u>\$22,386,672</u>	<u>\$22,578,806</u>	<u>\$22,679,243</u>	<u>\$23,100,566</u>	<u>\$17,662,152</u>	<u>\$16,961,060</u>
\$38,818,024	\$42,137,162	\$43,739,492	\$29,561,550	\$28,859,926	\$32,761,120	\$35,651,289
29,097,113	26,603,162	28,075,475	33,743,135	34,318,992	33,608,842	31,483,424
15,383,756	15,380,910	13,207,325	12,133,390	13,003,414	8,218,892	8,324,772
<u>\$83,298,893</u>	<u>\$84,121,234</u>	<u>\$85,022,292</u>	<u>\$75,438,075</u>	<u>\$76,182,332</u>	<u>\$74,588,854</u>	<u>\$75,459,485</u>
\$4,520,711	\$4,670,071	\$4,955,347	\$5,016,564	\$4,998,646	\$5,175,091	\$5,368,575
530,406	882,318	839,689	798,846	753,473	686,537	1,225,558
<u>\$78,247,776</u>	<u>\$78,568,845</u>	<u>\$79,227,256</u>	<u>\$69,622,665</u>	<u>\$70,430,213</u>	<u>\$68,727,226</u>	<u>\$68,865,352</u>
.....	.....	.....	.....	535,127	938,258	6,894
<u>\$78,247,776</u>	<u>\$78,568,845</u>	<u>\$79,227,256</u>	<u>\$69,622,665</u>	<u>\$70,965,340</u>	<u>\$69,665,484</u>	<u>\$68,872,246</u>
\$3.34	\$3.36	\$3.39	\$2.95	\$3.01	\$2.95	\$2.92
\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724
35,566,560	35,566,560	35,566,560	31,120,740	26,674,920	26,674,920	26,674,920
\$1.60	\$1.60	\$1.60	\$1.40	\$1.20	\$1.20	\$1.20
38,699,492	39,020,561	39,678,972	34,520,201	40,308,696	39,008,840	38,215,602
25,945,041	27,836,956	29,091,418	28,244,519	31,267,813	30,412,231	29,668,815
33,924,603	34,846,925	34,861,396	32,065,877	34,132,866	33,723,962	34,350,333
1.335	1.286	1.267	1.288	1.329	1.301	1.247
594.76	601.12	619.94	615.37	611.10	609.27	600.60
1,358.31	1,303.32	1,254.13	1,195.33	1,188.31	1,215.93	1,263.39
83,742	78,956	77,736	75,216	68,046	64,194	62,613
10,211,060	10,465,835	11,369,756	14,510,457	15,066,676	15,310,892	15,695,186
1,236,427	1,363,680	1,437,009	1,459,288	1,562,489	1,679,295	1,682,086
2.268	2.143	2.102	2.164	2.321	2.358	2.346
751.27	752.49	736.68	741.42	734.10	744.33	713.26
121.09	130.30	126.39	100.57	103.70	109.68	107.17
45,729	47,346	49,744	49,823	55,934	54,881	55,092
<u>\$245,321,667</u>	<u>\$240,842,542</u>	<u>\$235,446,579</u>	<u>\$231,035,018</u>	<u>\$251,324,408</u>	<u>\$247,331,696</u>	<u>\$232,961,063</u>
\$10.79	\$10.53	\$10.23	\$10.02	\$10.79	\$10.65	\$9.98
6.41	6.40	6.44	6.44	7.22	6.89	6.91
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
77,211	67,129	58,701	58,325	59,459	59,449	59,205



**TABLE 13—BALANCE SHEETS AND INCOME AND
Subject to Interstate Commerce Commission Accounting Regulations**

	(1) Union Pacific Motor Freight Co.	(2) Yakima Valley Transportation Co.	(3) Union Pacific Stage Co.	(4) Spokane International R.R. Co.	(5) Pacific Fruit Express Co.
BALANCE SHEET DECEMBER 31, 1960					
ASSETS					
Property investment (stated at cost or less) . .	\$3,598,953	\$1,092,473	—	\$10,437,197	\$242,744,875
Reserves for depreciation and depletion (credit)	1,139,000	213,523	—	1,384,047	112,765,361
Donations and grants (credit)	—	7,289	—	23,618	—
Cash: In banks	—	88,496	—	858,701	699,644
On deposit with Union Pacific R.R. Co.	—	—	\$3,795	—	11,048,334
On deposit with other stockholder	—	—	—	—	11,048,334
Accounts receivable	32,065	2,090	11,115	337,741	8,945,980
Material and supplies	—	20,894	—	76,547	2,163,193
Other current assets	118,755	2	—	27,952	89,910
Other assets and deferred charges	10,717	480	173	16,559,492	6,299,321
Total	\$2,621,490	\$983,623	\$15,083	\$26,889,965	\$170,274,230
LIABILITIES AND STOCKHOLDER EQUITY					
Funded debt	—	—	—	\$224,232	\$74,631,382
Due Union Pacific Railroad Co.	\$1,624,557	\$188,724	—	2,054,923	—
Tax liability	38,922	3,327	—	334,591	3,566,712
Other current liabilities	260,285	9,852	\$10,865	17,198,696 #	16,764,677
Other liabilities and deferred credits	8,948	—	—	207,031	2,817,057
Reserves for insurance, casualties, etc.	5,482	—	—	41,620	2,518,598
Total liabilities	\$1,938,194	\$201,903	\$10,865	\$20,061,093	\$100,298,426
Capital stock	\$5,000	\$500,000	\$3,000	\$3,273,360	\$24,000,000
Paid-in capital surplus	—	100,000	—	—	—
Retained income, as shown below	678,296	181,720	1,218	3,555,512	45,975,804
Total stockholder equity	\$683,296	\$781,720	\$4,218	\$6,828,872	\$69,975,804
Total	\$2,621,490	\$983,623	\$15,083	\$26,889,965	\$170,274,230
INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1960					
Revenues	\$3,453,427	\$141,456	—	\$3,338,751	\$74,595,828
Expenses and rents	2,982,536	159,247	—	2,275,161	51,899,985
Net	\$470,891	\$17,791*	—	\$1,063,590	\$22,695,843
Other income	2	16	—	217,926	12,887
Total	\$470,893	\$17,775*	—	\$1,281,516	\$22,708,730
Interest on funded debt	—	—	—	\$22,451	\$2,377,601
Federal income taxes	\$40,576	\$750†	—	379,336	3,595,473
Other taxes	230,374	14,357	—	266,375	2,665,305
Other deductions	172	173	—	118,904	7,274,797
Balance transferred to retained income	\$199,771	\$31,555*	—	\$494,450	\$6,795,554
RETAINED INCOME					
Retained income, December 31, 1959	\$478,525	\$213,275	\$1,218	\$3,061,062	\$46,940,250
Income balance, as shown above	199,771	31,555*	—	494,450	6,795,554
Miscellaneous profits and losses—Net‡	—	—	—	—	2,000,000*¶
Absorption of loss by U.P.R.R. Co. (credit)	—	—	—	—	—
Total	\$678,296	\$181,720	\$1,218	\$3,555,512	\$51,735,804
Less dividends	—	—	—	—	5,760,000
Retained income, December 31, 1960	\$678,296	\$181,720	\$1,218	\$3,555,512	\$45,975,804

(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 "piggyback" 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. owned 99.68% 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.
* Debit. † Credit. ‡ Income tax effect is reflected in "Federal income taxes" unless otherwise specifically indicated. # Includes \$16,350,000 of short-term bank loans, paid or to be paid in 1961 with funds advanced by U.P.R.R.Co. ¶ Adjustment of prior years' income.



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.
\$18,220,017	\$3,928,811	\$3,589,371	\$1,219,388	\$4,164,817	\$3,153,334	\$524,322	\$1,259,728
13,096,105	3,306,115	1,903,387	1,033,753	544,741	364,451	12,210	776,252
—	—	204,045	—	—	10,785	—	—
184,144	—	826	—	—	—	—	3,001
13,300,803	—	174,082	234,285	—	—	50,799	5,563
—	—	—	—	—	—	—	—
74,282	13,410	122,210	7,986	15,688	4,379	19,406	46,098
135,567	191,096	80,271	9,600	—	—	—	—
820	2,589	799	208	—	—	—	9,176
125,888	—	10	—	123,800	—	1,062,668	10,010
<u>\$18,945,416</u>	<u>\$829,791</u>	<u>\$1,860,137</u>	<u>\$437,714</u>	<u>\$3,759,564</u>	<u>\$2,782,477</u>	<u>\$1,644,985</u>	<u>\$557,324</u>
—	—	—	—	—	—	—	—
—	\$744,973	—	—	\$1,287,362	\$2,043,056	—	—
\$43,463	9,576	\$147,422	\$17,558	67,316	51,273	\$20,255	\$31,779
119,105	46,114	83,785	2,723	5,908	2,047	2,231	50,178
333,956	3,378	102,712	—	21,058	—	32,474	—
1,003,199	750	59,179	25,093	—	—	—	—
<u>\$1,499,723</u>	<u>\$804,791</u>	<u>\$393,098</u>	<u>\$45,374</u>	<u>\$1,381,644</u>	<u>\$2,096,376</u>	<u>\$54,960</u>	<u>\$81,957</u>
\$5,000,000	\$25,000	\$350,000	\$178,300	\$50,000	\$10,000	\$900,000	\$115,000
—	—	—	—	—	—	466,371	100,000
12,445,693	—	1,117,039	214,040	2,327,920	676,101	223,654	260,367
<u>\$17,445,693</u>	<u>\$25,000</u>	<u>\$1,467,039</u>	<u>\$392,340</u>	<u>\$2,377,920</u>	<u>\$686,101</u>	<u>\$1,590,025</u>	<u>\$475,367</u>
\$18,945,416	\$829,791	\$1,860,137	\$437,714	\$3,759,564	\$2,782,477	\$1,644,985	\$557,324
—	—	—	—	—	—	—	—
\$1,675,528	\$1,353,757	\$1,235,128	\$93,365	\$196,665	\$160,544	\$116,994	\$667,158
2,010,140	1,301,039	933,382	46,896	42,306	66,477	40,695	555,778
\$334,612*	\$52,718	\$301,746	\$46,469	\$154,359	\$94,067	\$76,299	\$111,380
3,584	600	678	240	33,797	—	17	—
<u>\$331,028*</u>	<u>\$53,318</u>	<u>\$302,424</u>	<u>\$46,709</u>	<u>\$188,156</u>	<u>\$94,067</u>	<u>\$76,316</u>	<u>\$111,380</u>
—	—	—	—	—	—	—	—
\$10,382†	\$8,391†	\$122,449	\$9,719	\$36,036	\$32,679	\$66,593	\$8,365
137,632	90,401	60,952	18,104	68,240	20,299	4,676†	85,911
6	39	3,091	—	655	1	14,450	—
<u>\$458,284*</u>	<u>\$28,731*</u>	<u>\$115,932</u>	<u>\$18,886</u>	<u>\$83,225</u>	<u>\$41,088</u>	<u>\$51*</u>	<u>\$17,104</u>
—	—	—	—	—	—	—	—
\$12,904,302	—	\$995,450	\$212,967	\$2,244,695	\$635,013	\$223,705	\$240,903
458,284*	\$28,731*	115,932	18,886	83,225	41,088	51*	17,104
325*	16*	5,657	17	—	—	—	2,360
—	28,747	—	—	—	—	—	—
<u>\$12,445,693</u>	<u>—</u>	<u>\$1,117,039</u>	<u>\$231,870</u>	<u>\$2,327,920</u>	<u>\$676,101</u>	<u>\$223,654</u>	<u>\$260,367</u>
—	—	—	17,830	—	—	—	—
<u>\$12,445,693</u>	<u>—</u>	<u>\$1,117,039</u>	<u>\$214,040</u>	<u>\$2,327,920</u>	<u>\$676,101</u>	<u>\$223,654</u>	<u>\$260,367</u>

(6) Owns and operates coal mines in Wyoming to supply U.P.R.R. Co. and affiliated companies. The company's Federal income tax returns for 1943 and subsequent years are still open and subject to final settlement. (7) Owns and operates hotels and other tourist facilities (including motor coaches) in National Parks in Utah and Arizona. (8) Furnished electric energy and water to consumers in various Wyoming towns on line of U.P.R.R. Co. to close of 1960, but properties were disposed of early in 1961. (9) Owns and operates water facilities in Wyoming to supply U.P.R.R. Co. and others. (10) Holds industrial lands for sale or lease in California. (11) Holds industrial lands for sale or lease in Nebraska, Wyoming, Kansas, Colorado, and Utah. (12) Holds industrial lands for sale or lease at Kansas City, Kans. "Federal income taxes" for 1960 includes \$41,250 assessed for previous years. (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, 1960, 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, 1960 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

February 24, 1961

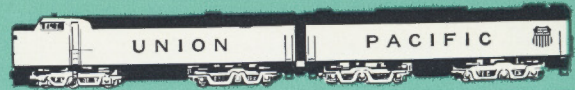


TABLE 14 — TRACK MILEAGE

	Miles of Road	Miles of Additional Main Track	Miles of Yard Tracks and Sidings
Wholly owned	9,031.41	1,311.68	4,179.73
Owned jointly with other companies.....	90.88	2.00	188.43
Total owned	9,122.29	1,313.68	4,368.16
Owned but not operated.....	60.36	1.70	43.78
Total owned and operated.....	9,061.93	1,311.98	4,324.38
Operated but not owned:			
Trackage rights granted by other companies.....	664.02	264.49	482.88
Operated under lease or contract.....	1.30	.....	4.87
Total operated at close of year.....	9,727.25	1,576.47	4,812.13
Total operated at beginning of year	9,741.79	1,579.49	4,809.20
Increase (+) or decrease(—) during year.....	—14.54*	—3.02	+2.93
Average mileage operated during year	9,740.80	1,579.25	4,811.73
Mileage maintained at close of year	8,925.99	1,310.77	4,170.02
Average mileage maintained during year	8,939.18	1,311.02	4,167.17

* Due principally to abandonment of 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	363.04	3.73	116.37	7.38	525.96	10.93
Colorado	641.51	6.60	13.82	.88	310.36	6.45
Idaho	1,987.19	20.43	107.67	6.83	742.07	15.42
Iowa	2.25	.02	2.25	.14	84.75	1.76
Kansas	1,120.93	11.53	68.82	4.36	481.77	10.01
Missouri	2.16	.02	1.54	.10	21.92	.46
Montana	143.16	1.47	.75	.05	48.52	1.01
Nebraska	1,332.38	13.70	466.84	29.61	618.49	12.85
Nevada	366.85	3.77	.....	.....	130.24	2.71
Oregon	1,118.84	11.50	37.33	2.37	472.29	9.81
Utah	817.28	8.40	104.97	6.66	426.86	8.87
Washington	1,022.29	10.51	147.60	9.36	444.32	9.23
Wyoming	809.37	8.32	508.51	32.26	504.58	10.49
Total	<u>9,727.25</u>	<u>100.00</u>	<u>1,576.47</u>	<u>100.00</u>	<u>4,812.13</u>	<u>100.00</u>

STATES OF THE "UNION PACIFIC WEST"

2. COLORADO

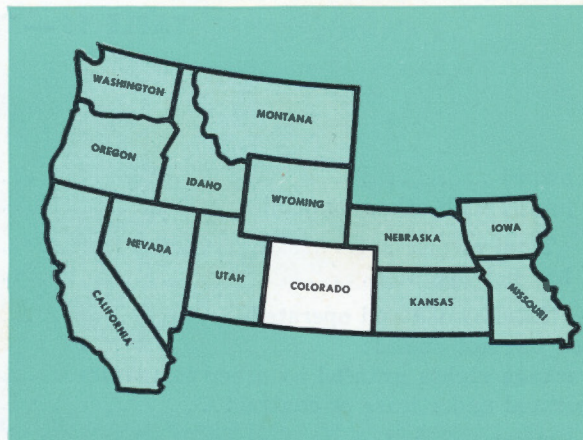
Mountainous in the western half, rolling country in the east, Colorado is the "Top of the Nation" with its *average* elevation of over 1¼ miles. Thanks in part to the altitude, the climate is delightful—dry, exhilarating and healthful. Summer nights are cool and the winters are mild. The sun shines 300 days out of the year.

Millions of visitors flock into this fascinating region every year to enjoy the State's attractions. There are two national parks, twelve national forests, six national monuments, 13,000 miles of trout streams, and 2,000 lakes. Mountain lodges, dude ranches, and hotels provide accommodations to fit any budget. Opportunities abound for summer and winter sports, and there are hundreds of special events every year, including such diverse attractions as Indian ceremonials, flower festivals, rodeos, and drama and music programs.

Although one of the fastest growing States, Colorado still has plenty of room. Its area of 104,247 square miles makes it the 8th largest State, but its population of 1.75 million ranks 33rd. . . . It was not until 1858 that settlement of Colorado actually began, following the discovery of gold near the present site of Denver. Growth was slow at first, but when the Kansas Pacific, now part of the Union Pacific, was extended into the State in 1870 rapid development started. In 1876, hundredth anniversary of the Declaration of Independence, Colorado, the "Centennial State," was admitted to the Union.

Mining continues as a major industry. Some 250 useful minerals have been discovered, including immense coal and oil reserves, oil shale, molybdenum, uranium, tungsten, gold, and silver. An even greater source of wealth is agriculture, about sixty per cent of the State's land being devoted to farming. Water supply has been a problem, but a magnificent irrigation system has been developed, and a wide variety of products are grown. Major crops are sugar beets, potatoes, and wheat. Colorado peaches, apples, celery, head lettuce, cantaloupes, and other fruits and vegetables are noted for their fine quality and flavor. Cattle, sheep, and other livestock are raised in large numbers.

Leading industrial products are steel, sugar and by-products, rubber, meat-packing products, and



canned goods. In recent years hundreds of industries have transferred their plants to Colorado or established branches there, influenced by the many advantages gained through relocation in the State, such as ready access to natural resources, strategic central location, availability of skilled labor, favorable climate, and excellent railroad facilities.

Colorado has reason to be proud of its cultural development. The high educational standards of its universities and colleges attract students from all over the world. Symphony orchestras, opera seasons, and the theatre are well supported, while writers and artists seem to find in Colorado a uniquely favorable environment and source of inspiration.

The Union Pacific has aided significantly in the development of Colorado, while the State has provided the railroad with a steadily growing volume of freight and passenger business. Carloadings of such products as sugar beets, beans, coal, sugar, hides, petroleum derivatives, machinery, canned goods, and other manufactures represent substantial proportions of the total quantities originating in Union Pacific territory, while thousands of carloads of diversified freight are brought in from other areas. The popular "City of Denver" and other Union Pacific trains carry great numbers of passengers into and from this beautiful, bustling, thriving State. We look forward in the years ahead to the continuation and strengthening of these friendly and mutually fruitful ties between the people of Colorado and the Union Pacific.

Snow-capped mountains provide the backdrop for this Colorado forest trail. →



