





65th

UNION PACIFIC RAILROAD COMPANY

(INCLUDING ITS LEASED LINES)



ANNUAL REPORT

YEAR ENDED
DEC. 31, 1961

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UNION PACIFIC RAILROAD COMPANY

DIRECTORS AND OFFICERS (APRIL 1, 1962)

DIRECTORS

	E. Roland Harriman , <i>Chairman</i> , Arden, N. Y.		
Frank E. Barnett	New York, N. Y.	Thomas Kerr	Portland, Ore.
Courtney C. Brown	Scarsdale, N. Y.	Oscar T. Lawler	Los Angeles, Calif.
W. Dale Clark	Omaha, Nebr.	Harold B. Lee	Salt Lake City, Utah
George S. Eccles	Salt Lake City, Utah	Robert A. Lovett	Locust Valley, N. Y.
Walter D. Fletcher	New York, N. Y.	William C. Mullendore	Los Angeles, Calif.
Artemus L. Gates	Locust Valley, N. Y.	George E. Roosevelt	New York, N. Y.
Elbridge T. Gerry	Delhi, N. Y.	John S. Sinclair	Weston, Conn.
Elgin Hicks	Omaha, Nebr.	Arthur E. Stoddard	Omaha, Nebr.
Thomas P. Jerman	Short Hills, N. J.	Reginald M. Sutton	New York, N. Y.

EXECUTIVE COMMITTEE

	Robert A. Lovett , <i>Chairman</i>	
Courtney C. Brown		John S. Sinclair
George E. Roosevelt		E. Roland Harriman , <i>ex officio</i>

GENERAL OFFICERS

E. Roland Harriman <i>Chairman, Board of Directors,</i> New York, N. Y.	R. M. Sutton <i>Vice-President and Controller,</i> New York, N. Y.
Robert A. Lovett <i>Chairman, Executive Committee,</i> New York, N. Y.	Frank E. Barnett <i>Vice-President and General Counsel,</i> New York, N. Y.
A. E. Stoddard <i>President, Omaha, Nebr.</i>	C. W. Rossworn <i>Secretary, New York, N. Y.</i>
D. A. Powell , <i>Treasurer, New York, N. Y.</i>	

TRANSPORTATION DIVISION (Omaha)

A. E. Stoddard <i>Chief Executive Officer</i>	F. J. Melia <i>Vice-President and Western General Counsel</i>
Elgin Hicks <i>Executive Vice-President</i>	L. J. Bachman <i>Assistant to President</i>
E. H. Bailey <i>Vice-President, Operations</i>	E. M. Kerrigan <i>General Auditor</i>
J. R. MacAnally <i>Vice-President, Traffic</i>	J. A. Bunjer <i>Chief Engineer</i>
A. J. Seitz <i>Vice-President (Portland, Ore.)</i>	L. L. Burri <i>Assistant Treasurer</i>

NATURAL RESOURCES DIVISION (Los Angeles)

Lee S. Osborne <i>Chief Executive Officer</i>	D. O. Churchill <i>Assistant to Chief Executive Officer</i>
D. B. Pinnell <i>General Manager-Petroleum</i>	E. M. Kerrigan <i>General Auditor (Omaha)</i>
L. L. Burri , <i>Assistant Treasurer (Omaha)</i>	

LAND DIVISION (Omaha)

A. C. Ritter <i>Chief Executive Officer</i>	F. J. Melia <i>Western General Counsel</i>
R. R. Lines <i>General Land and Tax Commissioner</i>	E. M. Kerrigan <i>General Auditor</i>
L. L. Burri , <i>Assistant Treasurer</i>	

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.

INCOME	1961	1960
Operating revenues	\$499,324,448	\$494,184,464
Operating expenses	<u>360,798,813</u>	<u>359,741,036</u>
Revenues over expenses	\$138,525,635	\$134,443,428
Operating ratio (ratio of expenses to revenues)	<u>72.26%</u>	<u>72.79%</u>
Federal income taxes	\$ 49,500,000	\$ 42,400,000
Other taxes	36,479,525	36,942,574
Equipment and joint facility rents (debit)	<u>20,732,235</u>	<u>22,265,560</u>
Net income from transportation operations	\$ 31,813,875	\$ 32,835,294
Net income from oil and gas operations	26,030,815	22,098,416
Dividend income	4,418,546	5,215,094
Interest income	4,517,631	5,093,809
Other income	<u>4,788,868</u>	<u>4,638,717</u>
Total income	\$ 71,569,735	\$ 69,881,330
Miscellaneous deductions from income	<u>887,619</u>	<u>503,662</u>
Income available for fixed charges	\$ 70,682,116	\$ 69,377,668
Interest on funded debt and other fixed charges	<u>3,011,627</u>	<u>4,065,156</u>
Net income	\$ 67,670,489	\$ 65,312,512
Net income (after preferred dividends) per share of common stock outstanding	\$2.84	\$2.73
<hr/>		
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	99,624	96,884
<hr/>		
Expenditures for improvements to transportation property	\$ 49,898,133	\$ 56,329,478
Depreciation accrued on transportation property during year	\$ 38,032,536	\$ 35,536,041
<hr/>		
Ton-miles of revenue freight carried (thousands)	32,408,549	31,532,831
Average revenue per ton-mile (cents)	1.335	1.358
<hr/>		
Revenue passengers carried one mile (thousands)	1,149,737	1,232,604
Average revenue per passenger-mile (cents)	2.312	2.233
<hr/>		
Average number of employes	34,886	37,589
Total wages paid	\$221,474,080	\$229,981,761



1961

YEAR
IN
BRIEF

Report of the Board of Directors on the Year's Business

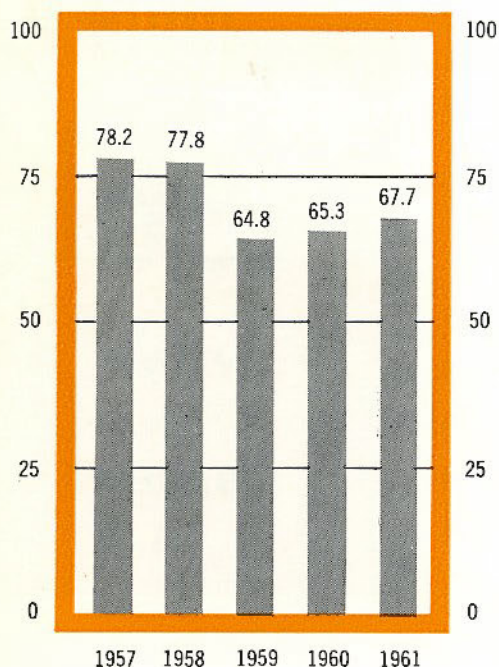
TO OUR STOCKHOLDERS

New York, N. Y., April 26, 1962.

Net income for 1961 was 3.6 per cent better than the year before, but it was still substantially below the level of earnings in each of the four years preceding the steel-strike year of 1959. Net income per share of common stock was \$2.84, or 11 cents more per share than in 1960. Dividends declared on the common stock at the rate of \$1.60 per share represented about 56 per cent of net income after preferred dividend requirements.

* * * *

NET INCOME
(IN MILLIONS OF DOLLARS)



The net from transportation operations as shown in the income statement was \$1 million less than in 1960, but transportation earnings *before Federal income taxes*, which include taxes on income from all sources, were \$6 million greater than in 1960. The main reason for the disproportionate increase in income taxes in 1961 was the further drop in allowances for tax purposes in connection with amortization of the cost of emergency facilities, to which attention has been called in previous years. Apart from the income tax factor, transportation income after lagging in the early months showed steady improvement as the year progressed because of the gradual rise in general business activity.

Income from oil and gas operations rose by \$3.9 million before income taxes and by \$2.8 million after such taxes. Practically all of this better showing resulted from expanded development of the Patrick Draw oil field.

There was a decrease of \$1.4 million in aggregate income from dividends and interest on investments, but this was partially compensated for by the drop of \$1 million in fixed charges for interest on debt, reflecting primarily the redemption of \$46 million of Oregon-Washington R.R. & Navigation Co. 3% bonds at maturity on October 1, 1960.

* * * *

Gross expenditures for investment in new rolling stock and other transportation property were \$49.9 million in 1961, or \$6.4 million less than the year before. Capital expenditures for oil and gas facilities, on the other hand, were somewhat greater than in 1960 — the largest such undertaking being a plant constructed in Patrick Draw field for processing gas produced concurrently with oil, to render it marketable and extract natural gasoline and other valuable liquid products.

Reference was made in last year's report to the investigation of deposits of trona (raw soda ash) northwest of Green River, Wyoming, and to an undertaking by the Company to pool its lands in this area with those held by a chemical company under joint arrangements for their development. This joint arrangement was formalized during 1961 by the organization of Stauffer Chemical Company of Wyoming to mine and process the trona, and Union Pacific acquired 49% of its capital stock and \$4,299,750 of 5-year promissory notes, issued to finance the project. It is anticipated that production of refined soda ash will start in 1962. Royalties will be paid to Union Pacific for trona removed from its lands.

The Calnev Pipe Line Co. completed construction of its Colton — Las Vegas pipe line for refined petroleum oils and it was placed in operation in May, 1961. Additional interest-bearing loans were made to the company during the year for financing this project.

Acquisition by Spokane International Railroad Co. of holdings of common stocks of the Western Pacific and Denver & Rio Grande Western, for the reasons outlined in last year's report, had the incidental result of a substantial rise in Spokane International income through receipt of dividends over and above the amount of interest paid on investment advances made to it by Union Pacific early in 1961.

* * * *

Little progress was made during 1961 in obtaining Federal legislation so urgently needed by the railroad industry to remove inequities caused by discriminatory over-regulation and over-taxation of the railroads and governmental subsidization of competing transportation agencies. On the other hand, protests by railroad representatives with substantial outside support were effective in dissuading a Senate committee from progressing Federal legislation which, if enacted, would seriously interfere with the railroads' right to publish reduced freight rates merely because such rates might deprive highway and water carriers of some traffic. It might be supposed that such an attempt by sponsors of this legislation to deprive the public of the benefits of reduced transportation costs through normal and legitimate competition would not have received serious Congressional consideration. The disturbing fact is, however, that the motion to defer action by the Senate Commerce Committee was sustained by a very narrow margin, and the proposal will probably be revived in this session of Congress. It is up to all of us — railroad management, employes, stockholders, and informed citizens generally — to let our representatives at Washington know of our opposition to all such discriminatory railroad legislation.

* * * *

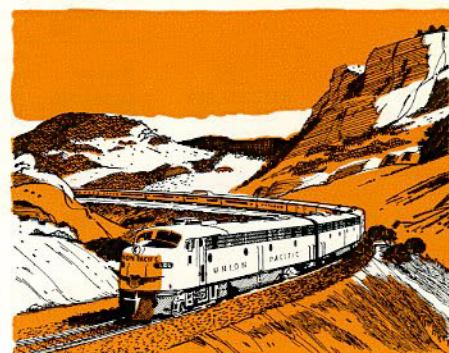
The Presidential Railroad Commission appointed to study employe working rules issued its report on February 28, 1962. It represents the unanimous views of the five public members. The five members representing the railroads, while expressing some disappointment, accepted the recommendations contained in the report, but the five labor members were completely dissatisfied. The report is not binding on the industry or its employes, but the Commission has performed a public service in bringing to light many inequitable and obsolete working rules and its recommendations were unquestionably designed to serve the public interest.

* * * *

Merger proposals of several Western railroads were the subject of public hearings before Interstate Commerce Commission Examiners during 1961. Comments on the year's developments in this field appear on page 26.

* * * *

More detailed discussions of the income results and other developments in 1961 are set forth in the pages that follow. Attention is called to a new grouping of certain subjects under the respective jurisdictions of the three Operating Divisions, on pages 13 through 23. The tabulation at the right shows a breakdown of net income by Divisions.



NET INCOME IN 1961 BY DIVISIONS	
Transportation Division	\$48,791,580
Natural Resources Division....	18,115,306
Land Division	109,374*
Non-Divisional	872,977
Total	\$67,670,489
* Deficit.	

Income from Transportation Operations

	1961	Increase (+) or Decrease (-) vs. 1960	
		Amount	Per cent
Railway operating revenues	\$499,324,448	+\$5,139,984	1.0
Railway operating expenses	360,798,813	+ 1,057,777	.3
Revenues over expenses	\$138,525,635	+\$4,082,207	3.0
Federal income taxes	\$49,500,000	+\$7,100,000	16.7
Other taxes	36,479,525	- 463,049	1.3
Total taxes	\$85,979,525	+\$6,636,951	8.4
Railway operating income	\$52,546,110	-\$2,554,744	4.6
Equipment rents (debit)	\$19,029,381	-\$1,546,591	7.5
Joint facility rents (debit)	1,702,854	+ 13,266	.8
Net income from Transportation Operations	\$31,813,875	-\$1,021,419	3.1

OPERATING REVENUES

	1961	Amount	Increase (+) or Decrease (-) vs. 1960	
			Amount	Per cent
Freight	\$432,656,039	+\$4,384,710	1.0	
Passenger	26,577,395	- 941,639	3.4	
Mail	21,987,392	+ 1,244,392	6.0	
Express	4,672,852	+ 608,548	15.0	
Switching	6,334,185	+ 167,911	2.7	
Other	7,096,585	- 323,938	4.4	
Total	\$499,324,448	+\$5,139,984	1.0	

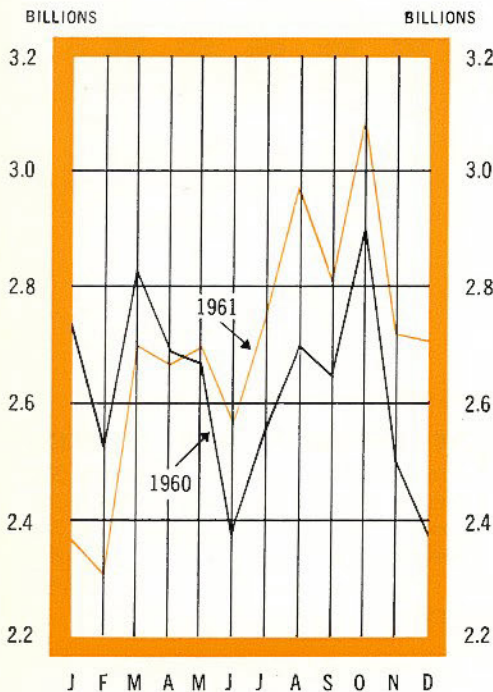
RAILWAY OPERATING REVENUES

Freight revenue for the first four months of the year was \$9.3 million less than in the corresponding period of the preceding year, primarily because of continuation of the business slump that developed in the latter half of 1960, which was aggravated by unusually severe late winter weather in many parts of the nation. With somewhat improved economic conditions starting in the spring, freight revenue showed an increase over 1960 in May and in each month thereafter. However, the recovery movement was slow and spotty, wheat production was sharply reduced, and the volume of certain other agricultural products in Union Pacific territory was generally lower, so that it was not until October that these later increases were sufficient in the aggregate to offset the drop early in the year.

For the full year, the number of ton-miles of revenue freight handled increased by 2.8 per cent, chiefly because the average length of haul rose by 2.3 per cent. However, the effect on revenue of this greater volume of business was offset in part by a decrease of 1.7 per cent in average revenue per ton-mile.

The commodities with the largest *increases* in revenue were *iron ore*, *bituminous coal*, and *nonferrous metals*. Increased shipments of these commodities resulted chiefly from greater industrial demand arising from the higher level of economic activity. The revenues from transportation of iron ore also benefited from higher rates authorized by the Interstate Commerce Commission on certain intrastate movements, which had been out of line with interstate rates on such traffic. The largest other revenue increases were shown for: *Corn*, mainly because of improved commercial demand in Pacific Coast markets, and increased shipments destined to Gulf ports for export; *canned food products*, chiefly because of more shipments from Utah and California canneries in response to stronger consumer

REVENUE FREIGHT TON-MILES
BY MONTHS
1960 AND 1961

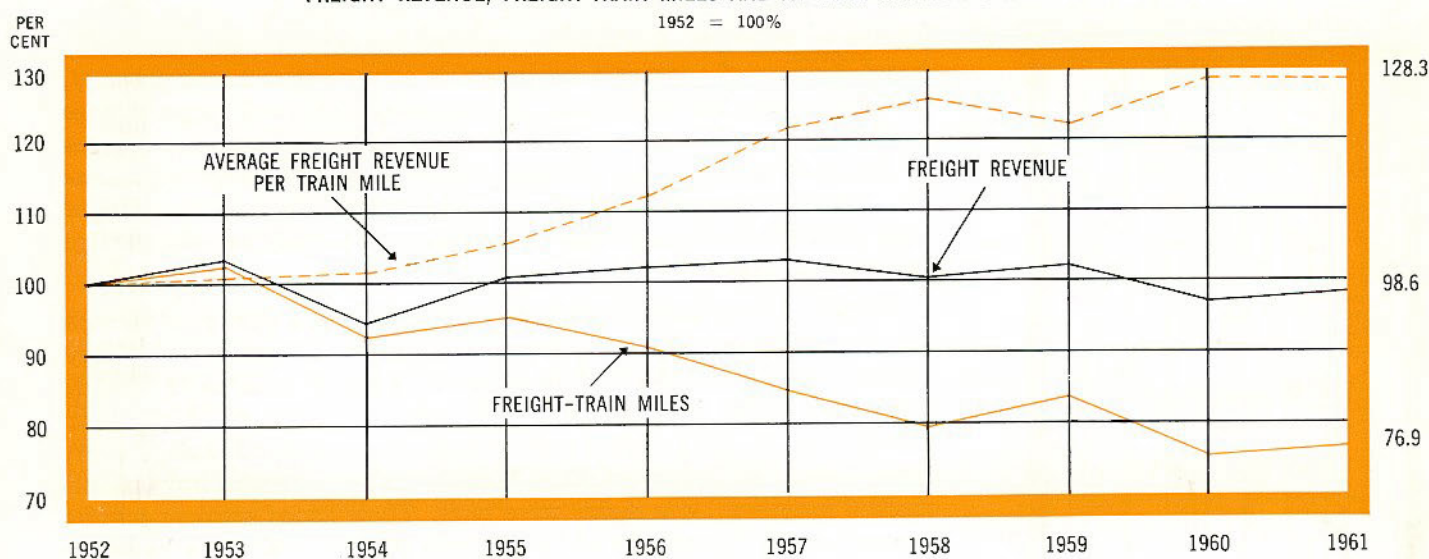


demand in the East; *ammunition and explosives*, reflecting increased Government shipments to various military installations; and *fertilizers*, due to greater production by Western and Canadian manufacturers, stimulated by larger sales for current farm requirements and for rebuilding inventories of dealers.

The commodities showing the most substantial revenue *decreases* were: *Wheat*, chiefly because of smaller crops in 1961, with ample storage capacity available in local farm areas; *automobiles and parts*, as the result of reduced production and sales, coupled with strikes in the industry late in the year; *lumber*, because of restricted output from Pacific Coast mills, reflecting a lag in residential construction until late in the year; *petroleum products*, resulting from considerable diversion of such traffic to pipe lines—particularly to Calnev Pipe Line Co.; *potatoes*, due to a combination of factors, the most important being unfavorable markets; and *sorghum grain*, as a result of lighter yields and less movement of Government-owned supplies between storage points.

Details of freight tonnage and gross revenue by commodities are shown in Table 6 on page 37.

FREIGHT REVENUE, FREIGHT-TRAIN MILES AND AVERAGE REVENUE PER TRAIN MILE



The decrease in **Passenger revenue** resulted chiefly from the consolidation or elimination of certain passenger trains—measures that reduced expenses of operation, raised average revenue per train mile, and reduced the over-all deficit from passenger service. An additional reason for the decrease was a decline in travel, attributable in part to unsatisfactory business conditions, until the latter part of the year; revenue for the last four months increased 6.2 per cent over the same period of 1960.

The increase in **Mail revenue** resulted principally from the increase of 13% in rate of compensation for transporting mail, effective September 1, 1960, mentioned in last year's report.

Express revenue increased because of an increase in volume of carload express business handled and adjustments in less-than-carload revenues applicable to prior years.

RAILWAY OPERATING EXPENSES

OPERATING EXPENSES			
	1961	Increase (+) or Decrease (-) vs. 1960	Per cent
	Amount		
Maintenance:			
Way & structures.....	\$54,923,805	+ \$2,321,554	4.4
Equipment	90,628,035	+ 1,328,653	1.5
Total	\$145,551,840	+ \$3,650,207	2.6
Traffic	13,407,990	- 504,776	3.6
Transportation	173,776,090	- 2,164,266	1.2
Misc. operations.....	7,081,332	- 614,509	8.0
General	20,981,561	+ 691,121	3.4
Total	\$360,798,813	+ \$1,057,777	.3

Although there was a small increase in **Operating expenses**, the transportation ratio (percentage of transportation expenses to total revenues) was down 8/10 of a percentage point under 1960 to 34.80, and the total operating ratio was down by half a percentage point to 72.26, the lowest Union Pacific ratio since 1950. These improved ratios were accomplished primarily through curtailment of transportation expenses, substantial savings having been effected through a reduction of 8.7 per cent in total miles run by passenger, mail and express trains, and other economy measures. There were also worth-while savings in the Traffic Department, and in dining-car operations through train consolidations, etc. In the Maintenance Departments further economies were realized through more efficient methods and the large expenditures that have been made for improved equipment and other facilities.

However, the reductions in expenses brought about by such measures, supplemented by a fortunate drop in charges for snow and ice removal because of more favorable weather, were not enough to offset additional charges from other factors. By far the most important of these was the effect of further increases in wage rates and expanded fringe benefits granted to employes. Besides this, depreciation accruals were materially larger, because of additional investment in equipment and road property, and the charges for retirements of non-depreciable road property were substantially greater than in 1960. There was also an increase in charges for freight loss and damage. A considerable part of such charges represents the Company's pro rata share of claims in connection with interline freight shipments where the individual railroads' responsibility for the damage cannot be determined.

The increased wage rates and added fringe benefits were granted, as in the past, under nation-wide agreements with employe organizations. They consisted of a "cost-of-living" increase of 1¢ per hour effective May 1, 1960 (later made permanent); a further wage increase of 5¢ per hour effective July 1, 1960; and a 5¢ per hour increase effective March 1, 1961, granted either in the form of fringe benefits, such as expanded hospital and medical insurance, or in higher wage rates. *These added employe benefits represented an average rise of 7¢ per hour in 1961 and raised operating expenses by \$6.7 million.*

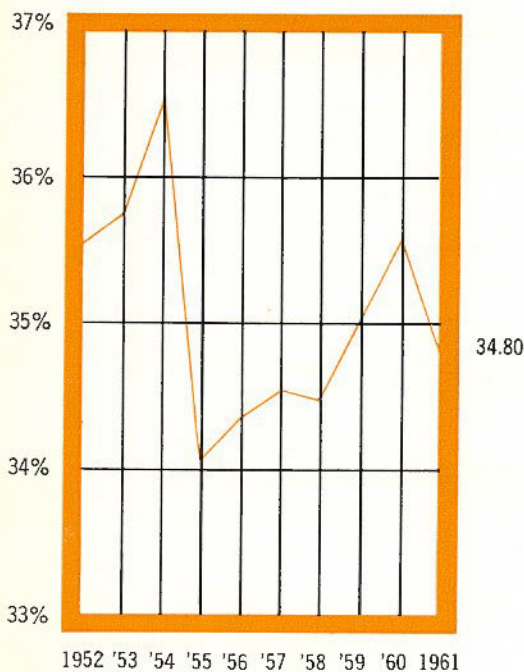
Way and structures were adequately maintained. The quantities of rails, ties and ballast applied in main track renewals during the year, compared with 1960, are tabulated below:

	1961	1960	Increase (+) or Decrease (-)	Per cent
New rails (track miles)	141.60	82.91	+ 58.69	70.8
Second-hand rails (track miles).....	37.99	46.37	- 8.38	18.1
Total rails (track miles).....	179.59	129.28	+ 50.31	38.9
Ties (number)	610,989	775,453	- 164,464	21.2
Ballast (cubic yards)	326,926	173,496	+ 153,430	88.4

Despite the increase in maintenance of way and structures expenses occasioned by the larger quantities of materials used and by the other factors

RATIOS OF TRANSPORTATION EXPENSES TO REVENUES

1952-1961



referred to above, the ratio of such expenses to revenues was only slightly higher than in 1960. Such ratios have shown a fairly steady decline during the last decade. This has been achieved in the main by the continual introduction of more efficient methods, such as those discussed on page 16, and by the lengthened life of elements of the track structure, as the result of using treated ties and improved steel rails.

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

TAXES

The increase in **Federal income taxes** resulted principally from increased income before such taxes, from both transportation operations and oil and gas operations, and a decrease of about \$4 million in the deduction for amortization allowances on the cost of property classified as "emergency facilities" by the Office of Defense Mobilization. Incidentally, the benefits of amortization allowances under this program have now expired with respect to all projects of consequence. The principal reasons for the increase of \$7,100,000 in Federal income taxes compared with 1960 are detailed below:

	Increased tax
Increased income from Transportation Operations	\$3,160,000
Increased income from Oil and Gas Operations	1,100,000
Decline in amortization allowances	2,120,000
Other income and adjustments — Net	720,000
	<u>\$7,100,000</u>

For the past eight years the Company has availed itself of the right under the Internal Revenue Code of applying a depreciation formula to property acquired after 1953, whereby the depreciation allowable for tax purposes is much greater in the early years of use of the property than in the later years. However, the higher depreciation allowances on property acquired in more recent years are now being offset to a considerable extent by reduced allowances on older units of property. Eventually, a plateau should be reached where the annual amount of depreciation allowable under such accelerated methods will approximate the amount that would have been allowable under normal methods of depreciation.

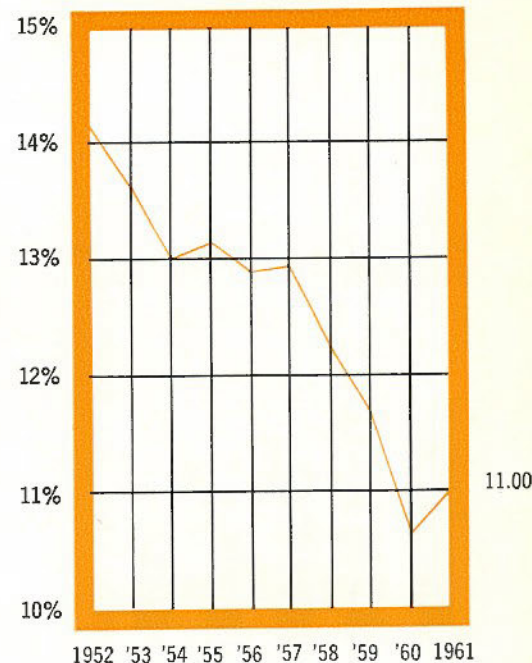
The decreases in **Federal retirement taxes** and **Federal unemployment insurance taxes** were due to reduced payrolls.

The increase in **State and county taxes** reflects principally the credits in 1960 resulting from refunds in connection with 1959 taxes under decisions of the courts in Nebraska and Wyoming. State and county taxes by classes in 1961, compared with 1960, were as follows:

	1961	Increase vs. 1960
Ad valorem and other property taxes.....	\$16,763,020	\$729,580
Income and franchise taxes	1,635,745	93,104
Sales and use taxes	734,311	46,392
Total	<u>\$19,133,076</u>	<u>\$869,076</u>

RATIOS OF MAINTENANCE OF WAY AND STRUCTURES EXPENSES TO REVENUES

1952-1961



	TAXES		Increase (+) or Decrease (-) vs. 1960	Per cent
	1961	Amount		
Federal income	\$49,500,000	+\$7,100,000	16.7	
Federal retirement.....	11,128,100	- 764,320	6.4	
Federal unemployment insurance.....	6,192,570	- 471,862	7.1	
Other Federal.....	25,779	- 95,943	78.8	
Total Federal.....	<u>\$66,846,449</u>	<u>+\$5,767,875</u>	9.4	
State and county.....	19,133,076	+ 869,076	4.8	
Total taxes	<u>\$85,979,525</u>	<u>+\$6,636,951</u>	8.4	
Per share of common stock	\$3.83	+ \$0.29	8.2	

Income from Investments and Other Sources

	1961	Increase (+) or Decrease (-) vs. 1960	
		Amount	Per cent
Net income from oil and gas operations (page 18).....	\$26,030,815	+ \$3,932,399	17.8
Royalties from oil and gas leases	410,702	+ 1,745	.4
Dividends on stocks owned (Table 13)	4,418,546	- 796,548	15.3
Interest on bonds and notes owned (Table 14)	3,968,854	- 923,235	18.9
Other interest income	548,777	+ 347,057	172.0
Rents from lease of road.....	122,579	.....	.....
Miscellaneous rents	806,669	+ 49,982	6.6
Miscellaneous income	3,448,918	+ 98,424	2.9
Total income from investments and other sources	\$39,755,860	+ \$2,709,824	7.3

The increase in **Net income from oil and gas operations** was due chiefly to a substantial increase in income from Patrick Draw field, partially offset by reduced income from Wilmington and Rangely fields.

The principal reason for the decrease in **Dividends on stocks owned** is the fact that in 1960 a large special dividend was declared by Northern Pacific Terminal Co. of Oregon (owned jointly by Union Pacific, Northern Pacific and Southern Pacific), representing distribution of profit from sale of land at Portland, whereas no dividend was declared by that company in 1961.

The decrease in **Interest on bonds and notes owned** resulted chiefly from decreases in average investment in, and average yield on, U.S. Treasury obligations and other temporary cash investments, offset in part by increased investment in Calnev Pipe Line Co. mortgage notes, and securities of other affiliated companies.

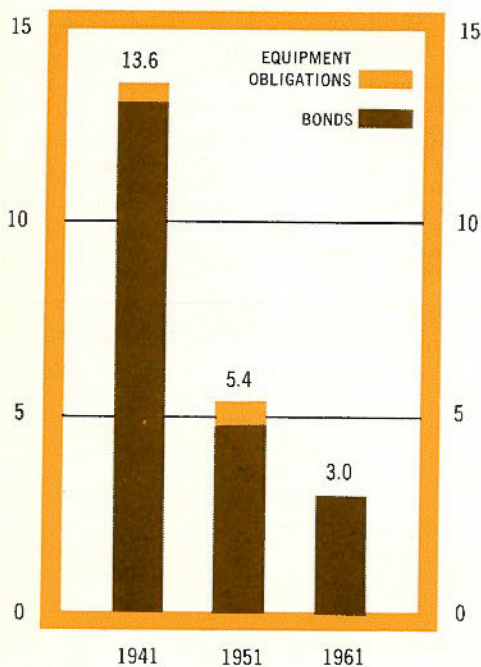
Most of the increase in **Other interest income** represents interest on investment advances made early in 1961 to Spokane International Railroad Co.

FUNDED DEBT

Outstanding funded debt was further reduced by \$1,148,000 during 1961, through the reacquisition at current market prices of Union Pacific Railroad Co. bonds in anticipation of sinking fund requirements—\$1,041,000 face value of Refunding Mortgage 2½% Bonds, Series C, and \$107,000 face value of Thirty Year 2⅞% Debenture Bonds.

Interest on funded debt in 1961 dropped by \$1,055,936, or 26.1 per cent, below the previous year's figure, primarily as the result of redemption at maturity on October 1, 1960, of \$46 million of Oregon-Washington Railroad & Navigation Co. bonds. Income available for payment of interest on funded debt and other fixed charges in 1961 was more than twenty-three times the amount of such charges; in the year before, the available earnings were seventeen times the amount of fixed charges.

INTEREST ON FUNDED DEBT
1941 1951 1961
(IN MILLIONS OF DOLLARS)



CAPITAL STOCK

There was no change in the number of shares of Union Pacific Railroad Company capital stock during the year. Total shares outstanding, each of \$10 par value, on December 31, 1961, were:

	Shares
Common stock	22,429,235
Preferred stock	9,954,310
Total	<u>32,383,545</u>

Each share of stock is entitled to one vote at any meeting of Stockholders, and at the annual meeting on May 9, 1961, there were 27,322,711 votes cast or 84.4 per cent of the total number of shares. This was an even larger percentage than at the annual meeting in 1960.

The number of Union Pacific Stockholders of record on December 31, 1961, was 99,624, or 2,740 more than at the close of 1960. About 41 per cent of our Stockholders hold less than 100 shares each, and only about 5 per cent own as much as 1,000 shares each.

Dividends declared on the common stock during 1961 represented approximately 56 per cent of net income after preferred dividends. The details of such common dividends are tabulated below:

Date Payable	Per Share	Amount
April 1, 1961	\$.30	\$6,728,770.50
July 1, 1961 .....	.30	6,728,770.50
October 2, 1961 .....	.30	6,728,770.50
January 2, 1962 .....	.70*	15,700,464.50
	<u>\$1.60</u>	<u>\$35,886,776.00</u>

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

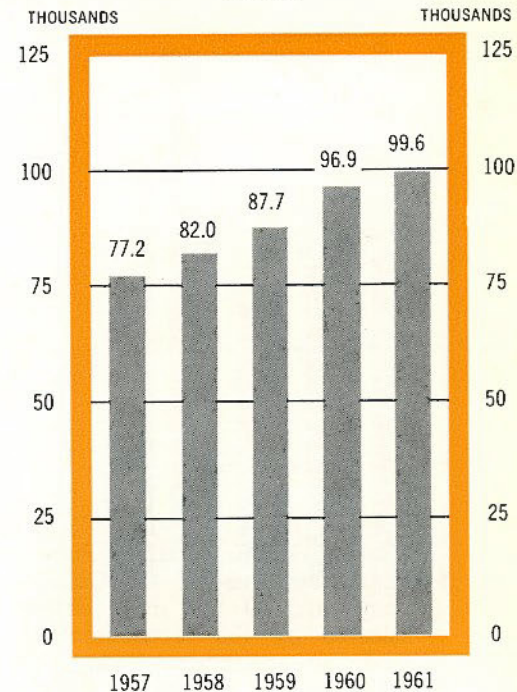
RETAINED INCOME

The Company's retained income on December 31, 1961, represents accumulated income and profits from the date of its incorporation in 1897, which have been retained in the business for such purposes as property improvements and reduction of debt, to maintain the Company's earning capacity and financial position. Analysis of the increase in retained income during 1961 is shown below:

Net income for the year		\$67,670,489
Net profits from property disposed of	\$2,085,779	
Profit from purchases of Company's bonds	357,166	
Substantial adjustments (net) of prior years' transactions—principally interest on refund of Federal income taxes	3,140,483	
<i>Less:</i>		
Federal income taxes applicable to above items	<u>2,580,181</u>	3,003,247
Book profit through liquidation of a wholly-owned subsidiary company		1,631,758
		<u>\$72,305,494</u>
<i>Deduct:</i>		
Dividends declared on preferred and common stocks (including St.J. & G.I.Ry.Co. stocks held by the public)		39,870,810
Net increase in Retained Income		<u>\$32,434,684</u>

The above profit items and adjustments did not reflect normal current business operations and were excluded from income to avoid misleading our Stockholders as to current and potential future income.

NUMBER OF UNION PACIFIC STOCKHOLDERS OF RECORD AT CLOSE OF YEAR 1957-1961



WORKING CAPITAL

The Company's **working capital** on December 31, 1961, was \$104,881,515, current assets being 1.94 times the amount of current liabilities. The increase in working capital during the year was \$1,070,336, which is analyzed below:

Working Capital on December 31, 1960 **\$103,811,179***

Additions:

Net Income (as detailed in Table 2).....	\$67,670,489
Non-cash charges to income for:	
Depreciation and retirements of prop- erty	41,980,061
Reserves for fire insurance and other purposes	1,613,014
Proceeds from sales of land and other property	4,291,268
Contributions from U. S. Government in connection with line changes necessita- ted by dam projects, and donations re- ceived toward cost of property improve- ments	11,636,775
Total	<u>\$127,191,607</u>

Deductions:

Dividends declared in 1961 on Union Pa- cific Railroad Company preferred and common stocks	\$39,868,500
Expenditures for equipment and other im- provements to transportation property..	49,898,133
Capitalized cost of oil and gas facilities and cost of improvements to other physical property	5,099,022
Cost of retiring funded debt	925,298
Investments in securities of affiliated com- panies in excess of such securities dis- posed of	9,429,913
Advances to affiliated companies in ex- cess of deposits	18,072,739
Miscellaneous — net	2,827,666
Total	<u>\$126,121,271</u>

Net increase in Working Capital **1,070,336**

Working Capital on December 31, 1961 **\$104,881,515**

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.

* Restated.

TRANSPORTATION DIVISION



INVESTMENT IN ROAD AND EQUIPMENT

Gross expenditures for improvements to road and equipment property in 1961 totaled \$49.9 million. A summary of property expenditures and retirements is shown below:

Expenditures:		
New equipment	\$27,551,056	
Equipment rebuilt, improvements to existing equipment, etc.	4,433,204	\$31,984,260
Road property		17,913,873
Total		<u>\$49,898,133</u>
Retirements:		
Cost of equipment retired (including equipment for rebuilding or conversion)		\$14,777,248
Cost of road property retired and replaced....	\$2,990,188	
Cost of road property retired and not replaced	7,112,060	10,102,248
Total		<u>\$24,879,496</u>
Increase in Road and Equipment Property		<u>\$25,018,637</u>

During the last 10 years, gross expenditures for improvements to transportation property have aggregated \$605 million. Except for equipment obligations (since redeemed) incurred in the peak expenditure year of 1954, such expenditures were financed out of Company funds derived from such sources as retained income and depreciation accruals, supplemented by reimbursement from the U. S. Government and others for cost of line changes necessitated by construction of dams and similar projects.

NEW EQUIPMENT

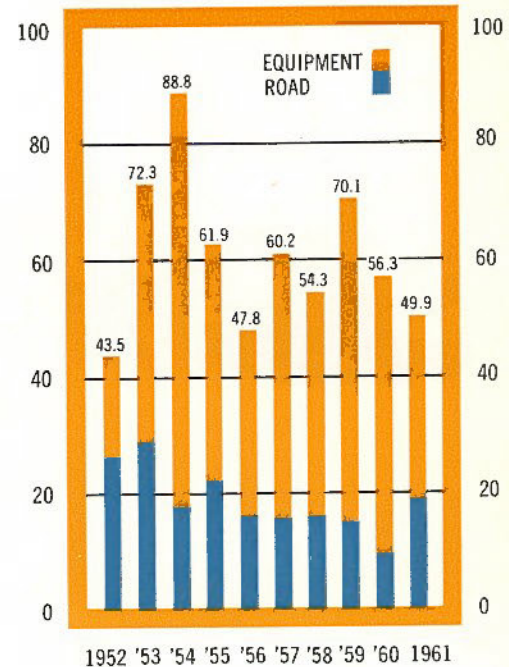
New rolling stock equipment acquired during 1961 was as follows:

<i>Locomotives</i>	<u>Units</u>
Gas-Turbine — Freight	7
Diesel — Freight	11
Total	<u>18</u>
<i>Freight-train cars</i>	
PURCHASED:	
Gondola	47
Covered hopper	120
Flat	25
CONSTRUCTED IN COMPANY SHOPS:	
Box	467
Total	<u>659</u>
<i>Passenger-train cars</i>	
Coach	20
Mail-baggage-express	25
Total	<u>45</u>

Undelivered equipment on order at the close of the year consisted of 938 freight-train cars and 45 passenger-train cars.

All of the diesel locomotives acquired in 1961 are powered by turbo-supercharged, 16-cylinder engines. Four of the units are of a new type, only recently placed on the market, and develop 2,500 H.P., as compared with 2,400 H.P. for the other seven units.

GROSS EXPENDITURES FOR ROAD AND EQUIPMENT (IN MILLIONS OF DOLLARS)



More new power for Union Pacific — a 2,500 H.P. diesel locomotive.



TRANSPORTATION DIVISION

Coal-burning gas-turbine locomotive: Construction of this experimental locomotive in the Company's Omaha Shops was completed late in 1961, and stationary testing was started on December 1st. The turbine was fired on fuel oil on December 6th. After initial testing on oil fuel, final testing will be made with coal. Since practically all of the combustion equipment and the coal-processing equipment, which is completely automatic, are of original, untried design, it is planned to include in the stationary testing program a simulated trip with a tonnage train between Cheyenne and Green River. Data for the simulated trip have been calculated by use of the IBM 705 computer. After completion of stationary testing, there will be road service tests between Omaha and Cheyenne. The tender carries 61 tons of coal, sufficient for a trip of more than 500 miles. The locomotive is designed for multiple operation with diesel units.

This locomotive is the first in history to be powered by a directly fired coal-burning gas turbine. Its performance should determine whether such motive power is practical and economically attractive.

OTHER IMPROVEMENTS

During 1961 a microwave radio system, such as that described in last year's report, was placed in service between Portland and Hinkle, Oregon, a distance of 185 miles. The microwave system from Omaha to Laramie is being extended to Salt Lake City, Utah. This new type of communication system has fully demonstrated its worth through greatly increased message capacity compared with wire communication systems and in other important respects.

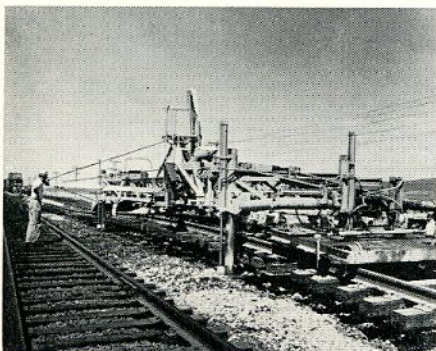
As part of the Company's continuing program for increasing safety, 87 miles of semaphore signals between Spokane and Chew, Washington, were replaced with modern colorlight signals on the main line. The new signals are respaced to provide greater braking distances between signals, as an additional safety measure.

The 26-mile line change between Ash and Matthew, Washington, was completed and placed in service on September 24, 1961. The relocation of this portion of the main line was necessitated by construction of Ice Harbor Lock and Dam on the Snake River, and the railroad was reimbursed by the Federal Government for most of the cost involved.

The 14-mile main line change between Kidd and Dalys, Montana, in connection with construction of the Clark Canyon Dam and Reservoir on the Beaverhead River, is well under way, and should be completed in 1962.

A new passenger station is being constructed on Thomas Street at Pomona, California. It will be a masonry building, 24 feet wide and 88 feet long, with all modern facilities, including air-conditioning. The old station and its site will be sold to the State of California for use in connection with construction of a highway underpass.

Transportation of diesel fuel for Union Pacific locomotives through the Calnev Pipe Line Company's pipe line entailed construction of diesel fuel facilities at the pipe line terminus in Las Vegas, Nevada, consisting of two 43,000-barrel storage tanks, a pumphouse with high-speed pumps,





and other facilities for transferring the fuel to tank cars for transportation by rail to various distribution points.

The retarder yard at Pocatello, Idaho, was further modernized by the installation of mechanical retarders. The yard at Portland, Oregon, was improved by the addition of an electronic device for locating and measuring freight-car loads of extra height or width.

A substantial number of additional roadway machines were acquired during the year, including five diesel-powered heavy-duty tie tampers and four diesel-powered pneumatic-tired road graders.

SAFETY AWARDS

The traditional front-rank position of the Union Pacific in the field of safety was once more evidenced in 1961. The Company received two high safety awards based on its 1960 record. For the fifteenth time in the past thirty-seven years the Union Pacific was awarded the coveted Harriman Gold Medal by the American Museum of Safety, and the National Safety Council presented the Company with the Railroad Employees' National Safety Award—the eighteenth time in the past thirty-eight years that the Union Pacific has won this honor.

The management takes pride in such signal recognition of the achievements of Union Pacific employes in the protection of their fellow-workers and the Company's patrons from accidents.



AGRICULTURAL TRAFFIC

Some of the more important agricultural products in territory served by the Union Pacific are grain and grain products, potatoes and other fresh vegetables, fresh fruits, and sugar beets. On the whole the volume of such crops was substantially less in 1961 than in the previous year.

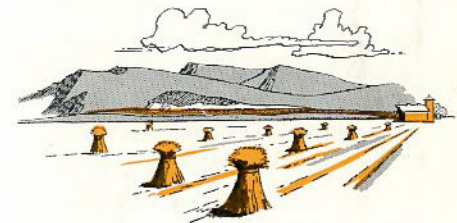
Wheat production was sharply reduced by an infestation of leaf rust during June and July in the area from Kansas northward and extending into the Pacific Northwest, coupled with a prolonged drought west of the Rocky Mountains. **Sorghum grain** production was down, reflecting reduced yields in Kansas, chiefly because of unfavorable weather conditions.

The situation with regard to **corn** was somewhat more favorable. Planting was delayed by rains in Kansas and Nebraska and harvesting was also retarded by adverse weather, but these factors and a reduction in planted acreage were offset by an increased average yield per acre.

While there was a large increase in production of **potatoes**, particularly in Idaho, hot weather in August and limited water supplies resulted in an unusually high percentage of "rough" potatoes. The volume of fresh potatoes available for long-haul movement was further reduced by increased diversion to processing plants and by freezes in November.

The yields of **fruit** were seriously curtailed by late season frost and the dry summer, as well as by shortage of irrigation water, which also injured somewhat the quality of the fruits harvested. **Sugar beet** yields declined in some areas, due to hail damage and the shortage of irrigation water.

There are some indications that 1962 may be a more satisfactory





crop year, with more favorable weather conditions. However, the lack of moisture in the Pacific Northwest at seeding time during the autumn of 1961 might adversely affect the winter wheat harvest in 1962. Also, Government controls will require reduced plantings of corn and wheat.

MECHANIZATION OF ROADWAY AND TRACK MAINTENANCE

The Maintenance of Way Department in recent years has acquired various types of maintenance machines, among which are production tampers for ties, jack tampers for raising track ahead of the production tampers, ballast regulators for shaping and dressing ballast sections, track liners for lining curves and tangent track, and a ballast plow. A track undercutter has been in test use with a view to ultimate purchase. Economies realized from use of such machinery have been very substantial.

The cost of relaying rail has been reduced by the use of crib adze machines, multi-spindle bolt machines, mechanical spike pullers, off-track pneumatic-tired equipment, and rail anchor applicator machines. Tie renewal gangs have been equipped with dual tie saws, tie-bed scarifiers, and tie inserters, greatly increasing efficiency and work-volume.

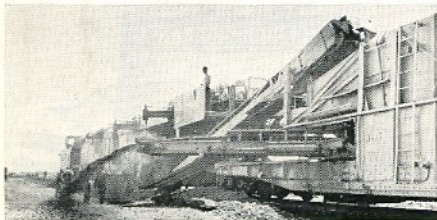
The acquisition of 345 automobiles in the past few years for transporting section crews (in lieu of using track motor cars) has resulted in the substantial lengthening of sections. Such use of automobiles eliminates loss of time in waiting for train line-ups and provides for more working time per day for actual on-the-track maintenance.

Under investigation are the possible advantages of acquiring a ballast-cleaning machine, a rail anchor positioner, and other machines to further increase the efficiency of ballasting and rail-laying operations.

WORK-RULES COMMISSION STUDY

The Presidential Railroad Commission appointed to study employe work rules made its report to the President of the United States on February 28, 1962, after exhaustive investigations lasting more than a year. A major finding was that firemen-helpers in diesel locomotives are not essential for safe and efficient operation of road freight and yard services and that such positions should therefore be eliminated under a long-range plan. Many other recommendations were made, including changes in pay practices, revision of the narrow seniority system, and mandatory retirement at age 65. The report was written by the five public members of the Commission including the Chairman, Judge Simon Rifkind, appointed by President Kennedy. The five railroad members generally endorsed the findings as in the public interest, but the five labor members wrote strong dissents and summarily rejected substantially all of the recommendations.

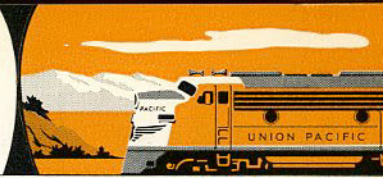
President Kennedy stated that the report would be useful in further collective bargaining between the parties. The attitude of the Commission's labor members indicates that many difficulties will be encountered before this matter is satisfactorily resolved, but if the recommendations ultimately become effective, many costly and obsolete practices which now seriously burden the railroad industry will be eliminated.



“* * * while the carriers and the unions have great responsibilities to their respective interests they have an overriding responsibility to the national interest to provide the most efficient and safe rail transportation possible.”

President Kennedy

TRANSPORTATION DIVISION



ACTIVITIES OF AFFILIATED COMPANIES

SPOKANE INTERNATIONAL RAILROAD COMPANY

Net income in 1961 was \$958,204. This was an all-time high and represented an increase of \$463,754, or 93.8%, compared with 1960.

Net income from transportation operations increased by \$277,823, due principally to a decrease of \$240,543 in Federal income tax accruals because of reduced taxable income.

There was an increase in other income of \$593,108, chiefly in dividends received on holdings of Western Pacific and Denver & Rio Grande Western common stocks, which was partially offset by an increase in fixed and other charges of \$407,177, most of which represented interest on investment advances by the Union Pacific.

Expenditures for property improvements in 1961 were \$907,251. The principal expenditures were for completion of the steel and concrete bridge over the Pend Oreille River, mentioned in last year's report, and for construction of a track connecting with the Union Pacific at East Spokane.

UNION PACIFIC MOTOR FREIGHT COMPANY

This wholly-owned subsidiary completed in 1961 a 14-year program of acquiring authority for highway operations to provide system-wide motor truck service supplemental to rail freight service of the Union Pacific.

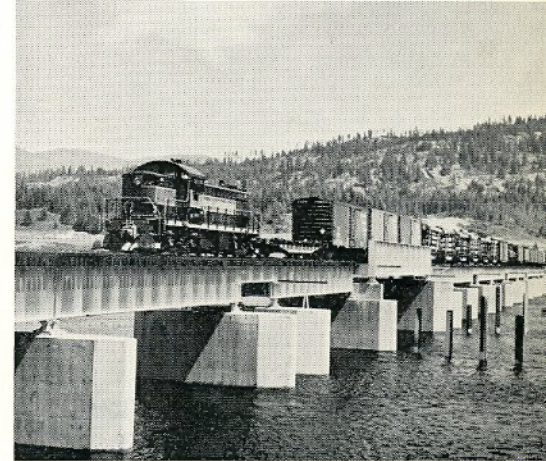
Such service includes highway operations in substitution for rail service, pickup and delivery of less-than-carload rail shipments at principal cities, and pickup and delivery of trailers in Trailer-Freight service. Authority has also been obtained for highway delivery of freight beyond rail-head points to missile sites in Colorado, Idaho and Wyoming, and to a related industry in Utah. Equipment available for such services in 1961 consisted of 57 trucks, 185 tractors and 566 trailers.

Progress is being made in establishing new rates, where warranted, between Union Pacific and connecting railroads, for movement of Trailer-Freight merchandise. Such traffic has shown encouraging growth, and with acquisition of highway rights to enable pickup and delivery of trailer loads beyond Trailer-Freight ramps, further expansion is anticipated in 1962.

PACIFIC FRUIT EXPRESS COMPANY

The most important 1961 development in connection with this company (jointly owned with the Southern Pacific) was its entry into the piggy-back rail transportation field, with placement of orders for 400 forty-foot refrigerated trailers, to be used for transporting fruits, vegetables, and frozen foods from Pacific Coast points to Midwestern and Eastern destinations, with return loading of meats and other perishable commodities. They are designed for combination highway and piggy-back operations and are equipped with mechanical refrigeration units capable of maintaining exact temperatures at any point from below zero up to 80°. The trailers have been delivered and are being operated in connection with 200 leased eighty-five-foot flat cars. This service will be expanded in 1962 by the purchase of 300 flat cars and 600 trailers.

Entry into this field will supplement the company's leading position in transportation of perishables with its large fleet of refrigerator cars, and recapture some of the traffic now moving by highway trucks.



NATURAL RESOURCES DIVISION

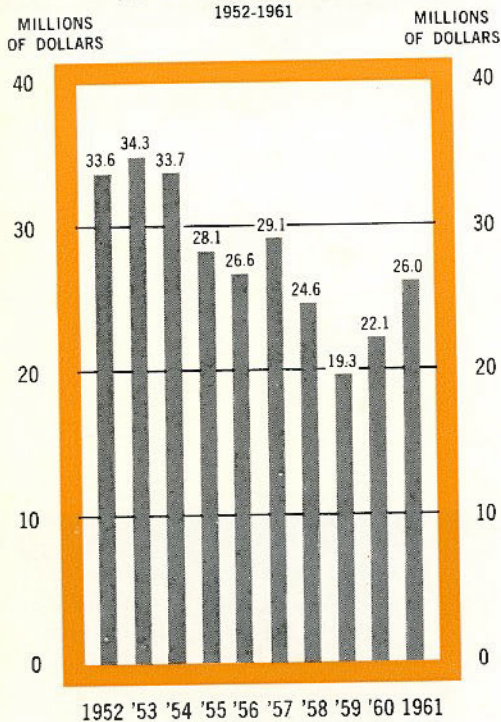
OIL AND GAS OPERATIONS

	1961	Increase (+) or Decrease (-) vs. 1960	
		Amount	Per cent
Receipts	\$39,317,295	+ \$6,473,602	19.7
Production expenses (including depreciation)	\$10,048,796	+ \$3,408,899	51.3
Taxes (other than income taxes*)	1,820,058	+ 142,467	8.5
Development expenses	1,417,626	- 1,010,163	41.6
Total charges against receipts	\$13,286,480	+ \$2,541,203	23.6
Net income from oil and gas operations	\$26,030,815	+ \$3,932,399	17.8
Capitalized development costs	\$4,418,041	+ \$2,634,173	147.7

* Federal taxes on income from oil and gas operations were approximately \$7,818,900 in 1961 and \$6,716,600 in 1960.

NET INCOME FROM OIL AND GAS OPERATIONS

(BEFORE FEDERAL INCOME TAXES)
1952-1961



The increase in *receipts* was mainly due to the substantial increase in production of oil from Patrick Draw field. While there was a modest increase in oil production from Wilmington field, this was more than offset by reduced output of gas, gasoline, and other by-products from that field.

The increase in *production expenses* was chiefly in Wilmington field, occasioned primarily by assumption of substantial charges retroactive to March 1, 1960, in connection with expanded pooling of lands and water injection facilities with other producers; production expenses in Patrick Draw field also increased because of expanded operations.

The decrease in *development expenses* was due principally to reduced drilling activity in Patrick Draw field. Most of the increase in *taxes* was in Patrick Draw field.

Last year's report mentioned that a substantial segment of **Wilmington field** had been unitized in 1960 and that negotiations were under way for unitization of an additional segment where Union Pacific properties are located. Unitization of this additional segment was completed late in 1961. An oil company acts as operator of the lands included in the new unit area (except lands belonging to the City of Long Beach) and as Unit Coordinator apportions production and costs among the unit participants on the basis of agreed percentages.

At the year's end, only one segment of the field remained, in which Union Pacific properties are located, that had not been unitized, and negotiations looking toward unitization of this final segment are in progress.

An earthquake early in the year so severely damaged 55 Wilmington wells, in which the Union Pacific had an interest, that no further oil could be produced from them. They were producing at an aggregate rate of 1,200 barrels of oil per day before the earthquake. To the extent economically justified, the wells are being redrilled or replaced.

The Government's suit, discussed in previous annual reports, seeking an injunction against further production of oil from the field and payment of damages on account of land subsidence in the area, still has not come to trial, but the Government is pressing for trial of the damage issue.



Union Pacific Share of Oil and Gas Production in Principal Fields

Principal oil fields	Wells at close of 1961	Approximate U.P.R.R. % of interest	U.P.R.R. Barrels of oil in 1961	Increase (+) or Decrease (-) vs. 1960	
				Barrels	Per cent
Wilmington (Calif.)	1,358*	53	6,926,544	+ 289,965	4.4
East Los Angeles (Calif.)	33	50	166,189	- 23,090	12.2
Patrick Draw (Wyo.)	127	55	3,725,883	+2,169,230	139.4
West Desert Springs (Wyo.)	8	48	112,930	- 6,596	5.5
Rangely (Colo.)	384	13	2,099,989	- 65,953	3.0
Pierce (Colo.)	18	47	327,385	- 17,860	5.2
Total			13,358,920	+2,345,696	21.3

* Represents total wells in which U.P.R.R. has an interest, including those that are wholly owned.

Principal gas fields	Wells at close of 1961	Approximate U.P.R.R. % of interest	U.P.R.R. M cu. ft. of gas in 1961	Increase (+) or Decrease (-) vs. 1960	
				M cu. ft.	Per cent
Church Buttes (Wyo.)	11	49	5,371,904	- 28,947	.5
Table Rock (Wyo.)	8	50	3,182,329	+ 14,279	.5
Total			8,554,233	- 14,668	.2

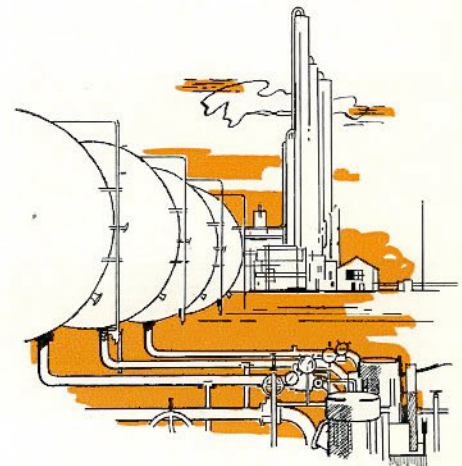
Extensive development drilling continued in **Patrick Draw field**, where an additional 36 productive oil wells were completed, all of which were drilled in the Arch Unit, in the northerly portion of the field.

In July the Union Pacific placed in operation a large plant constructed in this field for processing the Company's gas that is produced along with oil, to make the gas marketable and extract its content of natural gasoline and other valuable liquid products. Arrangements were also made for processing gas of other producers, on a fee basis. Later in the year, facilities were installed for experimental re-injection of a limited amount of gas back into the field. The Wyoming Conservation Commission issued orders during the year requiring that gas produced in connection with oil output be sold or put to beneficial use. As a result, there was some curtailment of oil production from the field because of restricted current market demand for gas and the limited volumes that could be re-injected.

The oil gathering system and 31-mile pipeline from Patrick Draw field to Wamsutter were expanded in 1961 to accommodate the field's increased output.

In **West Desert Springs field** an additional productive oil well was completed during the year. Gas produced along with oil in this field is also processed at the Patrick Draw plant mentioned above. Other developments in the **Green River Basin** included completion of another productive gas well in **Desert Springs field** (Playa Unit), making a total of four at the close of the year, and completion of a second productive gas well in **Jack-knife Spring field**. All of the wells in these fields are closed in, pending development of a market outlet for the gas.

An exploratory well, wholly owned by the Union Pacific, was completed as a small oil producer during 1961 in an area (as yet officially unnamed) north of Patrick Draw field. Exploratory wells were also drilled in various areas where Union Pacific oil and gas rights have been pooled with those of other holders, but no new productive areas of any consequence were developed.





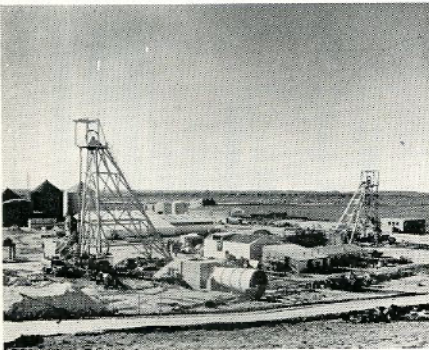
TRONA DEVELOPMENT

By way of background: Discovery of trona in the Green River Basin in southern Wyoming was made in 1938. Trona is a form of sodium carbonate which, by processing, is converted to soda ash, the latter having a wide variety of uses, such as in the manufacture of glass, soap, paper, and chemical reagents. The Union Pacific and Westvaco Chlorine Products Corporation (now Intermountain Chemical Company) undertook extensive exploration in the region and confirmed the existence of huge deposits of this mineral. After thorough investigation and experimentation, Westvaco sank its first shaft in 1947 for mining the trona, about 15 miles west of Green River, and constructed a processing plant. Operations were gradually expanded and current annual production approximates a million tons, about half of which comes from Union Pacific lands. This industry affords a substantial volume of freight traffic and the Union Pacific receives royalties on production from its lands.

Other chemical companies have been conducting further exploration, and Stauffer Chemical Company proved large reserves of high grade trona about 17 miles northwest of Green River, where the Union Pacific has extensive mineral ownership.

Stauffer and the Union Pacific organized a new corporation, Stauffer Chemical Company of Wyoming, to mine and process trona for the production of soda ash. Initial capital requirements of the new corporation were estimated at approximately \$15 million, one-third to be obtained by sale of capital stock, and the remainder through loans. Union Pacific acquired 49 per cent of the stock and agreed to advance a like percentage of the loans. During 1961, Union Pacific loaned \$4,299,750, covered by 5-year promissory notes bearing 5% interest.

At the end of the year, the new company's utility and mining shafts had been completed and construction of the principal surface buildings was about 80% complete. The plant will have an initial capacity of 450 tons of refined soda ash per day, which may be doubled later, if warranted. It is anticipated that production will commence about the middle of 1962. The Union Pacific interest in the company promises to yield a profitable return, in addition to benefits derived from additional freight business and royalty income.



IRON MOUNTAIN ORE STUDIES

Mention was made in last year's report of tests conducted in a plant at Niagara Falls, Canada, on several hundred tons of Iron Mountain titaniferous iron ore. The results demonstrated the technical practicability of treating the ore by the special process used, and a major firm which specializes in such work, is making a study of the economic feasibility of constructing a plant for smelting the ore by this process.

Laboratory studies are also under way with respect to the recovery of titanium and vanadium from high grade titania slag produced from the ore during the 1960 pilot plant tests.

Further development of Iron Mountain ores must await the completion and evaluation of these studies.



MINERAL EXPLORATION AND DISCOVERIES

For a number of years, the Company's geologists have conducted mineral inventory surveys in Union Pacific lands and in areas tributary to the Company's rail line, with a view to the stimulation of mineral development and associated industrial activity.

Geologic reconnaissance of mineral-bearing areas has been followed by detailed investigations of a wide variety of mineral deposits. Descriptive reports based on these investigations have been distributed to responsible industrial organizations interested in such information. These activities have resulted in the development of several important mineral deposits, with consequent substantial additions to Union Pacific freight revenue.

During 1961, two areas of interest were investigated—one in the vicinity of Delta, Utah, and another near Dillon, Montana. The Delta area contains one of the largest known reserves of low-grade beryllium in the nation. Research is being conducted by several major companies toward development of a metallurgical process to upgrade the ore. Results up to this time appear promising.

The Dillon area contains large deposits of low-grade iron ore that can be economically upgraded to produce a high-grade iron concentrate.



ACTIVITIES OF AFFILIATED COMPANIES

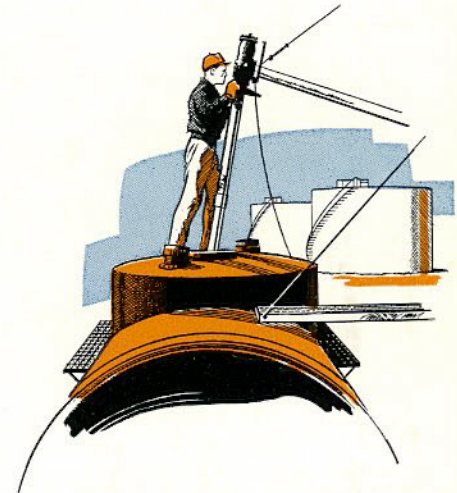
CALNEV PIPE LINE COMPANY

In May, 1961, this company (70% owned by the Union Pacific) completed construction of its pipe line for the transportation of refined petroleum products from Colton, California, to Las Vegas, Nevada. Shipments through the line started immediately thereafter, and by the end of the year about 12,500 barrels per day were being transported, including some 2,600 barrels daily of Union Pacific diesel fuel. Negotiations have been completed for shipment of additional quantities of products through the line as soon as necessary terminal facilities have been installed by the shippers concerned.

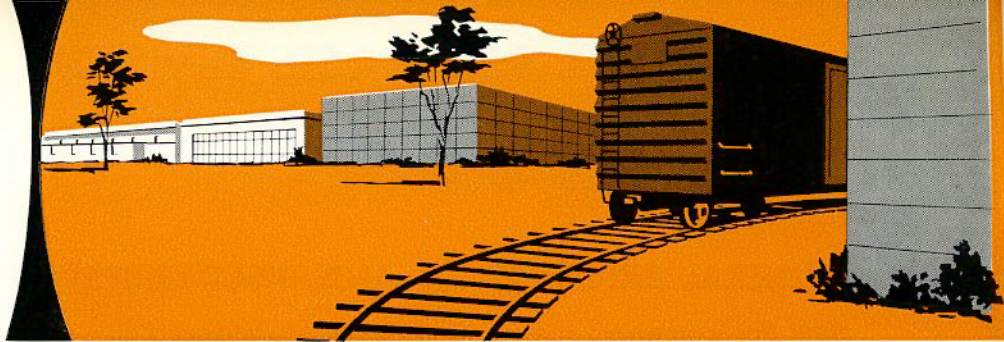
SOUTHERN WYOMING UTILITIES COMPANY

For many years this wholly-owned subsidiary furnished electric energy and water to consumers in various Wyoming towns on the line of the Union Pacific. The electric energy was obtained from a power plant operated by Union Pacific Coal Co., another Union Pacific subsidiary.

Because of the development of governmentally owned hydroelectric power in southwestern Wyoming and the construction of large privately owned steam plants in the region, the economic outlook for the Utilities Company did not appear promising. Accordingly, in response to a favorable offer from the Pacific Power & Light Company, the properties of the Utilities Company and the power plant of the Coal Company were sold in 1961, and the Utilities Company was thereupon dissolved.



LAND DIVISION



The Land Division has jurisdiction over all of the Company's lands, other than land required for transportation purposes and land with known or potential mineral reserves. The principal objective of the Land Division is to bring about the location of industries on the line of the railroad, with a view to producing freight traffic for the Transportation Division. Through wide advertising and individual solicitation, industries which might locate on the Union Pacific are sought out and presented with detailed information in connection with available sites, such as transportation facilities, taxation, utilities and community services.

INDUSTRIAL DEVELOPMENT IN 1961

The net increase of 215 industries on the Company's lines during 1961, was the best showing in three years. Our new industrial patrons include large plants in every State where the Union Pacific operates substantial mileage, and represent well-diversified fields. Among the many commodities manufactured or distributed by such industries are processed foods, paper products, chemicals, cement, machinery, airplane and missile components, rubber, and automobiles.

A few of the largest installations are enumerated below:

Omaha, Nebraska: Plant under construction for the production of containers from pulpboard, which is to be expanded later by installation of corrugating operations.

Plant approaching completion for cement storage and distribution by rail; capacity of 150,000 barrels.

Kansas City, Kansas: Major expansion of automobile assembly plant to provide for a new line of compact cars.

Denver, Colorado: Construction under way of 100,000 sq. ft. factory for production of potato chips and other snack foods. Completion is anticipated by the middle of 1962.

Borah, Idaho: Potato processing facilities, including 2-acre plant for turning out cooked, frozen, and dehydrated products, and 5-acre potato storage warehouse; annual output is expected to exceed 25,000 tons. Adjacent refrigerated warehouse (constructed by another company) with capacity for storing 16,000 tons of frozen products.

Another commercial warehouse for frozen foods and general cold storage, with a capacity of 16,000 tons.

This new 76-mile rail spur will soon see pelletized iron ore moving from Atlantic City, Wyoming, toward Utah steel mills.



Salt Lake City, Utah: Telephone equipment distribution center serving a 3-State region.

Portland, Oregon: Construction started of a warehouse and related facilities for distribution of paper products throughout a wide area.

Kalama, Washington: Multi-million-dollar plant, almost completed, for production of phenol, which is used in the manufacture of plastics, in agriculture, and in the lumber industry.

Henderson, Nevada: Expansion of a plant producing ammonia perchlorate for use in solid fuel for rockets. This \$3 million program is practically completed.

City of Industry, California: Meat packing and processing plant.

Los Angeles, California: Plant for manufacturing polyethylene-coated paper cartons for milk.

Tacoma, Washington: Construction started of a plant for production of hydrated lime and allied products. Completion anticipated during 1962.

Reference was made in the 1960 annual report to the huge plant under construction at **Atlantic City, Wyoming**, for the production of pelletized iron ore, and to the 76-mile railroad spur connecting with the Union Pacific at Winton Junction. The spur was opened for operation on September 7, 1961, and completion of the plant is planned for July, 1962. Shipments of ore pellets via the Union Pacific to Provo, Utah, should commence in the third quarter of 1962, and by the end of the year it is anticipated that hundreds of carloads will move over the line each week.

PROPERTY ACQUISITIONS

A 60-acre tract of land was acquired at **North Salt Lake, Utah**, about six miles from Salt Lake City, with attractive possibilities for future industrial development. At **South Salt Lake City**, a 4.6-acre industrial site was purchased, and a portion of the property was sold to a large concern which manufactures plywood and other lumber products.

At **Spokane, Washington**, additional industrial acreage was acquired adjacent to the Company's present holdings.

A desirable 6½-acre site was acquired at **Sidney, Nebraska**.

ACTIVITIES OF AFFILIATED COMPANIES

LAS VEGAS LAND AND WATER COMPANY

An industrial plant on 8.6 acres of land was acquired at **Long Beach, California**, and leased to a large processor of vegetable oils.

A 10-acre site was purchased at **Fullerton, California**, on which a warehouse covering seven acres was constructed and sold to an important food distributor.

THE UNION LAND COMPANY








In the company's **East Denver Industrial District**, Denver, Colorado, 70 acres were further developed to make additional industrial sites available for occupancy. Improvements included paving, water and gas mains, and installation of storm and sanitary sewer lines.

At **Salt Lake City, Utah**, 4.7 acres of land were acquired together with an easement for trackage on adjoining property.

PACIFIC OCEAN

UNION PACIFIC RAILROAD

LEGEND

- | | | |
|---|---|-----------------------------------|
|  | Double Track | } Union Pacific Railroad |
|  | Single Track | |
|  | Track with Centralized Traffic Control* | |
|  | Camas Prairie Railroad | } Solid Through Train Connections |
|  | Single Track | |
|  | Double Track | |
|  | Motor Coach Routes to National Parks | |

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.



A N A D A



NORTH DAKOTA

SOUTH DAKOTA

MINNESOTA

WISCONSIN

MICHIGAN

WYOMING

IOWA

NEBRASKA

Chicago

OHIO

Omaha

Council Bluffs

ILLINOIS

INDIANA

Cheyenne

North Platte

Grand Island

St. Joseph

COLORADO

Denver

Topeka

Kansas City

St. Louis

KANSAS

MISSOURI

KENTUCKY

NEW MEXICO

OKLAHOMA

ARKANSAS

TENNESSEE

ALABAMA

TEXAS

MISSISSIPPI

LOUISIANA

GULF OF MEXICO

CENTRAL PACIFIC CASE

There have been no significant developments in this case since the oral argument on April 18, 1961, before the Interstate Commerce Commission, which was mentioned in last year's annual report. The case involves a petition filed by the Denver & Rio Grande Western in 1957 with the Interstate Commerce Commission, seeking nullification of a condition imposed in an order of the Commission issued almost forty years ago approving continued control by Southern Pacific of the Central Pacific upon the express condition that the Southern Pacific solicit Central Pacific-Union Pacific routing for freight traffic moving between certain defined territory in California and Oregon and specified territory east of Ogden, Utah. The Interstate Commerce Commission has not yet rendered its decision in the case.

FREIGHT REVENUE DIVISIONS

Reference was made in last year's annual report to a proposed report by Interstate Commerce Commission Examiners in this extremely important issue which has been pending since 1953. The Examiners recommended the application of new formulas for determining the divisions of freight revenue on future traffic moving between points on Eastern and Midwestern railroads and points on Western railroads such as the Union Pacific. Under the proposed formulas the Eastern and Midwestern railroads would receive substantially greater shares of the freight revenue at the direct expense of the Western railroads. The Western railroads filed exceptions to the proposed report and on June 20, 1961, the case was argued before the Interstate Commerce Commission. A decision by the Commission is still pending.

RAILROAD MERGERS

Additional proposals for railroad mergers were put forward in 1961 and hearings on some were held by the Interstate Commerce Commission. In some cases such mergers should prove beneficial to the railroads concerned. However, many of the proposed mergers can at best serve only as palliatives for basic railroad ills. The railroads will not be restored to health until archaic governmental attitudes toward the industry are changed and legislation is enacted in conformity with present-day realities and equitable principles. This subject is discussed more fully on the pages that follow.

The Union Pacific is actively interested in certain proposed railroad mergers and continues ready to take any necessary measures, consistent with the public interest, to safeguard and advance the interests of the Company and its Stockholders.

Proposals for control of Western Pacific: The applications to the Interstate Commerce Commission by Southern Pacific and Santa Fe for authority to acquire control of Western Pacific were consolidated by the Commission for handling as one proceeding. Public hearings

opened in 1961 at San Francisco on July 17th, continued in other Western cities, and concluded at San Francisco on November 21st. Union Pacific officers testified in support of Southern Pacific and in opposition to Santa Fe.

It is the Union Pacific position that protection of the strategic middle route for east-west traffic through the Utah Gateways involves the public interest and national security as well as the interests of the employees and stockholders of the Union Pacific and the communities it serves. If Santa Fe were to gain control of Western Pacific, economic realities would inevitably influence such a combined system to solicit traffic away from the central route and over Santa Fe's southern route. Representatives of Santa Fe and Western Pacific offered to propose to the Commission that any order granting Santa Fe control should include certain stipulated conditions to protect the Utah Gateways, with a proviso, however, that such conditions would be subject to modification at any time by the Commission in response to an application by any interested party or upon its own initiative. Without questioning the sincerity of this offer or the intent of present Santa Fe management to abide by it, the Union Pacific view is that the conditions suggested would not provide effective protection for the central route, even if there were any assurance that such conditions would not later be eliminated under the proposed proviso.

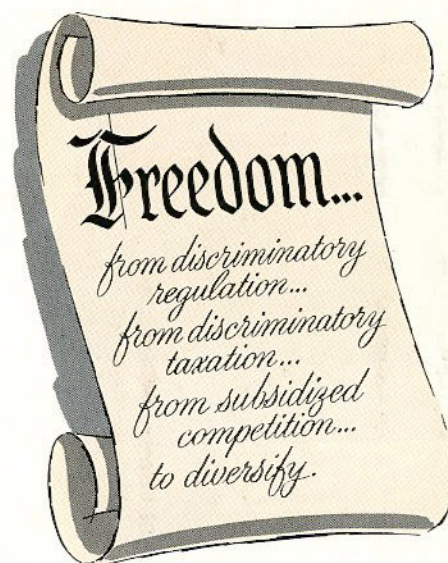
Proposal for merger of the "Northern Lines" — N. P. Ry., G. N. Ry., C. B. & Q. R. R., and S. P. & S. Ry.: This proposal contemplates the formation of a railroad network of about 25,000 miles extending from the North Pacific Coast to the Great Lakes. By a petition dated September 25, 1961, Union Pacific intervened in this case for the main purpose of requesting the Commission to impose conditions for protection of existing through routes, joint rates and gateways for traffic interchange, in the event the merger should be approved. The first hearing opened at St. Paul, Minnesota, in October, 1961, with further hearings scheduled at several other cities.

FEDERAL LEGISLATION

The fundamental ills of the railroad industry result from governmental policies based upon the outdated concept that railroads enjoy a transportation monopoly. This may have been true 75 years ago, but it is manifestly not so today. Nevertheless, because of governmental inertia and reluctance to disturb the status quo, the railroads continue to suffer from discriminatory over-regulation and over-taxation (both Federal and local) and from governmental subsidization of their competitors by highway, air, and water, through failure to require them to pay reasonable charges for commercial use of facilities provided out of public funds.

In our brief report released in March we called attention to the enormous governmental expenditures in 1960 for public facilities used by the railroads' competitors in contrast to expenditures by the railroads out of their own funds for upkeep and improvement of rail facilities and taxes on railroad properties. Figures have recently been made available with respect to 1962 budgets for public transportation programs to further subsidize the railroads' competitors. Federal outlays for building, operat-

THE FOUR FREEDOMS FOR AMERICA'S RAILROADS



ing and maintaining highways, waterways, airports and airways, plus air-mail subsidy payments, will be \$4.6 billion, and State and local governments will spend \$9.1 billion more. *The total of \$13.7 billion amounts to more than \$271 for every family in the nation.* Regardless of the extent to which these huge expenditures may be justified, the railroads believe that commercial users of facilities paid for by the taxpayers (including the railroads) should at least pay adequate charges for such use.

Although Congress has been urged to correct the basic inequities in governmental policies, little has been accomplished. In fact, the railroads are faced with threatened legislation which would further injure them. An outstanding example of discriminatory regulation is the difficulty railroads experience when they publish reduced freight rates to attract traffic. The Interstate Commerce Commission frequently cancels such rates merely because of the possible adverse effect upon highway and water carriers. Not satisfied with this favoritism, these carriers together with the Teamsters Union, are supporting two bills (S. 1197 and H.R. 5937) introduced in 1961, which would compel the I.C.C., when considering rate reductions proposed by railroads to weigh the effect on competing trucks and water carriers, regardless of the compensatory character of such rates and the public interest in reduced transportation costs. This legislation will probably come up again in the present session of Congress and its supporters are planning a strong campaign to secure its passage.

However, President Kennedy's transportation message to Congress on April 5, 1962, has provided a basis for considerable encouragement. It stressed the nation's vital need for an efficient, dynamic transportation system and explained why present outdated, inconsistent and cumbersome regulatory methods must be changed. Specific areas were outlined where corrective legislation is urgently required at once and suggestions were made looking toward other long-range measures for attainment of an orderly and self-supporting transportation system under which each mode of transport would provide those services for which it is best fitted, physically and economically. If the President's recommendations are promptly translated into sound legislative enactments, we feel that the nation's transportation system will be revitalized and the whole economy will be greatly benefited. We therefore suggest that our Stockholders support such legislation.

UNION PACIFIC RAILROAD FOUNDATION

The program of the Union Pacific Railroad Foundation in 1961 followed the same general pattern as in previous years for assisting in the development and maintenance of selected agencies devoted to such purposes as private education, social welfare, health, science, and cultural activities, particularly in the communities that are served by the Union Pacific Railroad Company. The merits and accomplishments of the assisted organizations have been closely observed and we feel that the Foundation's efforts to date have been well worth while in benefiting the "Union Pacific West" and in earning community good will.

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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NOTE: The General Balance Sheet, Income Account and certain other tables, are stated on a consolidated basis for Union Pacific Railroad Co. and its Leased Lines which are Oregon Short Line Railroad Co., Oregon-Washington Railroad & Navigation Co., Los Angeles & Salt Lake Railroad Co., and The St. Joseph and Grand Island Railway Co.

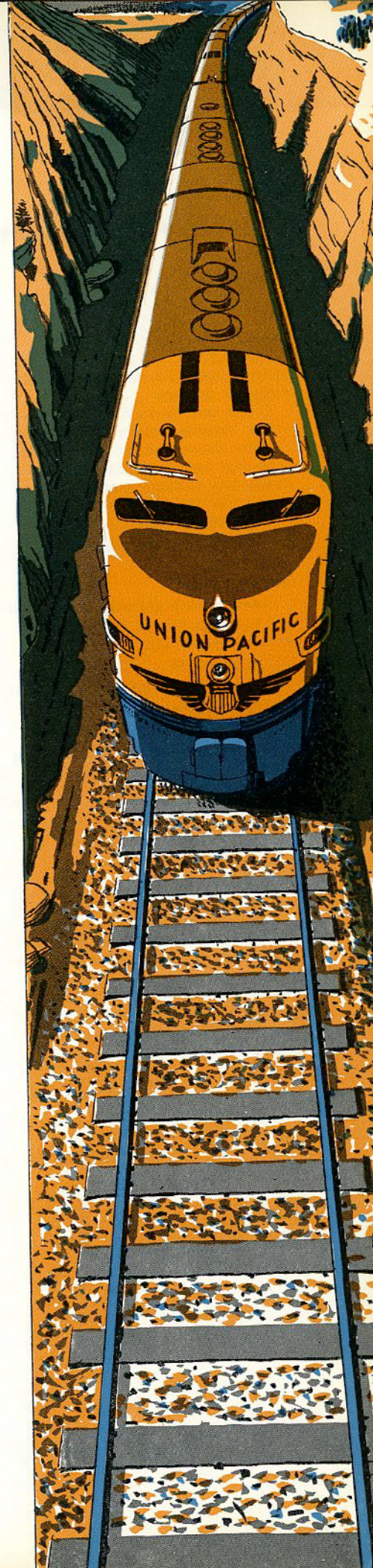




TABLE 1 — GENERAL BALANCE SHEET — ASSETS

	December 31, 1961	December 31, 1960	Increase	Decrease
CURRENT ASSETS				
Cash	\$36,897,689	\$40,365,865		
Temporary cash investments (Table 14)	100,740,370	93,732,417*	\$7,007,953	\$3,468,176
Special deposits	120,888	75,238	45,650	
Traffic and car-service balances—net	12,806,802	11,264,202	1,542,600	
Net balance receivable from agents and conductors	9,056,886	6,333,528	2,723,358	
Miscellaneous accounts receivable	13,050,521	14,031,670		981,149
Interest and dividends receivable	1,388,618	1,955,461		566,843
Accrued accounts receivable	19,919,809	19,924,029		4,220
Material and supplies	21,450,127	27,351,833		5,901,706
Other current assets	799,853	1,766,565		966,712
Total Current Assets	<u>\$216,231,563</u>	<u>\$216,800,808*</u>		<u>\$569,245</u>
INVESTMENTS				
Investments in affiliated companies:				
Stocks (Table 13)	\$26,830,675	\$24,989,241	\$1,841,434	
Notes (Table 14)	25,480,248	18,017,269	7,462,979	
Advances	30,567,205	11,945,202	18,622,003	
Total Investments in Affiliated Companies	<u>\$82,878,128</u>	<u>\$54,951,712</u>	<u>\$27,926,416</u>	
Other investments:				
Stocks (Table 13)	\$43,004,094	\$43,003,929	\$165	
Bonds and notes (Table 14)	6,420,146	6,704,526*		\$284,380
Total Other Investments	<u>\$49,424,240</u>	<u>\$49,708,455*</u>		<u>\$284,215</u>
Reserve for adjustment of investments in securities (credit)	\$19,132,314	\$19,132,314		
Total Investments	<u>\$113,170,054</u>	<u>\$85,527,853*</u>	<u>\$27,642,201</u>	
PROPERTIES				
Road and equipment property	\$1,634,669,879	\$1,609,651,242	\$25,018,637	
Donations and grants (credit)	42,386,310	31,095,527	11,290,783	
Reserve for depreciation—road and equipment (credit)	337,598,948	312,857,374	24,741,574	
Reserve for amortization of national defense projects (credit)	36,365,609	41,583,146		\$5,217,537
Miscellaneous physical property	52,583,374	47,257,575	5,325,799	
Reserve for depreciation—miscellaneous physical property (credit)	30,263,828	28,436,264	1,827,564	
Total Properties	<u>\$1,240,638,558</u>	<u>\$1,242,936,506</u>		<u>\$2,297,948</u>
OTHER ASSETS AND DEFERRED CHARGES				
Other assets	\$5,245,542	\$4,969,667	\$275,875	
Deferred charges	4,518,396	3,065,560	1,452,836	
Total Other Assets and Deferred Charges	<u>\$9,763,938</u>	<u>\$8,035,227</u>	<u>\$1,728,711</u>	
Grand Total	<u>\$1,579,804,113</u>	<u>\$1,553,300,394</u>	<u>\$26,503,719</u>	

* Restated.

1961 ANNUAL REPORT

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

	December 31, 1961	December 31, 1960	Increase	Decrease
CURRENT LIABILITIES				
Audited accounts and wages payable	\$15,998,759	\$20,460,901	.....	\$4,462,142
Miscellaneous accounts payable	1,284,474	1,346,422	.....	61,948
Interest matured unpaid	24,205	33,045	.....	8,840
Dividends matured unpaid:				
Dividend on common stock payable in January of following year	15,700,465	15,700,465	.....
Dividends due but unclaimed	388,343	381,554	\$6,789	
Unmatured interest accrued	1,097,047	1,107,004	.....	9,957
Accrued accounts payable	28,683,352	28,405,230	278,122	
Taxes accrued	45,064,247	42,877,050	2,187,197	
Other current liabilities	3,109,156	2,677,958	431,198	
Total Current Liabilities	<u>\$111,350,048</u>	<u>\$112,989,629</u>	.....	<u>\$1,639,581</u>
FUNDED DEBT (Table 12)				
Bonds	\$112,579,000	\$113,727,000	.....	\$1,148,000
AMOUNTS PAYABLE TO AFFILIATED COMPANIES	<u>\$25,370,719</u>	<u>\$24,821,455</u>	<u>\$549,264</u>	
RESERVES				
Fire insurance reserve	\$32,728,507	\$32,263,640	\$464,867	
Casualty and other reserves	12,149,764	10,863,025	1,286,739	
Total Reserves	<u>\$44,878,271</u>	<u>\$43,126,665</u>	<u>\$1,751,606</u>	
OTHER LIABILITIES AND DEFERRED CREDITS				
Other liabilities	\$296,609	\$352,763	.....	\$56,154
Unamortized premium on funded debt	2,072,746	2,213,199	.....	140,453
Other deferred credits	4,720,042	8,540,843	.....	3,820,801
Total Other Liabilities and Deferred Credits	<u>\$7,089,397</u>	<u>\$11,106,805</u>	.....	<u>\$4,017,408</u>
STOCKHOLDERS' EQUITY				
Common stock	\$224,302,350	\$224,302,350	.....
Preferred stock	99,587,081	99,587,081	.....
Total Capital Stock (Table 11)	<u>\$323,889,431</u>	<u>\$323,889,431</u>	.....
Premium on common stock	\$4,327,919	\$4,327,919	.....
Other capital surplus	2,995,451	4,422,297	.....	\$1,426,846
Total Capital Surplus	<u>\$7,323,370</u>	<u>\$8,750,216</u>	.....	<u>\$1,426,846</u>
Retained income—appropriated	\$49,231,038	\$48,566,036	\$665,002	
Retained income—unappropriated	<u>858,507,407</u>	<u>826,737,725</u>	<u>31,769,682</u>	
Total Retained Income (see page 11)	<u>\$907,738,445</u>	<u>\$875,303,761</u>	<u>\$32,434,684</u>	
Consolidation surplus †	\$39,585,432	\$39,585,432	.....
Total Stockholders' Equity	<u>\$1,278,536,678</u>	<u>\$1,247,528,840</u>	<u>\$31,007,838</u>	
Grand Total	<u>\$1,579,804,113</u>	<u>\$1,553,300,394</u>	<u>\$26,503,719</u>	

†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

TRANSPORTATION OPERATIONS	1961	1960	Increase	Decrease
Operating revenues (Table 3)	\$499,324,448	\$494,184,464	\$5,139,984	
Operating expenses (Table 4)	360,798,813	359,741,036	1,057,777	
Revenues over expenses	\$138,525,635	\$134,443,428	\$4,082,207	
Taxes* (see page 9)	85,979,525	79,342,574	6,636,951	
Railway Operating Income	\$52,546,110	\$55,100,854		\$2,554,744
Equipment rents (debit)	19,029,381	20,575,972		1,546,591
Joint facility rents (debit)	1,702,854	1,689,588	\$13,266	
Net Income from Transportation Operations	\$31,813,875	\$32,835,294		\$1,021,419
INCOME FROM INVESTMENTS AND OTHER SOURCES				
Net income from oil and gas operations* (see page 18)	\$26,030,815	\$22,098,416	\$3,932,399	
Royalties from oil and gas leases	410,702	408,957	1,745	
Dividends on stocks owned (Table 13)	4,418,546	5,215,094		\$796,548
Interest on bonds and notes owned (Table 14)	3,968,854	4,892,089		923,235
Other interest income	548,777	201,720	347,057	
Rents from lease of road	122,579	122,579		
Miscellaneous rents	806,669	756,687	49,982	
Miscellaneous income	3,448,918	3,350,494	98,424	
Total	\$39,755,860	\$37,046,036	\$2,709,824	
Total Income	\$71,569,735	\$69,881,330	\$1,688,405	
Miscellaneous tax accruals and other deductions	887,619	503,662	383,957	
Income available for fixed charges	\$70,682,116	\$69,377,668	\$1,304,448	
FIXED CHARGES				
Interest on funded debt	\$2,996,256	\$4,052,192		\$1,055,936
Other fixed charges	15,371	12,964	\$2,407	
Total	\$3,011,627	\$4,065,156		\$1,053,529
NET INCOME FROM ALL SOURCES	\$67,670,489	\$65,312,512	\$2,357,977	
Per share on Union Pacific Railroad Co. common stock outstanding (after preferred dividends)	\$2.840	\$2.734	\$1.106	
DIVIDENDS DECLARED ON UNION PACIFIC R.R. Co. STOCK				
On Preferred Stock (4%)	\$3,981,724	\$3,981,724		
On Common Stock (see page 11)	35,886,776	35,886,776		
Total dividends declared	\$39,868,500	\$39,868,500		
Net income less U.P.R.R. Co. dividends	\$27,801,989	\$25,444,012	\$2,357,977	

* Federal taxes on income from oil and gas operations, which were approximately \$7,818,900 in 1961 and \$6,716,600 in 1960 are included in "Taxes" under "Transportation Operations."

TABLE 3 — OPERATING REVENUES

	1961	1960	Increase (+) or Decrease (-)
Transportation			
Freight	\$432,656,039	\$428,271,329	+ \$4,384,710
Passenger	26,577,395	27,519,034	- 941,639
Baggage	72,014	74,237	- 2,223
Mail	21,987,392	20,743,000	+ 1,244,392
Express	4,672,852	4,064,304	+ 608,548
Other passenger-train	183,751	173,148	+ 10,603
Milk	57,147	58,729	- 1,582
Switching	6,334,185	6,166,274	+ 167,911
Other	9,834	10,980	- 1,146
Total	\$492,550,609	\$487,081,035	+ \$5,469,574
Incidental			
Dining and buffet	\$3,455,291	\$3,638,706	- \$183,415
Hotel and restaurant	409,307	468,485	- 59,178
Station, train, and boat privileges	103,439	108,456	- 5,017
Demurrage	920,139	955,490	- 35,351
Communication	71,276	73,483	- 2,207
Rents of buildings and other property	479,102	510,909	- 31,807
Miscellaneous	1,043,740	1,008,677	+ 35,063
Total	\$6,482,294	\$6,764,206	- \$281,912
Joint Facility			
Joint facility—credit	\$435,416	\$460,565	- \$25,149
Joint facility—debit	143,871	121,342	+ 22,529
Total	\$291,545	\$339,223	- \$47,678
Total Operating Revenues	\$499,324,448	\$494,184,464	+ \$5,139,984

1961 ANNUAL REPORT

TABLE 4 — OPERATING EXPENSES

		1961	1960	Increase (+) or Decrease (—)
MAINTENANCE OF WAY AND STRUCTURES				
Supervision	Superintendence	\$4,358,337	\$4,378,561	— \$20,224
	Roadway maintenance	\$2,761,607	\$2,738,494	+ \$23,113
Roadway and Track	Tunnels and subways.....	43,486	30,572	+ 12,914
	Bridges, trestles, and culverts.....	1,790,232	1,436,913	+ 353,319
	Ties	2,734,841	3,505,022	— 770,181
	Rails	2,704,607	1,459,587	+ 1,245,020
	Other track material	3,384,558	2,271,747	+ 1,112,811
	Ballast	501,476	203,338	+ 298,138
	Track laying and surfacing.....	14,557,651	15,401,274	— 843,623
	Fences, snowsheds, and signs.....	291,030	324,607	— 33,577
	Communication systems	909,701	897,756	+ 11,945
	Signals and interlockers	1,921,430	1,980,680	— 59,250
	Removing snow, ice, and sand.....	460,930	1,300,112	— 839,182
	Total	\$32,061,549	\$31,550,102	+ \$511,447
	Structures	Station and office buildings.....	\$1,514,535	\$1,671,904	— $157,369
Roadway buildings		161,699	239,012	— 77,313
Water stations		173,344	147,326	+ 26,018
Fuel stations		127,320	43,903	+ 83,417
Shops and enginehouses.....		1,085,757	1,186,550	— 100,793
Wharves and docks.....		7,275	10,845	— 3,570
Power plants		77,090	102,432	— 25,342
Power-transmission systems		227,560	258,944	— 31,384
Miscellaneous structures		29,251	12,290	+ 16,961
Total		\$3,403,831	\$3,673,206	— \$269,375
Miscellaneous	Roadway machines	\$615,405	\$541,063	+ \$74,342
	Dismantling retired road property	282,278	168,191	+ 114,087
	Small tools and supplies.....	1,456,429	1,360,172	+ 96,257
	Public improvements—maintenance	576,449	472,603	+ 103,846
	Injuries to persons.....	490,082	474,598	+ 15,484
	Insurance	100,540	92,298	+ 8,242
	Stationery and printing.....	77,933	79,199	— 1,266
	Right-of-way expenses	8,155	1,121	+ 7,034
	Other expenses	1,575,744	943,970	+ 631,774
	Maintaining joint tracks, yards, and other facilities—debit.....	2,568,973	2,671,908	— 102,935
Maintaining joint tracks, yards, and other facilities—credit.....	1,234,588	1,271,708	— 37,120	
Total	\$6,517,400	\$5,533,415	+ \$983,985	
Depreciation and Retirements	Road property—depreciation	\$6,333,381	\$6,178,725	+ \$154,656
	Retirements—road	2,249,307	1,288,242	+ 961,065
	Total	\$8,582,688	\$7,466,967	+ \$1,115,721
Total Maintenance of Way and Structures		\$54,923,805	\$52,602,251	+ \$2,321,554
Percentage Ratio to Operating Revenues		11.00	10.64	+ .36
MAINTENANCE OF EQUIPMENT				
Supervision	Superintendence	\$3,742,198	\$3,736,897	+ \$5,301
	Equipment Repairs	Steam locomotives—repairs	\$267,794*	\$332,046*	+ $64,252
Diesel and gas-turbine locomotives—repairs		24,539,218	26,425,434	— 1,886,216
Freight-train cars—repairs		17,564,005	17,170,785	+ 393,220
Passenger-train cars—repairs		5,959,721	7,719,548	— 1,759,827
Work equipment—repairs		340,885	260,452	+ 80,433
Miscellaneous equipment—repairs		579,778	566,279	+ 13,499
Total		\$48,715,813	\$51,810,452	— \$3,094,639
Miscellaneous	Shop machinery	\$1,125,413	\$1,235,466	— \$110,053
	Power-plant machinery	272,331	293,412	— 21,081
	Dismantling retired equipment	151,547	205,996	— 54,449
	Injuries to persons.....	379,309	243,708	+ 135,601
	Insurance	754,750	719,842	+ 34,908
	Stationery and printing.....	66,251	70,874	— 4,623
	Other expenses	3,372,144	1,298,858	+ 2,073,286
	Joint maintenance of equipment expenses—debit.....	564,249	510,381	+ 53,868
	Joint maintenance of equipment expenses—credit.....	96,516	143,695	— 47,179
Total	\$6,589,478	\$4,434,842	+ \$2,154,636	

* Credit.



TABLE 4 — OPERATING EXPENSES — (Continued)

	1961	1960	Increase (+) or Decrease (-)	
MAINTENANCE OF EQUIPMENT—(Concluded)				
Depreciation and Retirements	Equipment—depreciation	\$31,316,354	\$28,974,906	+ \$2,341,448
	Shop and power-plant machinery—depreciation	382,801	382,410	+ 391
	Retirements—equipment	118,609*	40,125*	- 78,484
Total	\$31,580,546	\$29,317,191	+ \$2,263,355	
Total Maintenance of Equipment	\$90,628,035	\$89,299,382	+ \$1,328,653	
Percentage Ratio to Operating Revenues	18.15	18.07	+ .08	
TRAFFIC				
Traffic Promotion	Superintendence	\$2,621,106	\$2,616,897	+ \$4,209
	Outside agencies	7,125,620	7,193,932	- 68,312
	Advertising	2,341,572	2,790,862	- 449,290
	Traffic associations	328,287	334,271	- 5,984
	Industrial and immigration bureaus	335,307	422,335	- 87,028
Total	\$12,751,892	\$13,358,297	- \$606,405	
Miscellaneous	Insurance	\$14,900	\$12,627	+ \$2,273
	Stationery and printing	450,269	480,054	- 29,785
	Other expenses	190,929	61,788	+ 129,141
Total	\$656,098	\$554,469	+ \$101,629	
Total Traffic	\$13,407,990	\$13,912,766	- \$504,776	
Percentage Ratio to Operating Revenues	2.69	2.81	- .12	
TRANSPORTATION				
Supervision	Superintendence	\$5,361,443	\$5,463,544	- \$102,101
	Dispatching trains	2,359,431	2,330,668	+ 28,763
Total	\$7,720,874	\$7,794,212	- \$73,338	
Station Service	Station employees	\$18,077,885	\$18,881,044	- \$803,159
	Weighing, inspection, and demurrage bureaus	371,903	410,793	- 38,890
	Station supplies and expenses	1,548,369	1,746,534	- 198,165
Total	\$19,998,157	\$21,038,371	- \$1,040,214	
Yard Service	Yardmasters and yard clerks	\$7,254,121	\$7,286,948	- \$32,827
	Yard conductors and brakemen	14,124,586	14,015,235	+ 109,351
	Yard switch and signal tenders	832,598	886,679	- 54,081
	Yard enginemen	8,151,458	8,028,244	+ 123,214
	Yard switching fuel	1,012,256	949,014	+ 63,242
	Lubricants for yard locomotives	119,930	138,607	- 18,677
	Other supplies for yard locomotives	64,711	65,284	- 573
	Enginehouse expenses—yard	1,279,450	1,314,449	- 34,999
	Yard supplies and expenses	531,330	583,820	- 52,490
Total	\$33,370,440	\$33,268,280	+ \$102,160	
Train Service	Train enginemen	\$20,699,655	\$20,697,715	+ \$1,940
	Trainmen	28,812,462	28,646,033	+ 166,429
	Train fuel	20,804,964	21,555,862	- 750,898
	Water for train locomotives	321,102	386,771	- 65,669
	Lubricants for train locomotives	1,726,519	1,738,878	- 12,359
	Other supplies for train locomotives	270,200	274,885	- 4,685
	Enginehouse expenses—train	5,393,150	5,732,230	- 339,080
	Train supplies and expenses	13,544,765	15,736,662	- 2,191,897
Operating sleeping cars	939,326	1,046,506	- 107,180	
Total	\$92,512,143	\$95,815,542	- \$3,303,399	

* Credit.

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TABLE 4 — OPERATING EXPENSES — (Concluded)

		1961	1960	Increase (+) or Decrease (-)
TRANSPORTATION (Concluded)				
Casualties	Clearing wrecks	\$463,595	\$412,011	+ \$51,584
	Damage to property	292,046	395,752	- 103,706
	Damage to livestock on right-of-way	37,481	46,840	- 9,359
	Loss and damage—freight	5,995,819	5,179,874	+ 815,945
	Loss and damage—baggage	11,428	1,954*	+ 13,382
	Injuries to persons	2,176,878	1,462,471	+ 714,407
	Total	<u>\$8,977,247</u>	<u>\$7,494,994</u>	<u>+ \$1,482,253</u>
Miscellaneous	Signal and interlocker operation	\$979,806	\$946,049	+ \$33,757
	Crossing protection	583,949	560,401	+ 23,548
	Drawbridge operation	114,607	124,541	- 9,934
	Communication system operation	1,444,951	1,417,339	+ 27,612
	Stationery and printing	641,613	616,878	+ 24,735
	Insurance	238,234	200,708	+ 37,526
	Other expenses	1,741,529	1,039,070	+ 702,459
	Operating joint yards and terminals—debit	7,516,998	7,874,563	- 357,565
	Operating joint yards and terminals—credit	2,627,183	2,836,943	- 209,760
	Operating joint tracks and facilities—debit	832,091	848,879	- 16,788
	Operating joint tracks and facilities—credit	269,366	262,528	+ 6,838
Total	<u>\$11,197,229</u>	<u>\$10,528,957</u>	<u>+ \$668,272</u>	
Total Transportation	<u>\$173,776,090</u>	<u>\$175,940,356</u>	<u>- \$2,164,266</u>	
Percentage Ratio to Operating Revenues	<u>34.80</u>	<u>35.60</u>	<u>- .80</u>	
MISCELLANEOUS OPERATIONS				
Dining Car and Hotel	Dining and buffet service	\$6,246,853	\$6,774,442	- \$527,589
	Hotels and restaurants	819,406	901,402	- 81,996
Total	<u>\$7,066,259</u>	<u>\$7,675,844</u>	<u>- \$609,585</u>	
Miscellaneous	Producing power sold	\$5,232	\$8,074	- \$2,842
	Other miscellaneous operations	6,244	8,279	- 2,035
	Operating joint miscellaneous facilities—debit	3,597	3,644	- 47
Total	<u>\$15,073</u>	<u>\$19,997</u>	<u>- \$4,924</u>	
Total Miscellaneous Operations	<u>\$7,081,332</u>	<u>\$7,695,841</u>	<u>- \$614,509</u>	
Percentage Ratio to Operating Revenues	<u>1.42</u>	<u>1.56</u>	<u>- .14</u>	
GENERAL				
Administration	Salaries and expenses of general officers	\$1,706,437	\$1,668,377	+ \$38,060
	Salaries and expenses of clerks and attendants	9,966,928	9,853,029	+ 113,899
	General office supplies and expenses	1,615,444	1,709,954	- 94,510
	Law expenses	1,717,982	1,656,297	+ 61,685
Total	<u>\$15,006,791</u>	<u>\$14,887,657</u>	<u>+ \$119,134</u>	
Miscellaneous	Insurance	\$392,983	\$353,294	+ \$39,689
	Pensions and employes' group insurance	2,641,042	2,330,057	+ 310,985
	Stationery and printing	523,901	464,821	+ 59,080
	Valuation expenses	158,364	190,113	- 31,749
	Other expenses	1,976,122	1,827,263	+ 148,859
	General joint facilities—debit	295,035	252,845	+ 42,190
	General joint facilities—credit	12,677	15,610	- 2,933
Total	<u>\$5,974,770</u>	<u>\$5,402,783</u>	<u>+ \$571,987</u>	
Total General	<u>\$20,981,561</u>	<u>\$20,290,440</u>	<u>+ \$691,121</u>	
Percentage Ratio to Operating Revenues	<u>4.20</u>	<u>4.11</u>	<u>+ .09</u>	
Total Operating Expenses	<u>\$360,798,813</u>	<u>\$359,741,036</u>	<u>+ \$1,057,777</u>	
Percentage Ratio to Operating Revenues	<u>72.26</u>	<u>72.79</u>	<u>- .53</u>	

* Credit.



TABLE 5 — OPERATING STATISTICS

	1961	1960	Increase	Decrease	Per Cent
Average miles of road operated	9,720.40	9,740.80		20.40	.2
FREIGHT TRAFFIC					
Revenue Freight					
Cars of revenue freight loaded on line	902,360	937,849		35,489	3.8
Cars of revenue freight received from connections	725,139	727,890		2,751	.4
Total cars of revenue freight handled	1,627,499	1,665,739		38,240	2.3
Tons of revenue freight carried	55,998,920	55,750,309	248,611		.4
Ton-miles, revenue freight	32,408,548,972	31,532,830,559	875,718,413		2.8
Average distance hauled per ton (miles)	578.74	565.61	13.13		2.3
Average revenue per ton	\$7.73	\$7.68	\$.05		.7
Average revenue per ton-mile (cents)	1.335	1.358		.023	1.7
Average revenue per train mile	\$18.25	\$18.29		\$.04	.2
Revenue and Company Freight					
Tons of all freight carried	58,596,065	58,661,920		65,855	.1
Ton-miles, all freight	33,324,333,694	32,566,570,024	757,763,670		2.3
Gross ton-miles (cars and contents) all freight	77,949,115,494	77,906,219,874	42,895,620		.1
Average net ton-miles per mile of road per day	9,391	9,134	257		2.8
PASSENGER TRAFFIC					
Revenue passengers carried	1,446,114	1,572,402		126,288	8.0
Revenue passengers carried one mile	1,149,736,771	1,232,604,269		82,867,498	6.7
Average journey per passenger (miles)	795.05	783.90	11.15		1.4
Average revenue per passenger-mile (cents)	2.312	2.233	.079		3.5
Average revenue per train mile—passengers only	\$3.25	\$3.08	\$.17		5.5
Average total revenue per train mile	\$5.73	\$5.16	\$.57		11.0
TRAIN AND CAR STATISTICS					
Freight					
Train miles—Ordinary	23,493,295	23,237,229	256,066		1.1
Light (locomotive with caboose)	217,751	179,776	37,975		21.1
Total	23,711,046	23,417,005	294,041		1.3
Train hours	833,572	845,705		12,133	1.4
Locomotive miles	25,065,467	25,162,486		97,019	.4
Car miles in freight trains:					
Freight cars—Loaded	1,132,747,802	1,137,805,185		5,057,383	.4
Freight cars—Empty	613,085,280	635,866,348		22,781,068	3.6
Cabooses	23,410,777	23,074,118	336,659		1.5
Passenger-train cars	9,527,389	6,672,820	2,854,569		42.8
Total car miles	1,778,771,248	1,803,418,471		24,647,223	1.4
Average freight-train speed—miles per hour	28.45	27.69	.76		2.7
Average tons per loaded car mile—all freight	29.38	28.59	.79		2.8
Average car miles per freight-train mile	74.31	76.33		2.02	2.6
Percentage of loaded to total freight-carrying car miles	64.88	64.15	.73		1.1
Average net tons per train mile—all freight	1,418.22	1,401.31	16.91		1.2
Average gross tons per train mile	3,317.93	3,352.65		34.72	1.0
Average gross ton-miles per train hour	93,512	92,120	1,392		1.5
Passenger					
Train miles—Passenger	8,166,187	8,934,395		768,208	8.6
Mail and express	1,789,906	1,973,356		183,450	9.3
Total	9,956,093	10,907,751		951,658	8.7
Train hours	193,748	210,433		16,685	7.9
Locomotive miles	9,985,643	10,963,224		977,581	8.9
Car miles in passenger trains:					
Passenger-carrying cars	68,299,495	73,278,514		4,979,019	6.8
Other passenger-train cars	72,550,123	76,717,299		4,167,176	5.4
Freight-train cars	1,828,966	1,496,038	332,928		22.3
Total car miles	142,678,584	151,491,851		8,813,267	5.8
Average passenger-train speed—miles per hour	51.39	51.83		.44	.8
Average car miles per passenger-train mile	14.33	13.89	.44		3.2
Average passengers per train mile	140.79	137.96	2.83		2.1
Average passengers per passenger-carrying car mile	18.23	18.50		.27	1.5

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TABLE 6 — FREIGHT TRAFFIC BY COMMODITIES

Commodity	TONS				GROSS FREIGHT REVENUE			
	1961	Per Cent of Total	1960	Per Cent of Total	1961	Per Cent of Total	1960	Per Cent of Total
PRODUCTS OF AGRICULTURE								
Wheat	3,738,566	6.68	4,389,765	7.87	\$21,022,223	4.76	\$24,442,329	5.54
Corn	1,088,450	1.94	675,914	1.21	5,294,219	1.20	3,606,557	.82
Other grain and grain products	2,066,156	3.69	2,301,375	4.13	9,057,601	2.05	10,436,566	2.36
Sugar beets	3,624,057	6.47	3,640,558	6.53	3,301,711	.75	2,980,823	.68
Potatoes, other than sweet	1,024,844	1.83	1,091,297	1.96	13,205,253	2.99	14,412,617	3.26
Fresh fruits and vegetables	1,803,713	3.22	1,851,306	3.32	25,548,736	5.79	26,556,367	6.02
Other products of agriculture	709,768	1.27	789,622	1.42	6,774,788	1.53	7,914,571	1.79
Total	14,055,554	25.10	14,739,837	26.44	\$84,204,531	19.07	\$90,349,830	20.47
ANIMALS AND PRODUCTS								
Livestock	442,225	.79	504,484	.90	\$8,993,732	2.04	\$9,968,044	2.26
Meats and other edible packing house products	209,052	.37	185,582	.33	3,380,120	.76	3,040,326	.69
Other animals and products	198,993	.36	182,012	.33	2,830,851	.64	2,760,655	.62
Total	850,270	1.52	872,078	1.56	\$15,204,703	3.44	\$15,769,025	3.57
PRODUCTS OF MINES								
Bituminous coal	4,322,732	7.72	3,717,768	6.67	\$13,652,582	3.09	\$11,259,539	2.55
Iron ore	3,992,167	7.13	3,782,082	6.78	11,098,076	2.51	8,457,824	1.92
Other ores and concentrates	1,119,397	2.00	1,005,546	1.80	4,142,661	.94	4,254,983	.97
Gravel, sand, and stone	2,534,692	4.53	2,311,088	4.15	4,961,556	1.12	4,824,576	1.09
Phosphate rock	1,845,446	3.29	2,210,517	3.97	2,754,929	.63	3,542,817	.80
Other products of mines	2,024,384	3.61	2,007,187	3.60	10,119,300	2.29	9,966,584	2.26
Total	15,838,818	28.28	15,034,188	26.97	\$46,729,104	10.58	\$42,306,323	9.59
PRODUCTS OF FORESTS								
Lumber, shingles, and lath	4,321,143	7.72	4,494,134	8.06	\$48,202,209	10.91	\$50,397,546	11.42
Veneer, plywood, and built-up wood	1,564,993	2.79	1,475,388	2.65	14,718,731	3.33	14,219,300	3.22
Other products of forests	1,072,725	1.92	1,032,618	1.85	3,688,196	.84	3,854,259	.87
Total	6,958,861	12.43	7,002,140	12.56	\$66,609,136	15.08	\$68,471,105	15.51
MANUFACTURES AND MISCELLANEOUS								
Petroleum products	819,594	1.46	1,082,480	1.94	\$4,789,930	1.08	\$6,158,029	1.39
Iron and steel, including scrap	2,246,256	4.01	2,405,341	4.31	23,005,510	5.21	23,167,147	5.25
Other metals and alloys	941,612	1.68	898,008	1.61	10,570,256	2.39	8,365,109	1.89
Chemicals and products	1,630,279	2.91	1,474,689	2.65	18,056,430	4.09	17,195,490	3.90
Machinery and parts	366,342	.65	379,770	.68	10,247,526	2.32	10,702,406	2.42
Automobiles, other vehicles, and parts....	652,639	1.17	665,030	1.19	21,808,229	4.94	24,409,059	5.53
Cement, brick, lime, and plaster	1,560,855	2.79	1,709,542	3.07	5,807,729	1.31	6,043,601	1.37
Paper and products	1,179,522	2.11	1,112,104	2.00	15,047,673	3.41	14,284,637	3.24
Ammunition and explosives	76,682	.14	44,623	.08	2,512,262	.57	1,404,463	.32
Canned and other foods and beverages....	3,383,192	6.04	3,273,446	5.87	36,432,739	8.25	35,362,144	8.01
Other manufactures and miscellaneous....	4,758,647	8.50	4,411,032	7.91	56,453,092	12.78	54,029,444	12.24
Total	17,615,620	31.46	17,456,065	31.31	\$204,731,376	46.35	\$201,121,529	45.56
Forwarder Traffic	521,737	.93	477,530	.86	\$17,366,482	3.93	\$16,346,970	3.70
Total Carload Freight	55,840,860	99.72	55,581,838	99.70	\$434,845,332	98.45	\$434,364,782	98.40
All less than carload freight	158,060	.28	168,471	.30	6,853,361	1.55	7,069,876	1.60
Total All Commodities	55,998,920	100.00	55,750,309	100.00	\$441,698,693	100.00	\$441,434,658	100.00

NOTE: Total gross freight revenue shown above exceeds freight revenue reported in Table 3 for 1961 and 1960 by \$9,042,654 and \$13,163,329, 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 7 — EQUIPMENT OWNED

	Owned December 31, 1960	Acquired			Retired	Owned December 31, 1961
		Purchased or Built	Rebuilt or Converted	Total Acquired		
LOCOMOTIVES						
Diesel						
Freight units	837	11	.....	11	12	836
Passenger units	115	.....	2	2	2	115
Road-Switch	59	.....	.....	.....	.....	59
Switch	278	.....	.....	.....	.....	278
Total Diesel	<u>1,289</u>	<u>11</u>	<u>2</u>	<u>13</u>	<u>14</u>	<u>1,288</u>
Gas-Turbine	48	7	.....	7	.....	55
Steam						
Road	54	.....	.....	.....	25	29
Switch	1	.....	.....	.....	.....	1
Total Steam	<u>55</u>	.....	.....	.....	<u>25</u>	<u>30</u>
FREIGHT-TRAIN CARS						
Automobile	6,365	467	.....	467	65	6,767
Box	22,770	.....	.....	.....	304	22,466
Gondola	17,234*	167	.....	167	258	17,143*
Ballast	26	.....	.....	.....	.....	26
Flat	2,962	25	.....	25	15	2,972
Stock	3,417	.....	.....	.....	121	3,296
Tank	1,238	.....	.....	.....	1	1,237
Caboose	744	.....	.....	.....	30	714
Total Freight-Train Cars	<u>54,756</u>	<u>659</u>	.....	<u>659</u>	<u>794</u>	<u>54,621</u>
PASSENGER-TRAIN CARS						
Postal	110	.....	.....	.....	17	93
Baggage	236	25	.....	25	19	242
Baggage-combination	70	.....	.....	.....	7	63
Coach	248	20	.....	20	1	267
Coach-combination	2	.....	.....	.....	.....	2
Sleeping	227	.....	.....	.....	19	208
Dining and Lunch Counter-Cafe	73	.....	.....	.....	3	70
Club and Lounge	52	.....	.....	.....	4	48
Auxiliary steam generator	2	.....	.....	.....	.....	2
Total Passenger-Train Cars	<u>1,020</u>	<u>45</u>	.....	<u>45</u>	<u>70</u>	<u>995</u>
WORK EQUIPMENT						
Business	18	.....	.....	.....	.....	18
Instruction	9	.....	1	1	.....	10
Roadway	333	.....	26	26	.....	359
Boarding	1,297	.....	15	15	13	1,299
Tool	396	.....	3	3	.....	399
Miscellaneous	617	.....	7	7	17	607
Total Work Equipment Units	<u>2,670</u>	.....	<u>52</u>	<u>52</u>	<u>30</u>	<u>2,692</u>

*Includes cars owned jointly with Utah Ry.: 301 as of December 31, 1960, and 212 as of December 31, 1961.

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TABLE 8 — TRACK MILEAGE

	Miles of Road	Miles of Additional Main Track	Miles of Yard Tracks and Sidings
Wholly owned	9,021.43	1,311.68	4,173.72
Owned jointly with other companies	90.88	2.00	188.49
Total owned	9,112.31	1,313.68	4,362.21
Owned but not operated	60.36	1.70	43.98
Total owned and operated	9,051.95	1,311.98	4,318.23
Operated but not owned:			
Trackage rights granted by other companies	652.13	259.27	498.69
Operated under lease or contract	1.30	.....	6.23
Total operated at close of year	9,705.38	1,571.25	4,823.15
Total operated at beginning of year	9,727.25	1,576.47	4,812.13
Increase (+) or decrease (—) during year	-21.87*	-5.22	+11.02
<hr/>			
Average mileage operated during year	9,720.40	1,576.03	4,810.57
Mileage maintained at close of year	8,916.01	1,310.77	4,167.08
Average mileage maintained during year	8,920.26	1,310.77	4,169.29

* Due principally to abandonment of an additional portion of Manhattan Branch in Kansas.

TABLE 9 — 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	351.33	3.62	111.15	7.07	538.80	11.17
Colorado	641.51	6.61	13.82	.88	308.25	6.39
Idaho	1,987.19	20.48	107.67	6.85	744.09	15.43
Iowa	2.25	.02	2.25	.14	84.75	1.76
Kansas	1,111.32	11.45	68.82	4.38	480.84	9.97
Missouri	1.98	.02	1.54	.10	20.09	.42
Montana	143.16	1.47	.75	.05	48.11	1.00
Nebraska	1,332.38	13.73	466.84	29.71	616.24	12.77
Nevada	366.85	3.78	.....	.....	130.84	2.71
Oregon	1,118.84	11.53	37.33	2.38	472.98	9.80
Utah	817.28	8.42	104.97	6.68	426.71	8.85
Washington	1,021.92	10.53	147.60	9.40	449.52	9.32
Wyoming	809.37	8.34	508.51	32.36	501.93	10.41
Total	9,705.38	100.00	1,571.25	100.00	4,823.15	100.00



TABLE 10—SUMMARY OF INCOME AND

Transportation Operations	1961	1960	1959
OPERATING REVENUES			
Freight	\$432,656,039	\$428,271,329	\$449,037,095
Passenger	26,577,395	27,519,034	27,929,586
Other	40,091,014	38,394,101	38,800,752
Total operating revenues	<u>\$499,324,448</u>	<u>\$494,184,464</u>	<u>\$515,767,433</u>
OPERATING EXPENSES			
Maintenance of way and structures	\$54,923,805	\$52,602,251	\$60,397,222
Maintenance of equipment	90,628,035	89,299,382	94,528,551
Transportation	173,776,090	175,940,356	180,661,878
Other	41,470,883	41,899,047	43,154,152
Total operating expenses	<u>\$360,798,813</u>	<u>\$359,741,036</u>	<u>\$378,741,803</u>
Operating ratio (per cent—operating expenses of operating revenues)	<u>72.26</u>	<u>72.79</u>	<u>73.43</u>
TAXES			
Federal income	\$49,500,000	\$42,400,000	\$38,400,000
Other Federal	17,346,449	18,678,574	18,330,304
State and county	19,133,076	18,264,000	20,076,000
Total taxes	<u>\$85,979,525</u>	<u>\$79,342,574</u>	<u>\$76,806,304</u>
Equipment and joint facility rents—net charge	<u>\$20,732,235</u>	<u>\$22,265,560</u>	<u>\$23,262,674</u>
Net income from transportation operations	<u>\$31,813,875</u>	<u>\$32,835,294</u>	<u>\$36,956,652</u>
Income from Investments and Other Sources			
Net income from oil and gas operations(a)	26,030,815	22,098,416	19,347,089
Other income	13,725,045	14,947,620	13,526,160
Total income	<u>\$71,569,735</u>	<u>\$69,881,330</u>	<u>\$69,829,901</u>
Miscellaneous deductions from income	887,619	503,662	558,987
Income available for fixed charges	<u>\$70,682,116</u>	<u>\$69,377,668</u>	<u>\$69,270,914</u>
Fixed Charges			
Interest on funded debt	\$2,996,256	\$4,052,192	\$4,413,298
Other fixed charges	15,371	12,964	16,256
Net income from all sources	<u>\$67,670,489</u>	<u>\$65,312,512</u>	<u>\$64,841,360</u>
Released from "Reserve against possible refunds on U. S. Govt. shipments" .....	.....	.....	.....
Total credited to income account	<u>\$67,670,489</u>	<u>\$65,312,512</u>	<u>\$64,841,360</u>
Per share on U.P.R.R. Co. common stock outstanding December 31st (after preferred dividends) (b)	<u>\$2.84</u>	<u>\$2.73</u>	<u>\$2.71</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	35,886,776
Common dividends per share (b)	\$1.60	\$1.60	\$1.60
Net income less U.P.R.R. Co. dividends	27,801,989	25,444,012	24,972,860
Statistics			
Freight train miles	23,493,295	23,237,229	25,639,585
Ton-miles of revenue freight carried (thousands)	32,408,549	31,532,831	32,874,828
Average revenue per ton-mile (cents)	1.335	1.358	1.366
Average distance hauled per ton (miles)	578.74	565.61	591.30
Average net tons per train mile—all freight	1,418.22	1,401.31	1,322.47
Average gross ton-miles per train hour	93,512	92,120	88,263
Passenger train miles (excluding mail and express)	8,166,187	8,934,395	9,331,086
Revenue passengers carried one mile (thousands)	1,149,737	1,232,604	1,242,182
Average revenue per passenger-mile (cents)	2.312	2.233	2.248
Average journey per passenger (miles)	795.05	783.90	781.43
Average passengers per train mile	140.79	137.96	133.12
Average number of employes	34,886	37,589	40,565
Total wages paid	\$221,474,080	\$229,981,761	\$242,343,020
Wages and other employe benefits charged to operating expenses, per share of common stock(b)	\$9.85	\$10.07	\$10.63
Other operating expenses, per share of common stock(b)	6.24	5.97	6.26
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)	99,624	96,884	87,705

(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.

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SELECTED STATISTICS FOR LAST TEN YEARS

1958	1957	1956	1955	1954	1953	1952
\$440,671,942	\$452,889,155	\$448,156,607	\$441,533,942	\$413,155,686	\$453,790,011	\$438,729,321
27,931,280	28,047,383	29,221,502	30,208,680	31,574,599	36,264,163	39,604,044
36,611,969	36,123,564	36,938,719	37,619,854	37,056,166	39,970,126	41,887,961
<u>\$505,215,191</u>	<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>
\$61,778,257	\$66,931,561	\$66,114,241	\$67,105,513	\$62,621,569	\$72,090,672	\$73,697,182
93,244,296	95,464,465	92,721,400	92,275,940	88,890,693	100,178,643	93,610,503
174,263,600	178,646,471	176,813,562	173,484,002	175,993,960	189,579,208	185,125,446
41,971,792	41,312,220	40,605,521	37,660,875	38,352,658	38,578,842	37,406,923
<u>\$371,257,945</u>	<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>
73.49	73.95	73.16	72.74	75.94	75.55	74.94
\$34,800,000	\$38,800,000	\$40,000,000	\$40,300,000	\$33,500,000	\$47,018,000	\$50,350,000
15,473,903	15,799,677	15,212,270	13,517,848	12,886,778	13,418,443	13,008,000
19,530,000	19,090,000	18,326,000	18,700,000	17,300,000	17,200,000	16,600,000
<u>\$69,803,903</u>	<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>
\$20,692,259	\$22,197,684	\$22,386,672	\$22,578,806	\$22,679,243	\$23,100,566	\$17,662,152
\$43,461,084	\$38,818,024	\$42,137,162	\$43,739,492	\$29,561,550	\$28,859,926	\$32,761,120
24,566,034	29,097,113	26,603,162	28,075,475	33,743,135	34,318,992	33,608,842
14,765,358	15,383,756	15,380,910	13,207,325	12,133,390	13,003,414	8,218,892
\$82,792,476	\$83,298,893	\$84,121,234	\$85,022,292	\$75,438,075	\$76,182,332	\$74,588,854
524,623	517,349	869,979	826,477	786,006	745,193	676,249
<u>\$82,267,853</u>	<u>\$82,781,544</u>	<u>\$83,251,255</u>	<u>\$84,195,815</u>	<u>\$74,652,069</u>	<u>\$75,437,139</u>	<u>\$73,912,605</u>
\$4,470,345	\$4,520,711	\$4,670,071	\$4,955,347	\$5,016,564	\$4,998,646	\$5,175,091
15,064	13,057	12,339	13,212	12,840	8,280	10,288
\$77,782,444	\$78,247,776	\$78,568,845	\$79,227,256	\$69,622,665	\$70,430,213	\$68,727,226
.....	.....	.....	.....	.....	535,127	938,258
<u>\$77,782,444</u>	<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>
\$3.29	\$3.34	\$3.36	\$3.39	\$2.95	\$3.01	\$2.95
\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724
35,706,655	35,566,560	35,566,560	35,566,560	31,120,740	26,674,920	26,674,920
(c)	\$1.60	\$1.60	\$1.60	\$1.40	\$1.20	\$1.20
38,094,065	38,699,492	39,020,561	39,678,972	34,520,201	40,308,696	39,008,840
24,462,007	25,945,041	27,836,956	29,091,418	28,244,519	31,267,813	30,412,231
31,681,958	33,924,603	34,846,925	34,861,396	32,065,877	34,132,866	33,723,962
1,391	1,335	1,286	1,267	1,288	1,329	1,301
585.99	594.76	601.12	619.94	615.37	611.10	609.27
1,339.52	1,358.31	1,303.32	1,254.13	1,195.33	1,188.31	1,215.93
85,653	83,742	78,956	77,736	75,216	68,046	64,194
9,824,143	10,211,060	10,465,835	11,369,756	14,510,457	15,066,676	15,310,892
1,234,134	1,236,427	1,363,680	1,437,009	1,459,288	1,562,489	1,679,295
2.263	2.268	2.143	2.102	2.164	2.321	2.358
771.83	751.27	752.49	736.68	741.42	734.10	744.83
125.62	121.09	130.30	126.39	100.57	103.70	109.68
41,780	45,729	47,346	49,744	49,823	55,934	54,881
\$239,773,386	\$245,321,667	\$240,842,542	\$235,446,579	\$231,035,018	\$251,324,408	\$247,331,696
\$10.55	\$10.79	\$10.53	\$10.23	\$10.02	\$10.79	\$10.65
6.00	6.41	6.40	6.44	6.44	7.22	6.89
9,954,310	9,954,310	9,954,310	9,954,310	9,954,310	9,954,310	9,954,310
22,429,235	22,229,100	22,229,100	22,229,100	22,229,100	22,229,100	22,229,100
82,023	77,211	67,129	58,701	58,325	59,459	59,449



UNION PACIFIC

TABLE 11 — CAPITAL STOCK OUTSTANDING IN HANDS OF THE PUBLIC

Company and Class of Stock	Par Value of Capital Stock Outstanding December 31, 1961		
	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	\$224,292,350	\$99,543,100	\$323,835,450
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	\$10,000	\$43,981	\$53,981
Grand Total	\$224,302,350	\$99,587,081	\$323,889,431

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 12 — 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	
				December 31, 1961	Decrease vs. Dec. 31, 1960	Year 1961	Decrease vs. Year 1960
UNION PACIFIC RAILROAD CO.							
Refunding Mortgage 2½% Bonds, Series C	Mar. 1, 1946	Mar. 1, 1991	Mar. & Sept.	\$69,048,000	\$1,041,000	\$1,742,557	\$20,619
Thirty Year 2½% Debenture Bonds	Feb. 1, 1946	Feb. 1, 1976	Feb. & Aug.	43,531,000	107,000	1,253,699	3,193
				\$112,579,000	\$1,148,000	\$2,996,256	\$23,812
OREGON-WASHINGTON RAILROAD & NAVIGATION CO.							
Refunding Mortgage 3% Bonds, Series A							\$1,032,124
Total				\$112,579,000	\$1,148,000	\$2,996,256	\$1,055,936

NOTE A: Union Pacific Railroad Co. is a guarantor of the principal of and interest on \$37,844,000 face value of serial bonds, bearing interest rates varying from 1½% to 3%, issued by Kansas City Terminal Railway Co., maturing 1962-74, 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 of and interest on \$8,364,717 face value of Pacific Fruit Express Co. 4.47% equipment obligation maturing semi-annually 1962-73.

NOTE C: Union Pacific Railroad Co. and thirty-four other proprietary companies of Trailer Train Co. are obligated to advance any sums that may be needed by Trailer Train Co. for payment of principal of and interest on its equipment obligations, which amounted to \$84,695,761 on December 31, 1961.

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, 1981 (Extended)	59,022,000

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TABLE 13 — STOCKS OWNED, AND DIVIDENDS THEREON

Company	Total Shares Outstanding Dec. 31, 1961	Number of Shares Owned		Dividends Credited to Income Account	
		Dec. 31, 1961	Increase (+) or Decrease (-) vs. Dec. 31, 1960	Year 1961	Increase (+) or Decrease (-) vs. Year 1960
Investments in Affiliated Companies					
TRANSPORTATION DIVISION					
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
Ogden Union Railway and Depot Co.	3,000	1,500			
Overland Terminal Warehouse Co.	1,150	1,150			
Pacific Fruit Express Co.	240,000	120,000		\$2,880,000	
Pullman Co.	731,350	43,914		87,828	- 87,828
Railway Express Agency, Inc.	963	25			
St. Joseph Terminal Railroad Co.	3,000	1,500			
St. Joseph Union Depot Co.	100	10			
Spokane International Railroad Co.	199,248	198,819	+ 210*		
Trailer Train Co.	18,500	500			
Union Pacific Motor Freight Co.	50	50			
Union Pacific Stage Co.	30	30			
Utah Parks Co.	250	250			
Yakima Valley Transportation Co.	10,000	10,000			
NATURAL RESOURCES DIVISION					
Calnev Pipe Line Co.	1,000,000	700,000			
Southern Wyoming Utilities Co. (see page 21)			- 3,500		
Stauffer Chemical Co. of Wyoming (see page 20)	40,000	19,600	+ 19,600		
Union Pacific Coal Co.	50,000	50,000			
Union Pacific Water Co.	1,783	1,783		17,830	
LAND DIVISION					
Kansas City Industrial Land Co.	9,000	9,000			
Las Vegas Land and Water Co.	500	500			
Union Land Co.	100	100			
Total Dividends—Affiliated Companies				\$2,985,658	- \$767,748
Other Investments					
Illinois Central Railroad Co. Common		716,440		\$1,432,880	
Pennsylvania Railroad Co. Capital					- \$28,800
Miscellaneous		58	+ 2	8	
Total Dividends—Other than Affiliated Companies				\$1,432,888	- \$28,800
Grand Total Dividends on Stocks Owned				\$4,418,546	- \$796,548

* Purchased.



TABLE 14 — BONDS AND NOTES OWNED AND INCOME YIELD

	Maturity	Face Value Owned		Current Income Yield	
		Dec. 31, 1961	Increase (+) or Decrease (-) vs. Dec. 31, 1960	Year 1961	Increase (+) or Decrease (-) vs. Year 1960
Temporary Cash Investments					
UNITED STATES OF AMERICA:					
Treasury 3% Certificates of Indebtedness, Series A.....	May 15, 1962	\$2,700,000	+ \$2,700,000	\$47,708	+ \$47,708
Treasury 4 7/8 % Certificates of Indebtedness, Series A.....	Feb. 15, 1961	.....	- 21,000,000	75,326	- 575,849
Treasury 3 1/8 % Certificates of Indebtedness, Series C.....	Aug. 1, 1961	.....	- 2,080,000	34,926	+ 12,525
Treasury 3 1/4 % Notes, Series G	Aug. 15, 1962	8,000,000	+ 8,000,000	215,971	+ 215,971
Treasury 3 1/4 % Notes, Series H	Nov. 15, 1962	6,580,000	+ 6,580,000	83,440	+ 83,440
Treasury 3 1/4 % Notes, Series E	Feb. 15, 1963	16,500,000	+ 16,500,000	66,687	+ 66,687
Treasury 3 3/8 % Notes, Series B-1961	May 15, 1961	.....	- 2,000,000	27,099	- 45,655
Treasury 2 5/8 % Bonds	Feb. 15, 1965	8,000,000	.....	262,440	.....
Treasury 2 1/2 % Bonds	Nov. 15, 1961	.....	- 6,500,000	203,043	-- 29,006
Treasury Bills	Various	23,500,000	- 25,000,000	584,279	+ 155,347
Treasury securities held under Repurchase Agreements.....	.....	14,000,000	+ 7,500,000	10,708	+ 6,469
*Interest on other Treasury securities .....	.....	.....	.....	621,132	- 1,675,901
Total U.S. Government Securities .....	.....	\$79,280,000	-\$15,300,000	\$2,232,759	-\$1,738,264
Negotiable 3% Time Certificates of Deposit	Various	22,000,000	+ 22,000,000	319,881	+ 319,881
Total Temporary Cash Investments .....	.....	\$101,280,000	+ \$6,700,000	\$2,552,640	-\$1,418,383
Investments in Affiliated Companies					
Total Outstanding Dec. 31, 1961					
Calnev Pipe Line Co.					
6 1/8 % First Mortgage Promissory Notes (maturing in 26 semi-annual installments starting in 1963).....	\$8,600,644	\$8,600,644	+ \$4,960,644	\$452,976	+ \$427,622
Pacific Fruit Express Co.					
Equipment Purchase Contract 4% -4 1/4 %, dated November 15, 1956 (maturing in 20 semi-annual installments).....	14,349,720	7,174,860	- 1,304,520	335,475	- 52,065
Equipment Purchase Contract 4 1/2 %-5%, dated August 20, 1959 (maturing in 30 semi-annual installments).....	24,354,481	4,507,105	- 492,895	225,025	+ 103,841
Railway Express Agency, Inc.					
5% Promissory Note	27,637,054	722,889	.....	36,144	.....
St. Joseph Terminal Railroad Co.					
6% Demand Note	350,000	175,000	.....	10,500	.....
Stauffer Chemical Co. of Wyoming 5-Year 5% Notes.....	8,775,000	4,299,750	+ 4,299,750	67,528	+ 67,528
Total Obligations of Affiliated Companies .....	.....	\$25,480,248	+ \$7,462,979	\$1,127,648	+ \$546,926
Other Investments					
Maturity					
Baltimore & Ohio Railroad Co.					
Convertible 4 1/2 % Debenture Bonds, Series A	Jan. 1, 2010	.....	.....	.....	- \$35,589
First Consolidated Mortgage 4% Bonds, Series B	Sept. 1, 1980	\$1,940,000	.....	\$77,600	- 2,685
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) .....	.....	3,035,083	- \$284,381	144,141	- 13,504
Total Other Bonds and Notes .....	.....	\$6,460,083	- \$284,381	\$288,566	- \$51,778
Grand Total Income Yield on Bonds and Notes Owned .....	.....	.....	.....	\$3,968,854	-- \$923,235

* Interest received in 1961 on Treasury securities acquired during the year but disposed of prior to December 31st, compared with interest received in 1960 on Treasury securities disposed of prior to December 31st of that year.

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 seven wholly owned affiliated companies of the Union Pacific Railroad Company for the year ended December 31, 1961, included in Columns 7 to 13, inclusive, in the accompanying Table 15. 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, 1961 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 26, 1962



UNION PACIFIC

**TABLE 15—BALANCE SHEETS AND INCOME AND
Subject to Interstate Commerce Commission Accounting**

	(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, 1961					
ASSETS					
Property investment (stated at cost or less).....	\$3,767,984	\$1,092,473	—	\$11,049,731	\$235,176,613
Reserves for depreciation and depletion (credit)....	1,517,573	224,333	—	1,298,432	111,005,033
Donations and grants (credit)	—	7,289	—	23,617	—
Other investments	—	—	—	16,761,771	70,000
Cash: In banks	—	93,471	—	578,454	286,249
On deposit with Union Pacific R.R. Co.....	—	—	\$2,723	—	10,219,675
On deposit with other stockholder.....	—	—	—	—	10,219,675
Accounts receivable	44,489	4,345	11,574	301,051	8,453,777
Material and supplies	14,617	19,337	—	67,678	1,418,187
Other current assets	68,747	17	—	37,902	67,695
Other assets and deferred charges	6,752	505	161	25,480	390,678
Total	\$2,385,016	\$978,526	\$14,458	\$27,500,018	\$155,297,516
LIABILITIES AND STOCKHOLDER EQUITY					
Funded debt	—	—	—	\$101,330	\$64,882,024
Payable to Union Pacific Railroad Co.	\$1,264,792	\$188,724	—	18,631,061	—
Tax liability	15,238	3,426	—	114,854	2,357,485
Other current liabilities	341,775	11,359	\$10,240	642,469	15,185,566
Other liabilities and deferred credits	—	—	—	200,155	714,977
Reserves for insurance, casualties, etc.	7,459	—	—	23,073	2,514,348
Total liabilities	\$1,629,264	\$203,509	\$10,240	\$19,712,942	\$85,654,400
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	750,752	175,017	1,218	4,513,716	45,643,116
Total stockholder equity	\$755,752	\$775,017	\$4,218	\$7,787,076	\$69,643,116
Total	\$2,385,016	\$978,526	\$14,458	\$27,500,018	\$155,297,516
INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1961					
Revenues	\$3,464,537	\$134,140	—	\$3,378,222	\$70,321,960
Expenses and rents	3,139,550	128,669	—	2,273,698	50,675,725
Net	\$324,987	\$5,471	—	\$1,104,524	\$19,646,235
Other income	49	7	—	811,034	56,105
Total	\$325,036	\$5,478	—	\$1,915,558	\$19,702,340
Interest on long-term debt	—	—	—	\$387,306	\$2,865,468
Federal income taxes	\$8,952	—	—	138,793	163,985†
Other taxes	243,628	\$12,035	—	273,334	4,578,913
Other deductions	—	146	—	157,921	6,994,632
Balance transferred to retained income.....	\$72,456	\$6,703*	—	\$958,204	\$5,427,312
RETAINED INCOME					
Retained income, December 31, 1960	\$678,296	\$181,720	\$1,218	\$3,555,512	\$45,975,804
Income balance, as shown above	72,456	6,703*	—	958,204	5,427,312
Miscellaneous profits and losses—Net	—	—	—	—	—
Absorption of loss by U.P.R.R. Co. (credit)	—	—	—	—	—
Total	\$750,752	\$175,017	\$1,218	\$4,513,716	\$51,403,116
Less dividends	—	—	—	—	5,760,000
Retained income, December 31, 1961	\$750,752	\$175,017	\$1,218	\$4,513,716	\$45,643,116

(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 99.78% 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.

1961 ANNUAL REPORT

RETAINED INCOME ACCOUNTS OF AFFILIATED COMPANIES

Regulations	Not Subject to Interstate Commerce Commission Accounting Regulations						
(6) Calnev Pipe Line Co.	(7) Union Pacific Coal Co.	(8) Utah Parks Co.	(9) Union Pacific Water Co.	(10) Las Vegas Land and Water Co.	(11) Union Land Co.	(12) Kansas City Indus- trial Land Co.	(13) Overland Terminal Warehouse Co.
\$9,992,948	\$14,537,684	\$3,974,645	\$1,219,388	\$5,681,335	\$3,212,796	\$521,077	\$1,261,449
191,558	10,485,567	3,346,596	1,045,863	591,747	417,425	23,181	803,658
—	—	—	—	—	10,785	—	—
—	—	—	—	1,046,057	10,958	982,548	—
558,292	106,569	—	—	—	—	—	5,280
—	14,633,645	—	230,086	—	—	183,766	96,821
—	—	—	—	—	—	—	—
235,795	119,783	14,128	7,819	20,825	2,562	36,677	44,806
40,502	62,450	187,895	9,319	—	—	—	—
9,278	1,003	3,227	78	—	—	—	2,788
43,240	113,719	—	27,251	36,906	66,950	3,355	4,054
<u>\$10,688,497</u>	<u>\$19,089,286</u>	<u>\$833,299</u>	<u>\$448,078</u>	<u>\$6,193,376</u>	<u>\$2,865,056</u>	<u>\$1,704,242</u>	<u>\$611,540</u>
\$8,600,644	—	—	—	—	—	—	—
—	—	\$765,640	—	\$3,677,754	\$1,994,939	—	—
57,703	\$217,207	6,995	\$17,245	64,561	63,431	\$31,094	\$34,953
874,332	107,636	29,866	11,669	168	33,998	1,688	57,670
—	10,540	3,118	—	17,539	4,682	31,078	—
—	1,014,671	2,680	26,014	—	—	—	—
<u>\$9,532,679</u>	<u>\$1,350,054</u>	<u>\$808,299</u>	<u>\$54,928</u>	<u>\$3,760,022</u>	<u>\$2,097,050</u>	<u>\$63,860</u>	<u>\$92,623</u>
\$1,000,000	\$5,000,000	\$25,000	\$178,300	\$50,000	\$10,000	\$900,000	\$115,000
—	—	—	—	—	—	466,371	100,000
155,818	12,739,232	—	214,850	2,383,354	758,006	274,011	303,917
<u>\$1,155,818</u>	<u>\$17,739,232</u>	<u>\$25,000</u>	<u>\$393,150</u>	<u>\$2,433,354</u>	<u>\$768,006</u>	<u>\$1,640,382</u>	<u>\$518,917</u>
<u>\$10,688,497</u>	<u>\$19,089,286</u>	<u>\$833,299</u>	<u>\$448,078</u>	<u>\$6,193,376</u>	<u>\$2,865,056</u>	<u>\$1,704,242</u>	<u>\$611,540</u>
\$1,056,314	\$1,083,464	\$1,302,318	\$101,646	\$174,952	\$219,432	\$66,911	\$707,554
549,963	811,051	1,272,827	55,825	52,037	63,575	34,700	591,518
\$506,351	\$272,413	\$29,491	\$45,821	\$122,915	\$155,857	\$32,211	\$116,036
74,635	40,410	680	240	35,998	432	55,678	5,464
\$580,986	\$312,823	\$30,171	\$46,061	\$158,913	\$156,289	\$87,889	\$121,500
\$338,975	—	—	—	—	—	—	—
—	\$116,104	—	\$9,732	\$37,166	\$46,915	\$34,648	\$10,472†
65,905	82,231	\$81,952	17,689	66,313	27,469	1,775	88,422
20,288	1,339	—	—	—	—	1,109	—
<u>\$155,818</u>	<u>\$113,149</u>	<u>\$51,781*</u>	<u>\$18,640</u>	<u>\$55,434</u>	<u>\$81,905</u>	<u>\$50,357</u>	<u>\$43,550</u>
—	\$12,445,693	—	\$214,040	\$2,327,920	\$676,101	\$223,654	\$260,367
\$155,818	113,149	\$51,781*	18,640	55,434	81,905	50,357	43,550
—	180,390‡	—	—	—	—	—	—
—	—	51,781	—	—	—	—	—
<u>\$155,818</u>	<u>\$12,739,232</u>	<u>—</u>	<u>\$232,680</u>	<u>\$2,383,354</u>	<u>\$758,006</u>	<u>\$274,011</u>	<u>\$303,917</u>
—	—	—	17,830	—	—	—	—
<u>\$155,818</u>	<u>\$12,739,232</u>	<u>—</u>	<u>\$214,850</u>	<u>\$2,383,354</u>	<u>\$758,006</u>	<u>\$274,011</u>	<u>\$303,917</u>

(6) Owns and operates pipe line from Colton, Calif., to Las Vegas, Nev., for transportation of refined petroleum products. U.P.R.R.Co. owns 70% of capital stock. (7) 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. (8) Owns and operates hotels and other tourist facilities (including motor coaches) in National Parks in Utah and Arizona. (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. (13) Owns and operates public warehouse at Los Angeles, Calif.

† Represents profit from sale of power plant in 1961 to a public utility company, less Federal income taxes thereon.

STATES OF THE "UNION PACIFIC WEST"

3. IDAHO

The curious shape of the State is a result of its history. When Lewis and Clark, guided by the Shoshone girl, Sacajawea, entered the Idaho region in 1805 it was part of an indefinite territory known as "Columbia River Country." Later it was included in "Oregon Country" along with the present States of Oregon and Washington, and portions of Montana and Wyoming. When these States were admitted to the Union, the boundaries of Idaho were repeatedly changed as portions of it were assigned to the new States, until in 1868 the present boundaries were established. Idaho became the 43rd State in 1890.

Idaho's name derives from "Ee-da-how" in the Shoshone language, meaning "It's sunrise!" or "Sun comes down mountain!" To the Indians the mountains of Idaho must have been its most distinctive feature, as they are today, but the State has a highly diversified topography. Besides its forested mountains, there are rolling plateaus, fertile valleys, and grass-covered prairies. The climate likewise varies considerably. Winters in the southwest, under the influence of prevailing winds from the Pacific, are very mild for this latitude, compared with more northerly areas. Rainfall is more abundant in some sections than in others, but many relatively dry areas have been greatly benefited through dams constructed on the State's rivers for the purposes of irrigation and power development.

The "Gem State" attracts thousands of visitors annually, and tourist attendance is growing. Its potential future as a national playground is unlimited, for Idaho has something to suit any taste, from virgin forests to luxurious tourist resorts. The lakes and streams, mountains, and natural wonders offer unique opportunities to camera enthusiasts. Excellent fishing is available—there are many varieties of trout, huge sturgeon, and scores of other game fish. Hunters find pheasant, grouse, quail, geese, and such big game as deer, elk and bear.

Idaho is much more than a playground, however. Its industrious people are engaged in many occupations. Agriculture is the principal industry. More potatoes are produced than in any other State, as well as large crops of sugar beets, onions, beans, wheat, apples, and other farm products. The livestock industry has declined from earlier days, with more land under the plow, but cattle and sheep are still raised in abundance, and dairying has increased.

The lumber industry also plays a leading role. Forests occupy more than one third of the State's area. Billions of board feet have been cut, but billions remain. Scientific forest management is growing and some cut-over lands are producing a second crop.

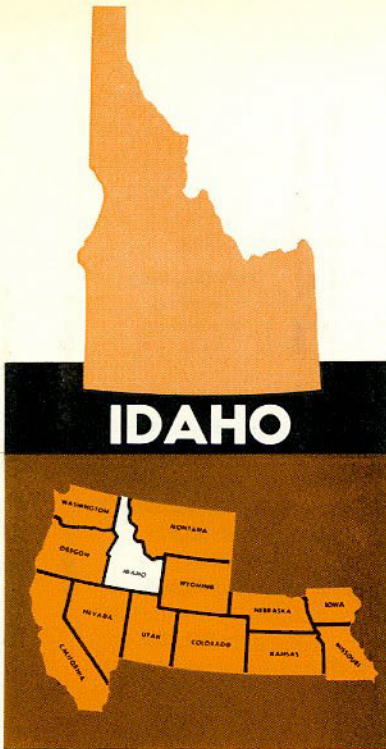
Mining began when gold was discovered at Orofino Creek about a century ago, but it is still expanding. The State is one of the largest producers of zinc and silver, and also produces lead, copper, antimony, thorium, and other valuable minerals too numerous to list, but mention should also be made of the potential mineral wealth represented by enormous deposits of phosphate rock.

With such abundant natural resources, Idaho is forging ahead with processing and manufacturing industries, including sugar refining, smelting, canning, food processing, and production of fertilizers, chemicals and machinery.

The Oregon Short Line, now operated by the Union Pacific, laid its first rails in Idaho in 1882 and the railroad's lines and business and the State's economy grew side by side. We now operate almost 2,000 miles of railroad in Idaho, or more than a fifth of our total line. Union Pacific freight originating in Idaho averages 200,000 carloads of diversified traffic annually, including fresh and processed potatoes, sugar beets and sugar, forest products, wheat, fruits and vegetables, cattle and sheep, ores and smelter products, phosphate rock, fertilizers, and chemicals.

The Union Pacific has had a share in developing the State's industries through the assistance of its agricultural and industrial specialists, but one of its most significant contributions to the State was establishment of the famous tourist resort at Sun Valley with its world-wide reputation as the perfect spot for skiing and many other winter and summer sports and pleasurable diversions.

After long association with the people of Idaho, the Union Pacific echoes the State motto, "Esto perpetua," in saying: May Idaho endure forever!



→
A setting for all seasons — the same Sun Valley scene in summer and winter.



