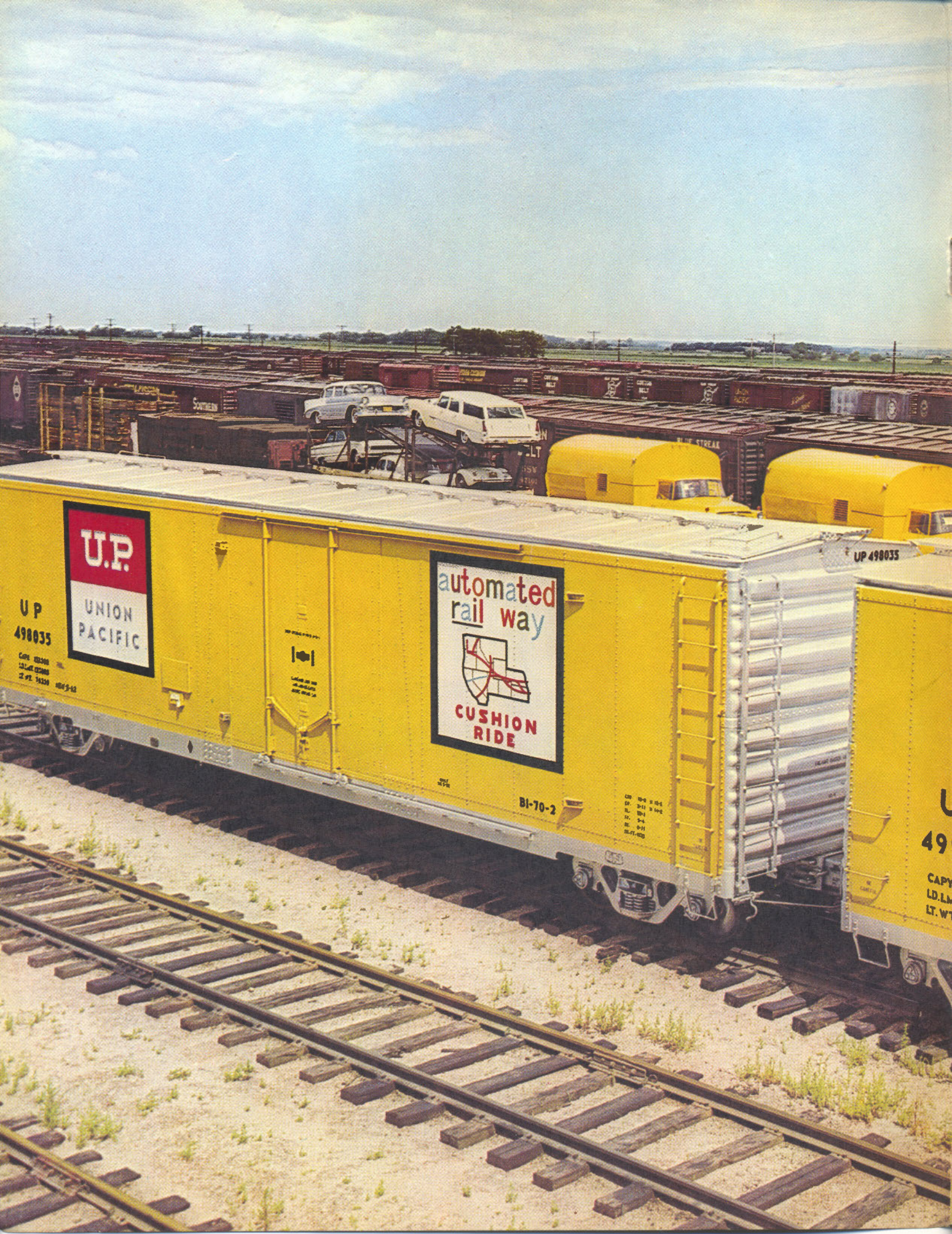


**1962**  
**ANNUAL**  
**REPORT**





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**U.P.**  
UNION  
PACIFIC

automated  
rail way  
  
**CUSHION  
RIDE**

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# UNION PACIFIC RAILROAD COMPANY

(INCLUDING ITS LEASED LINES)

## 66<sup>th</sup> ANNUAL REPORT

YEAR ENDED  
DEC. 31, 1962

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# DIRECTORS AND OFFICERS

(APRIL 1, 1963)

<b>DIRECTORS</b>	<p>E. ROLAND HARRIMAN, CHAIRMAN, ARDEN, N. Y.</p> <p>FRANK E. BARNETT NEW YORK, N. Y.</p> <p>COURTNEY C. BROWN SCARSDALE, N. Y.</p> <p>W. DALE CLARK OMAHA, NEBR.</p> <p>GEORGE S. ECCLES SALT LAKE CITY, UTAH</p> <p>WALTER D. FLETCHER NEW YORK, N. Y.</p> <p>ARTEMUS L. GATES LOCUST VALLEY, N. Y.</p> <p>ELBRIDGE T. GERRY DELHI, N. Y.</p> <p>THOMAS P. JERMAN SHORT HILLS, N. J.</p> <p>THOMAS KERR PORTLAND, ORE.</p>	<p>OSCAR T. LAWLER BEVERLY HILLS, CALIF.</p> <p>HAROLD B. LEE SALT LAKE CITY, UTAH</p> <p>ROBERT A. LOVETT LOCUST VALLEY, N. Y.</p> <p>WILLARD B. MILLARD, JR. OMAHA, NEBR.</p> <p>GEORGE S. MOORE NEW CANAAN, CONN.</p> <p>WILLIAM C. MULLENDORE LOS ANGELES, CALIF.</p> <p>GEORGE E. ROOSEVELT NEW YORK, N. Y.</p> <p>JOHN S. SINCLAIR WESTON, CONN.</p> <p>ARTHUR E. STODDARD OMAHA, NEBR.</p> <p>REGINALD M. SUTTON NEW YORK, N. Y.</p>	
<b>EXECUTIVE COMMITTEE</b>	<p>ROBERT A. LOVETT, CHAIRMAN</p> <p>COURTNEY C. BROWN JOHN S. SINCLAIR</p> <p>GEORGE E. ROOSEVELT E. ROLAND HARRIMAN, EX OFFICIO</p>		
<b>GENERAL OFFICERS</b>	<p>E. ROLAND HARRIMAN CHAIRMAN, BOARD OF DIRECTORS, NEW YORK, N. Y.</p> <p>ROBERT A. LOVETT CHAIRMAN, EXECUTIVE COMMITTEE, NEW YORK, N. Y.</p> <p>A. E. STODDARD PRESIDENT, OMAHA, NEBR.</p> <p>R. M. SUTTON VICE-PRESIDENT AND CONTROLLER, NEW YORK, N. Y.</p> <p>FRANK E. BARNETT VICE-PRESIDENT AND GENERAL COUNSEL, NEW YORK, N. Y.</p> <p>C. W. ROSSWORN SECRETARY, NEW YORK, N. Y.</p> <p>D. A. POWELL, TREASURER, NEW YORK, N. Y.</p>		
<b>TRANSPORTATION DIVISION (OMAHA)</b>	<p>A. E. STODDARD CHIEF EXECUTIVE OFFICER</p> <p>E. H. BAILEY VICE-PRESIDENT, OPERATIONS</p> <p>J. R. MACANALLY, VICE-PRESIDENT, TRAFFIC</p> <p>F. J. MELIA VICE-PRESIDENT AND WESTERN GENERAL COUNSEL</p> <p>A. D. HANSON VICE-PRESIDENT, LABOR RELATIONS</p> <p>L. J. BACHMAN ASSISTANT TO PRESIDENT</p> <p>E. M. KERRIGAN GENERAL AUDITOR</p> <p>J. A. BUNJER CHIEF ENGINEER</p> <p>G. A. O'KEEFE, ASSISTANT TREASURER</p>		
<b>NATURAL RESOURCES DIVISION (LOS ANGELES)</b>	<p>LEE S. OSBORNE CHIEF EXECUTIVE OFFICER</p> <p>D. B. PINNELL GENERAL MANAGER-PETROLEUM</p> <p>D. O. CHURCHILL ASSISTANT TO CHIEF EXECUTIVE OFFICER</p> <p>E. M. KERRIGAN GENERAL AUDITOR (OMAHA)</p> <p>G. A. O'KEEFE, ASSISTANT TREASURER (OMAHA)</p>		
<b>LAND DIVISION (OMAHA)</b>	<p>A. C. RITTER CHIEF EXECUTIVE OFFICER</p> <p>R. R. LINES GENERAL LAND AND TAX COMMISSIONER</p> <p>F. J. MELIA WESTERN GENERAL COUNSEL</p> <p>E. M. KERRIGAN GENERAL AUDITOR</p> <p>G. A. O'KEEFE, ASSISTANT TREASURER</p>		

## 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.

	<b>1962</b>	<b>1961</b> (restated)
Railway operating revenues .....	\$512,124,915	\$499,324,448
Railway operating expenses .....	\$370,157,101	\$360,798,813
Operating ratio .....	72.28%	72.26%
Taxes (other than Federal income taxes) .....	\$ 37,869,279	\$ 36,479,525
Federal income taxes .....	\$ 35,600,000	\$ 50,131,264
Net income from transportation operations ..	\$ 46,775,328	\$ 31,182,611
Net income from oil and gas operations .....	\$ 23,888,982	\$ 26,030,815
Income available for fixed charges .....	\$ 85,643,864	\$ 72,397,753
Fixed charges .....	3,153,738	3,011,628
Net income under I.C.C. accounting rules ..	\$ 82,490,126	\$ 69,386,125
Reduction in income necessary to conform with generally accepted accounting principles (see page 4) .....	13,860,492	3,117,024
Net income .....	\$ 68,629,634	\$ 66,269,101
<hr/>		
Net income (after preferred dividends) per share of common stock:		
Under I.C.C. accounting rules .....	\$3.50	\$2.92
Under generally accepted accounting principles .....	\$2.88	\$2.78
<hr/>		
Dividends declared per share of common stock .....	\$1.60	\$1.60
Number of preferred and common stockholders on December 31 .....	102,073	99,624
<hr/>		
Expenditures for improvements to transportation property .....	\$ 64,404,130	\$ 49,898,133
Depreciation accruals on transportation property .....	\$ 39,103,437	\$ 38,032,536
<hr/>		
Ton-miles of revenue freight carried (1000's)	33,187,576	32,408,549
Average revenue per ton-mile (cents) .....	1.333	1.335
<hr/>		
Revenue passengers carried one mile (1000's)	1,173,616	1,149,737
Average revenue per passenger-mile (cents) ..	2.345	2.312
<hr/>		
Average number of employees .....	34,861	34,886
Total wages paid .....	\$227,575,481	\$221,474,080

## HIGHLIGHTS



# 1962

## TO OUR STOCKHOLDERS

New York, N. Y., April 25, 1963.

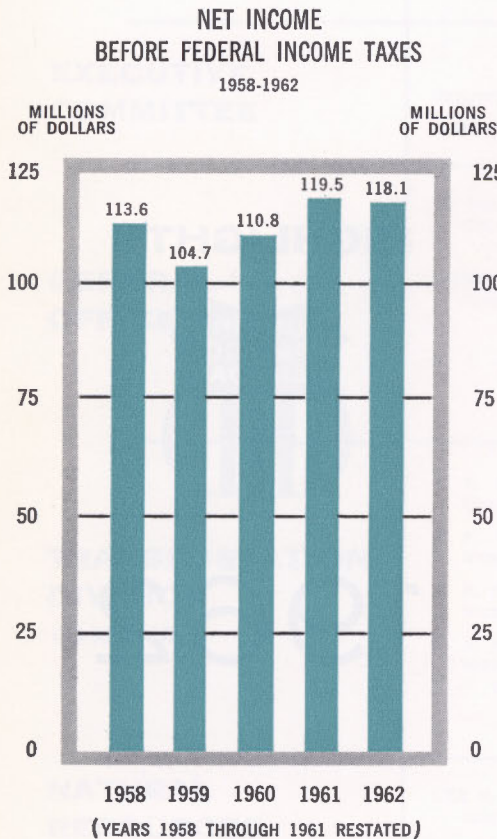
As explained in our brief annual report released in March, net income of \$82.5 million, as reported under accounting rules prescribed by the Interstate Commerce Commission has been reduced in our income statement to \$68.6 million, in conformity with generally accepted accounting principles. The adjustment of \$13.9 million represents the amount of the reduction in current Federal income taxes resulting from advance allowances for depreciation and amortization, which under Interstate Commerce Commission regulations represent *depreciation charges to be made in the accounts over the entire lives of the facilities involved*. In effect, current net income as reported under I.C.C. regulations is thus being artificially inflated at the expense of net income, stated on the same basis, at some future time. In the opinion of the management, which is supported by leading accounting authorities, the adjustment made in our income statement is essential for the purposes of setting out the factual situation and preventing misleading assumptions by our Stockholders and the public as to future income prospects of the Company.

Net income for the year as adjusted represents an increase of \$2.4 million, or 3.6 per cent, over similarly adjusted income for 1961. This improvement resulted chiefly from increases in transportation earnings (exclusive of the temporary income tax reductions) and in interest income, partially offset by decreases in income from oil and gas operations and from miscellaneous sources.

Since the wide fluctuations in Federal income taxes in recent years tend to obscure somewhat the over-all income picture, the graphic chart on this page shows net income *before Federal income taxes* for the last five years. The four earlier years have been restated for comparative purposes to include net profits from capital transactions, such profits having for the first time been credited to income in 1962 in accordance with an Interstate Commerce Commission ruling.

\* \* \*

Adjusted net income per share of common stock, after preferred dividend requirements, was \$2.88 compared with \$2.78 per share in 1961. Dividends of \$1.60 per share declared on common stock in 1962 amounted to 56 per cent of the net earnings per share.



The organization of the Union Pacific into Operating Divisions, inaugurated in 1961, has been working well. The tabulation below shows a breakdown by Divisions of 1962 net income *before Federal income taxes*, compared with the previous year:

	1962	1961 (Restated)	Increase (+) or Decrease (-)
Transportation Division . . . . .	\$91,638,740	\$91,017,526	+ \$621,214
Natural Resources Division . . . . .	23,767,774	26,741,837	- 2,974,063
Land Division . . . . .	875,979	774,160	+ 101,819
Non-Divisional . . . . .	1,807,633	983,866	+ 823,767
<b>Total . . . . .</b>	<b>\$118,090,126</b>	<b>\$119,517,389</b>	<b>-\$1,427,263</b>

Gross expenditures for investment in equipment and other transportation property during the year amounted to \$64.4 million, or \$14.5 million more than in 1961. Such huge outlays are a continuing necessity to accomplish operating economies and provide improved transportation services. Incidentally, most of such expenditures in 1962 were of the kind for which a 7% investment credit is allowed to apply against current Federal income taxes, of which 48 per cent represents a permanent tax saving.

\* \* \*

The year 1962 was notable for a general feeling of cautious optimism with respect to the future of the railroad industry, occasioned by a number of different factors, some of which are outlined below.

President Kennedy's transportation message to Congress on April 5, 1962, mentioned in last year's annual report, was the first such official recognition of certain urgent transportation problems to which the railroads have been vainly calling attention for years. Legislative enactment of the President's program may take considerable time, but public presentation of the facts represents a long step forward, and offers hope that at least some of the discriminatory regulations affecting the railroads will be removed or substantially modified, so that they may be able to compete on a more equitable basis with other forms of transportation in the future.

Recommendations by the Presidential Railroad Commission in its report of February 28, 1962, on employe work rules, and especially the recommendation with respect to gradual elimination of the positions of firemen-helpers on diesel locomotives in road-freight and yard services, appear to have a reasonably good chance of being put into effect. As might perhaps have been anticipated, the labor organizations concerned resisted this development in the courts, despite the Commission's recommendations that were designed to make the proposed changes as painless to the affected employes as reasonably practicable. However, the ruling by the United States Supreme Court on March 4, 1963, has from a legal standpoint cleared the way for affirmative action. If and when the new work rules are finally put into effect, a large and economically unjustified burden will have been lifted from the railroad industry.

Another encouraging aspect of the general picture is the increasing progress made by the railroads themselves in their bold origination and implementation of new ideas, such as the extension of piggy-back services, use of multi-level cars and other specialized freight cars, introduction of new rate-making procedures, and so on.

Finally, authorization by the Interstate Commerce Commission of certain railroad mergers has been a healthy development. When such mergers are soundly conceived, their consummation should effectuate worthwhile economies, improve administration, and strengthen the whole railroad industry.



## INCOME FROM TRANSPORTATION OPERATIONS

	1962	Increase (+) or Decrease (-) vs. 1961	
		Amount	Per cent
Railway operating revenues ..	\$512,124,915	+\$12,800,467	2.6
Railway operating expenses ..	370,157,101	+ 9,358,288	2.6
Revenues over expenses ...	\$141,967,814	+ \$3,442,179	2.5
Taxes (other than Federal income taxes) .....	\$37,869,279	+ \$1,389,754	3.8
Equipment rents (debit) ....	20,167,039	+ 1,137,658	6.0
Joint facility rents (debit) ....	1,556,168	- 146,686	8.6
Total deductions .....	\$59,592,486	+ \$2,380,726	4.2
Net before Federal income taxes .....	\$82,375,328	+ \$1,061,453	1.3
Federal income taxes .....	35,600,000	- 14,531,264	29.0
Net income from Transpor- tation Operations .....	\$46,775,328	+\$15,592,717	50.0

### OPERATING REVENUES

	1962	Increase (+) or Decrease (-) vs. 1961	
		Amount	Per cent
Freight .....	\$442,509,460	+ \$ 9,853,421	2.3
Passenger .....	27,516,029	+ 938,634	3.5
Mail .....	23,061,713	+ 1,074,321	4.9
Express .....	4,325,499	- 347,353	7.4
Switching .....	7,011,471	+ 677,286	10.7
Other .....	7,700,743	+ 604,158	8.5
Total .....	\$512,124,915	+\$12,800,467	2.6

## RAILWAY OPERATING REVENUES

The increase of \$9.9 million in **Freight revenue** reflects the fact that economic activity in the nation was generally sustained at fairly good levels throughout the year. One of the brightest spots in the economic picture was the excellent showing made by the automobile industry with active retail sales and the highest production volume since 1955. Union Pacific revenue from the transportation of automobiles and parts showed the largest increase compared with 1961 of any of the commodities handled. There were also sizable increases in revenues from transportation of potatoes, forwarder traffic, corn, soda ash, and wheat. The commodities with the largest decreases in revenue were bituminous coal, lumber, iron and steel products, and iron ore. Details of freight tonnage and gross revenue for the year, by commodities, are shown in Table 7 on page 36.

There was an increase of 2.4 per cent in ton-miles of revenue freight, as the result of an increase of 1.8 per cent in number of tons handled and an increase of 6/10 of 1 per cent in the average length of haul. The average revenue per ton-mile of 1.333 cents was almost the same as in 1961.

A broad discussion of current developments in connection with Union Pacific freight business may be found under the caption "Freight Traffic" on page 12.

The increase of 3.5 per cent in **Passenger revenue** resulted principally from an increase in travel over the Company's lines during the spring and summer months. A significant factor was the highly successful Seattle World's Fair which attracted many visitors from all parts of the nation.

The increase of 4.9 per cent in **Mail revenue** reflects the greater volume of mail transported during the year.





## RAILWAY OPERATING EXPENSES

The increase of 2.6 per cent in **Operating expenses** was caused chiefly by higher wage rates of nonoperating employes, such as those working in stations, shops and offices, and on the right of way. Under nation-wide agreements, such employes were granted an increase of 4 cents per hour effective February 1, 1962, and a further increase of 6.28 cents per hour effective May 1st. Expenses in the first two months of the year were also pushed sharply upward by additional fringe benefits that were granted to employes, equivalent to 5 cents per hour, starting March 1, 1961. (The general subject of railway employes, their compensation, and related questions, is discussed more fully on pages 12 and 13.)

The remainder of the increase in operating expenses was occasioned principally by the greater volume of traffic handled, particularly in the first half of the year, but the effect of this was counteracted to a considerable extent by more efficient operating methods and by economies made possible through substantial expenditures for property improvements. A significant indicator in this connection is the ratio of total operating expenses to total operating revenues, which was 72.28% in 1962, or only two-hundredths of a percentage point higher than in 1961.

Way and structures were adequately maintained. The quantities of rails, ties and ballast applied in main track renewals during the year, compared with 1961, are tabulated below:

	1962	1961	Increase (+) or Decrease (-)	Per cent
New rails (track miles) .....	101.91	141.60	- 39.69	28.0
Second-hand rails (track miles) .....	62.95	37.99	+ 24.96	65.7
Total rails (track miles) .....	164.86	179.59	- 14.73	8.2
Ties (number) .....	749,964	610,989	+ 138,975	22.7
Ballast (cubic yards) .....	464,137	326,926	+ 137,211	42.0

A breakdown of operating expenses by primary accounts, compared with the previous year is shown in Table 4 on pages 31 through 34.

## RAILWAY TAX ACCRUALS

The decrease of 29 per cent in **Federal income taxes** resulted chiefly from the new "incentive" reductions in current Federal income taxes, effective in 1962. These consist of (a) the allowance of depreciation rates for tax purposes based on new "guideline lives," which are much higher than rates applicable under Interstate Commerce Commission regulations based on straight-line depreciation, and (b) allowance of a direct credit against taxes representing up to 7% of certain property expenditures with a concurrent equal reduction in the tax depreciation base. These tax reductions represent advance allowance of deductions for *depreciation charges to be made in the accounts over the lives of the facilities involved*. They are mani-

### OPERATING EXPENSES

	1962	Increase (+) or Decrease (-) vs. 1961	
		Amount	Per cent
<b>Maintenance:</b>			
Way & structures.	\$57,076,553	+\$2,209,024	4.0
Equipment .....	91,986,503	+ 1,265,376	1.4
Total .....	\$149,063,056	+\$3,474,400	2.4
Traffic .....	13,907,983	+ 444,911	3.3
Transportation ...	178,371,874	+ 4,324,841	2.5
Misc. operations..	7,533,166	+ 229,875	3.1
General .....	21,281,022	+ 884,261	4.3
Total .....	\$370,157,101	+\$9,358,288	2.6

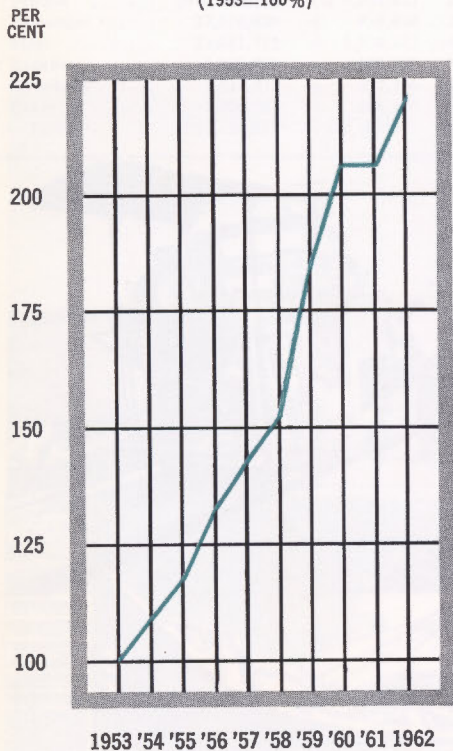


### RAILWAY TAX ACCRUALS

	1962	Increase (+) or Decrease (-) vs. 1961	
		Amount	Per cent
Federal income . . .	\$35,600,000	-\$14,531,264	29.0
Federal retirement .	11,979,259	+ 851,159	7.6
Federal unemploy- ment insurance . . .	6,610,671	+ 418,101	6.8
Other Federal . . . .	21,874	= 3,905	15.1
Total Federal . . .	\$54,211,804	-\$13,265,909	19.7
State and county . . .	19,257,475	+ 124,399	.7
Grand total . . .	\$73,469,279	-\$13,141,510	15.2

festly of immediate benefit to the Company by making available funds for use in line with the Government's primary purpose of stimulating expenditures for plant modernization, but a corollary result will be *higher income taxes and lower net income at some time in the future*. It is for this reason that the Company's net income for the year has been adjusted to eliminate the effect of these current income tax reductions, as well as those permitted under tax regulations existing prior to 1962, such as allowances under accelerated depreciation methods and for amortization of emergency defense facilities. Analysis of the decrease in Federal income taxes compared with 1961 (restated) is shown below:

FEDERAL PAYROLL TAXES  
PAYABLE BY RAILROAD  
PER EMPLOYEE  
1953-1962  
(1953=100%)



	Increase (+) or Decrease (-) in tax
Increase in the excess of depreciation and amortization deductible for tax purposes over the depreciation recorded in the accounts under I.C.C. regulations . . .	- \$ 8,420,000
Investment tax credit in 1962:	
Temporary tax saving (52%) . . . . .	- 2,324,000
Permanent tax saving (48%) . . . . .	- 2,153,000
Increased income from Transportation Operations (excluding items above) . . . . .	+ 550,000
Decreased income from Oil and Gas Operations (excluding items above) . . . . .	- 1,050,000
Adjustments for prior years and other income and adjustments—Net . . . . .	- 1,134,000
Net decrease . . . . .	<u>- \$14,531,000</u>

The increases in **Federal retirement taxes** and **Federal unemployment insurance taxes** were due to increases in tax rates, effective January 1, 1962, and a slight increase in payroll. The retirement tax rate rose from 6¾% to 7¼%, and the unemployment insurance tax rate from 3¾% to 4%, both rates applying to the first \$400 of each employee's monthly wages.

There has been a disturbing rise over the years in such payroll taxes per employe, payable by the railroad, resulting both from steadily increasing tax rates and from increases in the portion of employe wages to which the taxes are applicable. The chart on this page shows how such taxes per employe have mounted since 1953. (Employes are required to pay Federal retirement taxes equal to the amount paid by the railroad, but they pay no unemployment insurance taxes.)

In addition to the taxes classified as "Railway tax accruals," the Company is liable for other taxes of various kinds, in connection with oil and gas operations, miscellaneous properties not used for transportation purposes, etc. Details of all taxes in 1962 compared with the previous year, are shown in Table 5 on page 34.

## INCOME FROM INVESTMENTS AND OTHER SOURCES

	1962	Increase (+) or Decrease (-) vs. 1961	
		Amount	Per cent
Net income from oil and gas operations (page 17) . . . .	\$23,888,982	— \$2,141,833	8.2
Royalties from oil and gas leases . . . . .	395,977	— 14,725	3.6
Dividends on stocks owned (Table 15) . . . . .	4,374,624	— 43,922	1.0
Interest on bonds and notes owned (Table 16) . . . . .	5,071,887	+ 1,103,033	27.8
Other interest income . . . . .	675,077	+ 126,300	23.0
Rent income from transportation property . . . . .	926,929	— 2,319	.2
Miscellaneous income . . . . .	2,863,146	— 585,772	17.0
Profits and losses—net (property sales, etc.) . . . . .	1,067,766	— 1,375,180	56.3
Total income from investments and other sources..	<u>\$39,264,388</u>	<u>— \$2,934,418</u>	<u>7.0</u>

The decrease in **Net income from oil and gas operations** was occasioned primarily by a decrease in oil production from Patrick Draw field, offset in part by an increase in net income from Wilmington field.

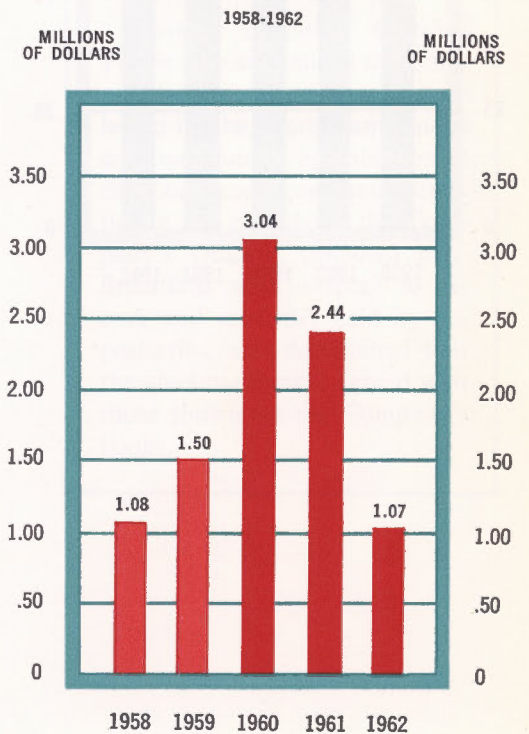
The decrease in **Dividends on stocks owned** reflects a decreased credit to income in connection with dividends on Pullman Co. stock owned. Total dividends received from that company in 1962 amounted to \$175,656 compared with \$87,828 in 1961, but the Interstate Commerce Commission ruled that only one-fourth of the 1962 dividends declared by Pullman Co. to its stockholders should be credited to income, and that the balance should be treated as a "return of capital" and applied as a reduction of the book cost of Pullman Co. stock.

The increase in **Interest on bonds and notes owned** resulted chiefly from an increase in the aggregate funds invested in time certificates of deposit and U. S. Treasury obligations, combined with a higher average yield on such investments.

The decrease in **Miscellaneous income** was caused mainly by a decrease in compensation for services rendered and privileges granted to Pacific Fruit Express Co. in 1962.

**Profits and losses—net** consist of profits (less losses) from sales of property and profit from reacquisition of Company bonds at a discount. Since such profits from capital transactions are sporadic and unrelated to current business operations, the Union Pacific has in previous years credited them to Retained Income, to avoid misleading distortions of current income. However, the Interstate Commerce Commission ruled in 1962 that they should be included in income, and income for 1961 has been correspondingly restated. The decrease in 1962 has no significance other than reflecting the fact that such profits happened to be less than in 1961.

### NET PROFITS FROM CAPITAL TRANSACTIONS



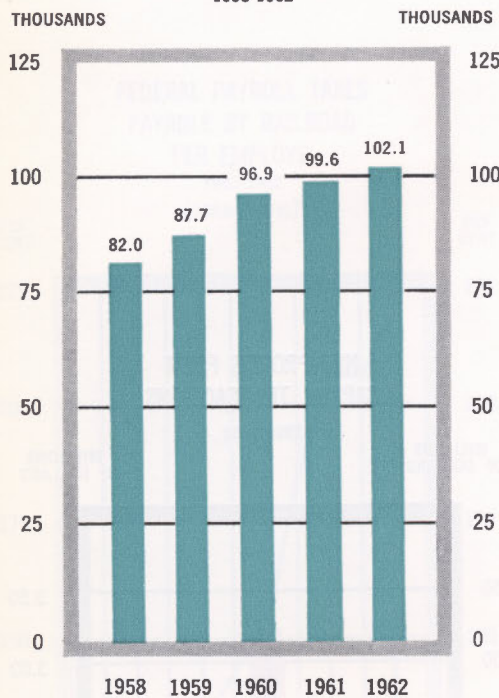
## CAPITAL STOCK

Outstanding capital stock (\$10 par value per share) in 1962 consisted of 22,429,235 shares of common and 9,954,310 shares of preferred, without change from the previous year. Each share is entitled to one vote at all meetings of Stockholders. At the annual meeting on May 8, 1962, there were 27,575,581 votes cast, or 85.2 per cent of the total of 32,383,545 shares. This compares with 84.4 per cent at the annual meeting in 1961.

Union Pacific Stockholders of record crossed the 100,000 mark for the first time in 1962, numbering 102,073 at the close of the year, or 2,449 more than at the end of 1961.

For the eighth consecutive year, starting in 1955, annual dividends declared on common stock amounted to \$1.60 per share. Such dividends in 1962 represented approximately 56 per cent of adjusted net income after preferred dividends. Amounts and payment dates of dividends on the common are shown below:

NUMBER OF UNION PACIFIC  
STOCKHOLDERS OF RECORD  
AT CLOSE OF YEAR  
1958-1962



Date payable	Per share	Amount
April 2, 1962	\$.30	\$6,728,770.50
July 2, 1962	.30	6,728,770.50
October 1, 1962	.30	6,728,770.50
January 2, 1963	.70*	15,700,464.50
<b>Total</b>	<b>\$1.60</b>	<b>\$35,886,776.00</b>

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

## FUNDED DEBT

There was an increase of \$19,089,028 in amount of funded debt on December 31, 1962, compared with the close of 1961. The increase represents the unpaid portion of liability incurred during the year under four equipment purchase agreements, less the face value of Union Pacific Railroad Co. bonds reacquired at current market prices, in anticipation of sinking fund requirements.

Details of the equipment purchase agreements:

Date	Equipment covered	Liability incurred for units delivered in 1962	Interest rate	Semi-annual maturity installments
June 1	75 diesel road-switch locomotives	\$12,968,119	4.125%	16
Sept. 1	300 covered hopper cars	4,316,172	4.15%	10
"	250 open-top hopper cars	2,712,380	4.15%	10
"	200 gondola cars*	489,865	4.15%	10

\* Only 40 cars delivered in 1962.

## RETAINED INCOME

The Company's **retained income** of \$970 million at the close of 1962 represents the portion of its income and profits, since incorporation in 1897, that has been retained in the business and devoted to such purposes as additions and improvements to the property, to maintain earning capacity and provide for growth. The increase of \$62.7 million in the account during the year is explained below:

Net income for the year .....	\$68,629,634
Tax reductions applicable to future years under generally accepted accounting principles, but credited to current income under accounting rules prescribed by the Interstate Commerce Commission .....	13,860,492
Book profit through liquidation of Union Pacific Coal Co. . . . .	18,675,553
Accounting adjustments in connection with retirements of donated property in previous years .....	1,386,006
Total credits .....	<u>\$102,551,685</u>
<i>Less:</i>	
Dividends declared on U.P.R.R.Co. and St.J.&G.I.Ry.Co. preferred and common stocks .....	39,870,810
Net increase in Retained Income .....	<u>\$62,680,875</u>

## WORKING CAPITAL

The Company's **working capital** on December 31, 1962, was \$146,376,881, current assets having been 2.34 times the amount of current liabilities. The increase in working capital compared with the close of 1961 was \$41,495,366, which is analyzed below:

<b>Working Capital on December 31, 1961</b> .....	<b>\$104,881,515</b>
<b>Additions:</b>	
Net income (excluding net profits from capital transactions) .....	\$67,561,868
Current income tax reductions applicable to future years under generally accepted accounting principles .....	13,860,492
Non-cash charges to income for:	
Depreciation and retirements of property .....	42,192,618
Reserves for fire insurance and other purposes .....	1,144,881
Proceeds from sales of land and other property .....	2,273,195
Funds borrowed under equipment purchase agreements less cost of debt retired .....	19,202,903
Miscellaneous — net .....	4,361,244
Total .....	<u>\$150,597,201</u>
<b>Deductions:</b>	
Dividends declared in 1962 on Union Pacific Railroad Company preferred and common stocks .....	\$39,868,500
Expenditures for improvements to transportation property (excluding value of parts from equipment retired and rebuilt) .....	62,919,324
Capitalized cost of oil and gas facilities and cost of improvements to other physical property .....	1,487,528
Investments in securities of affiliated companies in excess of such securities matured .....	3,779,846
Advances to affiliated companies in excess of deposits ..	1,046,637
Total .....	<u>\$109,101,835</u>
Net increase in Working Capital .....	<b>41,495,366</b>
<b>Working Capital on December 31, 1962</b> .....	<b><u>\$146,376,881</u></b>

	Dec. 31, 1962	Increase (+) or Decrease (—) vs. Dec. 31, 1961
Current assets .....	\$255,604,265	+\$39,372,702
Current liabilities .....	109,227,384	— 2,122,664
<b>Working capital .....</b>	<b>\$146,376,881</b>	<b>+\$41,495,366</b>
Ratio of current assets to current liabilities.	2.34	+ .40

*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.



# TRANSPORTATION DIVISION

## FREIGHT TRAFFIC

To meet intense competition from rival railroads and other modes of transportation, the Union Pacific pursues a continuing program of developing new measures to make its service more attractive to our present patrons and to potential new customers. For example, many advances have been made in expediting freight movements through reduction in switching time. Mechanized yard and terminal operations have been expanded, and improvements have been made in interchange arrangements with connecting carriers for pooling locomotives and grouping cars by destinations in making up trains.

In response to shipper needs the year was marked by a stepped-up program of supplying specialized freight cars, including "cushion-ride" cars, 90-ton heavy duty box cars, and covered hopper cars of larger capacity.

Industrial competition in both domestic and foreign markets is focusing growing attention upon transportation costs, requiring constant review of transportation pricing. One of the most successful innovations developed in response to this situation is the "incentive" basis of pricing, under which lower rates are charged for heavier loads per car. This encourages maximum utilization of freight car lading space and at the same time gives our patrons the advantage of lower transportation costs.

Through modern rate-making procedure, the Union Pacific, in cooperation with western connections, developed a substantial volume of new long-haul grain traffic from the Great Plains to West Coast ports for export to the Orient. In terms of revenue this represented approximately \$3 million in 1962.

Trailer-on-flat-car traffic still produces a relatively small percentage of our total freight revenue, but significant gains were made during the year in operation of this type of service, particularly in connection with fresh meat and packing house products for westbound movement, which in conjunction with eastbound shipments of fruits and vegetables, provide a balanced movement of loaded refrigerator trailers in both directions.

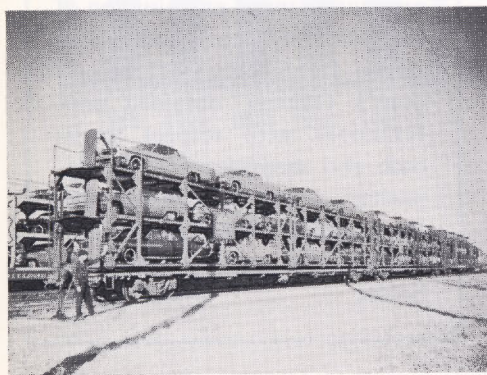
With new facilities for handling shipments of automobiles and motor trucks at principal terminals, the large volume of traffic transported on multi-rack cars was a heartening development in our 1962 revenue picture, resulting in an increase of more than \$3.5 million over 1961.

## EMPLOYES AND WAGES

The railroads' nonoperating employees on a nation-wide basis were granted wage increases in 1962 aggregating 10.28 cents per hour. Some labor organizations representing operating employees, who work on trains and in railway yards, have filed demands for wage increases and additional fringe benefits substantially greater than those granted to the nonoperating employees.

The chart on the next page shows the trend since 1953 in average annual compensation per employe on the Union Pacific, including wages and fringe benefits, but not payroll taxes paid for the benefit of employes. Such annual compensation moved upward in every year and the average in 1962 was 52 per cent higher than in 1953. In sharp contrast, ton-miles of revenue freight handled by the Union Pacific during the same period

REVENUE FREIGHT TON-MILES  
BY MONTHS  
1961 AND 1962



## TRANSPORTATION DIVISION

were *less than in 1953* in every subsequent year except 1955 and 1956, and the Company's average net transportation income, before Federal income taxes, for the last nine years was only 2.4 per cent greater than in 1953, despite hundreds of millions of dollars expended on its properties to effectuate economies and improve its services.

**Work Rules.** Last year we briefly discussed the report on operating employe work rules made to the President of the United States on February 28, 1962, by the Presidential Railroad Commission. The report recommended among many other things that the positions of firemen-helpers on diesel locomotives in road-freight and yard services be eliminated under a long-range plan because they are not required for safe and efficient operations.

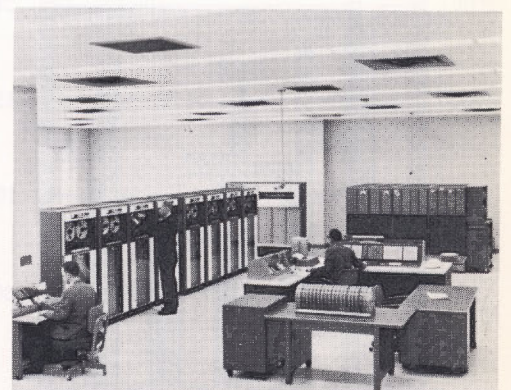
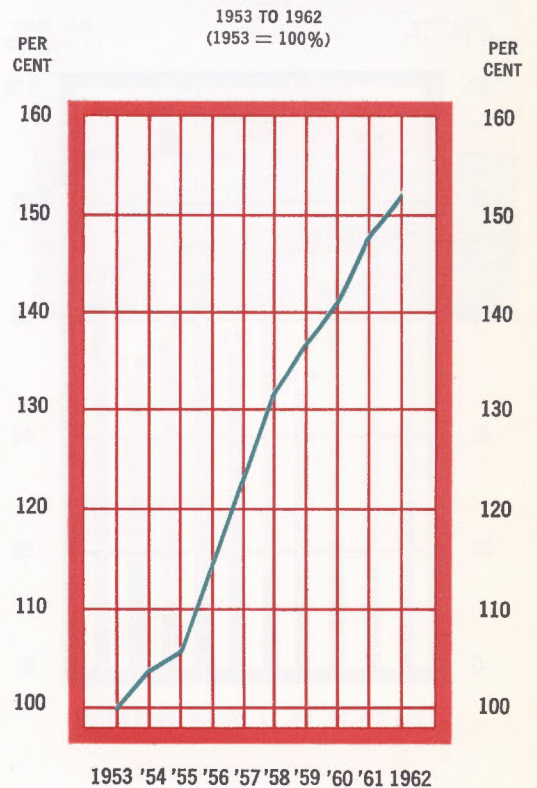
Meetings were held between railroad and union representatives to negotiate an agreement within the framework of the Commission's recommendations. These were unsuccessful and the railroads notified the unions that the work-rule changes as originally proposed by the industry would be placed in effect on August 16, 1962. The unions sought a permanent injunction against such action in the U.S. District Court in Chicago, on the ground that it would violate the Railway Labor Act. The court found against the unions' contention, but granted a temporary injunction pending appeal to a higher court. The U. S. Court of Appeals upheld the District Court's decision. Finally on March 4, 1963, the U.S. Supreme Court upheld the decisions of the lower courts, and on April 2nd the temporary injunction was dissolved. When the railroads announced that the work-rule changes would be made effective April 8th, the National Mediation Board certified to President Kennedy that an emergency existed and the President appointed a fact-finding board. The board commenced hearings on April 11th. The effect of this action was to postpone any strike for at least 60 days.

Another work-rule controversy was initiated on October 15, 1962, by labor organizations representing the shop crafts. They served demands on all railroads for protection against loss of jobs through any of a long list of contingencies such as discontinuance or consolidation of facilities, technological changes, etc. They also asked new work rules to increase existing employment for shop employes.

### NEW IBM COMPUTER

In July 1962, the Union Pacific installed an IBM 7080 Data Processing System in its Omaha Headquarters. This replaces the IBM 705 system in use since 1958. The Type 7080 is one of the largest commercial data processing systems available and provides greatly expanded capacity. The auxiliary equipment for the 7080 comprises three IBM 1401 systems, which have a dual function—they are used for converting all input data to magnetic tape for use by the 7080 and for printing and punching the output therefrom, and are also used as complete computers for tasks of relatively small volume. The 7080 has proved particularly effective and economical for large volume tasks, and has already provided management with much useful information not previously available, one example being the preparation of current reports showing for each junction point the number of cars interchanged with other railroads and the related Union Pacific freight revenue.

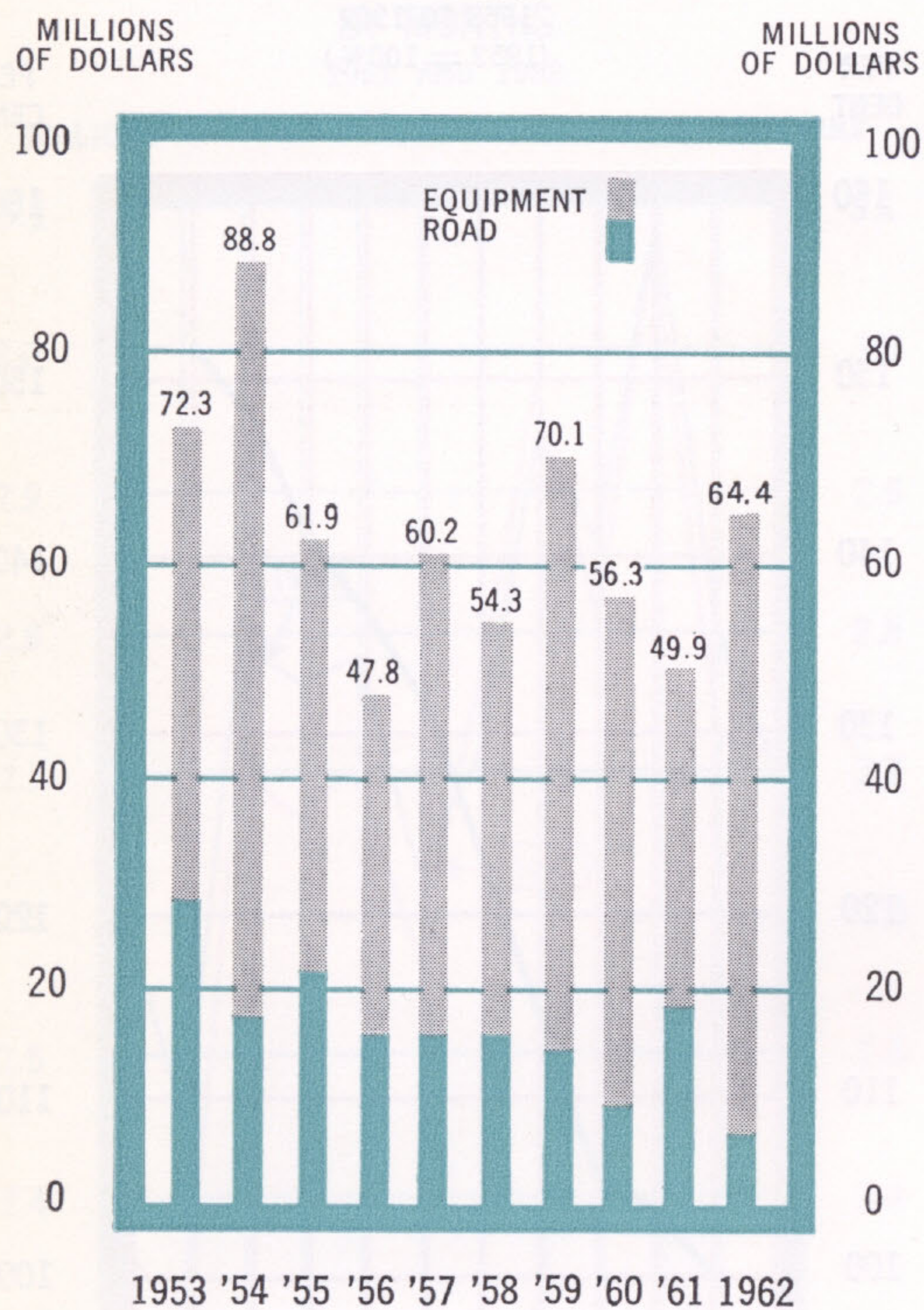
### TREND OF ANNUAL COMPENSATION PER UNION PACIFIC EMPLOYEE



## TRANSPORTATION DIVISION

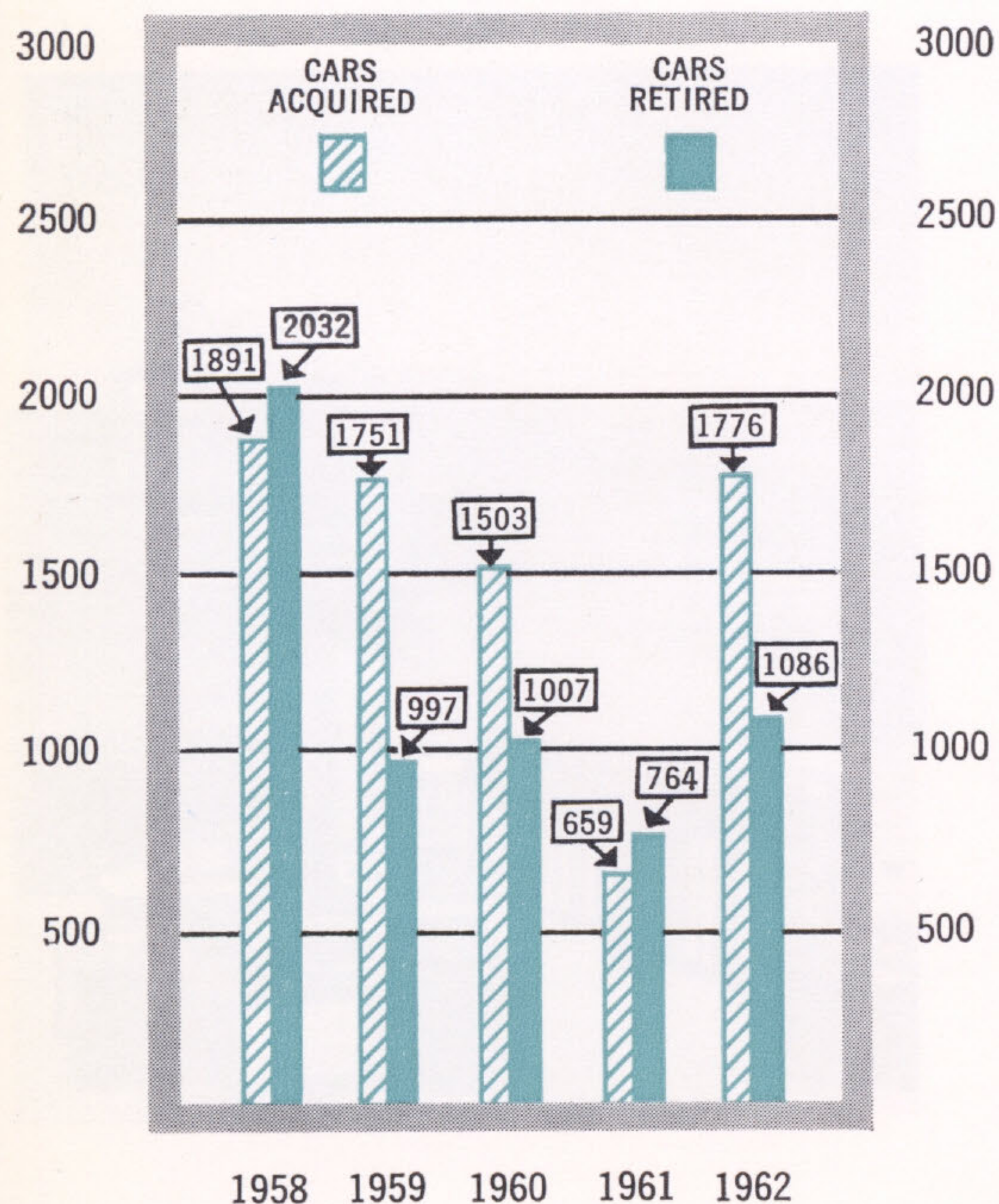
### GROSS EXPENDITURES FOR ROAD AND EQUIPMENT

1953-1962



### NUMBER OF FREIGHT-CARRYING CARS ACQUIRED AND RETIRED ANNUALLY

1958 TO 1962



## INVESTMENT IN ROAD AND EQUIPMENT

Prior to 1962, contributions by governmental agencies and others toward the cost of property improvements (\$42.4 million as of December 31, 1961) were included in the transportation property account and credited to "Donations and grants," but under an I.C.C. order effective January 1, 1962, the latter account was abolished and the amount therein, as adjusted, was deducted from the property account.

As shown in the 10-year chart at the left, gross expenditures for improvements to road and equipment property in 1962 were \$64.4 million. The breakdown of this amount by I.C.C. primary accounts is shown in Table 8 on page 37. Analysis of the net increase of \$38.5 million in Road and Equipment Property during the year is as follows:

#### Expenditures:

New equipment .....	\$54,404,692	
Equipment rebuilt, improvements to existing equipment, etc. ....	3,513,225	\$57,917,917
Road property .....		6,486,213
<b>Total expenditures .....</b>		<b>\$64,404,130</b>

#### Retirements:

Cost of equipment retired (including equipment for rebuilding or conversion) .....		\$22,553,925
Cost of road property retired and replaced ..	\$1,202,686	
Cost of road property retired and not replaced ..	3,246,462	4,449,148
<b>Total retirements .....</b>		<b>\$27,003,073</b>

<i>Less:</i> Accounting adjustments in connection with donated property retired in previous years .....		1,138,537
		<b>\$25,864,536</b>

**Increase in Road and Equipment Property .....** **\$38,539,594**

## NEW EQUIPMENT

New equipment delivered and on order is tabulated below:

	Ordered	Delivered	On order at close of year
<i>Locomotives-Freight</i>			
Diesel (Purchased) .....	89	89	
Coal-burning Gas-Turbine (Constructed)....	1	1	
<b>Total .....</b>	<b>90</b>	<b>90</b>	
<i>Freight-Train Cars</i>			
<b>PURCHASES:</b>			
Gondola (Hopper Bottom) .....	650	650	
Gondola .....	200	40	160
Flat .....	10	10	
<b>CONSTRUCTION IN COMPANY SHOPS:</b>			
Automobile and Box .....	1,133	736	397
Gondola (Hopper Bottom) .....	250	250	
Flat .....	300	75	225
<b>Total .....</b>	<b>2,543</b>	<b>1,761</b>	<b>782</b>
<i>Passenger-Train Cars</i>			
Baggage .....	10	10	
Baggage-mail .....	9		9
Postal-storage .....	35	35	
<b>Total .....</b>	<b>54</b>	<b>45</b>	<b>9</b>



**Coal-burning gas-turbine locomotive.** Following the stationary shop tests described in last year's report, the locomotive was given its first road test on October 17, 1962. The initial trip was made from Omaha to Grand Island, 144 miles, with a train consisting of 5 loaded cars and 44 empties—a total trainload of 1,490 tons. Thereafter other road trips with tonnage trains were undertaken to Grand Island, to North Platte, and to Cheyenne, aggregating more than 3,000 road miles. As was to be anticipated, a number of technical problems were encountered in the tests and these will have to be resolved before this experimental prototype can compete successfully with highly-developed models of conventional locomotives, but the use of pulverized coal for firing a gas-turbine has already been proved feasible, and this was the prime objective of the project.



### OTHER IMPROVEMENTS

Arrangements have been made to replace the power plant facilities serving the Omaha Shops, by a modern plant equipped for automatic operation. The new plant will be far more efficient and economical to operate than the existing facilities.

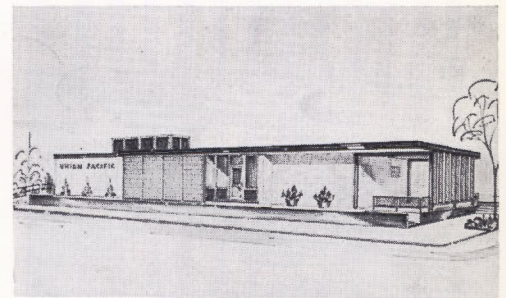
The attractive new passenger station at Pomona, California, mentioned in last year's report, was nearly finished at the close of 1962. A related, largely state-financed, project in the same city—construction of a reinforced concrete and steel highway underpass beneath various railroad tracks—was also approaching completion at the close of the year.

An important bridge project was completed during the year. As originally constructed, Bridge No. 282.03 over the North Platte River, near North Platte, Nebraska, was 2,000 feet long, consisting of forty 50-ft. steel spans for eastbound traffic and forty spans westbound. This length was greater than required by the normal width of the river, but a substantial safety margin had been provided to allow for flood conditions when the stream became swollen. In recent years, dams constructed upstream on the river have eliminated the danger of flooding, and it was decided that the length of the bridge could safely be cut in half with a consequent significant saving in cost of upkeep. Accordingly, forty spans on the west end of the bridge were removed and replaced by an earth fill. The remaining forty spans were converted from open deck to ballast deck construction to further reduce maintenance costs. The spans removed were utilized for the substitution of a steel structure in place of an existing timber pile trestle over the North Platte River near Denman, Nebraska, with a view to reducing maintenance costs at this point also, as well as providing additional safety.

At Riverside, California, 3.1 miles of industrial tracks were constructed to serve a multi-million dollar aircraft plant and a large industrial tract being developed by the local Chamber of Commerce.

The microwave radio system between Laramie, Wyoming, and Salt Lake City, Utah, mentioned in last year's report, will be placed in service in 1963. Work has commenced on extension of the system to Los Angeles, California.

A large number of additional roadway machines were purchased for use of maintenance forces, including three multihead heavy-duty tie tampers and twelve track-liners with line indicators.



NEW PASSENGER STATION, POMONA, CALIFORNIA.

## AFFILIATED COMPANIES

### PACIFIC FRUIT EXPRESS COMPANY

Activities in the piggy-back field expanded rapidly, with acquisition of 425 mechanically refrigerated highway trailers in 1962. Orders were placed for 200 more units for delivery in 1963. The trailers are used primarily for eastbound shipments of fresh fruits and vegetables with return westbound loads of meats and other refrigerated freight.

To augment its present fleet of 2,700 mechanically refrigerated cars, the company will lease an additional 1,000 cars to be purchased by its parent companies—500 by Union Pacific and 500 by Southern Pacific. These will be larger than any refrigerated cars now in service, being almost 57 feet long with 4,000 cubic feet of lading space. They will be used for eastward transportation of all types of refrigerated commodities and for return loading of general freight.

### PORTLAND TRACTION COMPANY

This is a 61-mile railroad providing freight service in the vicinity of Portland, Oregon. With Interstate Commerce Commission approval, Union Pacific and Southern Pacific acquired joint and equal control of the company by purchase of all of its outstanding capital stock on April 2, 1962.

The chief freight business consists of movements of paper and paper products, forest products, and frozen foods, that originate in its territory, and shipments of forwarder traffic received from connections and terminating on its line. There is a substantial acreage of property available for industrial sites adjacent to the railroad, with good prospects for development of additional freight traffic.

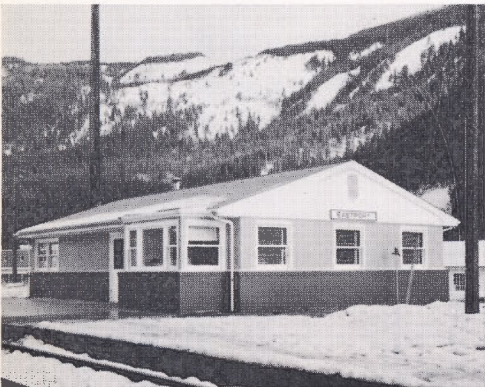
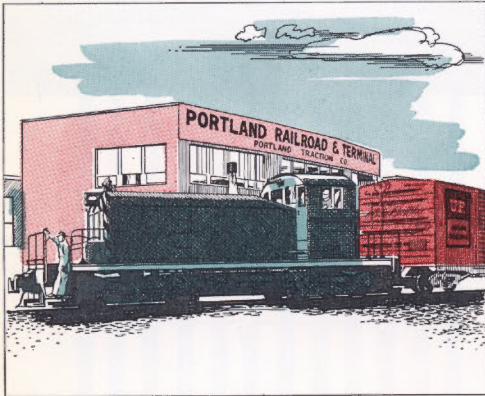
### SPOKANE INTERNATIONAL RAILROAD COMPANY

Income from transportation operations in 1962 was less than in the previous year, due chiefly to a decrease in freight revenue. Northbound movement of lumber declined because of unsatisfactory markets and competition of Canadian producers. Southbound movement of Canadian coal virtually ceased because of governmentally subsidized export coal sales to Japan, and shipments of fertilizer from Canada fell off because of competition of producers in the United States.

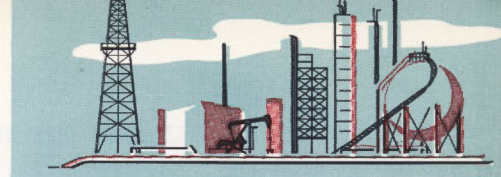
Property improvements in 1962 included: Heavier rail in 12 miles of main line, installation of 9,000 new cross-ties, and replacement of the old station at Eastport, Idaho, on the Canadian border, by a modern building.

### UNION PACIFIC MOTOR FREIGHT COMPANY

During 1962 this subsidiary extended its motor truck services that supplement the rail freight service of the Union Pacific, with the greatest expansion in terminal handling and pickup and delivery of trailers in Trailer-Freight Service. Wherever justified, additional Trailer-Freight rates have been arranged between the Union Pacific and connecting railroads, especially in connection with perishable traffic moving in the new refrigerated trailers of the Pacific Fruit Express Co.



# NATURAL RESOURCES DIVISION



## OIL AND GAS OPERATIONS

	1962	Increase (+) or Decrease (-) vs. 1961	
		Amount	Per cent
Receipts .....	\$39,299,898	— \$17,397	—
Production expenses (including depreciation) .....	\$12,473,083	+\$2,424,287	24.1
Taxes (other than income taxes*) .....	1,667,215	— 152,843	8.4
Development expenses .....	1,270,618	— 147,008	10.4
Total charges against receipts ..	\$15,410,916	+\$2,124,436	16.0
Net income from oil and gas operations .....	\$23,888,982	—\$2,141,833	8.2
Capitalized development costs ..	\$1,194,323	—\$3,223,718	73.0

\* Federal taxes on income from oil and gas operations were approximately \$7,089,500 in 1962 and \$7,818,900 in 1961.

The small decrease in *receipts* reflects principally the net effect of a drop in oil production from Patrick Draw field and an increase in such production from Wilmington field.

The increase in *production expenses* represents chiefly two extraordinary non-recurring charges in 1962 applicable to Wilmington field.

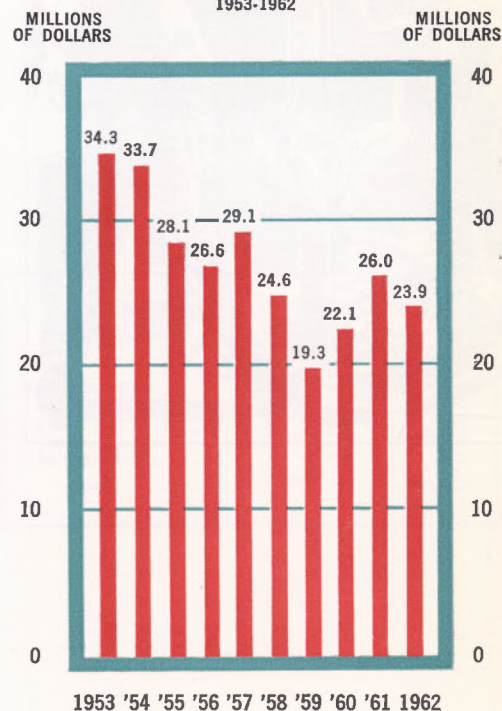
The decrease in *development expenses* was due to a substantial reduction in drilling in Patrick Draw field, partly offset by increased drilling in various other areas.

There was an increase in net income from **Wilmington field**—the first upward turn in net earnings from this field since 1957. Oil production showed a marked improvement because of expansion of the water injection program and re-drilling of a number of wells. However, the effect on income of the increased oil output was offset to a large extent by two substantial non-recurring charges in 1962; one charge was for adjustment of depreciation in connection with unitization of facilities in a portion of the field, and the other represented an estimated payment to be made under a proposed compromise settlement of the Government's suit for damages on account of land subsidence in the field, which has been mentioned in previous reports. Trial of that suit has been postponed in view of the settlement offer which has been favorably received by the various interested parties.

In the one remaining segment of Wilmington field, where Union Pacific properties are located, that has not been unitized, water flooding is being conducted on a cooperative basis.

The sharply reduced production of oil in **Patrick Draw field** resulted from curtailment measures necessitated by a rising gas-oil ratio (cubic feet of gas produced per barrel of oil) and restrictions in effect under Wyoming regulations governing the beneficial disposition of gas produced. The decrease in oil sales was partially offset by increased receipts from sale of products from the Company's gas processing plant in this field. During 1962 the plant processed approximately 9 billion cubic feet of gas

NET INCOME  
FROM OIL AND GAS OPERATIONS  
(BEFORE FEDERAL INCOME TAXES)  
1953-1962



that was produced along with oil, from which about 18.5 million gallons of liquid products were extracted. The Union Pacific share of the liquid products and residue gas is approximately 50 per cent. The Union Pacific also receives fees for processing the portion of the gas that is owned by other producers.

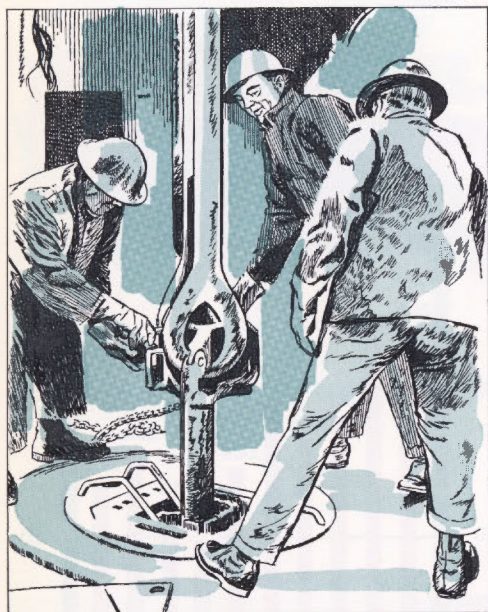
Drilling activity in Patrick Draw field was greatly reduced in 1962. Only five wells were drilled, all in the Arch Unit area, of which four were completed as productive oil wells and one as a gas well.

In Rangely field the water injection and gas injection programs were continued with beneficial results. The decline of 1.2 per cent in oil production during 1962 compares with a decline of 3 per cent in 1961.

In West Desert Springs field an additional productive oil well, wholly owned by Union Pacific, was completed during the year.

Two additional productive gas wells were completed in Table Rock field.

One additional productive gas well was completed in Desert Springs field (Playa Unit). However, all gas wells in this field are closed in pending development of a market outlet for the gas.



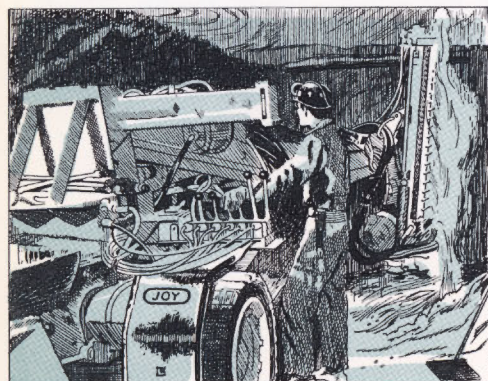
**Union Pacific Share of Oil and Gas Production in Principal Fields**

Principal oil fields	Wells at close of 1962	Approximate U.P.R.R. % of interest	Barrels of oil in 1962	Increase (+) or Decrease (-) vs. 1961	
				Barrels	Per cent
Wilmington (Calif.) . . . . .	1,329	53	7,869,712	+ 943,168	13.6
East Los Angeles (Calif.) . . . . .	33	50	181,830	+ 15,641	9.4
Patrick Draw (Wyo.) . . . . .	130	55	2,695,345	- 1,030,538	27.7
West Desert Springs (Wyo.) . . . . .	9	92*	135,051	+ 22,121	19.6
Rangely (Colo.) . . . . .	377	13	2,074,263	- 25,726	1.2
Pierce (Colo.) . . . . .	18	47	276,108	- 51,277	15.7
Total . . . . .			13,232,309	- 126,611	.9

Principal gas fields	Wells at close of 1962	Approximate U.P.R.R. % of interest	M cu. ft. of gas in 1962	Increase (+) or Decrease (-) vs. 1961	
				M cu. ft.	Per cent
Church Buttes (Wyo.) . . . . .	11	49	5,135,066	- 236,838	4.4
Table Rock (Wyo.) . . . . .	10	50	4,428,552†	+ 1,246,223	39.2
Total . . . . .			9,563,618	+ 1,009,385	11.8

\* Restated; no change from previous year.

† Includes "makeup gas," previously paid for by the purchaser under "take or pay" provisions of gas-sale contract.



**TRONA DEVELOPMENT**

The trona mine and refinery of Stauffer Chemical Company of Wyoming (49 per cent owned by Union Pacific) near Green River, Wyoming, were placed in operation in 1962 and by the end of the year, some 80,000 tons of trona had been mined, from which about 44,000 tons of merchantable soda ash were produced.

Trona operations conducted in the same general area by FMC Corporation (formerly Intermountain Chemical Company) continued to furnish the Union Pacific with substantial freight traffic during the year, as well as affording the Union Pacific royalties on production from the lands that it owns.

**IRON MOUNTAIN ORE STUDIES**

Laboratory studies with respect to recovery of titanium and vanadium from slag produced in the 1960 prototype iron-smelting experiments, were continued in 1962 with encouraging results, and arrangements were made to conduct a pilot plant program at Niagara Falls for recovery of such metals from the slag. A feasibility study for the combined smelting and slag-treating processes is being made by a firm specializing in such work.

**MINERAL EXPLORATION AND DEVELOPMENT**

During 1962 the Company's geologists conducted an investigation of a large beryllium-rich area near Mesquite, Nevada, which appears to hold promise for development of important quantities of this strategic material. In connection with this investigation, an excellent gypsum deposit was also subjected to a detailed geologic examination, and further study was made of a previously examined mica schist deposit in response to renewed commercial interest.

Reconnaissance surveys were conducted in areas tributary to the Company's main line in portions of Colorado, Wyoming, and Utah, for silica sand deposits which are of current interest in connection with possible establishment of a glass factory in the intermountain area.

**AFFILIATED COMPANIES**

**CALNEV PIPE LINE COMPANY**

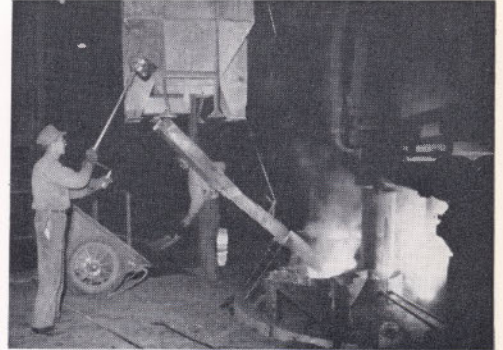
The terminal facilities, mentioned in last year's report as being required to obtain shipment of additional quantities of products through the company's pipe line, were completed and placed in operation in 1962. Average daily volume of products handled during the year was 28 per cent greater than in 1961.

Negotiations are under way with various companies to arrange for a further increase in pipe line volume.

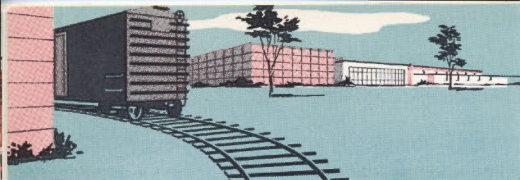
**UNION PACIFIC COAL COMPANY**

This wholly-owned subsidiary was the source of almost all of the enormous quantities of coal used by the Union Pacific Railroad Co. throughout its history. However, with the progressive replacement of steam locomotives by diesel power, the railroad's coal requirements gradually dwindled to the point where it was determined that further operation of the coal mines under existing conditions would be uneconomic. Accordingly in 1962 the Coal Company was dissolved and its properties were taken over by the Railroad Company.

There are still vast coal reserves underlying Company lands, which constitute a tremendous potential source of low cost energy, and the Company is constantly on the alert for the development of any industrial opportunities and technological advances that might hasten the resumption of extensive utilization of this mineral resource.



MINERAL ROYALTY INCOME		
	1962	Increase (+) or Decrease (-) vs. 1961
Royalties from:		
Oil and gas .....	\$395,977	- \$14,725
Coal .....	96,280	+ 3,247
Trona .....	266,788	+ 73,759
Miscellaneous .....	40,700	+ 1,342
Total .....	\$799,745	+ \$63,623



## LAND DIVISION

### INDUSTRIAL DEVELOPMENT

There was further encouraging industrial development during the year, with an increase of 304 industries located on Union Pacific tracks, and expansion of existing plant facilities by a substantial number of other industries served by the railroad. This healthy growth was well distributed over the Company's lines. Some typical examples of plant construction activities during the year are described below.

**Seattle, Washington:** A major electrical appliance manufacturer completed a 108,800 sq. ft. concrete building, costing \$1.5 million, on an 8.7-acre tract in the new Andover Industrial Park, for distribution of the industry's products to Alaska, Washington, Oregon, Idaho and Montana.

**Olympia, Washington:** A brewing company has started a \$4.5 million expansion program scheduled for completion in mid-1963.

**Vancouver, Washington:** A million-dollar expansion of extrusion plant facilities has been started by a major aluminum producer.

**Spokane, Washington:** Construction of a substantial plant has been completed by an oil company on property purchased from the Union Pacific at East Spokane, to stock lubricating oils and greases, tires, and automobile accessories, for distribution in a four-state marketing area.

**Portland, Oregon:** An important producer of canned and frozen foods constructed a 35,000 sq. ft. can factory on land acquired from the Union Pacific in the Rockwood Industrial District.

A 75,000 sq. ft. plant, costing approximately \$1 million, has been erected near the railroad's freight yard at Barnes, for the production of manganese steel parts for tractors and other heavy equipment.

**Lewiston, Idaho:** Construction of a paper mill, to cost about \$6 million, has been started by a recently formed corporation, for the production of paper towels, napkins, and tissues of various kinds.

**St. Anthony, Idaho:** A lumber manufacturing plant has been built on a 90-acre site, for production from lodge-pole pine of two-by-four studs for use in building construction. Annual capacity is more than 20 million board feet. The studs are shipped principally to users in the Midwest. Wood chips, a by-product, are shipped to paper mills in Wisconsin.

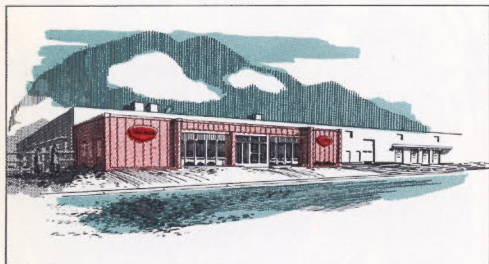
**Keetley, Utah:** Mining interests have expended \$2¼ million for expansion and improvements at this point, including new facilities for daily production of 400 tons of lead and zinc concentrates, constructed on 4.2 acres of land purchased from the Union Pacific.

**North Salt Lake, Utah:** A 75,000 sq. ft. warehouse and office building for distribution of automobile parts is under construction on a 9.3-acre industrial site acquired from the Union Pacific.

**City of Commerce, California:** Owners and developers of a 70-acre industrial tract have constructed a \$2 million office and warehouse building for lease to a large can manufacturer.

**Crestmore (Riverside), California:** The initial \$6 million phase of an \$18 million plant rebuilding program was completed and placed in operation by a cement company.

**Denver, Colorado:** A major manufacturer of food products purchased 3.2 acres of land in the Company's East Denver Industrial District



and is constructing on the site a sales and distribution warehouse which should be completed in a few months.

**Fort Collins, Colorado:** A \$3 million mill for the manufacture of steel pipe was completed in July, 1962, on a 20-acre site southeast of the city.

**Sidney, Nebraska:** A producer of vegetable oils expanded its operations by construction of extensive facilities for processing safflower seed grown locally. The product is used in cooking oils, blending paints, etc., and the residue provides a protein supplement adaptable for livestock feeding.

**Millard, Nebraska:** Construction is under way of an 80,000 sq. ft. warehouse and cold storage facility which will be placed in operation in the near future.

**Omaha, Nebraska:** A large manufacturer of telephone equipment and other products has completed construction of a \$3.5 million distribution warehouse in the Omaha Industrial Foundation area.

## PROPERTY ACQUISITIONS

The Company purchased additional land adjoining its 430-acre Roydale industrial tract at **Denver**.

Development work was completed during the year in the Company's 60-acre **North Salt Lake Industrial District**. This included construction of 5,000 feet of tracks, 5,800 feet of paved roads, and installation of extensive sewer and water lines.



AERIAL VIEW, NORTH SALT LAKE INDUSTRIAL DISTRICT.

## AFFILIATED COMPANIES

### LAS VEGAS LAND AND WATER COMPANY

Approximately 103 acres of additional land were acquired in the **City of Industry** (near Los Angeles) to be developed for lease or sale to traffic-producing industries. A chemical company has purchased a 14-acre site in this industrial district, on which it will construct a plant for the manufacture of polystyrene molding and other products.

### KANSAS CITY INDUSTRIAL LAND COMPANY

An 84,000 sq. ft. building on a 5-acre site in the **Fairfax Industrial District**, at **Kansas City, Kansas**, was sold to a manufacturer of plastics.

In the same district, a wholesale grocery firm completed a \$1 million addition to its warehouse facilities, doubling its previous capacity.

### UNION LAND COMPANY

This subsidiary sold a parcel of land in the **North Omaha Industrial District** to a major manufacturer of bakery products for construction of a 12,000 sq. ft. building to serve as a sales and distribution center.

Another tract in this district was sold to a developer who constructed a 13,000 sq. ft. warehouse and leased it on a long-term basis to a large manufacturer of mattresses, beds, couches, and other furniture.

## CENTRAL PACIFIC CASE

The Union Pacific's position in this case was upheld by an Interstate Commerce Commission decision dated October 1, 1962. By a vote of six Commissioners to five the Commission denied a petition filed by the Denver & Rio Grande Western in 1957 seeking nullification of one of the conditions imposed in an order of the Commission in 1923 when it approved continued control of Central Pacific by Southern Pacific. In denying the Rio Grande's petition, the Commission maintained the existing requirement 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. On November 21, 1962, the Rio Grande filed a petition with the Interstate Commerce Commission asking that it reconsider its decision of October 1st, and on December 17th the Union Pacific and Southern Pacific filed a brief in opposition to such action. On February 6, 1963, the Commission denied the Rio Grande's petition for reconsideration.

## FREIGHT REVENUE DIVISIONS

*I.C.C. Docket No. 31503.* In last year's annual report, reference was made to the progress of proceedings before the Interstate Commerce Commission arising out of the demands of Eastern and Midwestern railroads for greater shares of freight revenue on transcontinental traffic moving between points on such Eastern and Midwestern railroads and points on Western railroads such as the Union Pacific.

In its decision dated March 21, 1963, with four dissenting opinions, the Commission prescribed bases of divisions effective not later than July 1, 1963, under which the Eastern and Midwestern carriers would receive substantially greater shares of the freight revenue involved, and the Western carriers, including the Union Pacific, would receive correspondingly less; however, the Western carriers will request the Commission to reconsider its decision.

*I.C.C. Docket No. 31627.* In a separate proceeding involving divisions between Eastern railroads and Western Trunk Line railroads operating in the territory between Chicago and Denver, including Union Pacific, the Commission issued its order on May 7, 1962, prescribing divisions somewhat more favorable to the Eastern railroads than the present divisions. Suit has been instituted by a group of Western Trunk Lines in Federal court at Denver to set aside the Commission's order. The new divisions became effective December 23, 1962, but are subject to resettlement if the Commission's order is set aside by the court.

## RAILROAD MERGERS

We have dealt with this subject in previous reports and stated that the Union Pacific is actively interested in certain proposed railroad mergers and will take the necessary measures, consistent with the public interest, to safeguard the interests of the Company. Several merger proposals of particular interest to the Union Pacific have been mentioned; following is a brief recapitulation of developments in the related proceedings before the Interstate Commerce Commission.

**Proposals for control of Western Pacific:** Hearings before the Interstate Commerce Commission on the applications by Southern Pacific and Santa Fe for authority to acquire control of Western Pacific were concluded on November 21, 1961. Briefs were filed by all parties on May 1, 1962. The Union Pacific's brief strongly urged that the application of the Southern Pacific be granted and that of the Santa Fe be denied. The Examiner had not issued his proposed report at the time this annual report went to press.

**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 would form a railroad system of about 25,000 miles extending from the North Pacific Coast to the Great Lakes. The 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 the interchange of traffic in the event the merger is approved. Satisfactory conditions were stipulated by the applicants and made a part of the record. During the course of the many public hearings the Milwaukee Road presented evidence in support of a condition which, if granted by the Commission, would give that line trackage rights from Longview Junction, Washington, to Portland, Oregon, where it does not now operate. The Union Pacific presented evidence in opposition to this condition. Hearings have been concluded and briefs were filed by all parties, including the Union Pacific, on January 4, 1963.

## **ROCK ISLAND**

Your management has been actively studying the prospective situation of the Union Pacific in light of the proposed mergers of various railroads with which it competes or with which it interchanges a substantial volume of freight traffic. A number of measures have been taken to protect the Company's interests in other acquisition and merger proposals. However, important though such defensive policies are, the Union Pacific must also consider any other possible moves to strengthen its strategic position. Preliminary study indicated the possibility that merger with the Chicago, Rock Island & Pacific might be advantageous. In the latter half of 1962 Southern Pacific Co. undertook a study of the possibility of a Southern Pacific-Rock Island merger. This led to recognition of an interest on the part of the Union Pacific and indicated the desirability of further studies on a joint basis. Such joint studies were thereupon undertaken with the Southern Pacific and are continuing at the date of this report with the Rock Island management's full cooperation.

## **FEDERAL LEGISLATION**

In recent years comments and reports from many independent sources have widely supported what the railroads have been saying for a long time — that their economic problems stem from a combination of discriminatory over-regulation, over-taxation (both Federal and local) and governmental subsidization of their competitors by highway, air and water. Recognition of this situation found expression in President Kennedy's 1962 Transportation Message to Congress in which he recommended that the basic national transportation policy have as its aim "equality of opportunity for all forms of transportation" with "greater reliance on the forces of competition and less reliance on the restraints of regulation."








President Kennedy pointed out several specific areas where corrective legislation is required. Of particular importance to the railroads was his recommendation for legislation eliminating the existing discriminatory situation whereby transportation of agricultural commodities by motor carriers and of bulk commodities by water carriers is entirely exempt from rate regulation by the Interstate Commerce Commission, while transportation of these same commodities by railroad is subject to complete regulation. Other legislation proposed by the President included elimination of the 10% excise tax on passenger fares and imposition of taxes on airplane and water vessel fuels and on airline passenger tickets and freight waybills to help compensate for use of facilities furnished at public expense. The President referred to these as "user charges." Although strongly supported by the railroad industry and independent shipper groups, little of the proposed transportation legislation was enacted in 1962, except for repeal of the 10% excise tax on passenger fares, effective November 16, 1962.

In his 1963 Transportation Message on March 5th the President again pointed out that the Federal transportation laws should provide for equal competitive opportunity for all modes of transportation, without special preferences. Bills have again been introduced in Congress (S. 1061 and H.R. 4700) to exempt railroads from minimum rate regulation in the transportation of agricultural and bulk commodities and thus put them on a competitive equality with the truck and water carriers. The President suggested that an alternative method of achieving this equality would be through extension of regulation to truck and water transportation of agricultural and bulk commodities. It is likely that bills embodying this alternative proposal will also be introduced. We hope that our Stockholders will interest themselves in and support all legislation that will correct discrimination against the railroads.

PACIFIC OCEAN

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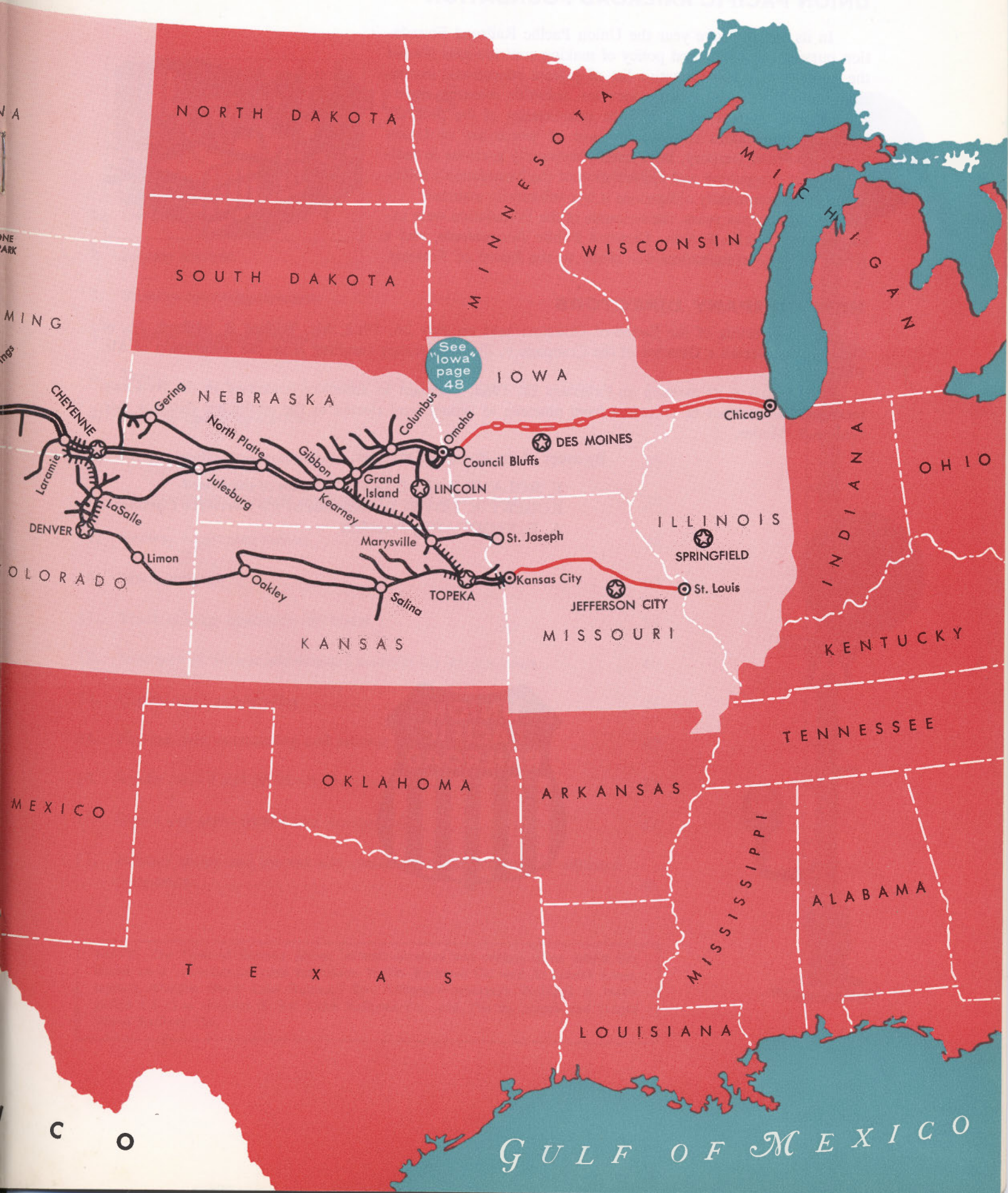
# UNION PACIFIC RAILROAD

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



*Serves All the West!*

MEXICO



## UNION PACIFIC RAILROAD FOUNDATION

In its fourth active year the Union Pacific Railroad Foundation pursued its established policy of making contributions toward the support of a representative list of private educational institutions, hospitals, social welfare agencies, scientific research undertakings, and cultural activities. The beneficiaries of the program and the communities they serve, most of which are in Union Pacific Railroad territory, have been consistently gracious in indicating their recognition and appreciation of the Foundation's fulfillment of the community obligations it has voluntarily assumed.

As in previous years, the accounts of the Foundation were examined by Haskins & Sells, Certified Public Accountants, and a report of their examination was made to the Board of Trustees.



## NEW COMPANY DIRECTORS

At the meeting of the Board of Directors held on July 26, 1962, Mr. Willard B. Millard, Jr., of Omaha, was elected a Director of the Company to fill the vacancy resulting from the resignation of Mr. Elgin Hicks.

The Board at its meeting on February 28, 1963, pursuant to authority contained in the By-Laws, increased the number of Directors from nineteen to twenty, and elected as the additional Director, Mr. George S. Moore.

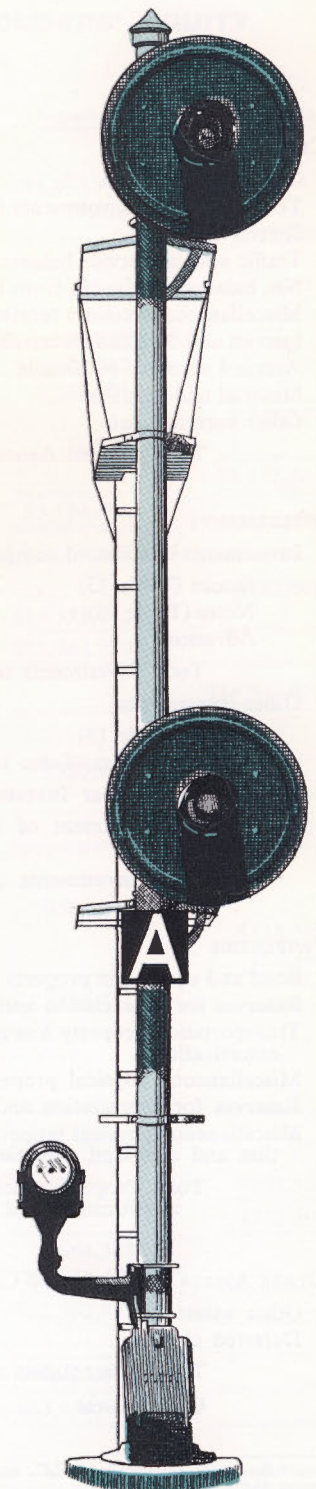
By order of the Board of Directors,

E. ROLAND HARRIMAN, *Chairman of the Board*  
ROBERT A. LOVETT, *Chairman of the Executive Committee*  
A. E. STODDARD, *President*

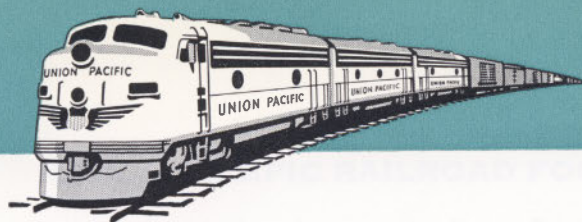


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NOTE: The General Balance Sheet, Income Account and certain other tables, are stated on a consolidated basis for Union Pacific Railroad Co. and its Leased Lines, namely, Oregon Short Line Railroad Co., Oregon-Washington Railroad & Navigation Co., Los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



# UNION PACIFIC

**TABLE 1—GENERAL BALANCE SHEET—ASSETS**

	December 31, 1962	December 31, 1961	Increase	Decrease
<b>CURRENT ASSETS</b>				
Cash .....	\$39,385,244	\$36,897,689	\$2,487,555	
Temporary cash investments (Table 16) .....	137,597,264	100,740,370	36,856,894	
Special deposits .....	102,738	120,888		\$18,150
Traffic and car-service balances—net .....	12,417,518	12,806,802		389,284
Net balance receivable from agents and conductors ..	7,288,084	9,056,886		1,768,802
Miscellaneous accounts receivable .....	9,675,108	13,050,521		3,375,413
Interest and dividends receivable .....	1,872,705	1,388,618	484,087	
Accrued accounts receivable .....	23,188,642	19,919,809	3,268,833	
Material and supplies .....	23,566,471	21,450,127	2,116,344	
Other current assets .....	510,491	799,853		289,362
Total Current Assets .....	<u>\$255,604,265</u>	<u>\$216,231,563</u>	<u>\$39,372,702</u>	
<b>INVESTMENTS</b>				
Investments in affiliated companies:				
Stocks (Table 15) .....	\$28,614,366	\$26,830,675	\$1,783,691	
Notes (Table 16) .....	27,295,660	25,480,248	1,815,412	
Advances .....	30,536,723	30,567,205		\$30,482
Total Investments in Affiliated Companies .....	<u>\$86,446,749</u>	<u>\$82,878,128</u>	<u>\$3,568,621</u>	
Other investments:				
Stocks (Table 15) .....	\$43,004,094	\$43,004,094		
Bonds and notes (Table 16) .....	5,986,382	6,420,146		\$433,764
Total Other Investments .....	<u>\$48,990,476</u>	<u>\$49,424,240</u>		<u>\$433,764</u>
Reserve for adjustment of investments in securities (credit) .....	<u>\$19,132,314</u>	<u>\$19,132,314</u>		
Total Investments .....	<u>\$116,304,911</u>	<u>\$113,170,054</u>	<u>\$3,134,857</u>	
<b>PROPERTIES</b>				
Road and equipment property .....	\$1,630,823,163	\$1,592,283,569*	\$38,539,594	
Reserves for depreciation and amortization .....	391,000,996	373,964,557	17,036,439	
Transportation property less recorded depreciation and amortization .....	\$1,239,822,167	\$1,218,319,012	\$21,503,155	
Miscellaneous physical property .....	\$66,491,585	\$52,583,374	\$13,908,211†	
Reserves for depreciation and coal-land depletion....	42,147,141	30,263,828	11,883,313	
Miscellaneous physical property less recorded deprecia- tion and coal-land depletion .....	\$24,344,444	\$22,319,546	\$2,024,898	
Total Properties (less recorded depreciation, amortization and coal-land depletion)....	<u>\$1,264,166,611</u>	<u>\$1,240,638,558</u>	<u>\$23,528,053</u>	
<b>OTHER ASSETS AND DEFERRED CHARGES</b>				
Other assets .....	\$5,091,755	\$5,245,542		\$153,787
Deferred charges .....	2,271,319	4,518,396		2,247,077
Total Other Assets and Deferred Charges .....	<u>\$7,363,074</u>	<u>\$9,763,938</u>		<u>\$2,400,864</u>
Grand Total .....	<u>\$1,643,438,861</u>	<u>\$1,579,804,113</u>	<u>\$63,634,748</u>	

\* Restated, because of I.C.C. order, by including credit of \$42,386,310, shown last year in account, "Donations and grants (credit)," which was abolished under the order.

† Chiefly properties acquired through liquidation of Union Pacific Coal Co. (see page 19).

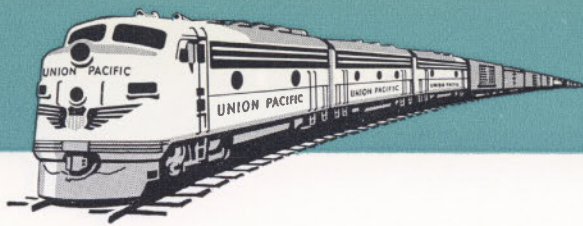
# 1962 ANNUAL REPORT

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

	<u>December 31,</u> <u>1962</u>	<u>December 31,</u> <u>1961</u>	<u>Increase</u>	<u>Decrease</u>
<b>CURRENT LIABILITIES</b>				
Audited accounts and wages payable .....	\$17,672,733	\$15,998,759	\$1,673,974	
Miscellaneous accounts payable .....	1,473,297	1,284,474	188,823	
Interest matured unpaid .....	20,357	24,205		\$3,848
<b>Dividends matured unpaid:</b>				
Dividend on common stock payable in January of following year .....	15,700,465	15,700,465		
Dividends due but unclaimed .....	399,272	388,343	10,929	
Unmatured interest accrued .....	1,175,609	1,097,047	78,562	
Accrued accounts payable .....	33,952,313	28,683,352	5,268,961	
Taxes accrued .....	35,667,890	45,064,247		9,396,357
Other current liabilities .....	3,165,448	3,109,156	56,292	
<b>Total Current Liabilities</b> .....	<u>\$109,227,384</u>	<u>\$111,350,048</u>		<u>\$2,122,664</u>
<b>EQUIPMENT OBLIGATIONS DUE WITHIN ONE YEAR</b> .....	<u>\$3,124,698</u>	<u>.....</u>	<u>\$3,124,698</u>	
<b>FUNDED DEBT (Table 14)</b>				
Bonds .....	\$111,992,000	\$112,579,000		\$587,000
Equipment obligations .....	16,551,330	.....	\$16,551,330	
<b>Total Funded Debt</b> .....	<u>\$128,543,330</u>	<u>\$112,579,000</u>	<u>\$15,964,330</u>	
<b>AMOUNTS PAYABLE TO AFFILIATED COMPANIES</b> .....	<u>\$9,421,697</u>	<u>\$25,370,719</u>		<u>\$15,949,022</u>
<b>RESERVES</b>				
Fire insurance reserve .....	\$33,256,459	\$32,728,507	\$527,952	
Casualty and other reserves .....	11,600,434	12,149,764		\$549,330
<b>Total Reserves</b> .....	<u>\$44,856,893</u>	<u>\$44,878,271</u>		<u>\$21,378</u>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>				
Other liabilities .....	\$801,481	\$296,609	\$504,872	
Unamortized premium on funded debt .....	1,934,439	2,072,746		\$138,307
Other deferred credits .....	4,563,895	4,720,042		156,147
<b>Total Other Liabilities and Deferred Credits</b> .....	<u>\$7,299,815</u>	<u>\$7,089,397</u>	<u>\$210,418</u>	
<b>STOCKHOLDERS' EQUITY</b>				
Common stock .....	\$224,302,350	\$224,302,350		
Preferred stock .....	99,587,081	99,587,081		
<b>Total Capital Stock (Table 13)</b> .....	<u>\$323,889,431</u>	<u>\$323,889,431</u>		
Premium on common stock .....	\$4,327,919	\$4,327,919		
Other capital surplus .....	2,742,942	2,995,451		\$252,509
<b>Total Capital Surplus</b> .....	<u>\$7,070,861</u>	<u>\$7,323,370</u>		<u>\$252,509</u>
Retained income—appropriated .....	\$49,895,426	\$49,231,038	\$664,388	
<b>Retained income—unappropriated</b> .....	<u>920,523,894</u>	<u>858,507,407</u>	<u>62,016,487</u>	
<b>Total Retained Income (see page 11)</b> .....	<u>\$970,419,320</u>	<u>\$907,738,445</u>	<u>\$62,680,875</u>	
Consolidation surplus† .....	\$39,585,432	\$39,585,432		
<b>Total Stockholders' Equity</b> .....	<u>\$1,340,965,044</u>	<u>\$1,278,536,678</u>	<u>\$62,428,366</u>	
<b>Grand Total</b> .....	<u>\$1,643,438,861</u>	<u>\$1,579,804,113</u>	<u>\$63,634,748</u>	

NOTE: Balance sheet is prepared in accordance with I.C.C. accounting regulations and therefore does not reflect the cumulative effect of certain reductions in Federal income taxes due to deductions for depreciation and amortization allowed for tax purposes in excess of such amounts accrued in the accounts, and the temporary tax savings portion of the investment credit (see page 7). As of December 31, 1962, such tax reductions have amounted to approximately \$105,000,000, which it is anticipated will be offset by increased taxes at some future time.

† 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	1962	1961 (restated)	Increase (+) or Decrease (-)
Operating revenues (Table 3) .....	\$512,124,915	\$499,324,448	+\$12,800,467
Operating expenses (Table 4) .....	370,157,101	360,798,813	+ 9,358,288
Revenues over expenses .....	\$141,967,814	\$138,525,635	+ \$3,442,179
*Railway tax accruals (Table 5) .....	73,469,279	86,610,789	- 13,141,510
Railway Operating Income .....	\$68,498,535	\$51,914,846	+\$16,583,689
Equipment rents (debit) .....	20,167,039	19,029,381	+ 1,137,658
Joint facility rents (debit) .....	1,556,168	1,702,854	- 146,686
<b>Net Income from Transportation Operations</b> .....	<b>\$46,775,328</b>	<b>\$31,182,611</b>	<b>+\$15,592,717</b>
<b>INCOME FROM INVESTMENTS AND OTHER SOURCES</b>			
*Net income from oil and gas operations (see page 17) .....	\$23,888,982	\$26,030,815	- \$2,141,833
Royalties from oil and gas leases .....	395,977	410,702	- 14,725
Dividends on stocks owned (Table 15) .....	4,374,624	4,418,546	- 43,922
Interest on bonds and notes owned (Table 16) .....	5,071,887	3,968,854	+ 1,103,033
Other interest income .....	675,077	548,777	+ 126,300
Rents from lease of road .....	122,579	122,579	
Miscellaneous rents .....	804,350	806,669	- 2,319
Miscellaneous income .....	2,863,146	3,448,918	- 585,772
Profits and losses—net (property sales, etc.) .....	1,067,766	2,442,946	- 1,375,180
Total .....	\$39,264,388	\$42,198,806	- \$2,934,418
Total Income .....	\$86,039,716	\$73,381,417	+\$12,658,299
Miscellaneous tax accruals .....	\$311,685	\$534,888	- \$223,203
Other deductions from income .....	84,167	448,776	- 364,609
Total deductions from income .....	\$395,852	\$983,664	- \$587,812
<b>Income available for fixed charges</b> .....	<b>\$85,643,864</b>	<b>\$72,397,753</b>	<b>+\$13,246,111</b>
<b>FIXED CHARGES</b>			
Interest on funded debt .....	\$3,141,455	\$2,996,256	+ \$145,199
Other fixed charges .....	12,283	15,372	- 3,089
Total .....	\$3,153,738	\$3,011,628	+ \$142,110
Net income under accounting rules prescribed by I.C.C. ....	\$82,490,126	\$69,386,125	+\$13,104,001
†Reduction necessary to conform accounting for current Federal income taxes to generally accepted accounting principles .....	13,860,492	3,117,024	+ 10,743,468
<b>NET INCOME</b> .....	<b>\$68,629,634</b>	<b>\$66,269,101</b>	<b>+\$2,360,533</b>
Net income per share of common stock (after preferred dividends):			
Under accounting rules prescribed by I.C.C. ....	\$3.50	\$2.92	+ \$ .58
Under generally accepted accounting principles .....	2.88	2.78	+ .10

### DIVIDENDS DECLARED ON UNION PACIFIC RAILROAD CO. STOCK

On preferred stock (4%) .....	\$3,981,724	\$3,981,724	—
On common stock (see page 10) .....	35,886,776	35,886,776	—
Total dividends declared .....	\$39,868,500	\$39,868,500	—

\* "Railway tax accruals" include Federal taxes on income from all sources. Such taxes on income from oil and gas operations were approximately \$7,089,500 in 1962 and \$7,818,900 in 1961.

† Reduction consists of (1) the tax effect arising from excess of depreciation and amortization allowed for tax purposes over depreciation recorded in the accounts under accounting rules prescribed by the Interstate Commerce Commission, and (2) a portion (52%) of the 7% investment tax credit, both of which it is anticipated will be offset by additional taxes in future years.



# 1962 ANNUAL REPORT

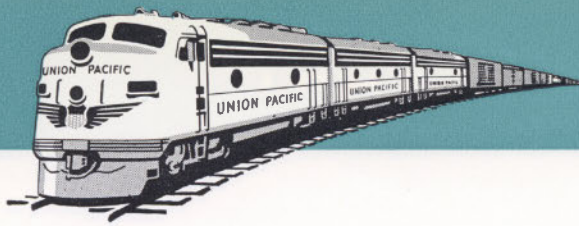
### TABLE 3—RAILWAY OPERATING REVENUES

		1962	1961	Increase (+) or Decrease (-)
Transportation	Freight .....	\$442,509,460	\$432,656,039	+ \$9,853,421
	Passenger .....	27,516,029	26,577,395	+ 938,634
	Baggage .....	77,481	72,014	+ 5,467
	Mail .....	23,061,713	21,987,392	+ 1,074,321
	Express .....	4,325,499	4,672,852	- 347,353
	Other passenger-train .....	169,009	183,751	- 14,742
	Milk .....	56,675	57,147	- 472
	Switching .....	7,011,471	6,334,185	+ 677,286
	Other .....	10,807	9,834	+ 973
		Total .....	<u>\$504,738,144</u>	<u>\$492,550,609</u>
Incidental	Dining and buffet .....	\$3,605,065	\$3,455,291	+ \$149,774
	Hotel and restaurant .....	463,312	409,307	+ 54,005
	Station, train, and boat privileges .....	108,324	103,439	+ 4,885
	Demurrage .....	1,137,598	920,139	+ 217,459
	Communication .....	64,789	71,276	- 6,487
	Rents of buildings and other property .....	457,033	479,102	- 22,069
	Miscellaneous .....	1,209,002	1,043,740	+ 165,262
	Total .....	<u>\$7,045,123</u>	<u>\$6,482,294</u>	<u>+ \$562,829</u>
Joint Facility	Joint facility—credit .....	\$471,081	\$435,416	+ \$35,665
	Joint facility—debit .....	129,433	143,871	- 14,438
	Total .....	<u>\$341,648</u>	<u>\$291,545</u>	<u>+ \$50,103</u>
	Total Operating Revenues .....	<u><b>\$512,124,915</b></u>	<u><b>\$499,324,448</b></u>	<u><b>+ \$12,800,467</b></u>

### TABLE 4—RAILWAY OPERATING EXPENSES

		1962	1961	Increase (+) or Decrease (-)	
MAINTENANCE OF WAY AND STRUCTURES					
Supervision	Superintendence .....	\$4,679,340	\$4,358,337	+ \$321,003	
	Roadway maintenance .....	\$3,518,621	\$2,761,607	+ \$757,014	
	Tunnels and subways .....	97,879	43,486	+ 54,393	
	Bridges, trestles, and culverts .....	1,731,303	1,790,232	- 58,929	
	Ties .....	3,356,193	2,734,841	+ 621,352	
	Rails .....	2,468,061	2,704,607	- 236,546	
	Roadway and Track	Other track material .....	2,751,746	3,384,558	- 632,812
		Ballast .....	742,001	501,476	+ 240,525
		Track laying and surfacing .....	15,116,644	14,557,651	+ 558,993
		Fences, snowsheds, and signs .....	434,419	291,030	+ 143,389
		Communication systems .....	950,043	909,701	+ 40,342
		Signals and interlockers .....	2,050,252	1,921,430	+ 128,822
		Removing snow, ice, and sand .....	763,242	460,930	+ 302,312
	Total .....	<u>\$33,980,404</u>	<u>\$32,061,549</u>	<u>+ \$1,918,855</u>	
Structures	Station and office buildings .....	\$2,160,715	\$1,514,535	+ \$646,180	
	Roadway buildings .....	247,860	161,699	+ 86,161	
	Water stations .....	170,807	173,344	- 2,537	
	Fuel stations .....	148,577	127,320	+ 21,257	
	Shops and enginehouses .....	1,285,048	1,085,757	+ 199,291	
	Wharves and docks .....	27,628	7,275	+ 20,353	
	Power plants .....	62,813	77,090	- 14,277	
	Power-transmission systems .....	240,447	227,560	+ 12,887	
	Miscellaneous structures .....	38,175	29,251	+ 8,924	
		Total .....	<u>\$4,382,070</u>	<u>\$3,403,831</u>	<u>+ \$978,239</u>
Miscellaneous	Roadway machines .....	\$960,181	\$615,405	+ \$344,776	
	Dismantling retired road property .....	435,402	282,278	+ 153,124	
	Small tools and supplies .....	1,512,657	1,456,429	+ 56,228	
	Public improvements—maintenance .....	479,178	576,449	- 97,271	
	Injuries to persons .....	465,728	490,082	- 24,354	
	Insurance .....	95,649	100,540	- 4,891	
	Stationery and printing .....	81,194	77,933	+ 3,261	
	Right-of-way expenses .....	6,692	8,155	- 1,463	
	Employees' health and welfare benefits .....	1,612,054	1,412,727	+ 199,327	
	Other expenses .....	96,829	106,741	- 9,912	
Depreciation and Retirements	Maintaining joint tracks, yards, and other facilities—debit .....	2,630,077	2,568,973	+ 61,104	
	Maintaining joint tracks, yards, and other facilities—credit .....	1,439,940	1,234,588	+ 205,352	
	Total .....	<u>\$6,935,701</u>	<u>\$6,461,124</u>	<u>+ \$474,577</u>	
	Road property—depreciation .....	\$6,370,477	\$6,333,381	+ \$37,096	
	Retirements—road .....	728,561	2,249,307	- 1,520,746	
	Total .....	<u>\$7,099,038</u>	<u>\$8,582,688</u>	<u>- \$1,483,650</u>	
	Total Maintenance of Way and Structures .....	<u><b>\$57,076,553</b></u>	<u><b>\$54,867,529*</b></u>	<u><b>+ \$2,209,024</b></u>	
	Percentage Ratio to Operating Revenues .....	<u><b>11.14</b></u>	<u><b>10.99</b></u>	<u><b>+ .15</b></u>	

\* Restated due to change, effective in 1962, in I.C.C. accounting distribution of expenses for employees' health and welfare benefits.



**TABLE 4—RAILWAY OPERATING EXPENSES—(Continued)**

		1962	1961	Increase (+) or Decrease (-)
<b>MAINTENANCE OF EQUIPMENT</b>				
<b>Supervision</b> .....	{ Superintendence .....	\$3,865,428	\$3,742,198	+ \$123,230
	{ Steam locomotives—repairs .....	\$120,687*	\$267,794*	+ \$147,107
	{ Diesel and gas-turbine locomotives—repairs .....	26,146,391	24,539,218	+ 1,607,173
<b>Equipment Repairs</b> .....	{ Freight-train cars—repairs .....	15,442,454	17,564,005	- 2,121,551
	{ Passenger-train cars—repairs .....	6,851,059	5,959,721	+ 891,338
	{ Work equipment—repairs .....	404,862	340,885	+ 63,977
	{ Miscellaneous equipment—repairs .....	708,144	579,778	+ 128,366
	<b>Total</b> .....	<b>\$49,432,223</b>	<b>\$48,715,813</b>	<b>+ \$716,410</b>
	{ Shop machinery .....	\$1,150,506	\$1,125,413	+ \$25,093
	{ Power-plant machinery .....	250,385	272,331	- 21,946
	{ Dismantling retired equipment .....	106,553	151,547	- 44,994
	{ Injuries to persons .....	412,377	379,309	+ 33,068
<b>Miscellaneous</b> .....	{ Insurance .....	784,292	754,750	+ 29,542
	{ Stationery and printing .....	71,777	66,251	+ 5,526
	{ Employees' health and welfare benefits .....	2,442,378	2,159,466	+ 282,912
	{ Other expenses .....	313,096	1,305,770	- 992,674
	{ Joint maintenance of equipment expenses—debit .....	600,497	564,249	+ 36,248
	{ Joint maintenance of equipment expenses—credit .....	24,357	96,516	- 72,159
	<b>Total</b> .....	<b>\$6,107,504</b>	<b>\$6,682,570</b>	<b>- \$575,066</b>
<b>Depreciation and Retirements</b> .....	{ Equipment—depreciation .....	\$32,353,361	\$31,316,354	+ \$1,037,007
	{ Shop and power-plant machinery—depreciation .....	379,599	382,801	- 3,202
	{ Retirements—equipment .....	151,612*	118,609*	- 33,003
	<b>Total</b> .....	<b>\$32,581,348</b>	<b>\$31,580,546</b>	<b>+ \$1,000,802</b>
	<b>Total Maintenance of Equipment</b> .....	<b>\$91,986,503</b>	<b>\$90,721,127†</b>	<b>+ \$1,265,376</b>
	<b>Percentage Ratio to Operating Revenues</b> .....	<b>17.96</b>	<b>18.17</b>	<b>- .21</b>
<b>TRAFFIC</b>				
<b>Traffic Promotion</b> .....	{ Superintendence .....	\$2,721,635	\$2,621,106	+ \$100,529
	{ Outside agencies .....	7,262,611	7,125,620	+ 136,991
	{ Advertising .....	2,508,332	2,341,572	+ 166,760
	{ Traffic associations .....	299,140	328,287	- 29,147
	{ Industrial and immigration bureaus .....	316,962	335,307	- 18,345
	<b>Total</b> .....	<b>\$13,108,680</b>	<b>\$12,751,892</b>	<b>+ \$356,788</b>
<b>Miscellaneous</b> .....	{ Insurance .....	\$12,672	\$14,900	- \$2,228
	{ Stationery and printing .....	477,648	450,269	+ 27,379
	{ Employees' health and welfare benefits .....	308,158	248,476	+ 59,682
	{ Other expenses .....	825	2,465*	+ 3,290
	<b>Total</b> .....	<b>\$799,303</b>	<b>\$711,180</b>	<b>+ \$88,123</b>
	<b>Total Traffic</b> .....	<b>\$13,907,983</b>	<b>\$13,463,072†</b>	<b>+ \$444,911</b>
	<b>Percentage Ratio to Operating Revenues</b> .....	<b>2.72</b>	<b>2.70</b>	<b>+ .02</b>
<b>TRANSPORTATION</b>				
<b>Supervision</b> .....	{ Superintendence .....	\$5,450,035	\$5,361,443	+ \$88,592
	{ Dispatching trains .....	2,370,404	2,359,431	+ 10,973
	<b>Total</b> .....	<b>\$7,820,439</b>	<b>\$7,720,874</b>	<b>+ \$99,565</b>
<b>Station Service</b> .....	{ Station employees .....	\$18,631,496	\$18,077,885	+ \$553,611
	{ Weighing, inspection, and demurrage bureaus .....	393,095	371,903	+ 21,192
	{ Station supplies and expenses .....	1,590,643	1,548,369	+ 42,274
	<b>Total</b> .....	<b>\$20,615,234</b>	<b>\$19,998,157</b>	<b>+ \$617,077</b>

\* Credit.

† Restated due to change, effective in 1962, in I.C.C. accounting distribution of expenses for employees' health and welfare benefits.

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**TABLE 4—RAILWAY OPERATING EXPENSES—(Continued)**

TRANSPORTATION (Concluded)		1962	1961	Increase (+) or Decrease (-)
Yard Service	Yardmasters and yard clerks	\$7,551,904	\$7,254,121	+ \$297,783
	Yard conductors and brakemen	14,473,088	14,124,586	+ 348,502
	Yard switch and signal tenders	842,028	832,598	+ 9,430
	Yard enginemen	8,436,621	8,151,458	+ 285,163
	Yard switching fuel	996,227	1,012,256	- 16,029
	Lubricants for yard locomotives	123,153	119,930	+ 3,223
	Other supplies for yard locomotives	66,892	64,711	+ 2,181
	Enginehouse expenses—yard	1,695,454	1,279,450	+ 416,004
	Yard supplies and expenses	614,261	531,330	+ 82,931
	Total	<u>\$33,799,628</u>	<u>\$33,370,440</u>	<u>+ \$1,429,188</u>
Train Service	Train enginemen	\$21,195,951	\$20,699,655	+ \$496,296
	Trainmen	29,384,260	28,812,462	+ 571,798
	Train fuel	21,084,296	20,804,964	+ 279,332
	Water for train locomotives	328,925	321,102	+ 7,823
	Lubricants for train locomotives	1,736,616	1,726,519	+ 10,097
	Other supplies for train locomotives	271,991	270,200	+ 1,791
	Enginehouse expenses—train	4,974,470	5,393,150	- 418,680
	Train supplies and expenses	13,624,510	13,544,765	+ 79,745
	Operating sleeping cars	1,138,676	939,326	+ 199,350
	Total	<u>\$93,739,695</u>	<u>\$92,512,143</u>	<u>+ \$1,227,552</u>
Casualties	Clearing wrecks	\$404,389	\$463,595	- \$59,206
	Damage to property	97,188	292,046	- 194,858
	Damage to livestock on right-of-way	50,733	37,481	+ 13,252
	Loss and damage—freight	6,572,078	5,995,819	+ 576,259
	Loss and damage—baggage	7,971	11,428	- 3,457
	Injuries to persons	1,921,213	2,176,878	- 255,665
Total	<u>\$9,053,572</u>	<u>\$8,977,247</u>	<u>+ \$76,325</u>	
Miscellaneous	Signal and interlocker operation	\$974,987	\$979,806	- \$4,819
	Crossing protection	598,409	583,949	+ 14,460
	Drawbridge operation	127,117	114,607	+ 12,510
	Communication system operation	1,462,036	1,444,951	+ 17,085
	Stationery and printing	622,496	641,613	- 19,117
	Insurance	228,588	238,234	- 9,646
	Employees' health and welfare benefits	1,980,582	1,667,133	+ 313,449
	Other expenses	368,955	345,339	+ 23,616
	Operating joint yards and terminals—debit	7,948,443	7,516,998	+ 431,445
	Operating joint yards and terminals—credit	2,508,259	2,627,183	- 118,924
	Operating joint tracks and facilities—debit	777,261	832,091	- 54,830
	Operating joint tracks and facilities—credit	237,309	269,366	- 32,057
	Total	<u>\$12,343,306</u>	<u>\$11,468,172</u>	<u>+ \$875,134</u>
<b>Total Transportation</b>	<b><u>\$178,371,874</u></b>	<b><u>\$174,047,033*</u></b>	<b><u>+ \$4,324,841</u></b>	
<b>Percentage Ratio to Operating Revenues</b>	<b><u>34.83</u></b>	<b><u>34.86</u></b>	<b><u>- .03</u></b>	
MISCELLANEOUS OPERATIONS				
Dining Car and Hotel	Dining and buffet service	\$6,376,197	\$6,246,853	+ \$129,344
	Hotels and restaurants	875,905	819,406	+ 56,499
	Total	<u>\$7,252,102</u>	<u>\$7,066,259</u>	<u>+ \$185,843</u>
Miscellaneous	Producing power sold	\$10,754	\$5,232	+ \$5,522
	Other miscellaneous operations	3,224	6,244	- 3,020
	Employees' health and welfare benefits	263,288	221,959	+ 41,329
	Operating joint miscellaneous facilities—debit	3,798	3,597	+ 201
	Total	<u>\$281,064</u>	<u>\$237,032</u>	<u>+ \$44,032</u>
<b>Total Miscellaneous Operations</b>	<b><u>\$7,533,166</u></b>	<b><u>\$7,303,291*</u></b>	<b><u>+ \$229,875</u></b>	
<b>Percentage Ratio to Operating Revenues</b>	<b><u>1.47</u></b>	<b><u>1.46</u></b>	<b><u>+ .01</u></b>	

\* Restated due to change, effective in 1962, in I.C.C. accounting distribution of expenses for employees' health and welfare benefits.



# UNION PACIFIC

**TABLE 4—RAILWAY OPERATING EXPENSES—(Concluded)**

		1962	1961	Increase (+) or Decrease (-)
<b>GENERAL</b>				
<b>Administration</b>	Salaries and expenses of general officers .....	\$1,750,379	\$1,725,136	+ \$25,243
	Salaries and expenses of clerks and attendants .....	10,429,907	10,105,253	+ 324,654
	General office supplies and expenses .....	1,612,063	1,616,785	- 4,722
	Law expenses .....	1,773,131	1,717,982	+ 55,149
	<b>Total</b> .....	<b>\$15,565,480</b>	<b>\$15,165,156</b>	<b>+ \$400,324</b>
<b>Miscellaneous</b>	Insurance .....	\$203,185	\$392,983	- \$189,798
	Employees' health and welfare benefits .....	596,807	498,391	+ 98,416
	Pensions .....	2,128,536	1,937,208	+ 191,328
	Stationery and printing .....	603,908	523,901	+ 80,007
	Other expenses .....	1,879,271	1,596,764	+ 282,507
	General joint facilities—debit .....	314,912	295,035	+ 19,877
	General joint facilities—credit .....	11,077	12,677	- 1,600
	<b>Total</b> .....	<b>\$5,715,542</b>	<b>\$5,231,605</b>	<b>+ \$483,937</b>
<b>Total General</b> .....		<b>\$21,281,022</b>	<b>\$20,396,761*</b>	<b>+ \$884,261</b>
<b>Percentage Ratio to Operating Revenues</b> .....		<b>4.16</b>	<b>4.08</b>	<b>+ .08</b>
<b>Total Operating Expenses</b> .....		<b>\$370,157,101</b>	<b>\$360,798,813</b>	<b>+ \$9,358,288</b>
<b>Percentage Ratio to Operating Revenues</b> .....		<b>72.28</b>	<b>72.26</b>	<b>+ .02</b>

\* Restated due to change, effective in 1962, in I.C.C. accounting distribution of expenses for employees' health and welfare benefits.

**TABLE 5—TAXES**

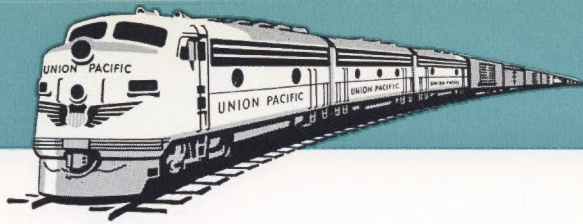
	1962	1961	Increase (+) or Decrease (-)
<b>Railway tax accruals:</b>			
<b>Federal:</b>			
Income .....	\$35,600,000	\$50,131,264†	-\$14,531,264
Retirement .....	11,979,259	11,128,100	+ 851,159
Unemployment insurance .....	6,610,671	6,192,570	+ 418,101
Other .....	21,874	25,779	- 3,905
<b>Total Federal</b> .....	<b>\$54,211,804</b>	<b>\$67,477,713</b>	<b>-\$13,265,909</b>
<b>State and county:</b>			
Ad valorem and other property taxes .....	\$16,586,121	\$16,763,020	- \$176,899
Income and franchise taxes .....	1,682,591	1,635,745	+ 46,846
Sales and use taxes .....	988,763	734,311	+ 254,452
<b>Total state and county</b> .....	<b>\$19,257,475</b>	<b>\$19,133,076</b>	<b>+ \$124,399</b>
<b>Total railway tax accruals</b> .....	<b>\$73,469,279</b>	<b>\$86,610,789</b>	<b>-\$13,141,510</b>
<b>Taxes on miscellaneous operating property</b> .....	<b>1,737,124</b>	<b>1,890,478</b>	<b>- 153,354</b>
<b>Miscellaneous tax accruals</b> .....	<b>311,685</b>	<b>534,888</b>	<b>- 223,203</b>
<b>Total taxes charged against income</b> .....	<b>\$75,518,088</b>	<b>\$89,036,155</b>	<b>-\$13,518,067</b>
<b>Federal income taxes charged against retained income</b> .....		<b>1,948,917†</b>	<b>- 1,948,917</b>
<b>Grand Total</b> .....	<b>\$75,518,088</b>	<b>\$90,985,072</b>	<b>-\$15,466,984</b>
<b>Taxes per share of common stock</b> .....	<b>\$3.37</b>	<b>\$4.06</b>	<b>-\$.69</b>

† Restated.

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## TABLE 6—RAILWAY OPERATING STATISTICS

	1962	1961	Increase	Decrease	Per Cent
Average miles of road operated .....	9,705.14	9,720.40		15.26	.2
<b>FREIGHT TRAFFIC</b>					
<b>Revenue Freight</b>					
Cars of revenue freight loaded on line .....	900,400	902,360		1,960	.2
Cars of revenue freight received from connections .....	716,497	725,139		8,642	1.2
Total cars of revenue freight handled .....	1,616,897	1,627,499		10,602	.7
Tons of revenue freight carried .....	56,993,275	55,998,920	994,355		1.8
Ton-miles, revenue freight .....	33,187,576,270	32,408,548,972	779,027,298		2.4
Average distance hauled per ton (miles) .....	582.31	578.74	3.57		.6
Average revenue per ton .....	\$7.76	\$7.73	\$.03		.4
Average revenue per ton-mile (cents) .....	1.333	1.335		.002	.1
Average revenue per train mile .....	\$18.47	\$18.25	\$.22		1.2
<b>Revenue and Company Freight</b>					
Tons of all freight carried .....	60,450,758	58,596,065	1,854,693		3.2
Ton-miles, all freight .....	34,406,394,132	33,324,333,694	1,082,060,438		3.2
Gross ton-miles (cars and contents) all freight .....	79,577,002,879	77,949,115,494	1,627,887,385		2.1
Average net ton-miles per mile of road per day .....	9,710	9,391	319		3.4
<b>PASSENGER TRAFFIC</b>					
Revenue passengers carried .....	1,470,361	1,446,114	24,247		1.7
Revenue passengers carried one mile .....	1,173,615,549	1,149,736,771	23,878,778		2.1
Average journey per passenger (miles) .....	798.18	795.05	3.13		.4
Average revenue per passenger-mile (cents) .....	2.345	2.312	.033		1.4
Average revenue per train mile—passengers only .....	\$3.35	\$3.25	\$.10		3.1
Average total revenue per train mile .....	\$5.88	\$5.73	\$.15		2.6
<b>TRAIN AND CAR STATISTICS</b>					
<b>Freight</b>					
Train miles—Ordinary .....	23,745,464	23,493,295	252,169		1.1
Light (locomotive with caboose) .....	209,847	217,751		7,904	3.6
Total .....	23,955,311	23,711,046	244,265		1.0
Train hours .....	839,293	833,572	5,721		.7
Locomotive miles .....	25,543,975	25,065,467	478,508		1.9
Car miles in freight trains:					
Freight cars—Loaded .....	1,139,118,080	1,132,747,802	6,370,278		.6
Freight cars—Empty .....	630,712,956	613,085,280	17,627,676		2.9
Caboose .....	23,679,128	23,410,777	268,351		1.1
Passenger-train cars .....	8,107,670	9,527,389		1,419,719	14.9
Total car miles .....	1,801,617,834	1,778,771,248	22,846,586		1.3
Average freight-train speed—miles per hour .....	28.54	28.45	.09		.3
Average tons per loaded car mile—all freight .....	30.16	29.38	.78		2.7
Average car miles per freight-train mile .....	74.53	74.31	.22		.3
Percentage of loaded to total freight-carrying car miles .....	64.36	64.88		.52	.8
Average net tons per train mile—all freight .....	1,448.62	1,418.22	30.40		2.1
Average gross tons per train mile .....	3,351.25	3,317.93	33.32		1.0
Average gross ton-miles per train hour .....	94,814	93,512	1,302		1.4
<b>Passenger</b>					
Train miles—Passenger .....	8,214,709	8,166,187	48,522		.6
Mail and express .....	1,795,679	1,789,906	5,773		.3
Total .....	10,010,388	9,956,093	54,295		.5
Train hours .....	194,496	193,748	748		.4
Locomotive miles .....	10,046,111	9,985,643	60,468		.6
Car miles in passenger trains:					
Passenger-carrying cars .....	70,046,356	68,299,495	1,746,861		2.6
Other passenger-train cars .....	72,535,763	72,550,123		14,360	.02
Freight-train cars .....	2,030,707	1,828,966	201,741		11.0
Total car miles .....	144,612,826	142,678,584	1,934,242		1.4
Average passenger-train speed—miles per hour .....	51.47	51.39	.08		.2
Average car miles per passenger-train mile .....	14.45	14.33	.12		.8
Average passengers per train mile .....	142.87	140.79	2.08		1.5
Average passengers per passenger-carrying car mile .....	18.25	18.23	.02		.1



**TABLE 7—FREIGHT TRAFFIC BY COMMODITIES**

Commodity	TONS				GROSS FREIGHT REVENUE			
	1962	Per Cent of Total	1961	Per Cent of Total	1962	Per Cent of Total	1961	Per Cent of Total
<b>PRODUCTS OF AGRICULTURE</b>								
Wheat	3,890,458	6.82	3,738,566	6.68	\$24,425,688	5.35	\$21,022,223	4.76
Corn	1,458,566	2.56	1,088,450	1.94	6,900,406	1.51	5,294,219	1.20
Other grain and grain products	2,193,060	3.85	2,066,156	3.69	9,570,923	2.10	9,057,601	2.05
Sugar beets	3,830,578	6.72	3,624,057	6.47	3,695,341	.81	3,301,711	.75
Potatoes, other than sweet	1,134,007	1.99	1,024,844	1.83	15,101,733	3.31	13,205,253	2.99
Fresh fruits and vegetables	1,858,267	3.26	1,803,713	3.22	26,020,557	5.70	25,548,736	5.79
Other products of agriculture	784,901	1.38	709,768	1.27	7,027,595	1.54	6,774,788	1.53
<b>Total</b>	<b>15,149,837</b>	<b>26.58</b>	<b>14,055,554</b>	<b>25.10</b>	<b>\$92,742,243</b>	<b>20.32</b>	<b>\$84,204,531</b>	<b>19.07</b>
<b>ANIMALS AND PRODUCTS</b>								
Livestock	442,678	.78	442,225	.79	\$9,173,794	2.01	\$8,993,732	2.04
Meats and other edible packing house products	230,748	.41	209,052	.37	3,601,207	.79	3,380,120	.76
Other animals and products	224,306	.39	198,993	.36	3,171,654	.69	2,830,851	.64
<b>Total</b>	<b>897,732</b>	<b>1.58</b>	<b>850,270</b>	<b>1.52</b>	<b>\$15,946,655</b>	<b>3.49</b>	<b>\$15,204,703</b>	<b>3.44</b>
<b>PRODUCTS OF MINES</b>								
Bituminous coal	3,914,868	6.87	4,322,732	7.72	\$11,448,100	2.51	\$13,652,582	3.09
Iron ore	3,321,459	5.83	3,992,167	7.13	9,700,282	2.13	11,098,076	2.51
Other ores and concentrates	1,195,043	2.10	1,119,397	2.00	4,253,997	.93	4,142,661	.94
Gravel, sand, and stone	2,387,467	4.19	2,534,692	4.53	4,448,605	.97	4,961,556	1.12
Phosphate rock	2,031,665	3.56	1,845,446	3.29	2,766,726	.61	2,754,929	.63
Other products of mines	2,009,605	3.52	2,024,384	3.61	10,329,393	2.26	10,119,300	2.29
<b>Total</b>	<b>14,860,107</b>	<b>26.07</b>	<b>15,838,818</b>	<b>28.28</b>	<b>\$42,947,103</b>	<b>9.41</b>	<b>\$46,729,104</b>	<b>10.58</b>
<b>PRODUCTS OF FORESTS</b>								
Lumber, shingles, and lath	4,242,918	7.44	4,321,143	7.72	\$46,207,676	10.12	\$48,202,209	10.91
Veneer, plywood, and built-up wood	1,679,958	2.95	1,564,993	2.79	14,855,670	3.26	14,718,731	3.33
Other products of forests	1,245,314	2.19	1,072,725	1.92	4,068,366	.89	3,688,196	.84
<b>Total</b>	<b>7,168,190</b>	<b>12.58</b>	<b>6,958,861</b>	<b>12.43</b>	<b>\$65,131,712</b>	<b>14.27</b>	<b>\$66,609,136</b>	<b>15.08</b>
<b>MANUFACTURES AND MISCELLANEOUS</b>								
Petroleum products	667,587	1.17	819,594	1.46	\$3,966,707	.87	\$4,789,930	1.08
Iron and steel, including scrap	2,078,502	3.65	2,246,256	4.01	21,304,410	4.67	23,005,510	5.21
Other metals and alloys	729,404	1.28	941,612	1.68	9,793,963	2.15	10,570,256	2.39
Fertilizers	845,299	1.48	877,264	1.57	5,273,323	1.15	5,528,607	1.25
Sodium (soda) products	988,377	1.73	807,060	1.44	7,891,818	1.73	6,365,750	1.44
Other chemicals and products	979,917	1.72	823,219	1.47	12,622,120	2.77	11,690,680	2.65
Machinery and parts	388,895	.68	366,342	.65	10,255,452	2.25	10,247,526	2.32
Automobiles, other vehicles, and parts	854,652	1.50	652,639	1.17	27,691,623	6.07	21,808,229	4.94
Cement, brick, lime, and plaster	1,742,731	3.06	1,560,855	2.79	6,724,101	1.47	5,807,729	1.31
Paper and products	1,252,383	2.20	1,179,522	2.11	15,893,757	3.48	15,047,673	3.41
Ammunition and explosives	82,401	.15	76,682	.14	2,415,621	.53	2,512,262	.57
Canned and other foods and beverages	3,518,440	6.17	3,383,192	6.04	36,944,538	8.09	36,432,739	8.25
Other manufactures and miscellaneous	4,041,551	7.09	3,881,383	6.93	53,056,971	11.62	50,924,485	11.53
<b>Total</b>	<b>18,170,139</b>	<b>31.88</b>	<b>17,615,620</b>	<b>31.46</b>	<b>\$213,834,404</b>	<b>46.85</b>	<b>\$204,731,376</b>	<b>46.35</b>
Forwarder Traffic	587,539	1.03	521,737	.93	\$19,062,311	4.18	\$17,366,482	3.93
Total Carload Freight	56,833,544	99.72	55,840,860	99.72	\$449,664,428	98.52	\$434,845,332	98.45
All less than carload freight	159,731	.28	158,060	.28	6,764,480	1.48	6,853,361	1.55
<b>Total All Commodities</b>	<b>56,993,275</b>	<b>100.00</b>	<b>55,998,920</b>	<b>100.00</b>	<b>\$456,428,908</b>	<b>100.00</b>	<b>\$441,698,693</b>	<b>100.00</b>

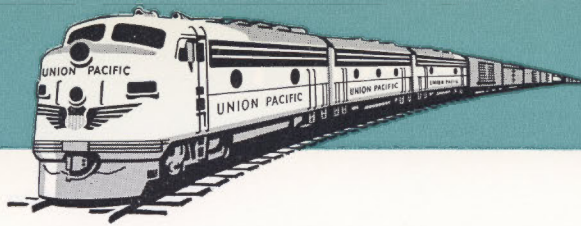
NOTE: Total gross freight revenue shown above exceeds freight revenue reported in Table 3 for 1962 and 1961 by \$13,919,448 and \$9,042,654, respectively. These differences represent principally absorbed switching and drayage charges, adjustments of prior settlements with foreign lines, and other allowances, deducted from revenue but not classified by commodities.

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**TABLE 8 — TRANSPORTATION PROPERTY IMPROVEMENTS AND RETIREMENTS**

Interstate Commerce Commission Property Classification	Expenditures for Improvements During Year	Credits for Retirements During Year*	Net Increase or Decrease in Investment
Engineering .....	\$152,891	\$67,635	\$85,256
Land for transportation purposes .....	126,562	116,062	10,500
Other right-of-way expenditures .....	8,412	695	7,717
Grading .....	176,424	230,215	406,639
Tunnels and subways .....	.....	8,393	8,393
Bridges, trestles, and culverts .....	816,781	29,904	786,877
Ties .....	188,640	38,100	150,540
Rails .....	242,380	49,758	192,622
Other track material .....	649,745	65,642	584,103
Ballast .....	57,887	6,469	64,356
Track laying and surfacing .....	217,537	12,567	230,104
Fences, snowsheds, and signs .....	9,497	6,606	16,103
Crossings and signs .....	.....	16,367	16,367
Station and office buildings .....	420,540	262,299	158,241
Roadway buildings .....	115,225	273,586	158,361
Water stations .....	18,565	265,441	246,876
Fuel stations .....	51,830	286,703	234,873
Shops and enginehouses .....	195,479	725,293	529,814
Communication systems .....	524,385	136,088	388,297
Signals and interlockers .....	853,510	387,445	466,065
Power plants .....	6,258	43,335	37,077
Power-transmission systems .....	51,095	14,107	36,988
Miscellaneous structures .....	2,772	13,525	10,753
Roadway machines .....	990,468	186,130	804,338
Roadway small tools .....	.....	1,257	1,257
Public improvements—Construction .....	95,275	22,631	72,644
Shop machinery .....	446,393	330,103	116,290
Power-plant machinery .....	67,662	27,672	39,990
<b>Total expenditures for road .....</b>	<b>\$6,486,213</b>	<b>\$3,109,800</b>	<b>\$3,376,413</b>
Steam locomotives .....	.....	\$8,240,891	\$8,240,891
Other locomotives .....	\$22,201,339	9,355,770	12,845,569
Freight-train cars .....	26,908,493	3,679,005	23,229,488
Passenger-train cars .....	6,087,506	798,807	5,288,699
Work equipment .....	239,712	153,815	85,897
Miscellaneous equipment .....	611,036	322,491	288,545
Unapplied materials and supplies—Equipment .....	1,869,831	.....	1,869,831
<b>Total expenditures for equipment .....</b>	<b>\$57,917,917</b>	<b>\$22,550,779</b>	<b>\$35,367,138</b>
<b>General expenditures .....</b>	<b>.....</b>	<b>\$203,957</b>	<b>\$203,957</b>
<b>Grand Total .....</b>	<b>\$64,404,130</b>	<b>\$25,864,536</b>	<b>\$38,539,594</b>

\* Includes debit accounting adjustments in connection with donated property retired in previous years.



**TABLE 9—RAILWAY EQUIPMENT OWNED**

	Owned December 31, 1961	Acquired			Retired	Owned December 31, 1962
		Purchased or Built	Rebuilt or Converted	Total Acquired		
<b>LOCOMOTIVES</b>						
Diesel						
Freight units	836	89	....	89	18	907
Passenger units	115	....	4	4	4	115
Road-Switch	59	....	....	....	6	53
Switch	278	....	....	....	6	272
<b>Total Diesel</b>	<b>1,288</b>	<b>89</b>	<b>4</b>	<b>93</b>	<b>34</b>	<b>1,347</b>
Gas-Turbine	55	1	....	1	7	49
Steam						
Road	29	....	....	....	28	1
Switch	1	....	....	....	1	....
<b>Total Steam</b>	<b>30</b>	....	....	....	<b>29</b>	<b>1</b>
<b>FREIGHT-TRAIN CARS</b>						
Automobile	6,767	548*	....	548*	256	7,059
Box	22,466	203	....	203	345	22,324
Gondola	17,143†	940	....	940	254	17,829†
Ballast	26	....	....	....	....	26
Flat	2,972	85	....	85	37	3,020
Stock	3,296	....	....	....	194	3,102
Tank	1,237	....	....	....	....	1,237
Caboose	714	....	....	....	52	662
<b>Total Freight-Train Cars</b>	<b>54,621</b>	<b>1,776</b>	....	<b>1,776</b>	<b>1,138</b>	<b>55,259</b>
<b>PASSENGER-TRAIN CARS</b>						
Postal	93	35	....	35	2	126
Baggage	242	10	....	10	4	248
Baggage-combination	63	....	....	....	1	62
Coach	267	....	....	....	1	266
Coach-combination	2	....	....	....	....	2
Sleeping	208	....	....	....	9	199
Dining and Lunch Counter-Cafe	70	....	....	....	....	70
Club and Lounge	48	....	....	....	4	44
Auxiliary steam generator	2	....	....	....	....	2
<b>Total Passenger-Train Cars</b>	<b>995</b>	<b>45</b>	....	<b>45</b>	<b>21</b>	<b>1,019</b>
<b>WORK EQUIPMENT</b>						
Business	18	....	....	....	....	18
Instruction	10	....	....	....	....	10
Roadway	359	....	66	66	2	423
Boarding	1,299	....	....	....	47	1,252
Tool	399	....	1	1	6	394
Miscellaneous	607	1	31	32	22	617
<b>Total Work Equipment Units</b>	<b>2,692</b>	<b>1</b>	<b>98</b>	<b>99</b>	<b>77</b>	<b>2,714</b>

\* Includes 15 second-hand cars purchased from another railroad for special service.

† Includes cars owned jointly with Utah Ry.: 212 as of December 31, 1961, and 108 as of December 31, 1962.



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## TABLE 10—TRACK MILEAGE

	Miles of Road	Miles of Additional Main Track	Miles of Yard Tracks and Sidings
Wholly owned .....	9,015.48	1,307.64	4,156.41
Owned jointly with other companies .....	90.88	2.00	188.36
Total owned .....	9,106.36	1,309.64	4,344.77
Owned but not operated .....	60.36	1.70	44.01
Total owned and operated .....	9,046.00	1,307.94	4,300.76
Operated but not owned:			
Trackage rights granted by other companies .....	657.51	259.27	506.45
Operated under lease or contract .....	1.30	.....	6.81
Total operated at close of year .....	9,704.81	1,567.21	4,814.02
Total operated at beginning of year .....	9,705.38	1,571.25	4,823.15
Decrease during year .....	.57	4.04	9.13
<hr/>			
Average mileage operated during year .....	9,705.14	1,568.44	4,809.19
Mileage maintained at close of year .....	8,910.06	1,306.73	4,146.17
Average mileage maintained during year .....	8,915.55	1,307.96	4,150.38

## TABLE 11—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	7.09	550.28	11.43
Colorado .....	641.51	6.61	13.82	.88	304.87	6.33
Idaho .....	1,987.17	20.48	103.90	6.63	744.85	15.47
Iowa .....	2.25	.02	2.25	.14	83.86	1.74
Kansas .....	1,111.32	11.45	68.82	4.39	472.59	9.82
Missouri .....	1.98	.02	1.54	.10	18.43	.38
Montana .....	142.61	1.47	.75	.05	47.91	1.00
Nebraska .....	1,332.38	13.73	466.84	29.79	614.93	12.78
Nevada .....	366.85	3.78	.....	.....	130.66	2.72
Oregon .....	1,118.84	11.53	37.33	2.38	475.77	9.88
Utah .....	817.28	8.42	104.97	6.70	428.09	8.89
Washington .....	1,021.92	10.53	147.33	9.40	451.66	9.38
Wyoming .....	809.37	8.34	508.51	32.45	490.12	10.18
Total .....	9,704.81	100.00	1,567.21	100.00	4,814.02	100.00



# UNION PACIFIC

**TABLE 12—SUMMARY OF INCOME AND**

Transportation Operations	1962	1961	1960
<b>OPERATING REVENUES</b>			
Freight .....	\$442,509,460	\$432,656,039	\$428,271,329
Passenger .....	27,516,029	26,577,395	27,519,034
Other .....	42,099,426	40,091,014	38,394,101
Total operating revenues .....	<u>\$512,124,915</u>	<u>\$499,324,448</u>	<u>\$494,184,464</u>
<b>OPERATING EXPENSES</b>			
Maintenance of way and structures .....	\$57,076,553	\$54,867,529	\$52,513,678
Maintenance of equipment .....	91,986,503	90,721,127	89,360,481
Transportation .....	178,371,874	174,047,033	176,168,400
Other .....	42,722,171	41,163,124	41,698,477
Total operating expenses .....	<u>\$370,157,101</u>	<u>\$360,798,813</u>	<u>\$359,741,036</u>
Operating ratio (per cent—operating expenses of operating revenues) .....	<u>72.28</u>	<u>72.26</u>	<u>72.79</u>
<b>RAILWAY TAX ACCRUALS</b>			
Federal income .....	\$35,600,000	\$50,131,264	\$43,092,694
Other Federal .....	18,611,804	17,346,449	18,678,574
State and county .....	19,257,475	19,133,076	18,264,000
Total railway tax accruals .....	<u>\$73,469,279</u>	<u>\$86,610,789</u>	<u>\$80,035,268</u>
Equipment and joint facility rents—net charge .....	<u>\$21,723,207</u>	<u>\$20,732,235</u>	<u>\$22,265,560</u>
Net income from transportation operations .....	<u>\$46,775,328</u>	<u>\$31,182,611</u>	<u>\$32,142,600</u>
<b>Income from Investments and Other Sources</b>			
Net income from oil and gas operations(a) .....	23,888,982	26,030,815	22,098,416
Other income .....	14,307,640	13,725,045	14,947,620
Profits and losses—net (property sales, etc.) .....	1,067,766	2,442,946	3,038,229
Total income .....	<u>\$86,039,716</u>	<u>\$73,381,417</u>	<u>\$72,226,865</u>
Miscellaneous deductions from income .....	395,852	983,664	503,662
Income available for fixed charges .....	<u>\$85,643,864</u>	<u>\$72,397,753</u>	<u>\$71,723,203</u>
<b>Fixed Charges</b>			
Total fixed charges .....	3,153,738	3,011,628	4,065,156
Net income under accounting rules prescribed by I.C.C. ....	<u>\$82,490,126</u>	<u>\$69,386,125</u>	<u>\$67,658,047</u>
<b>Net income per share of common stock outstanding December 31st(b):</b>			
Under accounting rules prescribed by I.C.C. ....	\$3.50	\$2.92	\$2.84
Under generally accepted accounting principles(c) .....	2.88	2.78	2.62
Dividends (4%) declared on preferred stock .....	<u>\$3,981,724</u>	<u>\$3,981,724</u>	<u>\$3,981,724</u>
Dividends declared on common stock .....	35,886,776	35,886,776	35,886,776
Common dividends per share(b) .....	<u>\$1.60</u>	<u>\$1.60</u>	<u>\$1.60</u>
<b>Statistics</b>			
Freight train miles (excluding miles of trains consisting only of locomotive with caboose) .....	23,745,464	23,493,295	23,237,229
Ton-miles of revenue freight carried (thousands) .....	33,187,576	32,408,549	31,532,831
Average revenue per ton-mile (cents) .....	1.333	1.335	1.358
Average distance hauled per ton (miles) .....	582.31	578.74	565.61
Average net tons per train mile—all freight .....	1,448.62	1,418.22	1,401.31
Average gross ton-miles per train hour .....	94,814	93,512	92,120
Passenger train miles (excluding mail and express) .....	8,214,709	8,166,187	8,934,395
Revenue passengers carried one mile (thousands) .....	1,173,616	1,149,737	1,232,604
Average revenue per passenger-mile (cents) .....	2.345	2.312	2.233
Average journey per passenger (miles) .....	798.18	795.05	783.90
Average passengers per train mile .....	142.87	140.79	137.96
Average number of employees .....	34,861	34,886	37,589
Total wages paid .....	\$227,575,481	\$221,474,080	\$229,981,761
Wages and other employe benefits charged to operating expenses, per share of common stock(b) .....	\$9.98	\$9.85	\$10.07
Other operating expenses, per share of common stock(b) .....	6.52	6.24	5.97
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(e) .....	102,073	99,624	96,884

**NOTE: Income figures for all years prior to 1962 have been restated to provide proper comparisons with figures for that year.**

(a) Before Federal income taxes, which are included above under "Railway Tax Accruals."

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

(c) After reduction of income, to conform accounting for current Federal income taxes to generally accepted accounting principles, consisting of (1) the tax effect arising from excess of depreciation and amortization allowed for tax purposes over depreciation recorded in the accounts under I.C.C. accounting rules, and (2) (effective in 1962) a portion (52%) of the 7% investment tax credit.

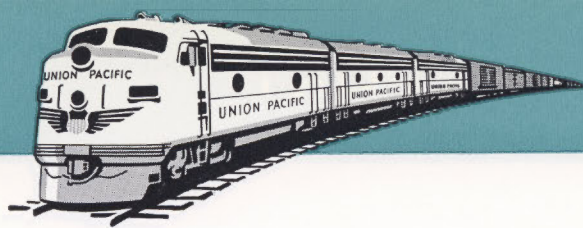
(d) \$1.60 per share on 22,229,100 shares issued prior to 1958; \$.70 per share on 200,135 shares issued October 6, 1958.

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

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## SELECTED STATISTICS FOR LAST TEN YEARS

1959	1958	1957	1956	1955	1954	1953
\$449,037,095	\$440,671,942	\$452,889,155	\$448,156,607	\$441,533,942	\$413,155,686	\$453,790,011
27,929,586	27,931,280	28,047,383	29,221,502	30,208,680	31,574,599	36,264,163
38,800,752	36,611,969	36,123,564	36,938,719	37,619,854	37,056,166	39,970,126
<u>\$515,767,433</u>	<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>
\$60,276,353	\$61,670,102	\$66,786,261	\$66,072,353	\$67,118,142	\$62,677,817	\$72,154,662
94,554,428	93,302,139	95,484,961	92,805,641	92,362,845	88,984,865	100,285,779
180,844,539	174,504,919	178,843,172	177,070,374	173,677,610	176,146,147	189,752,347
43,066,483	41,780,785	41,240,323	40,306,356	37,367,733	38,050,051	38,234,577
<u>\$378,741,803</u>	<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>73.43</u>	<u>73.49</u>	<u>73.95</u>	<u>73.16</u>	<u>72.74</u>	<u>75.94</u>	<u>75.55</u>
\$38,528,677	\$34,800,000	\$38,800,000	\$40,000,000	\$40,300,000	\$33,500,000	\$47,018,000
18,330,304	15,473,903	15,799,677	15,212,270	13,517,848	12,886,778	13,418,443
20,076,000	19,530,000	19,090,000	18,326,000	18,700,000	17,300,000	17,200,000
<u>\$76,934,981</u>	<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>\$23,262,674</u>	<u>\$20,692,259</u>	<u>\$22,197,684</u>	<u>\$22,386,672</u>	<u>\$22,578,806</u>	<u>\$22,679,243</u>	<u>\$23,100,566</u>
<u>\$36,827,975</u>	<u>\$43,461,084</u>	<u>\$38,818,024</u>	<u>\$42,137,162</u>	<u>\$43,739,492</u>	<u>\$29,561,550</u>	<u>\$28,859,926</u>
19,347,089	24,566,034	29,097,113	26,603,162	28,075,475	33,743,135	34,318,992
13,526,160	14,694,740	15,383,756	15,380,910	13,207,325	12,133,390	13,003,414
1,501,996	1,075,133	410,998	1,270,145	1,671,124	633,433	1,500,443
<u>\$71,203,220</u>	<u>\$83,796,991</u>	<u>\$83,709,891</u>	<u>\$85,391,379</u>	<u>\$86,693,416</u>	<u>\$76,071,508</u>	<u>\$77,682,775</u>
558,987	524,623	517,349	869,979	826,477	786,006	745,193
<u>\$70,644,233</u>	<u>\$83,272,368</u>	<u>\$83,192,542</u>	<u>\$84,521,400</u>	<u>\$85,866,939</u>	<u>\$75,285,502</u>	<u>\$76,937,582</u>
4,429,554	4,485,409	4,533,768	4,682,410	4,968,559	5,029,404	5,006,926
<u>\$66,214,679</u>	<u>\$78,786,959</u>	<u>\$78,658,774</u>	<u>\$79,838,990</u>	<u>\$80,898,380</u>	<u>\$70,256,098</u>	<u>\$71,930,656</u>
\$2.77	\$3.34	\$3.36	\$3.41	\$3.46	\$2.98	\$3.06
<u>2.42</u>	<u>2.78</u>	<u>2.77</u>	<u>2.89</u>	<u>2.91</u>	<u>2.58</u>	<u>2.80</u>
\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724	\$3,981,724
35,886,776	35,706,655	35,566,560	35,566,560	35,566,560	31,120,740	26,674,920
\$1.60	(d)	\$1.60	\$1.60	\$1.60	\$1.40	\$1.20
25,639,585	24,462,007	25,945,041	27,836,956	29,091,418	28,244,519	31,267,813
32,874,828	31,681,958	33,924,603	34,846,925	34,861,396	32,065,877	34,132,866
1,366	1,391	1,335	1,286	1,267	1,288	1,329
591.30	585.99	594.76	601.12	619.94	615.37	611.10
1,322.47	1,339.52	1,358.31	1,303.32	1,254.13	1,195.33	1,188.31
88,263	85,653	83,742	78,956	77,736	75,216	68,046
9,331,086	9,824,143	10,211,060	10,465,835	11,369,756	14,510,457	15,066,676
1,242,182	1,234,134	1,236,427	1,363,680	1,437,009	1,459,288	1,562,489
2,248	2,263	2,268	2,143	2,102	2,164	2,321
781.43	771.83	751.27	752.49	736.68	741.42	734.10
133.12	125.62	121.09	130.30	126.39	100.57	103.70
40,565	41,780	45,729	47,346	49,744	49,823	55,934
<u>\$242,343,020</u>	<u>\$239,773,386</u>	<u>\$245,321,667</u>	<u>\$240,842,542</u>	<u>\$235,446,579</u>	<u>\$231,035,018</u>	<u>\$251,324,408</u>
\$10.63	\$10.55	\$10.79	\$10.53	\$10.23	\$10.02	\$10.79
<u>6.26</u>	<u>6.00</u>	<u>6.41</u>	<u>6.40</u>	<u>6.44</u>	<u>6.44</u>	<u>7.22</u>
9,954,310	9,954,310	9,954,310	9,954,310	9,954,310	9,954,310	9,954,310
22,429,235	22,429,235	22,229,100	22,229,100	22,229,100	22,229,100	22,229,100
87,705	82,023	77,211	67,129	58,701	58,325	59,459



**TABLE 13—CAPITAL STOCK OUTSTANDING**

Company and Class of Stock	Par Value of Capital Stock Outstanding December 31, 1962		
	Common	Preferred	Total
<b>UNION PACIFIC RAILROAD CO.</b>			
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
<b>THE ST. JOSEPH AND GRAND ISLAND RAILWAY CO. (See Note)</b>			
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 14—FUNDED DEBT OUTSTANDING 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, 1962	Increase (+) or Decrease (-) vs. Dec. 31, 1961	Year 1962	Increase (+) or Decrease (-) vs. Year 1961
<b>UNION PACIFIC RAILROAD CO.</b>							
Refunding Mortgage 2½% Bonds, Series C .....	Mar. 1, 1946	Mar. 1, 1991	Mar. & Sept.	\$68,681,000	— \$367,000	\$1,720,051	— \$22,506
Thirty Year 2⅞% Debenture Bonds .....	Feb. 1, 1946	Feb. 1, 1976	Feb. & Aug.	43,311,000	— 220,000	1,247,046	— 6,653
Total Bonds .....				\$111,992,000	— \$587,000	\$2,967,097	— \$29,159
Equipment Purchase Agreement, 4⅞% .....	Jun. 1, 1962	1963 to 1970	Jun. & Dec.	\$12,157,611	+\$12,157,611	\$131,892	+\$131,892
Equipment Purchase Agreements, 4.15% .....	Sept. 1, 1962	1963 to 1967	Mar. & Sept.	7,518,417	+ 7,518,417	42,466	+ 42,466
Total Equipment Purchase Agreements .....				\$19,676,028	+\$19,676,028	\$174,358	+\$174,358
Grand Total .....				\$131,668,028	+\$19,089,028	\$3,141,455	+\$145,199

NOTE A: Union Pacific Railroad Co. is a guarantor of the principal of and interest on \$37,070,000 face value of serial bonds, bearing interest rates varying from 1½% to 3%, issued by Kansas City Terminal Railway Co., maturing 1963-74, 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 \$7,637,350 face value of Pacific Fruit Express Co. 4.47% equipment obligation maturing semi-annually 1963-73, and 50% of the principal of and interest on \$4,613,068 face value of that company's 4½% equipment obligation maturing semi-annually 1963-67.

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 certain of its equipment obligations which amounted to \$112,217,107 on December 31, 1962.

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 15—STOCKS OWNED AND DIVIDENDS THEREON

Company	Total Shares Outstanding Dec. 31, 1962	Number of Shares Owned		Dividends Credited to Income Account	
		Dec. 31, 1962	Increase (+) or Decrease (-) vs. Dec. 31, 1961	Year 1962	Increase (+) or Decrease (-) vs. Year 1961
<b>Investments in Affiliated Companies</b>					
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			
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	
Portland Traction Co. (see page 16) ....	84,490	42,245	+ 42,245*		
Pullman Co. ....	731,350	43,914		43,914†	- \$43,914
Railway Express Agency, Inc. ....	963	25			
St. Joseph Terminal Railroad Co. ....	3,000	1,500			
St. Joseph Union Depot Co. ....			- 10†		
Spokane International Railroad Co. ....	199,248	199,109	+ 290*		
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			
Stauffer Chemical Co. of Wyoming ....	40,000	19,600			
Union Pacific Coal Co. (see page 19) ....			- 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 .....				\$2,941,744	- \$43,914
<b>Other Investments §</b>					
Illinois Central Railroad Co.					
Common .....		716,440		\$1,432,880	
Miscellaneous .....		58			- \$8
Total Dividends—Other than Affiliated Companies .....				\$1,432,880	- \$8
Grand Total Dividends on Stocks Owned .....				\$4,374,624	- \$43,922

\* Purchased.

† Company dissolved.

‡ Total dividends received from Pullman Co. in 1962 amounted to \$175,656, but \$131,742 thereof was excluded from income and treated as a "return of capital" by applying amount as a reduction of book cost of Pullman Co. stock owned, in accordance with Interstate Commerce Commission ruling.

§ The Union Pacific also held indirectly (through its ownership of 99.93% of Spokane International R. R. Co. capital stock) 600,750 shares of Denver & Rio Grande Western R. R. Co. common stock and 190,000 shares of Western Pacific R. R. Co. common stock.



**TABLE 16 - BONDS AND NOTES OWNED AND INCOME YIELD**

	Maturity	Face Value Owned		Current Income Yield	
		Dec 31, 1962	Increase (+) or Decrease (-) vs. Dec. 31, 1961	Year 1962	Increase (+) or Decrease (-) vs. Year 1961
<b>Temporary Cash Investments</b>					
<b>UNITED STATES OF AMERICA:</b>					
Treasury 3% Certificates of Indebtedness, Series A	May 15, 1962	—	\$2,700,000	\$28,917	— \$18,791
Treasury 3¼% Certificates of Indebtedness, Series B	May 15, 1963	\$2,700,000	+ 2,700,000	50,906	+ 50,906
Treasury 3½% Certificates of Indebtedness, Series C	Aug. 15, 1963	2,500,000	+ 2,500,000	29,883	+ 29,883
Treasury 3⅝% Certificates of Indebtedness, Series D	Nov. 15, 1963	6,580,000	+ 6,580,000	24,301	+ 24,301
Treasury 3¼% Notes, Series G	Aug. 15, 1962	—	8,000,000	154,430	— 61,541
Treasury 3¼% Notes, Series H	Nov. 15, 1962	—	6,580,000	175,558	+ 92,118
Treasury 3¼% Notes, Series E	Feb. 15, 1963	11,500,000	— 5,000,000	374,408	+ 307,721
Treasury 1½% Notes, Series EA	Apr. 1, 1963	5,000,000	+ 5,000,000	148,098	+ 148,098
Treasury 2⅝% Bonds	Feb. 15, 1965	8,000,000	—	262,440	—
Treasury 2½% Bonds, 1968-1963	Dec. 15, 1968	4,000,000	+ 4,000,000	9,726	+ 9,726
Treasury Bills	Various	—	23,500,000	290,185*	— 513,108
Treasury securities held under Repurchase Agreements		29,500,000	+ 15,500,000	277,353*	+ 96,639
Interest on other Treasury securities†		—	—	293,962	— 278,544
<b>Total U.S. Government Securities</b>		<b>\$69,780,000</b>	<b>— \$9,500,000</b>	<b>\$2,120,167</b>	<b>— \$112,592</b>
Negotiable Time Certificates of Deposit	Various	69,000,000	+ 47,000,000	1,505,556*	+ 1,185,675
<b>Total Temporary Cash Investments</b>		<b>\$138,780,000</b>	<b>+ \$37,500,000</b>	<b>\$3,625,723</b>	<b>+ \$1,073,083</b>
<b>Investments in Affiliated Companies</b>					
Total Outstanding Dec. 31, 1962					
Calnev Pipe Line Co. 6⅞% First Mortgage Promissory Notes (maturing semi-annually, 1963-1975)		\$8,600,644	\$8,600,644	\$526,790	+ \$73,814
Pacific Fruit Express Co. Equipment Purchase Contract 4%-4¼%, dated November 15, 1956 (maturing semi-annually, 1963-1967)		11,740,680	5,870,340	— \$1,304,520	— 52,095
Equipment Purchase Contract 4½%-5%, dated August 20, 1959 (maturing semi-annually, 1963-1975)		22,623,660	4,186,795	— 320,310	— 16,893
Equipment Purchase Contract 4½%, dated September 6, 1961 (maturing semi-annually, 1963-1967)		4,613,068	1,845,227	+ 1,845,227	+ 73,171
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.‡ 5-year 5% Notes		11,000,000	5,390,000	+ 1,090,250	419
Trailer Train Co. 4⅝% Equipment Trust Certificates, Series 1 (1963-1964)		9,600,000	500,000	+ 500,000	5,884
<b>Total Obligations of Affiliated Companies</b>		<b>\$27,290,895</b>	<b>+ \$1,810,647</b>	<b>\$1,144,420</b>	<b>+ \$16,772</b>
<b>Other Investments</b>					
Baltimore & Ohio Railroad Co. First Consolidated Mortgage 4% Bonds, Series B	Sept. 1, 1980	\$1,940,000	—	\$77,600	—
Pittsburgh, Youngstown & Ashtabula Railway Co. First General Mortgage 4½% Gold Bonds, Series D	June 1, 1977	1,485,000	—	66,825	—
Miscellaneous (principally property-sale and other contracts)		2,601,320	— \$433,763	157,319	+ \$13,178
<b>Total Other Bonds and Notes</b>		<b>\$6,026,320</b>	<b>— \$433,763</b>	<b>\$301,744</b>	<b>+ \$13,178</b>
<b>Grand Total Income Yield on Bonds and Notes Owned</b>				<b>\$5,071,887</b>	<b>+ \$1,103,033</b>

\* Includes interest on similar securities that were not owned at the close of the year.

† Interest received in 1962 on Treasury securities acquired during the year but disposed of prior to December 31st, compared with interest received in 1961 on Treasury securities disposed of prior to December 31st of that year.

‡ Stauffer Chemical Co. is not an affiliated company, but its notes are held as security for loans made by the Union Pacific to Stauffer Chemical Co. of Wyoming whose capital stock is owned jointly by Union Pacific (49%) and Stauffer Chemical Co. (51%).

§ Interest for year 1962 was waived.

**HASKINS & SELLS**

CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY  
NEW YORK 4

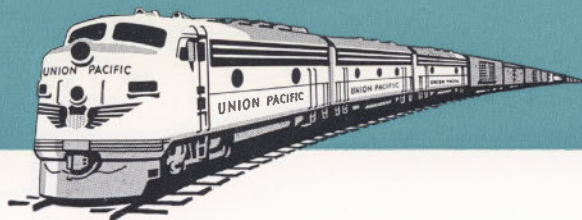
To the Board of Directors of  
Union Pacific Railroad Company.

We have examined the financial statements of the six wholly owned affiliated companies of the Union Pacific Railroad Company for the year ended December 31, 1962, included in Columns 8 to 13, inclusive, in the accompanying Table 17. 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, 1962 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*

March 7, 1963.



# UNION PACIFIC

**TABLE 17—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) Portland Traction Co.
<b>BALANCE SHEET DECEMBER 31, 1962</b>					
<b>ASSETS</b>					
Property investment (stated at cost or less) . . . . .	\$3,937,591	\$1,085,392	—	\$11,463,397	\$2,886,629
Reserves for depreciation (credit) . . . . .	1,920,378	232,904	—	1,785,890	1,534,098
Other investments . . . . .	—	—	—	16,761,771	—
Cash: In banks . . . . .	—	104,606	—	562,297	246,462
On deposit with Union Pacific R.R. Co. . . . .	—	—	\$2,766	—	125,000
On deposit with other stockholder . . . . .	—	—	—	—	125,000
Accounts receivable . . . . .	57,080	3,998	12,120	268,598	138,099
Material and supplies . . . . .	15,671	18,350	—	36,873	28,294
Other current assets . . . . .	38,058	15	—	25,148	19,800
Other assets and deferred charges . . . . .	11,024	503	161	18,361	28,255
<b>Total</b> . . . . .	<b>\$2,139,046</b>	<b>\$979,960</b>	<b>\$15,047</b>	<b>\$27,350,555</b>	<b>\$2,063,441</b>
<b>LIABILITIES AND STOCKHOLDER EQUITY</b>					
Funded debt . . . . .	—	—	—	—	—
Payable to Union Pacific Railroad Co. . . . .	\$1,039,296	\$188,725	—	\$17,532,321	—
Tax liability . . . . .	26,649	3,315	—	343,386	\$173,600
Other current liabilities . . . . .	296,882	9,854	\$10,829	580,333	422,626
Other liabilities and deferred credits . . . . .	—	—	—	227,038	8,907
Reserves for insurance, casualties, etc. . . . .	11,901	—	—	5,186	—
<b>Total liabilities</b> . . . . .	<b>\$1,374,728</b>	<b>\$201,894</b>	<b>\$10,829</b>	<b>\$18,688,264</b>	<b>\$605,133</b>
Capital stock . . . . .	\$5,000	\$500,000	\$3,000	\$3,273,360	\$1,300,000
Paid-in capital surplus . . . . .	—	100,000	—	—	—
Retained income, as shown below . . . . .	759,318	178,066	1,218	5,388,931	158,308
<b>Total stockholder equity</b> . . . . .	<b>\$764,318</b>	<b>\$778,066</b>	<b>\$4,218</b>	<b>\$8,662,291</b>	<b>\$1,458,308</b>
<b>Total</b> . . . . .	<b>\$2,139,046</b>	<b>\$979,960</b>	<b>\$15,047</b>	<b>\$27,350,555</b>	<b>\$2,063,441</b>
<b>INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1962</b>					
Revenues . . . . .	\$3,826,670	\$154,324	—	\$3,157,193	\$1,105,183
Expenses and rents . . . . .	3,550,078	138,153	—	2,082,617	585,652
Net . . . . .	\$276,592	\$16,171	—	\$1,074,576	\$519,531
Other income . . . . .	237	6	—	818,088	4,426
<b>Total</b> . . . . .	<b>\$276,829</b>	<b>\$16,177</b>	—	<b>\$1,892,664</b>	<b>\$523,957</b>
Interest on long-term debt . . . . .	—	—	—	\$486,554	—
Federal income taxes . . . . .	\$8,703	\$154	—	235,661	\$201,075
Other taxes . . . . .	259,362	12,748	—	295,692	125,409
Other deductions . . . . .	198	226	—	655	402
Balance transferred to retained income . . . . .	\$8,566	\$3,049	—	\$874,102	\$197,071
<b>RETAINED INCOME</b>					
Retained income, December 31, 1961 . . . . .	\$750,752	\$175,017	\$1,218	\$4,513,716	\$226,237
Income balance, as shown above . . . . .	8,566	3,049	—	874,102	197,071
Miscellaneous profits and losses—Net . . . . .	—	—	—	1,113	—
Absorption of loss by U.P.R.R. Co. (credit) . . . . .	—	—	—	—	—
<b>Total</b> . . . . .	<b>\$759,318</b>	<b>\$178,066</b>	<b>\$1,218</b>	<b>\$5,388,931</b>	<b>\$423,308</b>
Less dividends . . . . .	—	—	—	—	265,000*
<b>Retained income, December 31, 1962</b> . . . . .	<b>\$759,318</b>	<b>\$178,066</b>	<b>\$1,218</b>	<b>\$5,388,931</b>	<b>\$158,308</b>

(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 99.93% of capital stock at close of year. (5) Owns and operates railroad for freight service in Portland, Ore., area. U.P.R.R.Co. and S.P. Co. each own 50% of capital stock.

\* Dividends declared and paid prior to acquisition of company on April 2, 1962, by U.P.R.R. Co. and S.P. Co.



# 1962 ANNUAL REPORT

## RETAINED INCOME ACCOUNTS OF AFFILIATED COMPANIES

### Regulations

### Not Subject to Interstate Commerce Commission Accounting Regulations

(6) Pacific Fruit Express Co.	(7) Calnev Pipe Line 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.
\$233,973,300	\$10,171,570	\$4,027,560	\$1,218,196	\$7,028,183	\$3,639,729	\$27,366	\$1,262,007
113,636,012	507,303	3,410,446	1,057,857	625,750	482,293	325	827,201
46,667	—	—	—	954,935	—	919,550	—
221,515	235,915	—	—	—	—	—	10,557
8,122,845	—	—	263,241	—	—	721,401	101,075
8,122,845	—	—	—	—	—	—	—
9,057,756	330,908	14,420	8,414	24,931	1,385	40,848	54,878
1,684,827	30,989	195,767	7,966	—	—	—	—
39,411	526,068§	3,483	134	—	—	—	4,230
628,965	49,320	—	—	36,906	66,845	3,481	10,248
<u>\$148,262,119</u>	<u>\$10,837,467</u>	<u>\$830,784</u>	<u>\$440,094</u>	<u>\$7,419,205</u>	<u>\$3,225,666</u>	<u>\$1,712,321</u>	<u>\$615,794</u>
\$60,701,367	\$8,600,644	—	—	—	—	—	—
—	—	768,565	—	\$4,545,147	\$2,363,254	—	—
450,152‡	146,450	8,493	\$16,316	107,445	44,693	\$15,348	\$29,739
14,487,714	251,597	23,674	3,761	7,648	10,428	2,348	53,124
141,706	—	3,227	—	214,121	—	28,258	—
2,638,148	—	1,825	26,933	—	—	—	—
<u>\$77,518,783</u>	<u>\$8,998,691</u>	<u>\$805,784</u>	<u>\$47,010</u>	<u>\$4,874,361</u>	<u>\$2,418,375</u>	<u>\$45,954</u>	<u>\$82,863</u>
\$24,000,000	\$1,000,000	\$25,000	\$178,300	\$50,000	\$10,000	\$900,000	\$115,000
—	—	—	—	—	10,785	466,371	100,000
46,743,336	838,776	—	214,784	2,494,844	786,506	299,996	317,931
<u>\$70,743,336</u>	<u>\$1,838,776</u>	<u>\$25,000</u>	<u>\$393,084</u>	<u>\$2,544,844</u>	<u>\$807,291</u>	<u>\$1,666,367</u>	<u>\$532,931</u>
<u>\$148,262,119</u>	<u>\$10,837,467</u>	<u>\$830,784</u>	<u>\$440,094</u>	<u>\$7,419,205</u>	<u>\$3,225,666</u>	<u>\$1,712,321</u>	<u>\$615,794</u>
\$68,527,921	\$2,160,255	\$1,250,918	\$97,380	\$277,381	\$160,440	\$22,009	\$669,789
48,675,600	817,920	1,256,948	53,571	87,468	80,863	21,809	561,679
\$19,852,321	\$1,342,335	\$6,030‡	\$43,809	\$189,913	\$79,577	\$200	\$108,110
46,825	155,808	2,151	240	91,015	345	52,484	—
\$19,899,146	\$1,498,143	\$3,879‡	\$44,049	\$280,928	\$79,922	\$52,684	\$108,110
\$2,722,230	\$526,789	—	—	—	—	—	—
891,708	114,750	—	\$8,750	\$79,745	\$17,882	\$20,749	\$5,735
4,493,162	153,101	\$87,824	17,535	87,902	33,540	4,774	88,361
6,931,826	20,544	—	—	1,791	—	1,176	—
<u>\$4,860,220</u>	<u>\$682,959</u>	<u>\$91,703‡</u>	<u>\$17,764</u>	<u>\$111,490</u>	<u>\$28,500</u>	<u>\$25,985</u>	<u>\$14,014</u>
\$45,643,116	\$155,817	—	\$214,850	\$2,383,354	\$758,006	\$274,011	\$303,917
4,860,220	682,959	\$91,703‡	17,764	111,490	28,500	25,985	14,014
2,000,000‡	—	—	—	—	—	—	—
—	—	91,703	—	—	—	—	—
<u>\$52,503,336</u>	<u>\$838,776</u>	<u>—</u>	<u>\$232,614</u>	<u>\$2,494,844</u>	<u>\$786,506</u>	<u>\$299,996</u>	<u>\$317,931</u>
5,760,000	—	—	17,830	—	—	—	—
<u>\$46,743,336</u>	<u>\$838,776</u>	<u>—</u>	<u>\$214,784</u>	<u>\$2,494,844</u>	<u>\$786,506</u>	<u>\$299,996</u>	<u>\$317,931</u>

(6) Furnishes refrigerator cars and refrigerated highway trailers, 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. (7) 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. (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.

‡ Debit.

§ Credit. Reversal of debit to retained income in 1960.

§ Principally short-term U.S. Treasury obligations.

## STATES OF THE "UNION PACIFIC WEST"

### 4. IOWA

One hundred years ago Council Bluffs, Iowa, was chosen as the eastern starting point of the Union Pacific Railroad. An interesting story is connected with this important decision. In the summer of 1859, about a year before his nomination for the Presidency, Abraham Lincoln visited the village of Council Bluffs on a matter of personal business. While there he expressed to several townspeople his great interest in the proposed railroad to the Pacific and was promptly introduced to their fellow-citizen, Grenville M. Dodge, a civil engineer who had made a number of surveying trips in the region west of the Missouri River. The keen-minded and thoroughly informed engineer argued eloquently that the railroad should cross the river at Council Bluffs and follow the "Mormon Trail" through the Platte Valley. Mr. Lincoln was apparently much impressed.

Four years later, in the spring of 1863, President Lincoln was being insistently beset by the rival claims of numerous lobbyists, each urging that his community be made the eastern terminus of the Union Pacific. In this harassing situation Grenville Dodge was summoned to the White House from his important duties as a general in the Union Army, to assist the President in reaching a decision. General Dodge presented detailed information on the various alternative routes and again pointed out the decisive engineering and economic advantages of the strategic middle route west from Council Bluffs that he had previously recommended. The President was convinced and in November of the same year (shortly before making his famous address at Gettysburg) he issued an appropriate Executive Order.

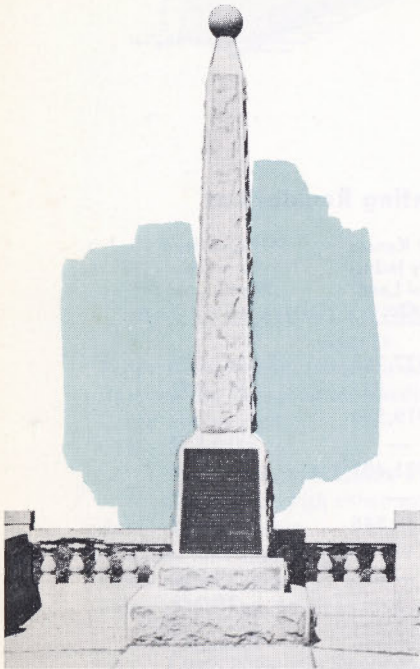
Today seven trunk-line railroads converge on Council Bluffs from the east and the Union Pacific participates in a large volume of freight traffic that moves in both directions via this gateway across the richly productive State of Iowa.

The "Hawkeye State" in many respects holds a position of leadership in agriculture. There is a saying that with its rich soil and favorable climate, "Iowa's soil produces more wealth each year than all the gold mines in the world." In quantities of corn and hogs produced, Iowa outstrips all other States. It is also a major marketer of oats, hay, soybeans, wheat, barley, dairy products, grain-fed cattle, sheep, chickens, and eggs.

Iowa's outstanding position in agriculture is matched by its impressive industrial status which provides a remarkably diversified and well-balanced economy. The value of the State's manufacturing output is even greater than the value of its farm production. As might be assumed, some of the most important industries are processors of agricultural products and manufacturers of farm equipment. However, Iowa's thousands of manufacturers turn out an extraordinarily wide range of products—from fountain pens and cellophane to washing machines and tractors. Moreover, its factories are well distributed throughout the State.

With industry and agriculture complementing each other, Iowa has a highly prosperous and stable economy and a substantial surplus on its books. As a result of this and the people's firm belief in the sound "pay-as-you-go" principle, the State has no funded debt. At the same time, Iowa has one of the most advanced educational systems in the nation. The first schoolhouse in the region was built in 1830, twenty-seven years after the United States acquired, as part of the Louisiana Purchase, the virgin land that is now Iowa, and sixteen years before Iowa was admitted to the Union in 1846. From earliest days, education at all levels has been a primary concern of the people and they are justly proud of their modern system of elementary and high schools and their excellent institutions of higher learning.

The Union Pacific takes deep satisfaction in the fact that the great State of Iowa has from the very beginning been a part of the "Union Pacific West."



MONUMENT COMMEMORATING VISIT OF ABRAHAM LINCOLN TO COUNCIL BLUFFS, IOWA, IN 1859.

*Which railroad route to the Pacific? In this picture by C. Everett Johnson painted many years ago, Abraham Lincoln, meeting with Grenville H. Dodge in Council Bluffs, hears the civil engineer, and future general, propose the strategic route which eventually became the Union Pacific Railroad.*

