For the company selected **(Union Pacific** **Corporation)**, prepare a 5-7 page typed report that details the requested information and analysis with regard to the following:

**1.** Provide a brief description of the company. The descriptive information should be fact based and relevant to the analysis. For example, describe the company, its industry, its range of products and services, its geographical scope of business, its main competitors, etc. Cite details such as the level of sales, market share, size of company, number of employees, etc. That a company was founded in someone’s garage is a fact but may be irrelevant. Avoid filler and unsubstantiated fluff such as the company is the friendliest company for employees or wants to be a leader in its field or believes in being responsive to customer needs or strives to be the quality provider of the greatest greenest widgets ever known to the world.

**2.** Do a ratio analysis of the company.. Ratio analysis is covered in Chapter 3. The ratio analysis must include at least one ratio from each of the 5 categories in Table 3.8 on p. 65 of the textbook. Not all ratios are relevant for every company and part of the analytical process is to choose the ratios that are most useful for evaluating a particular firm.

**3.** Find a list of the company’s existing bonds and bond rating from a bond rating source such as Standard & Poor’s or Moody’s. What is the current bond rating? What does the bond rating indicate about the riskiness of the firm? Has the bond rating changed recently? What is the coupon rate for the company’s bonds?

**4.**  Calculate the weekly holding period returns for the company’s common stock over the past 6 months. Compare with the performance of the S&P 500 index for the same time period. Historical stock prices and index values can be obtained from various Internet sources. Holding period returns are determined by dividing the gain during the time period by the value or price level of the investment at the start of the time period. The gain is how much the price level changed from the start of the period to the end of the period. The time period for this analysis is one week and returns are calculated every week for 6 months. Holding period returns are covered in Chapter 12.

**5.** Find a source that reports the company’s beta. The topic of beta is covered in Chapter 13. What is the company’s beta and how does the beta compare with other investment alternatives? What does the beta indicate about the riskiness of the firm? How does the published beta correspond to your analysis of recent weekly holding period returns?

**6.** On the basis of your analysis, form some conclusion about the current and future prospects of the company. For example, is the business growing, or is its potential not sufficiently recognized, or is it in decline? What are the company’s strengths and weaknesses? How does the ROE from the ratio analysis relate to the pattern of weekly stock returns and the firm’s riskiness as indicated by its beta and bond rating? This is not an exhaustive list of questions and others can be added to the list. Conclusions refer to and are based on the information gathered and presented in the previous sections of the analysis. It is not appropriate to introduce new details in the conclusions section.

**Report Format**

**The report, without any appendices, should be 5-7 typed pages in length and written in a formal style. First person is not appropriate. Although the topics may be covered in class in a different sequence, the written report should organize content in the following order:**

**1. Company Description**

**2. Ratio Analysis**

**3. Bonds**

**4. Stock weekly holding period returns**

**5. Stock beta**

**6. Conclusions about the Company’s Performance**

**7. Any Supporting Appendices or Documentation**

**Initial Report Notification of Selected Company**