1938

ELEVENTH ANNUAL REPORT

OF THE

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Henry A. Scandrett, Walter J. Cummings, George I. Haight, Trustees

FOR THE

YEAR ENDED DECEMBER 31, 1938

HENRY A. SCANDRETT, WALTER J. CUMMINGS AND GEORGE I. HAIGHT, as stated in the report for the year 1935, were appointed Trustees of the property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, by order entered October 17, 1935, amended November 29, 1935, effective on the first day of the month next succeeding the date of ratification of their appointment by the Interstate Commerce Commission. Their appointment was ratified by the Interstate Commerce Commission on December 28, 1935, and the Trustees took title to and control of the property on January 1, 1936.

OFFICERS FOR THE TRUSTEES

W. W. K. SPARROW	Officer in charge of Finance, Accounting and Real Estate	CHICAGO
J. T. GILLICK	Chief Operating Officer	CHICAGO
E. B. FINEGAN	Chief Traffic Officer	CHICAGO
O. W. DYNES	Counsel for Trustees	CHICAGO
C. S. JEFFERSON	General Solicitor	CHICAGO
D. C. CURTIS	Chief Purchasing Officer	CHICAGO
H. B. EARLING	Western Representative	SEATTLE
R. J. MARONY	New York Fiscal Representative	NEW YORK
F. H. JOHNSON	Executive Assistant	CHICAGO
T. W. BURTNESS	Secretary	CHICAGO
W. V. WILSON	Comptroller	CHICAGO
J. DICKIE	Treasurer	CHICAGO
S. GREENGARD	Assistant Treasurer	SEATTLE
R. P. ROCKEFELLER	Assistant Treasurer	CHICAGO
L. G. WEIFFENBACH	Ass't Treasurer—Ass't Secretary	NEW YORK
A. C. HAGENSICK	Assistant Secretary	CHICAGO
J. WELCH	Ass't Secretary—Ass't Treasurer	NEW YORK
G. GRIFFIN	Transfer Agent	NEW YORK
O. N. HARSTAD	General Manager—Lines East	CHICAGO
C. H. BUFORD	General Manager—Lines West	SEATTLE
W. H. PENFIELD	Chief Engineer	CHICAGO

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

DIRECTORS

TERM EXPIRES MAY 9, 1939

LOUIS M. ATHERTON	BOSTON
MORTIMER N. BUCKNER	NEW YORK
HARRY E. BYRAM	NEW YORK
HOWLAND S. DAVIS	NEW YORK
FAIRMAN R. DICK	NEW YORK
JOSHUA GREEN	SEATTLE
LAWRENCE HOWE	CHICAGO
ROBERT J. MARONY	NEW YORK
HARVEY C. ORTON	CHICAGO
WILLIAM C. OSBORN	NEW YORK
EDWARD A. PIERCE	NEW YORK
PHILIP J. ROOSEVELT	NEW YORK
ROBERT T. SWAINE	NEW YORK

EXECUTIVE COMMITTEE

HARRY E. BYRAM
HOWLAND S. DAVIS
FAIRMAN R. DICK
ROBERT J. MARONY
WILLIAM C. OSBORN
ROBERT T. SWAINE

GENERAL OFFICERS OF THE CORPORATION

H. E. BYRAM	Chairman of the Board	NEW YORK
J. T. GILLICK	Vice President	CHICAGO
H. B. EARLING	Vice President	SEATTLE
R. J. MARONY	Vice President	NEW YORK
O. W. DYNES	General Counsel	CHICAGO
C. S. JEFFERSON	General Solicitor	CHICAGO
H. H. FIELD	Special Counsel	CHICAGO
R. T. SWAINE F. H. WOOD D. C. SWATLAND	Counsel for the Board of Directors	NEW YORK
W. V. WILSON	Comptroller	CHICAGO
J. DICKIE	Treasurer	CHICAGO
S. GREENGARD	Assistant Treasurer	SEATTLE
R. P. ROCKEFELLER	Assistant Treasurer	CHICAGO
L. G. WEIFFENBACH	Asst. Treasurer-Asst. Secretary	NEW YORK
T. W. BURTNESS	Secretary	CHICAGO
A. C. HAGENSICK	Assistant Secretary	CHICAGO
J. WELCH	Asst. Secretary-Asst. Treasurer	NEW YORK
W. H. PENFIELD	Chief Engineer	CHICAGO

(See notes on page 4)

Frederick H. Ecker resigned as Director and member of the Executive Committee in letter dated January 11, 1938, accepted by Board of Directors at meeting held January 12, 1938.

Henry A. Scandrett resigned as President, Director and member of the Executive Committee in letter dated May 19, 1938, accepted by Board of Directors at meeting held June 2, 1938.

W. W. K. Sparrow resigned as Vice-President and Director in letter dated May 19, 1938, accepted by Board of Directors at meeting held June 2, 1938.

W. W. Colpitts resigned as Director and member of the Executive Committee in letter dated September 13, 1938, accepted by the Board at meeting held November 17, 1938.

Harvey C. Orton and Edward A. Pierce were elected Directors at meeting of the Board held January 19, 1938.

Robert J. Marony was elected a Director and member of the Executive Committee at meeting of the Board held June 2, 1938.

William Church Osborn was elected a member of the Executive Committee at a meeting of the Board held November 17, 1938.

THE

ELEVENTH ANNUAL REPORT

OF

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Henry A. Scandrett, Walter J. Cummings, George I. Haight, Trustees

FOR THE YEAR ENDED DECEMBER 31, 1938

The annual report for 1937 brought down to the end of that year, the record of proceedings for reorganization before the Interstate Commerce Commission. On January 10, 1938, the Committee representing the Group of Institutional Investors filed a plan of reorganization with the Commission. Hearings on that plan were held before the Commission on February 1 to 4, and on March 21 and 22. On the latter date, the Commission announced that the hearing was closed and fixed May 31, 1938, as the final date for filing of briefs.

In November, 1938, the Commission published a report proposed by one of its examiners, M. S. Jameson, recommending a plan for reorganization of the Company pursuant to Section 77 of the Bankruptcy Act.

The capital structure and annual charges proposed by the examiner's plan are summarized and compared with the capital structure existing December 31, 1938, as follows:

	Capitalization		Annual Charges	
	Present	Proposed	Present	Proposed
Fixed Interest Debt	[1] $361,042,662	$108,388,310	$ 14,536,154	$ 3,940,152
Additions & Betterments Fund				[2] 5,000,000
Contingent Interest	[1] 262,423,748	124,969,720	9,143,685	5,623,638
Sinking Fund			1,130,368	624,849
Preferred Stock	119,307,300	108,675,970	[3] 5,965,365	[3] 5,433,798
Common Stock taken at $100 a share	117,406,000	291,521,400	[4] 1,109,210	[4] 10,203,249
Total	$860,179,710	$633,555,400	$ 31,884,782	30,825,686

Note [1]—Fixed interest debt includes $39,328,863 and contingent interest debt includes $79,550,055, a total of $118,878,918 of accrued interest unauthorized for payment.
Note [2]—One-half optional.
Note [3]—Dividends at $5.00 per share.
Note [4]—Dividends at $3.50 per share.

The holders of the Company's present preferred stock would be allotted, for each share of such stock, a warrant to purchase one-half share of new common stock at a price of $30 to and including December 31, 1943; thereafter to and including December 31, 1948, at $40 a share; and thereafter to and including December 31, 1953, at $50 a share. The examiner found that the present common stock is valueless.

Briefs were filed on December 30, 1938, by Counsel for the Company, taking certain exceptions to the report and requesting the Commission to defer its final decision on any plan of reorganization until the railroad's earnings were restored to an amount sufficient to warrant a reorganization.

On October 21, 1938, the Protective Committee for Holders of Preferred Stock of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, mentioned in the 1937 report, and the Protective Committee for Holders of Common Stock of Chicago and North Western Railway submitted a plan for reorganization by consolidation of the Chicago and North Western and Chicago, Milwaukee, St. Paul and Pacific Railroads. They estimated that savings in operating economies in excess of $10,000,000 per annum would result from such consolidation. Oral arguments were heard by the Interstate Commerce Commission on December 15, 1938, on the question as to whether or not the reorganization proceedings of the two carriers should be reopened to allow stockholders to present further testimony in favor of their plan. On January 19, 1939, the Commission denied the petition of the Stockholders Protective Committees for reopening its records for this purpose.

INCOME for the year available for fixed charges amounted to $6,101,866, a decrease as compared with the income as reported for 1937 of $3,722,868.

Included in the 1937 income account was a credit of $1,523,755, representing cancellation of accruals in 1936 for excise taxes in connection with the Railroad Retirement Act of 1935 which was repealed by the Carriers Taxing Act of 1937. Excluding this credit from the figures for 1937, the 1938 income shows a decrease of only $2,199,113.

Fixed interest on funded debt and interest on unpaid matured funded debt amounted to $13,570,138, as compared with $13,486,716 for 1937.

Rents for lease of road and other fixed charges amounted to $1,384,313 as compared with $1,415,604 for 1937.

Deficit after fixed charges for 1938 was $8,852,585 as compared with $5,077,586 for 1937, but, taking into consideration credit in 1937 of $1,523,755, above referred to, the deficit after fixed charges in 1938 compares with $6,601,341 for 1937.

RAILWAY OPERATING REVENUES for 1938 were $99,436,846, a decrease from 1937 of $8,225,430, or 7.64%, which compares with 16.38% decrease of roads in the Northwestern

Region excluding Chicago, Milwaukee, St. Paul and Pacific Railroad.

OPERATING EXPENSES for the year 1938 were $80,673,187 as compared with $87,137,444 for 1937, a decrease of $6,464,257, or 7.42%, which compares with 10.95% of decrease of the Northwestern Region roads other than Chicago, Milwaukee, St. Paul and Pacific Railroad.

Due to increase of 5 cents an hour granted to non-transportation and sleeping car service employees, effective August 1, 1937, the increase of 44 cents a day granted to train and yard service employees, effective October 1, 1937, mentioned in the 1937 report, and a wage increase of 4 cents an hour, effective January 1, 1938, to employees in dining car service, expenses for 1938 increased $1,981,000 over 1937 on account of such rate adjustments.

FREIGHT REVENUE for 1938 amounted to $82,219,057 as compared with $88,576,457 for 1937, a decrease of 7.18%. The decrease for all other Class I railroads in the Northwestern Region was 16.87%. Freight revenue for 1938 followed a lower trend than in 1937 throughout the year until August when the revenues exceeded those of the previous year. September and October trend was slightly lower, but thereafter rose slightly above 1937.

No important rate changes became effective during the year 1938 other than those mentioned in the report for 1937, effected by I. C. C. Ex Parte 123 decision in March of this year, which granted increases of 10% on certain commodities, 5% on others (except that previous increases in Trans-Continental rates authorized late in 1936, and the flat increase on cotton and general commodity rate increases and those authorized in Ex Parte 115 made effective in 1937, were considered as part of the increases authorized) and none on bituminous coal, lignite, coke and iron ore. As a result of this decision, the 1938 freight revenue from April was increased approximately $3,437,700.

Increases and decreases in 1938 as compared with 1937 in revenue and tonnage by general classes of commodities were as follows:

Class of Commodities	Revenue + Increase − Decrease	Percent + Increase − Decrease	Tonnage + Increase − Decrease	Percent + Increase − Decrease
Products of Agriculture	$ +3,440,226	+28.46	+1,039,078	+20.30
Animals and Products	+ 831,431	+10.39	+ 63,005	+ 4.01
Products of Mines	−1,343,927	− 9.18	−1,482,353	−12.57
Products of Forests	−2,319,205	−20.22	−1,150,596	−25.40
Manufactures & Miscellaneous	−6,571,248	−17.92	−2,990,161	−24.24
Less Carload	− 304,887	− 6.94	− 99,715	−13.23

The average revenue per ton of freight in 1938 was $2.66 as compared with $2.50 in 1937; the average distance haul in 1938, 274 miles, the same as in 1937, and the average revenue per ton mile in 1938 was 9.7 mills as compared with 9.14 mills in 1937.

The principal increases in revenue and tonnage from products of agriculture were from handling wheat, corn, barley and rye. Wheat tonnage in 1938 increased 23% and the revenues 39% over 1937; corn tonnage increased 103% and the revenues 114% over 1937; tonnage of barley and rye increased 16% and the revenues 33% over 1937.

According to reports published by the United States Department of Agriculture showing the production of grain in the territory served by the Milwaukee, wheat increased 19% over 1937 which year's production was 47% greater than in 1936; corn production decreased 9% as compared with the yield for 1937, which year's production was 147% over 1936; the yield of barley and rye in the Milwaukee territory increased 9% over 1937, which year's yield was 86% better than 1936. The considerable difference in the percentage of increase in tonnage of corn handled in 1938 over 1937, and the decreased yield in the territory of 9%, is due to the fact that less corn was raised in 1936 in the drought stricken area of the Northwest, particularly in Montana and North and South Dakota, and corn was shipped into the drought stricken states for feeding until June, 1937. The result was that a greater proportion of the 1937 crop moved to market in the first nine months of 1938.

PASSENGER TRAIN REVENUE in 1938 amounted to $12,810,605, as compared with $13,499,493 in 1937, a decrease of $688,888 or 5.10%.

Revenue from passenger traffic in 1938, which includes $59,626 earned on freight trains, was $7,797,830, a decrease, as compared with 1937, of $487,874, or 5.9%.

Effective January 1, 1938, station to station round trip coach fares were increased from 1.8 cents per mile to 1.9 cents per mile, and intermediate class fares (for tickets good in tourist sleeping cars) were increased from 2 cents per mile to 2.25 cents per mile.

All other passenger train revenues, which includes mail, express, sleeping car and other earnings on passenger trains for 1938, amounted to $5,067,111, as compared with $5,304,800 for 1937, a decrease of 4.48%.

Excluding commutation passengers, the average miles per passenger carried in 1938 was 165 as compared with 164 in 1937; the average revenue per passenger in 1938 was $3.10 as compared with $2.93 in 1937, and the average revenue per passenger mile in 1938 was 1.88 cents as compared with 1.79 cents in 1937.

OPERATING EXPENSES

Maintenance of Way and Structures expenses were $14,824,274, as compared with $17,370,183 for 1937, a decrease of $2,545,909, or 14.7%.

Maintenance of Equipment expenses were $19,131,875, as compared with $20,627,129 for 1937, a decrease of $1,495,254, or 7.2%.

Traffic expenses were $2,762,213, as compared with $2,708,358 for 1937, an increase of $53,855, or 2%.

Transportation expenses were $39,623,468, as compared with $41,985,006 for 1937, a decrease of $2,361,538, or 5.6%.

Miscellaneous Operations were $908,809, as compared with $929,316, a decrease of $20,507, or 2.2%.

General expenses were $3,721,030, as compared with $3,886,777 for 1937, a decrease of $165,747, or 4.3%.

RAILWAY TAX ACCRUALS in 1938 amounted to $8,705,000 as compared with $6,761,355 in 1937. However, 1937 accounts contained a credit of $1,523,755 reversing charges made in 1936 due to the repeal of the Excise Tax Act of August 29, 1935. 1937 Tax Accruals without this credit would have amounted to $8,285,110. 1938 accruals increased over the 1937 accruals after adjustment for the credit referred to, $419,890, or 5.07%. The rate of Unemployment Compensation Taxes for 1938 was 3% as compared with 2% for 1937, which accounted for an increase in tax accruals of $456,592. Other tax accruals decreased $36,702.

EQUIPMENT RENTS for 1938 were $2,317,945 as compared with $2,493,488 for 1937, a decrease of $175,543 or 7%. Rent for private cars for 1938 was $2,778,928 against $2,933,660 for 1937, a decrease of $154,732 or 5.3%. Other equipment rents net resulted in a credit for 1938 of $460,983 compared with a credit in 1937 of $440,172, an increase of $20,811.

RATE OF RETURN: The rate of return earned for the year 1938 on investment in road and equipment, including material and supplies and cash, at the beginning of the year, was .72%, as compared with 1.22% earned for the year 1937. For the entire Western District the average rate of return for 1938 was 1.10% as compared with 1.71% for 1937. For the Northwestern Region, in which this Railroad is grouped, the rate of return for 1938 was .86% as compared with 1.90% for 1937.

FINANCE: As of April 1, 1938, Equipment Trust Certificates, Series S, were issued in principal amount of $2,235,000. They were sold April 8, 1938, at 99.033% par and accrued dividends, bear interest at the rate of 3¾% per annum from April 1, 1938, payable semi-annually on April 1 and October 1, and mature in fifteen equal installments of $149,000 on April 1 in each of the years 1939 to 1953 inclusive.

Part of the proceeds of these certificates was applied to the purchase of four steam passenger locomotives of the Hudson type and the balance was used for the construction in the shops at Milwaukee by the Trustees, as Builders, of 61 passenger train cars and 464 52′6″ 50-ton flat cars, all of which were placed in service during 1938.

THE RAILROAD CREDIT CORPORATION LOAN: The balance as of December 31, 1937, of $366,374.35 due The Railroad Credit Corporation on the loans made to the Railroad Company was extinguished during 1938 by credit of $31,157.09, the Milwaukee's distributive share of proceeds of The Railroad Credit Corporation, and $335,217.26 paid by the Milwaukee Land Company. The net amount of emergency revenues paid to The Railroad Credit Corporation for the period January 4, 1932, to March 31, 1933, less the distributions thereof made and applied in reduction of the loans, is $467,356.27. The Trustees will receive in cash any further distributions made to apply in reduction thereof.

WAGES: On May 12, 1938, the railroads served notice on all labor organizations with which they had contracts, stating their intention to reduce all rates of compensation, including arbitraries, special allowances, and all other forms of money payments, fifteen per cent (15%), effective July 1, 1938. Conferences were held with such organizations and on their rejection of the proposed decrease in pay the Carriers Joint Conference Committee, representing all railroads, on August 4, 1938, invoked the services of the National Mediation Board. The Board, being unable to settle the controversy, requested the parties to submit it to arbitration. This the railroads signified their willingness to do but the employees declined. On August 31, 1938, the Mediation Board notified the parties of the termination of its services and the railroads then served notice on the organizations of their intention to make the reduction effective October 1, 1938.

The Mediation Board on September 27, 1938, notified the President of the United States that in its judgment the dispute threatened substantially to interrupt interstate commerce to a degree such as to deprive the country of essential transportation service. The President on September 27, 1938, created an Emergency Board under the provisions of the Railway Labor Act to investigate and make a report respecting the dispute. The Board heard evidence and arguments of the parties between September 30, and October 17, and on October 29, 1938, rendered a report adverse to the reduction. As a result of this report the railroads withdrew their notice of proposed wage reductions.

FEDERAL FAIR LABOR STANDARDS ACT: On June 25, 1938, the President of the United States approved an act to provide for the establishment of fair labor standards in employments in and affecting interstate commerce and for other purposes. The act is commonly known as the "Fair Labor Standards Act of 1938," and it became effective on October 24, 1938. Under the law, railroad employees are expressly exempted from the maximum hours provision but are subject to the minimum wage provision which provides that wages must not be less than 25 cents an hour during the first year from the effective date of the law, and 30 cents an hour during the next six years, after the expiration

of seven years from the effective date of the act, not less than 40 cents an hour, or the rate (not less than 30 cents an hour) prescribed by an applicable order of the Administrator of the Wage and Hour Division of the Department of Labor, and at any time after October 23, 1938, the Administrator may prescribe the highest minimum rate (not in excess of 40 cents an hour) recommended and determined by an Industry Committee appointed by the Administrator, representing the public, employers and employees, having due regard to economic and competitive conditions which will not substantially curtail employment in the industry.

The effect of this Act on this railroad's payrolls for 1938 was negligible as few employees were affected thereby.

RAILROAD UNEMPLOYMENT INSURANCE ACT: On June 25, 1938, the President approved an act to regulate interstate commerce by establishing an unemployment insurance system for individuals employed by certain employers engaged in interstate commerce, commonly known as the "Railroad Unemployment Insurance Act." Under the provisions of this law, the system of unemployment insurance insofar as railroad employees are concerned is removed from the jurisdiction of the states and vested exclusively in the Federal Government, and no employee shall have any right to unemployment benefits under an unemployment compensation law of any state with respect to unemployment occurring after June 30, 1939. The law provides, among other things, that every employer shall pay a contribution, with respect to having employees in his service, equal to 3 per centum of so much of the compensation as is not in excess of $300 for any calendar month payable by him to any employee with respect to employment after June 30, 1939. The law does not require contributions from employees. The provisions of the law are to be administered by the Railroad Retirement Board. The tax rate is the same as is now imposed under the federal and state social security acts.

SAUGUS WRECK: At 12:35 A.M. June 19, 1938, passenger train No. 15 (the Olympian), westbound, was derailed as a result of an unprecedented cloudburst, which undermined the piers of a bridge over Custer Creek near Saugus, Montana, over which the train was passing at the time the bridge collapsed. The accident resulted in the death of forty-eight persons and injuries to others.

The train consisted of the engine and tender, one mail and express car, one baggage car, two coaches, three tourist sleeping cars, one dining car, two standard sleeping cars, and one observation car, in the order named, of all-steel construction.

Custer Creek is normally dry for about nine months of the year and at other times the depth of the water in the stream does not exceed three or four feet. At the time of the accident the water in the channel was twenty feet deep.

A train had crossed safely over the bridge about two hours earlier when the water in the creek was about three or four feet deep.

The wreck was investigated by the Director, Bureau of Safety of the Interstate Commerce Commission, and his report shows that from the facts ascertained at the hearing it was evident that the bridge, which was a single track two-span steel and reinforced concrete structure 180 feet long, supported by two abutments and six intermediate piers, conformed to the specifications of the American Railway Engineering Association, and that it was adequate as to design for the traffic it was required to support.

The conclusion of the Director's report was that this accident was caused by the undermining of the piers of the bridge due to a cloudburst.

AGRICULTURAL AND COLONIZATION DEPARTMENT: The Agricultural and Colonization Department continued to initiate and carry forward programs designed to increase or maintain agricultural tonnage. The department obtains approval and co-operation of federal, state and local agencies; organized agriculture; farmers; businessmen; trade and civic associations and others, in securing adoption, promotion, financing and development of such programs.

A few of the benefits, to which the department's activities contributed substantially are: Soybean production in Iowa in 1938 was increased 1,500,000 bushels; 2,000 additional acres each of flax and mustard seed were grown near Tekoa, Washington; more sugar beets were produced in Montana than in any other year; the largest crop of malting barley ever grown in Iowa, Minnesota and Wisconsin was produced; potato acreage in Upper Michigan was increased 15%; every county in infested states received bait for control of grasshoppers and mormon crickets; 44 irrigation projects in Montana, which will result in an additional 150,000 acres under irrigation, are now in development or promotional stages. Many other such projects and programs are under development or operation in all states.

OPERATED MILEAGE AT CLOSE OF YEAR:

	1938	1937	Increase + Decrease − 1938 over 1937
Miles of Road	10,941.94	11,024.97	− 83.03
Miles of Additional Main Track	1,208.44	1,205.23	+ 3.21
Miles of Yard Tracks and Sidings	4,166.08	4,266.37	−100.29
	16,316.46	16,496.57	−180.11

INCOME

The following is a condensed income account for the year 1938 as compared with 1937.

CONDENSED INCOME ACCOUNT

YEAR ENDED DECEMBER 31, 1938

	YEAR 1938	COMPARISON WITH 1937 +Increase —Decrease
RAILWAY OPERATING INCOME:		
Railway operating revenues	$ 99,436,845.84	$— 8,225,430.20
Railway operating expenses	80,673,186.46	— 6,464,258.05
Net revenue from railway operations	$ 18,763,659.38	$— 1,761,172.15
Railway tax accruals:		
Social Security and Railroad Retirement Acts—Taxes	3,018,017.76	+ 1,882,068.76
Other Taxes	5,686,982.24	+ 61,576.24
Railway operating income	$ 10,058,659.38	$— 3,704,817.15
Equipment rents—Debit balance	2,317,944.89	— 175,543.03
Joint facility rents—Debit balance	2,466,175.59	— 13,151.54
Net railway operating income	$ 5,274,538.90	$— 3,516,122.58
NON-OPERATING INCOME:		
Rents from lease of road and equipment	$ 32,944.50	$— 72,175.12
Rents received—Other (net after expenses)	549,587.31	— 17,127.54
Dividends on stocks	156,412.00	— 164,177.50
Income from funded securities:		
Interest on bonds, notes and certificates	90,586.10	+ 6,623.50
Interest on advances to affiliated companies	18,194.77	+ 1,983.47
Income from unfunded securities and accounts	32,492.56	+ 28,972.29
Income from sinking and other reserve funds	35,000.00	....
Release of premiums on funded debt	12,596.96	+ 11,873.84
Miscellaneous income	997.26	— 1,801.50
Total	$ 928,811.46	— 205,828.56
Net railway and non-operating income	$ 6,203,350.36	$— 3,721,951.14
DEDUCTIONS:		
Rents paid—Other	$ 27,686.27	$— 1,907.38
Miscellaneous tax accruals	33,148.81	+ 3,361.50
Miscellaneous income charges	40,649.22	— 537.91
Total	$ 101,484.30	$+ 916.21
Income available for fixed charges	$ 6,101,866.06	$— 3,722,867.35
FIXED CHARGES:		
Rent for leased roads and equipment	$ 1,112,052.68	$+ 2,400.83
Interest on funded debt—Fixed interest	12,915,025.85	+ 38,832.11
✠Interest on unfunded debt	900,481.98	+ 11,708.93
Amortization of discount on funded debt	26,890.67	− 810.58
Total fixed charges	$ 14,954,451.18	$+ 52,131.29
Net income before deduction for interest on Convertible Adjustment Mortgage Bonds [*deficit*]	$ *8,852,585.12*	$+ *3,774,998.64*
Contingent charges:		
Interest on Convertible Adjustment Mortgage Bonds (5% accrued)	9,143,684.65	....
Net income [*deficit*]	$ *17,996,269.77*	$+ *3,774,998.64*
Debit balance transferred to Profit and Loss	$ *17,996,269.77*	$+ *3,774,998.64*

✠Includes $660,253.75 interest accrued on matured funded debt, see page 32.

CAPITAL STOCK

On December 31, 1937, the share capital of the Company consisted of 1,193,073 shares of Preferred Stock, par value $100.00 per share, and 1,174,060 shares of Common Stock, without par value.

There has been no change during the year.

The Capital Stock outstanding as of December 31, 1938, was as follows:

Preferred Stock 1,193,073 Shares	$119,307,300.00
Common Stock 1,174,060 Shares	(No par value)

FUNDED DEBT

Funded Debt outstanding in the hands of the public as of December 31, 1938, amounted to $479,188,891.44, as compared with $481,104,853.95 outstanding as of December 31, 1937, or a decrease of $1,915,962.51. This difference is explained as follows:

DECREASE:

Equipment Trust Certificates paid as follows:

Series A	x	$323,400.00	
" C	#	715,200.00	
" D	#	489,200.00	
" E	#	135,200.00	
" F	#	262,400.00	
" G	#	53,600.00	
" H	#	36,000.00	
" J	#	446,400.00	
" K	#	115,400.00	
" L	*	170,400.00	
" M	xx	132,000.00	
" N	xx	12,000.00	
" O	xx	384,000.00	
" P	xx	212,000.00	
" Q	xx	177,000.00	
" R	xx	128,000.00	$3,792,200.00

xPayment of 20% installments on 1935, 1936 and 1937 maturities of Equipment Trust Certificates Series A.

#Payment of 20% installments on 1935, 1936, 1937 and 1938 maturities of Equipment Trust Certificates Series C to K, inclusive.

*Payment of 20% installments on 1936, 1937 and 1938 maturities of Equipment Trust Certificates Series L.

xx1938 maturities paid in full.

Reconstruction Finance Corporation Registered Collateral Note paid	290,000.00
General American Tank Car Corporation Sub-Lease, principal paid during the year	68,762.51
Total Decrease—Forwarded	$4,150,962.51

Total Decrease brought forward	$4,150,962.51

INCREASE:

Equipment Trust Certificates, Series S, issued by the Trustees on authority of the Interstate Commerce Commission and the District Court of the United States for the Northern District of Illinois, Eastern Division	$2,235,000.00
Net Decrease	$1,915,962.51

The net increase of Investment in Road and Equipment during the year was $5,484,869. This increase was due to gross additions and betterments to road property of $3,568,448 and of equipment, $7,856,643, a total of $11,425,091, less retirements and conversions of $5,940,222.

SHORT TERM NOTES

Name of Creditor	Date of Issue	Date of Maturity	Amount as of Dec. 31, 1937	Decrease in 1938	Amount as of Dec. 31, 1938
The Railroad Credit Corporation	6/27/34	6/26/36	$ 366,374.35	*$ 366,374.35	....
xReconstruction Finance Corporation	12/29/34	12/29/35	2,700,000.00	....	$2,700,000.00
xReconstruction Finance Corporation	1/31/35	12/29/35	800,000.00	....	800,000.00
Total			$3,866,374.35	$ 366,374.35	$3,500,000.00

* $31,157.09 represents distributions by The Railroad Credit Corporation credited against this indebtedness and $335,217.26 paid by Milwaukee Land Company pursuant to agreement dated July 27, 1932, and supplemental agreement thereto dated June 27, 1934 between the Railroad Company, Milwaukee Land Company and The Railroad Credit Corporation, which agreements were approved by the Court July 6, 1935.

x For total indebtedness to Reconstruction Finance Corporation, see Note ⑩ on page 31.

ADDITIONS AND BETTERMENTS

RAIL:

6,582 gross tons of new rail and 18,840 gross tons of second-hand rail were used in relaying.

BALLAST:

Additional ballast was applied on 176 miles of track, requiring 84,673 cubic yards of gravel and 16,580 cubic yards of cinders.

ROADWAY PROTECTION:

The construction of Government Dams in the Mississippi River required the use of approximately 47,000 cubic yards of gravel for raising tracks and the placing of approximately 55,000 cubic yards of riprap for embankment protection.

Wet cuts were improved by the installation of 20,536 lineal feet of drain tile.

BRIDGES, TRESTLES AND CULVERTS:

Open deck untreated timber bridges, totaling 6,901 lineal feet, were replaced with structures of a more permanent character and 290 lineal feet of steel bridge superstructures were replaced with similar structures of heavier design.

ELIMINATION OF GRADE CROSSINGS:

The Federal Aid Grade Crossing Program which was started in 1934 was continued during the year by the various State Highway departments working in conjunction with the United States Bureau of Public Roads. A total of 11 projects were completed on the lines of this Company, the cost of which was financed largely with Federal Funds.

STATION FACILITIES AND ROADWAY STRUCTURES:

The facilities at the Snoqualmie Ski Bowl at Hyak, Washington were enlarged by the construction of a two-story addition to the Lodge and the construction of a covered platform and improved by the installation of steam heat in the Lodge.

Extensive improvements were made to the Company's Grain Elevator "E" at Milwaukee, which included new power and light circuits and a new dust collecting system.

The passenger station at Milwaukee was improved by the construction of an enclosed and heated concourse at the entrance to the train shed.

Seven new frame storage warehouses were constructed at points in Idaho and Washington and leased for the handling and storage of agricultural products. Existing warehouses at other points were enlarged and improved to take care of increasing business of the present lessees.

WATER STATIONS:

New wells were dug at Bonilla and Aberdeen, South Dakota and a new water treating plant was constructed at Council Bluffs, Iowa.

SIGNALS AND INTERLOCKERS:

The interlocking plant at Western Avenue, Chicago owned jointly with the Pennsylvania and North Western Companies was rebuilt and modernized by the installation of electric locking and an illuminated track diagram.

The interlocking plant at the Fox River bridge at Elgin was rebuilt.

A total of 51 highway and street crossings were protected by automatic signals or gates, 39 of the installations being carried out under Federal Aid Programs without cost to the Railroad Company.

SHOPS AND ENGINEHOUSES:

Extensive improvements were made to the enginehouse at Green Bay, Wisconsin, including the extension of 5 stalls to permit the housing of heavy freight locomotives.

The installation of 110 foot turntables and improvements to enginehouses at various points for the handling of the new heavy freight locomotives which was started in 1937 was completed in the early part of the year.

EQUIPMENT:

Six high speed streamlined steam passenger locomotives were purchased and placed in service during the year. The last 16 of the 30 high speed freight locomotives ordered in 1937 were received and placed in service early in the year. One Mountain type passenger locomotive, the construction of which was commenced at the Company's Shops at Milwaukee in 1937 was completed and placed in service in February.

Seventeen coaches, 20 combination coach cars, 4 dining cars, 10 parlor cars, 4 tap room-express cars, 2 postal cars, 3 express cars, 1 mail-express car, 735 gondola cars, and 469 flat cars were constructed in the Company's Shops at Milwaukee.

Six freight locomotives were equipped with feed water heaters.

Air-conditioning equipment was installed in 14 cars.

Power reverse gears were installed in 102 locomotives.

LINES ABANDONED

The following lines were abandoned during the year with the approval of the Interstate Commerce Commission:

Turkey River Junction to West Union, Iowa. . 58.25 miles

Eldridge Junction to Long Grove, Iowa. . . . . 2.97 miles

Menno to Scotland, South Dakota. . . . . 7.97 miles

INVESTMENT IN ROAD AND EQUIPMENT AND MISCELLANEOUS NON-OPERATING PHYSICAL PROPERTY

The expenditures chargeable to Investment in Road and Equipment and Miscellaneous Non-Operating Physical Property during the year ended December 31, 1938, and the Total Investment in Road and Equipment and Total Miscellaneous Non-Operating Physical Property December 31, 1938, were as follows:

	C.M.St.P.& P. R. R.	C.T.H.& S.E. Ry.
ROAD:		
Additions and Betterments—Road:		
Land for transportation purposes	$ 7,924.23	$ 544.66
Grading	256,128.50	14,313.07
Tunnels and subways	4,153.44	....
Bridges, trestles and culverts	1,293,112.44	66,432.92
Ties	30,492.06	861.23
Rails	120,488.59	965.17
Other track material	431,571.41	16,318.75
Ballast	176,194.38	2,556.49
Track laying and surfacing	80,129.53	2,107.06
Fences, snowsheds and signs	8,479.19	860.14
Station and office buildings	155,077.49	140.14
Roadway and miscellaneous buildings	18,600.64	380.72
Water and fuel stations	58,277.15	1,826.34
Shops and enginehouses	199,225.67	2,301.47
Telegraph and telephone lines	9,850.89	....
Signals and interlockers	174,333.41	2,102.17
Power plants and transmission systems	29,868.97	....
Public improvements—Construction	32,676.60	638.60
Roadway machines and tools	63,722.21	327.78
Shop and power plant machinery	309,297.85	286.21
Miscellaneous	108,843.08	1,539.18
Gross Additions and Betterments—Road	$ 3,568,447.73	$ 114,622.10
Credit:		
Road property retired	$ 4,471,891.43	$ 475,385.08
Net Additions and Betterments—Road	$Cr. 903,443.70	$Cr. 360,762.98
EQUIPMENT:		
Equipment purchased and constructed:		
6 High speed, streamlined passenger locomotives, purchased	$ 1,007,988.98	....
16 High speed freight locomotives, purchased	2,184,629.10	....
1 Passenger locomotive, constructed	120,803.36	....
735 Gondola cars, constructed	1,632,049.49	....
469 Flat cars, constructed	884,754.00	....
17 Coaches, constructed	630,865.14	....
20 Branch line combination coaches, constructed	208,512.08	....
10 Parlor cars, constructed	389,780.90	....
4 Dining cars, constructed	197,585.67	....
4 Tap room-express cars, constructed	154,682.26	....
3 Express cars, constructed	64,235.44	....
1 Mail-express car, constructed	24,774.98	....
2 Postal cars, constructed	50,206.49	....
1 Locomotive crane, second-hand, purchased	6,352.79	....
1 Jordan spreader, second-hand, purchased	2,047.02	....
1 Tank car, constructed	756.75	....
Gross Additions and Betterments—Equipment—Carried Forward	$ 7,560,024.45	....

INVESTMENT IN ROAD AND EQUIPMENT AND MISCELLANEOUS NON-OPERATING PHYSICAL PROPERTY (Concluded)

	C.M.St.P.& P. R. R.	C.T.H.& S.E. Ry.
Net Additions and Betterments—Road—Brought Forward	$Cr. 903,443.70	$Cr. 360,762.98
Gross Additions and Betterments—Equipment—Brought Forward	$ 7,560,024.45	....
MISCELLANEOUS EQUIPMENT:		
1 Tructractor and two trailers, purchased	2,808.30	....
2 Trucks, second-hand, purchased	544.00	....
10 Automobiles, purchased	8,285.66	....
1 Automobile purchased	....	$ 773.00
Other Additions and Betterments to Equipment:		
Miscellaneous conversions of equipment	47,288.39	450.00
Other improvements to equipment	237,692.79	810.05
Gross Additions and Betterments—Equipment	$ 7,856,643.59	$ 2,033.05
Credit—Equipment retired or converted	$ 1,468,330.87	$ 146,550.57
Net Additions and Betterments—Equipment	$ 6,388,312.72	$Cr. 144,517.52
Net Additions and Betterments—Road and Equipment	$ 5,484,869.02	$Cr. 505,280.50
Road and Equipment, December 31, 1937	$ 691,592,842.34	$ 28,333,758.33
Road and Equipment, December 31, 1938	$ 697,077,711.36	$ 27,828,477.83
MISCELLANEOUS NON-OPERATING PHYSICAL PROPERTY:		
Net increase in Non-Operating Property	$ 28,704.30	$ 212,236.53
Net increase in Track Material Loaned Account	5,351.30	....
Net decrease in Other Material Loaned	Cr. 1,996.37	....
Net increase in Miscellaneous Non-Operating Physical Property	$ 32,059.23	$ 212,236.53
Miscellaneous Non-Operating Physical Property December 31, 1937	5,958,206.19	27,870.30
Miscellaneous Non-Operating Physical Property December 31, 1938	$ 5,990,265.42	$ 240,106.83

General Balance Sheet, Profit and Loss Account, detailed statements of Railway Operating Revenues, Expenses and Income, and other tables relating to the affairs of the Railroad are appended hereto.

The Trustees record their appreciation of the co-operation and the loyal and efficient services rendered by the officers and employees throughout the year.

HENRY A. SCANDRETT,
WALTER J. CUMMINGS,
GEORGE I. HAIGHT,
Trustees.

April 15, 1939

GENERAL BALANCE SHEET

Asset Side	As of December 31, 1938	Comparison with December 31, 1937 +Increase —Decrease
Investments:		
Road and equipment	$697,077,711.36	$+ 5,484,869.02
Improvements on leased railway property	$ 411,300.82	$— 74.96
Deposits in lieu of mortgaged property sold	$ 70,840.16	$+ 40,795.50
Misc. non-operating physical property	$ 5,900,265.42	$+ 32,059.23
Investments in affiliated companies:		
#Stocks	$ 5,162,143.87	$— 1.00
Bonds	1,497,801.00	....
Notes	9,049,677.68	— 486,467.26
Advances	5,437,901.74	+ 90,599.83
	$ 21,147,524.29	$— 395,868.43
Other Investments:		
Stocks	$ 8,410.40	....
Bonds	201,586.00	$+ 199,886.00
Notes	58,917.37	— 12,142.97
Advances	2,850.00	— 1,174.67
Miscellaneous	215.00	— 45.00
	$ 271,978.77	$+ 186,523.36
Total investments	$724,960,620.82	$+ 5,348,303.72
Current Assets:		
Cash	$ 13,406,690.47	$+ 3,401,670.29
Special deposits	525,961.05	— 3,455,383.21
Loans and bills receivable	2,370.61	+ 141.15
Traffic and car-service balances receivable	538,773.54	+ 110,526.31
Due from agents and conductors	1,087,162.23	+ 25,586.26
Miscellaneous accounts receivable	1,862,256.50	— 453,165.46
Material and supplies	9,195,681.20	— 2,769,344.52
Interest and dividends receivable	17,795.75	+ 1,290.82
Other current assets	37,053.45	+ 11,398.71
Total current assets	$ 26,673,744.80	$— 3,127,279.65
Deferred Assets:		
Working fund advances	$ 52,091.26	$+ 276.24
Insurance and other funds	....	— 1,012,696.52
Other deferred assets	3,006,212.32	+ 228,894.02
Total deferred assets	$ 3,058,303.58	$— 783,526.26
Unadjusted Debits:		
Rents and insurance premiums paid in advance	$ 17,633.47	$+ 124.27
Discount on funded debt	362,964.83	+ 2,165.48
Other unadjusted debits	2,884,554.99	— 612,998.55
Total unadjusted debits	$ 3,265,153.29	$— 610,708.80
Grand Total	$757,966,822.49	$+ 826,789.01

#See Note on page 33 referring to stocks of affiliated companies.

GENERAL BALANCE SHEET

Liability Side		As of December 31, 1938	Comparison with December 31, 1937 +Increase —Decrease
Capital Stock:			
Common Stock:			
In hands of public (1,174,060 shares—no par value)		$105,100,524.72	$— 27,029.54
Preferred Stock:			
In hands of public (1,193,073 shares)		119,307,300.00	....
Total Capital Stock		$224,407,824.72	$— 27,029.54
Governmental Grants:			
Grants in aid of construction		$ 1,458,550.08	$+ 913,630.07
Funded Debt Unmatured:			
Bonds:			
Fixed interest bearing		$276,419,096.00	$+ 99,000.00
Contingent interest bearing		182,873,693.00	....
Reconstruction Finance Corporation Registered Collateral Notes		1,711,000.00	— 290,000.00
Equipment obligations		24,392,439.94	— 1,988,762.51
Total		$485,396,228.94	$— 2,179,762.51
Less, Bonds held in Treasury or pledged		21,078,000.00	....
Funded Debt Unmatured in hands of Public:			
Bonds	$438,214,789.00		
Reconstruction Finance Corporation Registered Collateral Notes	1,711,000.00		
Equipment obligations	24,392,439.94		
Total		$464,318,228.94	$— 2,179,762.51
Total Capital Stock, Gov. Grants and Funded Debt		$690,184,603.74	$— 1,293,161.98
Current Liabilities:			
Loans and bills payable		$ 3,500,000.00	$— 366,374.35
Traffic and car-service balances payable		2,516,481.57	+ 92,173.65
Payrolls and vouchers		5,902,945.10	— 204,844.40
Miscellaneous accounts payable		531,152.85	— 9,835.29
†Interest matured unpaid		37,796,185.03	+11,660,205.35
Funded debt matured unpaid (See page 32)	$15,229,662.50		
**Less Bonds pledged	359,000.00	14,870,662.50	+ 263,800.00
Unmatured interest accrued		2,641,161.83	— 23,899.50
Unmatured rents accrued		307,648.22	— 34.52
Other current liabilities		569,180.08	+ 24,164.10
Total current liabilities		$ 68,635,417.18	$+11,435,355.04
Deferred Liabilities:			
Convertible Adjustment Mortgage Bond Interest accrued—Unmatured		$ 79,550,056.45	$+ 9,143,684.65
Other deferred liabilities		3,766,447.56	+ 176,206.54
Total deferred liabilities		$ 83,316,504.01	$+ 9,319,891.19
Unadjusted Credits:			
Tax liability		$ 5,643,244.10	$— 453,622.90
Premium on Funded Debt		85,601.04	— 15,748.75
Accrued depreciation—Equipment		54,640,885.07	+ 4,430,966.78
Other unadjusted credits		3,603,199.54	— 225,995.46
Total unadjusted credits		$ 63,972,929.75	$+ 3,735,599.67
Corporate Surplus:			
Additions to property through income and surplus		$ 543,172.04	$+ 8,373.21
Funded debt retired through income and surplus		43,104.16	....
Total appropriated surplus		$ 586,276.20	$+ 8,373.21
Profit and loss, debit balance		*148,728,908.39*	*+22,379,268.12*
Total corporate surplus (*deficit*)		*$148,142,632.19*	*$+22,370,894.91*
Grand Total		$757,966,822.49	$+ 826,789.01

†Includes $2,879,612.13 payable January 1, 1939.

**Includes $301,000.00 Bellingham Bay & British Columbia R. R. Co. Bonds pledged as part security for Reconstruction Finance Corporation Loan and $58,000.00 Milwaukee and Northern R. R. Co. Bonds pledged under the First and Refunding Mortgage.

LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES AS OF DECEMBER 31, 1938

CHICAGO, TERRE HAUTE AND SOUTHEASTERN RAILWAY COMPANY

		Int. Rate	Date of Maturity	Amount Outstanding
Bedford Belt Ry. Co.	First Mtge. Bonds	5%	July 1, 1938	$ 250,000*
Southern Indiana Ry. Co.	First Mtge. Bonds	4%	Feb. 1, 1951	7,287,000
C. T. H. & S. E. Ry. Co.	First & Refdg. Mtge. Bonds	5%	Dec. 1, 1960	8,056,000#
C. T. H. & S. E. Ry. Co.	Income Mtge. Bonds	5%	Dec. 1, 1960	6,336,000
Total				$ 21,929,000*#

*Does not include $100,000 of Bonds pledged under the C. T. H. & S. E. Ry. Co. First & Refunding Mortgage.

#Does not include $1,515,000 of Bonds pledged under the C. M. St. P. & P. R. R. Co. First & Refunding Mortgage.

Chicago, Milwaukee, St. Paul and Pacific Railroad Company assumed the obligations of Chicago, Milwaukee and St. Paul Railway Company under the Lease dated July 1, 1921, from Chicago, Terre Haute and Southeastern Railway Company, which lease provides, among other things, for payment by the lessee of interest on and principal of all of the above mentioned bonds (but the lessee may refund with new bonds of the lessor any of said bonds upon the maturity thereof) and also for the guaranty by the lessee, as therein set forth, by endorsement on the Income Mortgage Bonds of the payment of the principal with interest thereon from July 1, 1921, at the rate of 5% per annum. $6,333,900 principal amount of the Income Mortgage Bonds have been so endorsed up to December 31, 1938.

CHICAGO UNION STATION COMPANY

	Int. Rate	Date of Maturity	Amount Outstanding
First Mortgage Bonds, Series "D"	4%	July 1, 1963	$ 16,000,000
Guaranteed Bonds	4%	Apr. 1, 1944	1,164,000
Total			$ 17,164,000

These bonds are guaranteed, both as to principal and interest, jointly and severally, by endorsement, by:

Chicago, Burlington & Quincy Railroad Company.
Chicago, Milwaukee, St. Paul and Pacific Railroad Co.
The Pennsylvania Railroad Company.
The Pittsburgh, Cincinnati, Chicago and St. Louis R. R. Co.

	Int. Rate	Date of Maturity	Amount Outstanding
First Mortgage Bonds, Series "E"	3½%	July 1, 1963	$ 44,000,000
Guaranteed Bonds	3¾%	Sept. 1, 1951	6,930,000
Total			$ 50,930,000

These bonds are guaranteed, both as to principal and interest, jointly and severally, by endorsement, by:

Chicago, Burlington & Quincy Railroad Company.
Henry A. Scandrett, Walter J. Cummings and George I. Haight, as Trustees of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Co.
The Pennsylvania Railroad Company.
The Pittsburgh, Cincinnati, Chicago and St. Louis R. R. Co.

Under a certain operating agreement as from time to time supplemented and modified, with Chicago Union Station Company, the last above named Companies and Trustees have agreed that the gross annual rental to be paid by them for the use of the Chicago Union Station and facilities shall include a sum sufficient to pay interest on all of the above-mentioned four issues of Bonds, and also have agreed to advance to the Station Company, in proportion to their ownership of capital stock of the Station Company, the amount of the sinking fund payments required under the Trust Indentures pursuant to which the above-mentioned 4% Guaranteed Bonds due April 1, 1944, and 3¾% Guaranteed Bonds due September 1, 1951, were issued, with the provision that each such sinking fund requirement may be satisfied by delivery of Guaranteed Bonds of the respective issues taken at their principal amount.

The Trustees of Chicago, Milwaukee, St. Paul and Pacific Railroad Company own 25% of the capital stock of Chicago Union Station Company.

(Continued on page 25)

LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES—Continued

INDIANA HARBOR BELT RAILROAD COMPANY

	Int. Rate	Date of Maturity	Amount Outstanding
General Mortgage Gold Bonds	4 %	July 1, 1957	$ 4,225,000
General Mortgage Gold Bonds	4½%	July 1, 1957	5,000,000
Total			$ 9,225,000

Pursuant to an agreement dated April 13, 1911, between Chicago and North Western Railway Company, Chicago, Milwaukee and St. Paul Railway Company (to the obligations of which Chicago, Milwaukee, St. Paul and Pacific Railroad Company has succeeded), The Michigan Central Railroad Company and The Lake Shore and Michigan Southern Railway Company (now The New York Central Railroad Company):

(1) Chicago, Milwaukee, St. Paul and Pacific Railroad Company and Chicago and North Western Railway Company are obligated, each to the extent of 20%, to protect The Michigan Central Railroad Company and The New York Central Railroad Company on their joint and several guaranties endorsed on the above mentioned $4,225,000 of 4% Bonds which had been issued by Indiana Harbor Belt Railroad Company prior to said agreement;

(2) Each of said proprietary companies agreed, as between themselves, to endorse its unrestricted joint and several guaranty upon bonds thereafter issued by the Belt Railroad Company (but Chicago, Milwaukee, St. Paul and Pacific Railroad Company has not executed any endorsement of guaranty upon the above mentioned $5,000,000 of 4½% Bonds, which were issued after said agreement by the Belt Railroad Company); and

(3) Said proprietary companies agreed, each with the other, in the event of default by the Belt Railroad Company, to advance and loan to the Belt Railroad Company, in proportion to their respective stock holdings, among other things, to the extent necessary, the principal of and interest on the above mentioned General Mortgage Bonds.

Said agreement also provides that if any one or two of the proprietary companies shall fail to advance to the Belt Railroad Company its or their proportion of the moneys which it or they have agreed to advance to make up any deficit, the remaining proprietary companies shall provide the money necessary to make good the amount, in the relative proportion of their stock holdings. If any three of the parties shall so fail to make such advances, the remaining fourth party may, at its option, advance the total amount. The making of such advances by the other party or parties shall not release the party or parties which shall so fail and the party or parties so failing will, upon demand, fully reimburse said party or parties making said advances in its or their place and will indemnify and save them and each of them harmless from all losses arising therefrom.

The Trustees of Chicago, Milwaukee, St. Paul and Pacific Railroad Company own 20% of the capital stock of Indiana Harbor Belt Railroad Company, the Trustee of Chicago and North Western Railway Company owns 20%, and The Michigan Central Railroad Company and The New York Central Railroad Company each own 30%.

KANSAS CITY TERMINAL RAILWAY COMPANY

	Int. Rate	Date of Maturity	Amount Outstanding
First Mortgage 50-Year Bonds	4%	Jan. 1, 1960	$ 49,544,000#

#Does not include $456,000 of bonds held in treasury of Kansas City Terminal Railway Co.

Under a certain operating agreement as from time to time supplemented and modified, the following companies are obligated to pay to the Terminal Company, or in case of default under the mortgage to the mortgage trustee, in equal shares the principal of and interest on the above bonds:

The Atchison, Topeka and Santa Fe Ry. Co.
The Chicago and Alton Railroad Company (Predecessor of The Alton R. R. Co.).
Chicago, Burlington & Quincy R. R. Co.
Chicago Great Western Railroad Co.
Chicago, Milwaukee, St. Paul and Pacific R. R. Co.
The Chicago, Rock Island and Pacific Ry. Co.
The Kansas City Southern Railway Co.
Missouri-Kansas-Texas Railroad Co.
Missouri Pacific Railroad Co.
St. Louis-San Francisco Ry. Co.
Union Pacific Railroad Co.
Wabash Railway Co.

In case of default by any one or more of the proprietary companies, the remaining proprietary companies (or company) not in default are obligated to pay a ratable portion (or the whole) of the sum so in default.

The Trustees of Chicago, Milwaukee, St. Paul and Pacific Railroad Company own 8-1/3% of the capital stock of Kansas City Terminal Railway Company, and each of the other eleven proprietary companies owns a like amount.

(Concluded on page 26)

LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES—Concluded

THE MINNESOTA TRANSFER RAILWAY COMPANY

	Int. Rate	Date of Maturity	Amount Outstanding
First Mortgage Bonds	3½%	June 1, 1956	$ 1,953,000

Under the provisions of the by-laws of The Minnesota Transfer Railway Company, which said Company covenanted in its First Mortgage would not be rescinded, each of the stockholders contributes its proportion, based upon its stock ownership, to (a) a semi-annual sinking fund for the above bonds equal to one-half of 1% of the face value of all the bonds issued under said First Mortgage, and (b) semi-annual installments of interest on the bonds. The owners of the stock are:

Chicago, Burlington & Quincy Railroad Co.
Patrick H. Joyce and Luther M. Walter, Trustees of the Property of Chicago Great Western R. R. Co.
Henry A. Scandrett, Walter J. Cummings and George I. Haight, Trustees of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company.
Frank O. Lowden, James E. Gorman and Joseph B. Fleming, Trustees of the Property of The Chicago, Rock Island and Pacific Ry. Co.
Great Northern Ry. Co.
The Minneapolis & St. Louis R. R. Co.
G. W. Webster and J. Chapman, Trustees of the Property of Minneapolis, St. Paul & Sault Ste. Marie Ry. Co.
Northern Pacific Ry. Co.
Chicago, St. Paul, Minneapolis and Omaha Ry. Co.

The Trustees of Chicago, Milwaukee, St. Paul and Pacific Railroad Company own 11-1/9% of the capital stock of The Minnesota Transfer Railway Company and each of the other eight proprietors owns a like amount.

THE ST. PAUL UNION DEPOT COMPANY

	Int. Rate	Date of Maturity	Amount Outstanding
First and Refunding Gold Bonds, Series "A"	5%	Jan. 1, 1972	$ 14,887,000#
Consolidated Mortgage Bonds	5%	May 1, 1944	150,000
	4%	May 1, 1944	100,000
Total			$ 15,137,000

#Does not include $113,000 of bonds held in treasury of The St. Paul Union Depot Company.

The above mentioned First and Refunding Bonds are guaranteed as to both principal and interest, jointly and severally, by endorsement by the following companies:

Chicago, Burlington & Quincy R. R. Co.
Chicago Great Western Railroad Company.
Chicago, Milwaukee and St. Paul Ry. Co. (Predecessor of C. M. St. P. & P. R. R. Co.).
The Chicago, Rock Island and Pacific Ry. Co.
Chicago, St. Paul, Minneapolis and Omaha Ry. Co.
Great Northern Railway Company.
The Minneapolis & St. Louis Railroad Company.
Minneapolis, St. Paul & Sault Ste. Marie Ry. Co.
Northern Pacific Railway Company.

Under an operating agreement, as supplemented, each of the above proprietary companies is obligated to pay its proportion, based upon stock ownership, of the principal of, and its proportion, based upon user, of the interest on, the above mentioned First and Refunding Bonds. Under such operating agreement, as supplemented, each of the proprietary companies is also obligated to pay its proportion, based upon user, of the interest on the above mentioned Consolidated Mortgage Bonds. In case of default by any one or more of the proprietary companies, the remaining proprietary companies (or company) not in default are obligated to pay the ratable portion (or the whole) of the sum so in default.

Chicago, Milwaukee, St. Paul and Pacific Railroad Company has not expressly assumed the obligations of its predecessor Chicago, Milwaukee and St. Paul Railway Company under the operating agreement or the guaranty, but such agreements were not disaffirmed in the reorganization proceedings of such predecessor company, and Chicago, Milwaukee, St. Paul and Pacific Railroad Company has continued to make the payments thereunder.

The Trustees of Chicago, Milwaukee, St. Paul and Pacific Railroad Company own 11-1/9% of the capital stock of The St. Paul Union Depot Company, and each of the other eight proprietary companies own a like amount.

PROFIT AND LOSS ACCOUNT

December 31, 1938

Debits

Debit balance at beginning of year	$126,349,640.27
Debit balance transferred from Income	17,996,269.77
Surplus appropriated for investment in physical property	8,373.21
Debits from retired road and equipment	4,239,790.01
Miscellaneous debits	202,593.10
Total Debits	$148,796,666.36

Credits

Credits from retired road and equipment	$ 31,928.59
Donations	8,373.21
Miscellaneous credits	27,456.17
Total Credits	$ 67,757.97
Debit balance, December 31, 1938, carried to General Balance Sheet	$148,728,908.39

STATEMENT OF PRINCIPAL AND INTEREST ON FUNDED AND UNFUNDED DEBT, WHICH HAS BEEN AUTHORIZED BY THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION, FOR PAYMENT DURING THE YEAR ENDED DECEMBER 31, 1938.

Description of Payments Authorized by Court	Authorized for Payment by Court: Principal	Authorized for Payment by Court: Interest
CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY		
BONDS:		
Milw. & Nor. R. R. Co. First and Consolidated Mortgage Bonds—For extension of Maturity date from June 1, 1934 to June 1, 1939 of 38 First and 36 Consolidated Mortgage Bonds at $50 per bond.	....	$ 3,700.00
EQUIPMENT TRUST CERTIFICATES:		
Series A:		
Interest matured Jan. 15 and July 15, 1938, and 20% installments on principal matured July 15, 1935, 1936 and 1937	$ 323,400.00	48,510.00
Series C:		
Interest matured April 1 and Oct. 1, 1938, and 20% installments on principal matured April 1, 1935, 1936, 1937 and 1938. (Principal excludes $200 or 20% of $1,000 Certificate due April 1, 1935, purchased January 9, 1935, before maturity)	719,800.00	118,783.50
Series D:		
Interest matured February 1 and Aug. 1, 1938, and 20% installments on principal matured August 1, 1935, 1936, 1937 and 1938	494,400.00	148,320.00
Series E:		
Interest matured January 1 and July 1, 1938, and 20% installments on principal matured July 1, 1935, 1936, 1937 and 1938	135,200.00	59,319.00
Series F:		
Interest matured January 1 and July 1, 1938, and 20% installments on principal matured July 1, 1935, 1936, 1937 and 1938	262,400.00	115,128.00
Series G:		
Interest matured January 1 and July 1, 1938, and 20% installments on principal matured July 1, 1935, 1936, 1937 and 1938	53,600.00	17,487.00
Series H:		
Interest matured January 1 and July 1, 1938, and 20% installments on principal matured July 1, 1935, 1936, 1937 and 1938	36,000.00	11,745.00
Series J:		
Interest matured June 1 and Dec. 1, 1938, and 20% installments on principal matured June 1, 1935, 1936, 1937 and 1938	446,400.00	234,360.00
Series K:		
Interest matured May 1 and Nov. 1, 1938, and 20% installments on principal matured Nov. 1, 1935, 1936, 1937 and 1938	112,800.00	55,836.00
Series L:		
Interest matured March 1 and Sept. 1, 1938, and 20% installments on principal matured March 1, 1936, 1937 and 1938	170,400.00	116,298.00
Series M:		
Principal and interest matured March 1 and September 1, 1938	132,000.00	49,600.00
Series N:		
Principal matured May 1, 1938, and interest matured May 1 and November 1, 1938	12,000.00	3,600.00
Series O:		
Principal matured September 1, 1938, and interest matured March 1, and September 1, 1938	384,000.00	129,720.00
Series P:		
Principal matured January 1, 1938, and interest matured January 1 and July 1, 1938	212,000.00	107,590.00
Series Q:		
Principal matured March 1, 1938 and interest matured March 1 and September 1, 1938	177,000.00	83,411.25
Series R:		
Principal matured August 1, 1938 and interest matured February 1 and August 1, 1938	128,000.00	63,400.00
Series S:		
Interest matured October 1, 1938	....	40,276.56
OTHER EQUIPMENT OBLIGATIONS:		
Austin-Western Road Machinery Co. Equipment Lease—Monthly rental payments—January 27 to December 27, 1938, inclusive	15,115.90	484.10
General American Tank Car Corporation Equipment Sub-Lease—Monthly rental payments—January 1 to December 1, 1938, inclusive	68,762.51	37,786.46
NOTES:		
Reconstruction Finance Corporation Loans—Interest matured Jan. 31, Feb. 1, Feb. 27, June 1, June 16, June 22, June 29, June 30, July 31, Aug. 1, Aug. 27, Dec. 1, Dec. 16, Dec. 22, Dec. 29 and Dec. 30, 1938	....	459,978.46
Federal Emergency Administrator of Public Works Loan—Assigned to Reconstruction Finance Corporation—Interest matured Jan. 1 and July 1, 1938, and principal matured Jan. 1, 1938	290,000.00	74,240.00
The Railroad Credit Corporation Loan—Interest matured June 26, 1938	....	920.26
Total C. M. St. P. & P. R. R. Co.	$ 4,173,278.41	$ 1,980,493.59
CHICAGO, TERRE HAUTE & SOUTHEASTERN RY. COMPANY		
Bedford Belt First Mortgage:		
Interest matured Jan. 1 and July 1, 1938	....	$ 12,500.00
Southern Indiana First Mortgage:		
Interest matured Feb. 1 and Aug. 1, 1938	....	291,480.00
First and Refunding Mortgage:		
Interest matured June 1 and Dec. 1, 1938	....	402,800.00
Income Mortgage:		
Interest matured Mar. 1 and Sept. 1, 1938	....	316,800.00
Total C. T. H. & S. E. Ry. Co.	....	$ 1,023,580.00
Grand Total	$ 4,173,278.41	$ 3,004,073.59

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Funded Debt Unmatured, December 31, 1938

Description of Securities	Date of Maturity	Total	In Treasury of Company	Pledged	In Hands of Public	Interest: Rate %	Interest: Payable	Interest: Accrued During the Year—Charged to Income
Fixed Interest Bearing:								
Gen.Mtge.—C.M.&St.P.Ry.Co.-A	May 1, 1989	$ 48,241,000.00	....	....	$ 48,241,000.00	4	Jan. & July	$ 1,929,640.00
Gen.Mtge.—C.M.&St.P.Ry.Co.-B	May 1, 1989	8,950,000.00	....	....	8,950,000.00	3½	Jan. & July	313,250.00
Gen.Mtge.—C.M.&St.P.Ry.Co.-C	May 1, 1989	42,597,000.00	....	....	42,597,000.00	4½	Jan. & July	1,916,865.00
Gen.Mtge.—C.M.&St.P.Ry.Co.-E	May 1, 1989	24,000,000.00	....	....	24,000,000.00	4½	Jan. & July	1,080,000.00
Gen.Mtge.—C.M.&St.P.Ry.Co.-F	May 1, 1989	15,000,000.00	....	....	15,000,000.00	4¾	Jan. & July	712,500.00
Gen.Mtge.—C.M.&St.P.Ry.Co.-G	May 1, 1989	11,212,000.00	....	(2)$11,212,000.00	....	5	Jan. & July	....
(3)Chi.Mil.&Gary Ry.Co.1st Mtge...	April 1, 1948	3,000,000.00	....	....	3,000,000.00	5	April & Oct.	150,000.00
(9)Mil. & Nor. R. R. Co. 1st Mtge....	June 1, 1939	2,111,000.00	....	....	2,111,000.00	4½	June & Dec.	(4) 117,176.66
(9)Mil. & Nor. R. R. Co. Cons. Mtge...	June 1, 1939	5,047,000.00	....	....	5,047,000.00	4½	June & Dec.	(5) 277,425.39
First and Refunding Mortgage....	June 1, 1943	9,866,000.00	$ 943,000.00	(6)8,923,000.00	....	6	June & Dec.	....
Fifty Year Mortgage............	Feb. 1, 1975	106,395,096.00	....	....	106,395,096.00	5	Feb. & Aug.	5,319,754.80
Total Mortgage Bonds.......	....	276,419,096.00	943,000.00	20,135,000.00	255,341,096.00	.....	....	11,816,611.85
Equipment Trust Certificates, C..	(1)April 1, 1938	....	....	....	....	5½	April	12,375.00
Equipment Trust Certificates, D..	(1)Aug. 1, 1940	1,236,000.00	....	....	1,236,000.00	5	Feb. & Aug.	79,825.00
Equipment Trust Certificates, E..	(1)July 1, 1943	845,000.00	....	....	845,000.00	4½	Jan. & July	41,827.50
Equipment Trust Certificates, F..	(1)July 1, 1943	1,640,000.00	....	....	1,640,000.00	4½	Jan. & July	81,180.00
Equipment Trust Certificates, G..	(1)July 1, 1941	201,000.00	....	....	201,000 00	4½	Jan. & July	10,552.50
Equipment Trust Certificates, H..	(1)July 1, 1941	135,000.00	....	....	135,000.00	4½	Jan. & July	7,087.50
Equipment Trust Certificates, J..	(1)June 1, 1944	3,348,000.00	....	....	3,348,000.00	5	June & Dec.	179,025.00
Equipment Trust Certificates, K..	(1)Nov. 1, 1944	846,000.00	....	....	846,000.00	4½	May & Nov.	43,357.50
Equipment Trust Certificates, L..	(1)Mar. 1, 1945	1,988,000.00	....	....	1,988,000.00	4½	Mar. & Sept.	91,590.00
Equipment Trust Certificates, M..	(1)Sept. 1, 1947	1,141,000.00	....	....	1,141,000.00	4	Mar. & Sept.	47,840.00
Equipment Trust Certificates, N..	(1)May 1, 1945	84,000.00	....	....	84,000.00	4	May & Nov.	3,520.00
Equipment Trust Certificates, O..	(1)Sept. 1, 1946	2,859,000.00	....	....	2,859,000.00	4	Mar. & Sept.	124,600.00
Equipment Trust Certificates, P..	(1)Jan. 1, 1952	2,968,000.00	....	....	2,968,000.00	3½	Jan. & July	(11) 98,811.34
Equipment Trust Certificates, Q..	(1)Mar. 1, 1952	2,478,000.00	....	....	2,478,000.00	3¼	Mar. & Sept.	(11) 81,267.24
Equipment Trust Certificates, R..	(1)Aug. 1, 1952	1,792,000.00	....	....	1,792,000.00	3¾	Feb. & Aug.	(11) 65,517.19
Equipment Trust Certificates S...	(1)April 1, 1953	2,235,000.00	....	....	2,235,000.00	3¾	April & Oct.	(11) 24,160.08
Gen. Amer. Tank Car Corporation Equipment Sub-Lease..........	Monthly to Oct. 1, 1945	596,439.94	....	....	596,439.94	5 9+	Monthly...	37,438.15
Total Equipment Obligations	....	24,392,439.94	....	....	24,392,439.94	.....	....	1,029,974.00
(10)Reconstruction Finance Corpn. Registered Collateral Notes....	(8)Jan. 1, 1944	1,711,000.00	....	....	1,711,000.00	4	Jan. & July	68,440.00
Total Fixed Interest Bearing.	....	302,522,535.94	943,000.00	20,135,000.00	281,444,535.94	.....	....	12,915,025.85
Contingent Interest Bearing:								
Convertible Adjustment Mortgage	Jan. 1, 2000	182,873,693.00	....	....	182,873,693.00	5	(7)Apr.&Oct.	9,143,684.65
Grand Total...............	....	$485,396,228.94	$ 943,000.00	$ 20,135,000.00	$464,318,228.94	.....	....	$22,058,710.50

Notes (1) to (11) on page 31.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Notes in Relation to Funded Debt Unmatured December 31, 1938—See Page 30.

(1)The principal of Equipment Trust Certificates mature in equal annual installments, except Series M, which mature semi-annually, as follows, the last one in each case on date of maturity stated in the table on page 30.

Series D, August 1st, $618,000—E, July 1st, $169,000—F, July 1st, $328,000—G, July 1st, $67,000—H, July 1st, $45,000—J, June 1st, $558,000—K, November 1st, $141,000—L, March 1st, $284,000—M, March 1st, $66,000 and September 1st, $66,000, except September 1st, 1947, which is $19,000—N, May 1st, $12,000—O, September 1st, $384,000, except September 1st, 1946, which is $171,000—P, January 1st, $212,000—Q, March 1st, $177,000—R, August 1st, $128,000—S, April 1st, $149,000.

(2)Pledged as security for Reconstruction Finance Corporation Loans.

(3)Part of an issue of $5,700,000 of which $3,000,000 has been assumed by the Company and is outstanding in the hands of the public. $2,700,000, not assumed are pledged under Chicago, Milwaukee, St. Paul and Pacific R. R. Co. First and Refunding Mortgage.

(4)Includes $22,256.66, proportion for 1938 of $50.00 paid in advance on bonds presented for extension to June 1, 1939.

(5)Includes $53,981.64, proportion for 1938 of $50.00 paid in advance on bonds presented for extension to June 1, 1939.

(6)$8,665,000 pledged as security for Reconstruction Finance Corporation Loans and $258,000 pledged with Chemical Bank & Trust Company, New York, under Equipment Trust Series M.

(7)When declared by the Board of Directors.

(8)Federal Emergency Administrator of Public Works Loan, assigned to Reconstruction Finance Corporation, matures $290,000 annually to January 1, 1943, inclusive, and $261,000 on January 1, 1944.

(9)Excludes Bonds Pledged not extended and bonds In Hands of Public not presented for extension under Extension Agreement dated May 31, 1934, see page 32.

(10)Total Indebtedness to Reconstruction Finance Corporation:

Registered Collateral Notes (See page 30)............	$ 1,711,000.00
Matured Short Term Notes (See page 15)............	3,500,000.00
Matured Funded Debt (Notes) (See page 32)..........	7,999,462.50
Total......................................	$13,210,462.50

(11)Excludes interest accrued during the year and charged to Investment Account as follows:
Equipment Trust, Series P, $5,068.66; Series Q, $226.51; Series R, $4,482.81; Series S, $37,069.61.—Total, $46,847.59.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Funded Debt Matured Unpaid, December 31, 1938

Description of Securities	Dates of Maturity	Pledged	In Hands of Public	Interest: Rate %	Interest: Accrued During the Year—Charged to Income ①
Equipment Trust Certificates:					
Series A	July 15, 1935, 36 and 37		$ 646,800.00	5	$ 41,098.75
Series C	April 1, 1935, 36, 37 and 38		1,810,000.00	5½	96,511.25
Series D	Aug. 1, 1935, 36, 37 and 38		1,249,000.00	5	58,195.00
Series E	July 1, 1935, 36, 37 and 38		338,000.00	4½	14,449.50
Series F	July 1, 1935, 36, 37 and 38		656,000.00	4½	28,044.00
Series G	July 1, 1935, 36, 37 and 38		134,000.00	4½	5,728.50
Series H	July 1, 1935, 36, 37 and 38		90,000.00	4½	3,847.50
Series J	June 1, 1934		3,000.00	5	....
Series J	June 1, 1935, 36, 37 and 38		1,117,800.00	5	53,475.00
Series K	Nov. 1, 1935, 36, 37 and 38		284,400.00	4½	11,632.50
Series L	Mar. 1, 1936, 37 and 38		511,200.00	4½	22,152.00
Total			$ 6,840,200.00		$ 335,134.00
③Reconstruction Finance Corporation Loan (Seven Notes)	June 30, 1935 to Feb. 27, 1936		$ 7,999,462.50	②4	$ 319,978.50
Bellingham Bay & British Columbia R. R. Co.: First Mortgage Bonds	Dec. 1, 1932	$ 301,000.00			
Milwaukee & Northern R. R. Co.:					
④First Mortgage Bonds	June 1, 1934	38,000.00	$ 6,000.00	4½	$ 345.00
④Consolidated Mortgage Bonds	June 1, 1934	20,000.00	25,000.00	4½	4,796.25
		$ 359,000.00	$ 31,000.00		$ 5,141.25
Grand Total		$ 359,000.00	$14,870,662.50		$ 660,253.75

①—Included in Interest on Unfunded Debt. ②—Notes provide for interest at 6% per annum. Present rate 4%.
③—For total indebtedness to Reconstruction Finance Corporation, see Note ⑩ on page 31.
④—Bonds Pledged not extended and bonds In Hands of Public not presented for extension under Extension Agreement dated May 31, 1934.

SECURITIES OWNED DECEMBER 31, 1938

Description		Number of Shares	Par Value	Book Value
Capital Stock:				
Affiliated Companies:				
Davenport, Rock Island & Nor. West. Ry. Co.	A	15,000	$ 1,500,000.00	$ 1,750,000.00
#Indiana Harbor Belt R. R. Co.	A	15,200	1,520,000.00	1,520,000.00
#White Sulphur Springs & Y. Park Ry. Co.	A	1,530	153,000.00	173,645.07
#Chicago, Milwaukee & Gary Ry. Co.	A	10,000	1,000,000.00	1.00
#Chicago, Terre Haute & So. East. Ry. Co.	A	40,457.20	4,045,720.00	404,572.00
Chicago, Terre Haute & So. East Ry. Co.		13.75	1,375.00	137.50
Kansas City Terminal Ry. Co.	B	1,833.33	183,333.33	183,333.33
Des Moines Union Ry. Co.	A	1,000	100,000.00	100,000.00
Des Moines Union Ry. Co.	C	1,000	100,000.00	26,000.00
Minneapolis Eastern Ry. Co.	A	625	62,500.00	15,475.00
Minnesota Transfer Ry. Co.	A	70	7,000.00	7,000.00
Minnesota Transfer Ry. Co.		843	84,300.00	84,300.00
St. Paul Union Depot Co.	A	1,036	103,600.00	103,600.00
Chicago Union Station Co.	D	7,000	700,000.00	7,000.00
Milwaukee Land Co.		5,000	500,000.00	500,000.00
Excelsior Coal Co.		250	25,000.00	56,750.00
Republic Coal Co.		1,000	100,000.00	100,000.00
Railway Express Agency, Incorporated		26	None	2,600.00
Continental Telegraph Co.		50	5,000.00	300.00
#Cowlitz, Chehalis & Cascade Ry.	A	697	69,700.00	133,909.26
Cowlitz, Chehalis & Cascade Ry.		2.71+	271.03	520.71
Nonaffiliated Companies:				
Miscellaneous Stocks		....	8,385.00	8,410.40
Bonds:				
Affiliated Companies:				
Chicago, Milwaukee & Gary Ry. Co.	A-E		2,700,000.00	1.00
Minneapolis Eastern Ry. Co.	A		75,000.00	60,000.00
Chicago, Terre Haute & So. East. Ry. Co.	A		1,515,000.00	1,437,800.00
Nonaffiliated Companies:				
Chicago Rapid Transit Co.			200,000.00	200,000.00
Spokane Civic Building Co.			1,000.00	1,000.00
Street Railways Advertising Co.			486.00	486.00
George D. Roper Corporation			100.00	100.00
Amount forwarded			$14,760,770.36	$ 6,876,941.27

#Registered in the name of Ottiwell & Co., nominee of Chemical Bank & Trust Co., Trustee, under Chicago, Milwaukee, St. Paul and Pacific R. R. Co. First and Refunding Mortgage.

Reference notes A to E shown on page 34.

SECURITIES OWNED DECEMBER 31, 1938—Concluded

DESCRIPTION	PAR VALUE	BOOK VALUE
Brought forward	$14,760,770.36	$ 6,876,941.27
NOTES:		
Affiliated Companies:		
Milwaukee Land Co.	8,364,146.19	8,364,146.19
Chicago, Terre Haute & So. East. Ry. Co.	640,392.30	640,392.30
Kansas City Terminal Ry. Co.	36,639.19	36,639.19
Cowlitz, Chehalis & Cascade Ry.	8,500.00	8,500.00
Nonaffiliated Companies:		
Yellowstone Park Co.	50,536.00	50,536.00
Rainier National Park Co.	1,764.00	1,764.00
Lincoln City Coal Co., Inc.	5,632.55	5,632.55
Adel Clay Products Co.	271.34	271.34
Miscellaneous Notes	713.48	713.48
Miscellaneous Certificates of Deposit, etc.	10.00	215.00
Total	$23,869,375.41	$15,985,751.32

A—Pledged under Chicago, Milwaukee, St. Paul and Pacific Railroad Company First and Refunding Mortgage, except Directors' qualifying shares of stocks.

B—Deposited with First National Bank of Kansas City, Mo., under Stock Trust Agreement, dated June 12, 1909, and pledged under the First and Refunding Mortgage, except Directors' qualifying shares.

C—Deposited with Iowa-Des Moines National Bank & Trust Co., Des Moines, Iowa, under Stock Trust Agreement, dated April 2, 1930 and pledged under the First and Refunding Mortgage.

D—Pledged under Chicago, Milwaukee and St. Paul Railway Company General Mortgage and included in the account "Deposits in lieu of mortgaged property sold."

E—Part of an issue of $5,700,000 of which $3,000,000 has been assumed by the Company and is outstanding in the hands of the public—See table, page 30.

DETAILED STATEMENT OF RAILWAY OPERATING REVENUES, EXPENSES AND INCOME

FOR THE YEARS ENDED DECEMBER 31, 1938 AND 1937.

RAILWAY OPERATING REVENUES

TRANSPORTATION	1938	1937	INCREASE	DECREASE
Freight	$ 82,219,056.93	$ 88,576,457.35		$ 6,357,400.42
Passenger	7,797,829.83	8,285,703.49		487,873.66
Excess baggage	24,785.49	27,904.05		3,118.56
Sleeping car	288,747.26	335,272.28		46,525.02
Parlor and chair car	108,203.61	111,981.13		3,777.52
Mail	3,029,406.20	3,110,942.15		81,535.95
Express	1,481,598.83	1,701,082.12		219,483.29
Other passenger train	81,560.92	91,502.41		9,941.49
Milk	108,245.27	115,388.20		7,142.93
Switching	2,347,147.34	2,672,958.97		325,811.63
Total transportation revenue	$ 97,486,581.68	$105,029,192.15		$ 7,542,610.47
INCIDENTAL				
Dining and buffet	$ 562,007.16	$ 607,289.65		$ 45,282.49
Hotel and restaurant	12,792.20	17,462.83		4,670.63
Station, train and boat privileges	24,842.37	24,811.07	$ 31.30	
Parcel room	80.60	127.65		47.05
Storage—Freight	26,161.35	29,582.04		3,420.69
Storage—Baggage	2,302.70	2,627.06		324.36
Demurrage	162,938.57	286,604.84		123,666.27
Telegraph and telephone	19,246.07	29,888.46		10,642.39
Stockyard	19,539.87	26,705.02		7,165.15
Power	64,391.40	74,776.67		10,385.27
Rents of buildings and other property	140,966.03	146,047.35		5,081.32
Miscellaneous	221,246.99	204,313.51	16,933.48	
Total incidental operating revenue	$ 1,256,515.31	$ 1,450,236.15		$ 193,720.84
JOINT FACILITY				
Joint facility—Credit	$ 696,546.09	$ 1,188,093.83		$ 491,547.74
Joint facility—Debit	*2,797.24*	*5,246.09*		*2,448.85*
Total joint facility operating revenue	$ 693,748.85	$ 1,182,847.74		$ 489,098.89
Total railway operating revenues	$ 99,436,845.84	$107,662,276.04		$ 8,225,430.20

RAILWAY OPERATING REVENUES, EXPENSES AND INCOME—Continued
RAILWAY OPERATING EXPENSES

Maintenance of Way and Structures	1938	1937	Increase	Decrease
Superintendence	$ 1,255,241.70	$ 1,348,694.78	....	$ 93,453.08
Roadway maintenance	1,504,340.16	1,557,630.53	....	53,290.37
Tunnels and subways	4,850.08	13,960.07	....	9,109.99
Bridges, trestles and culverts	1,151,154.68	1,336,789.27	....	185,634.59
Ties	1,946,073.50	2,344,326.00	....	398,252.50
Rails	349,698.85	569,223.43	....	219,524.58
Other track material	736,493.47	773,095.70	....	36,602.23
Ballast	216,193.53	415,134.90	....	198,941.37
Track laying and surfacing	3,002,041.12	3,321,444.67	....	319,403.55
Fences, snowsheds and signs	100,916.51	242,279.16	....	141,362.65
Station and office buildings	603,716.91	773,401.64	....	169,684.73
Roadway buildings	58,791.17	93,100.17	....	34,309.00
Water stations	203,622.53	285,351.74	....	81,729.21
Fuel stations	114,725.13	114,439.27	$ 285.86	....
Shops and enginehouses	674,986.71	673,210.98	1,775.73	....
Storage warehouses	242.34	7,437.15	....	7,194.81
Wharves and docks	28,980.24	60,274.64	....	31,294.40
Coal and ore wharves	116.77	*67.57*	184.34	....
Telegraph and telephone lines	279,243.14	249,320.42	29,922.72	....
Signals and interlockers	456,985.84	619,623.95	....	162,638.11
Power plants	14,548.97	3,556.75	10,992.22	....
Power transmission systems	152,280.12	101,163.98	51,116.14	....

RAILWAY OPERATING REVENUES, EXPENSES AND INCOME—Continued
RAILWAY OPERATING EXPENSES—Continued

Maintenance of Way and Structures—Concluded	1938	1937	Increase	Decrease
Miscellaneous structures	$ 29,925.60	$ 11,635.87	$ 18,289.73	....
Roadway machines	169,869.26	193,189.96	....	$ 23,320.70
Small tools and supplies	243,663.81	286,942.72	....	43,278.91
Removing snow, ice, and sand	208,915.30	421,527.45	....	212,612.15
Public improvements—Maintenance	209,840.81	253,802.83	....	43,962.02
Injuries to persons	112,207.97	170,225.91	....	58,017.94
Insurance	36,741.13	36,326.82	414.31	....
Stationery and printing	20,302.91	24,976.25	....	4,673.34
Other expenses	14,664.50	14,114.37	550.13	....
Right of way expenses	16,432.49	16,121.05	311.44	....
Maintaining joint tracks, yards, and other facilities—Debit	1,165,071.77	1,282,155.27	....	117,083.50
Maintaining joint tracks, yards, and other facilities—Credit	*258,605.26*	*244,226.85*	*14,378.41*	....
Total maintenance of way and structures	$ 14,824,273.76	$ 17,370,183.28	....	$ 2,545,909.52
Maintenance of Equipment				
Superintendence	$ 790,577.78	$ 769,094.09	$ 21,483.69	....
Shop machinery	454,200.57	520,909.98	....	$ 66,709.41
Power plant machinery	245,864.93	178,192.61	67,672.32	....
Steam locomotives—Repairs	5,214,740.41	6,023,275.99	....	808,535.58
Other locomotives—Repairs	265,424.28	311,562.88	....	46,138.60
Freight train cars—Repairs	3,933,522.51	4,525,687.03	....	592,164.52
Passenger train cars—Repairs	1,749,615.99	1,920,897.50	....	171,281.51

RAILWAY OPERATING REVENUES, EXPENSES AND INCOME—Continued
RAILWAY OPERATING EXPENSES—Continued

Maintenance of Equipment—Concluded	1938	1937	Increase	Decrease
Floating equipment—Repairs	$ 14,503.28	$ 18,221.54		$ 3,718.26
Work equipment—Repairs	374,210.94	505,454.61		131,243.67
Miscellaneous equipment—Repairs	11,064.60	11,457.78		393.18
Equipment—Retirements	20,534.87	28,512.33		7,977.46
Equipment—Depreciation	5,753,307.83	5,479,837.22	$ 273,470.61	
Injuries to persons	73,218.09	85,912.48		12,694.39
Insurance	43,080.94	43,119.51		38.57
Stationery and printing	20,126.46	22,946.40		2,819.94
Other expenses	38,538.76	43,065.11		4,526.35
Maintaining joint equipment—Debit	140,960.92	154,698.60		13,737.68
Maintaining joint equipment—Credit	*11,618.54*	*15,716.39*		*4,098.05*
Total maintenance of equipment	$ 19,131,874.82	$ 20,627,129.27		$ 1,495,254.45
Traffic				
Superintendence	$ 675,572.62	$ 666,311.34	$ 9,261.28	
Outside agencies	1,391,987.99	1,388,579.79	3,408.20	
Advertising	399,844.24	376,783.39	23,060.85	
Traffic associations	90,369.47	80,411.00	9,958.47	
Industrial and immigration bureaus	50,737.12	51,872.76		$ 1,135.64
Insurance	610.80	588.27	22.53	
Stationery and printing	153,090.25	143,811.42	9,278.83	
Total traffic expenses	$ 2,762,212.49	$ 2,708,357.97	$ 53,854.52	

RAILWAY OPERATING REVENUES, EXPENSES AND INCOME—Continued
RAILWAY OPERATING EXPENSES—Continued

Transportation	1938	1937	Increase	Decrease
Superintendence	$ 932,313.35	$ 927,928.73	$ 4,384.62	
Dispatching trains	532,038.62	531,236.78	801.84	
Station employes	5,671,210.65	5,748,728.55		$ 77,517.90
Weighing, inspection, and demurrage bureaus	155,268.63	160,406.70		5,138.07
Coal and ore wharves	2,358.47	5,868.60		3,510.13
Station supplies and expenses	325,360.32	360,437.89		35,077.57
Yardmasters and yard clerks	1,059,204.30	1,046,600.90	12,603.40	
Yard conductors and brakemen	2,975,058.73	3,296,102.98		321,044.25
Yard switch and signal tenders	231,253.94	222,720.61	8,533.33	
Yard enginemen	2,027,446.68	2,226,709.83		199,263.15
Yard motormen	39,609.86	42,660.13		3,050.27
Yard switching, fuel	1,029,982.58	1,155,801.57		125,818.99
Yard switching power purchased	20,948.50	21,179.94		231.44
Water for yard locomotives	92,798.44	85,610.58	7,187.86	
Lubricants for yard locomotives	20,658.84	23,257.49		2,598.65
Other supplies for yard locomotives	24,650.92	28,217.41		3,566.49
Enginehouse expenses—Yard	572,659.74	578,714.95		6,055.21
Yard supplies and expenses	63,079.22	65,693.70		2,614.48
Operating joint yards and terminals—Debit	1,391,480.20	1,493,666.97		102,186.77
Operating joint yards and terminals—Credit	*140,272.27*	*163,885.81*		*23,613.54*
Train enginemen	4,351,137.69	4,745,449.56		394,311.87
Train motormen	392,442.19	464,294.00		71,851.81
Train fuel	4,994,331.73	5,510,252.31		515,920.58
Train power purchased	945,465.98	1,054,736.74		109,270.76
Water for train locomotives	417,452.23	446,029.32		28,577.09
Lubricants for train locomotives	162,948.03	182,750.83		19,802.80
Other supplies for train locomotives	65,125.08	78,401.12		13,276.04

RAILWAY OPERATING REVENUES, EXPENSES AND INCOME—Continued
RAILWAY OPERATING EXPENSES—Continued

Transportation—Concluded	1938	1937	Increase	Decrease
Enginehouse expenses—Train	$ 984,146.27	$ 1,046,754.71		$ 62,608.44
Trainmen	5,419,716.81	5,745,951.88		326,235.07
Train supplies and expenses	1,879,791.78	1,944,647.53		64,855.75
Operating sleeping cars	227,947.90	227,145.11	$ 802.79	
Signal and interlocker operation	398,861.64	393,235.88	5,625.76	
Crossing protection	322,803.67	305,124.92	17,678.75	
Drawbridge operation	60,105.63	57,613.64	2,491.99	
Telegraph and telephone operation	265,877.03	298,291.91		32,414.88
Operating floating equipment	67,020.17	85,939.54		18,919.37
Stationery and printing	149,416.63	158,146.24		8,729.61
Other expenses	74,755.38	75,066.15		310.77
Operating joint tracks and facilities—Debit	507,292.12	546,640.06		39,347.94
Operating joint tracks and facilities—Credit	*263,863.17*	*254,032.89*	*9,830.28*	
Insurance	19,795.18	19,222.50	572.68	
Clearing wrecks	63,188.30	56,841.17	6,347.13	
Damage to property	50,197.85	67,209.58		17,011.73
Damage to live stock on right of way	51,458.61	70,891.11		19,432.50
Loss and damage—Freight	420,879.66	467,951.57		47,071.91
Loss and damage—Baggage	6,770.31	1,982.14	4,788.17	
Injuries to persons	561,293.97	330,810.82	230,483.15	
Total transportation expenses	$ 39,623,468.39	$ 41,985,005.95		$ 2,361,537.56
Miscellaneous Operations				
Dining and buffet service	$ 831,703.24	$ 842,926.91		$ 11,223.67
Hotels and restaurants	22,600.90	29,714.72		7,113.82
Stockyards	19,040.04	18,559.29	$ 480.75	
Producing power sold	35,465.17	38,115.08		2,649.91
Total miscellaneous operations	$ 908,809.35	$ 929,316.00		$ 20,506.65

RAILWAY OPERATING REVENUES, EXPENSES AND INCOME—Concluded
RAILWAY OPERATING EXPENSES—Concluded

General	1938	1937	Increase	Decrease
Salaries and expenses of general officers	$ 374,333.12	$ 386,799.19		$ 12,466.07
Salaries and expenses of clerks and attendants	2,603,817.94	2,676,402.09		72,584.15
General office supplies and expenses	123,454.40	114,142.69	$ 9,311.71	
Law expenses	300,581.91	330,264.82		29,682.91
Insurance	2,506.16	2,535.29		29.13
Pensions	26,129.90	24,031.46	2,098.44	
Stationery and printing	94,032.90	113,447.16		19,414.26
Valuation expenses	32,876.50	33,609.66		733.16
Other expenses	71,437.20	107,833.93		36,396.73
General joint facilities—Debit	93,271.67	99,664.54		6,392.87
General joint facilities—Credit	*1,411.84*	*1,954.07*		*542.23*
Total general expenses	$ 3,721,029.86	$ 3,886,776.76		$ 165,746.90
Transportation for investment—Credit	$ *298,482.21*	$ *369,324.72*		$ *70,842.51*
Total railway operating expenses	$ 80,673,186.46	$ 87,137,444.51		$ 6,464,258.05

SUMMARY

	1938	1937	Increase	Decrease
Railway operating revenues	$ 99,436,845.84	$107,662,276.04		$ 8,225,430.20
Railway operating expenses	80,673,186.46	87,137,444.51		6,464,258.05
Net revenue from railway operations	$ 18,763,659.38	$ 20,524,831.53		$ 1,761,172.15
Railway tax accruals	8,705,000.00	6,761,355.00	$ 1,943,645.00	
Railway operating income	$ 10,058,659.38	$ 13,763,476.53		$ 3,704,817.15

COMPARATIVE STATEMENT OF RAILWAY OPERATING REVENUES AND EXPENSES

For the Years Ended December 31, 1938 and 1937

RAILWAY OPERATING REVENUES

	1938 Amount	1938 Per Cent	1937 Amount	1937 Per Cent
Freight revenue	$ 82,219,056.93	82.69	$ 88,576,457.35	82.27
Passenger revenue	7,797,829.83	7.84	8,285,703.49	7.70
Other transportation revenue	7,469,694.92	7.51	8,167,031.31	7.58
Incidental revenue	1,256,515.31	1.26	1,450,236.15	1.35
Joint facility revenue	693,748.85	.70	1,182,847.74	1.10
Railway operating revenues	$ 99,436,845.84	100.00	$107,662,276.04	100.00

RAILWAY OPERATING EXPENSES

	1938 Amount	1938 Per Cent	1937 Amount	1937 Per Cent
Maintenance of way and structures	$ 14,824,273.76	14.91	$ 17,370,183.28	16.13
Maintenance of equipment	19,131,874.82	19.24	20,627,129.27	19.16
Traffic expenses	2,762,212.49	2.78	2,708,357.97	2.52
Transportation expenses	39,623,468.39	39.85	41,985,005.95	39.00
Miscellaneous operations	908,809.35	.91	929,316.00	.86
General expenses	3,721,029.86	3.74	3,886,776.76	3.61
Transportation for investment—Credit	*298,482.21*	*.30*	*369,324.72*	*.34*
Railway operating expenses	$ 80,673,186.46	81.13	$ 87,137,444.51	80.94

RECAPITULATION

	1938 Amount	1938 Per Cent	1937 Amount	1937 Per Cent
Railway operating revenues	$ 99,436,845.84	100.00	$107,662,276.04	100.00
Railway operating expenses	80,673,186.46	81.13	87,137,444.51	80.94
Net revenue from railway operations	$ 18,763,659.38	18.87	$ 20,524,831.53	19.06
Average miles in operation during the year, including miles of main track used under lease and trackage rights	10,953.57	....	11,096.78	....

RAILWAY OPERATING REVENUES, EXPENSES, TAXES AND INCOME

By Months for the Year Ended December 31, 1938

1938	Railway Operating Revenues	Railway Operating Expenses	Net Revenue from Railway Operations	Railway Tax Accruals	Railway Operating Income	Equipment Rents Debit Bal.	Joint Facility Rents Debit Bal.	Net Railway Operating Income
January	$ 7,629,761.51	$ 6,365,799.45	$ 1,263,962.06	$ 748,000.00	$ 515,962.06	$ 187,874.07	$ 225,677.40	$ 102,410.59
February	6,771,539.48	5,918,789.14	852,750.34	717,000.00	135,750.34	151,087.42	213,089.67	*228,426.75
March	7,819,996.48	6,507,410.12	1,312,586.36	704,000.00	608,586.36	166,665.31	214,357.08	227,563.97
April	7,222,833.73	6,132,874.07	1,089,959.66	724,000.00	365,959.66	143,071.90	206,403.61	16,484.15
May	7,284,660.96	6,327,089.65	957,571.31	746,000.00	211,571.31	179,613.16	205,168.10	*173,209.95
June	7,741,273.39	6,869,665.54	871,607.85	752,000.00	119,607.85	208,095.54	198,424.38	*286,912.07
July	8,383,403.36	6,924,689.74	1,458,713.62	774,000.00	684,713.62	228,962.57	191,474.90	264,276.15
August	9,920,718.12	7,494,111.73	2,426,606.39	784,000.00	1,642,606.39	255,844.88	206,319.48	1,180,442.03
September	9,432,066.47	7,245,192.61	2,186,873.86	735,000.00	1,451,873.86	235,400.01	206,522.05	1,009,951.80
October	9,770,152.75	7,433,582.77	2,336,569.98	736,000.00	1,600,569.98	208,590.08	233,535.32	1,158,444.58
November	8,854,631.91	6,785,877.80	2,068,754.11	704,000.00	1,364,754.11	186,117.57	182,309.50	996,327.04
December	8,605,807.68	6,668,103.84	1,937,703.84	581,000.00	1,356,703.84	166,622.38	182,894.10	1,007,187.36
Total	$ 99,436,845.84	$ 80,673,186.46	$18,763,659.38	$ 8,705,000.00	$10,058,659.38	$ 2,317,944.80	$ 2,466,175.59	$ 5,274,538.90

*Deficit

STATEMENT OF COMMODITIES TRANSPORTED
During the Years Ended December 31, 1938 and 1937

Commodities	1938			1937		
	Carloads	Tons		Carloads	Tons	
		Number	Per cent of total		Number	Per cent of total
Products of Agriculture:						
Wheat	30,400	1,385,402	4.5	25,172	1,130,020	3.2
Corn	29,186	1,231,882	4 0	15,074	606,472	1.7
Oats	9,006	307,547	1.0	9,807	338,583	.9
Barley and rye	19,876	821,237	2.7	17,344	704,960	2.0
Rice	222	7,813	....	299	11,077	....
Grain, n. o. s.	72	2,140	....	147	4,497	....
Flour, wheat	27,600	700,726	2.3	26,489	674,965	1.9
Meal, corn	62	1,499	....	54	1,496	....
Flour and meal, edible, n. o. s.	775	18,559	.1	615	14,601	....
Cereal food preparations, edible, n. o. s.	2,348	50,310	.2	2,605	54,207	.1
Mill products, n. o. s.	18,937	445,883	1.4	17,559	415,019	1.2
Hay and alfalfa	856	12,528	....	4,775	66,494	.2
Straw	1,155	17,077	.1	2,148	29,394	.1
Tobacco, leaf	934	15,176	....	1,054	16,985	.1
Cotton in bales	2	33	....	1	25	....
Cotton linters, noils and regins	127	2,950	....	92	2,063	....
Cottonseed	3	58	....	13	271	....
Cottonseed meal and cake	410	9,364	....	701	16,459	.1
Oranges and grapefruit	6,110	109,477	.4	4,770	84,970	.2
Lemons, limes and citrus fruits, n. o. s.	446	7,651	....	497	8,552	....

STATEMENT OF COMMODITIES TRANSPORTED—Continued
During the Years Ended December 31, 1938 and 1937

Commodities	1938			1937		
	Carloads	Tons		Carloads	Tons	
		Number	Per cent of total		Number	Per cent of total
Products of Agriculture—Concluded:						
Apples, fresh	1,765	29,987	.1	1,903	31,856	.1
Bananas	2,512	26,662	1	2,965	31,454	.1
Berries, fresh	48	412	....	92	841	....
Cantaloupes and melons, n. o. s.	479	5,346	....	591	6,629	....
Grapes, fresh	1,057	17,856	.1	1,407	22,629	.1
Peaches, fresh	845	10,751	....	664	8,129	....
Watermelons	311	4,020	....	375	4,901	....
Fruits, fresh, domestic, n. o. s.	1,763	28,605	.1	2,006	31,107	.1
Fruits, fresh, tropical, n. o. s.	169	2,059	....	66	832	....
Potatoes, other than sweet	6,245	107,417	.3	6,142	108,389	.3
Cabbage	1,408	18,284	.1	1,094	14,143	....
Onions	1,101	14,256	....	1,507	19,423	.1
Tomatoes	580	6,390	....	571	6,369	....
Vegetables, fresh, n. o. s.	5,084	60,047	.2	5,396	64,558	.2
Beans and peas, dried	968	32,107	.1	1,023	33,830	.1
Fruits, dried or evaporated	649	19,729	.1	561	16,968	.1
Vegetables, dry, n. o. s.	95	1,349	....	137	2,186	....
Vegetable-oil cake and meal, except cottonseed	2,371	54,060	.2	2,502	57,625	.2
Peanuts	715	10,965	....	850	12,714	....
Flaxseed	689	26,580	.1	493	19,287	.1
Sugar beets	5,351	256,511	.8	2,931	137,714	.4
Products of agriculture, n. o. s.	9,918	274,032	.9	10,999	303,335	.9
Total Products of Agriculture	192,650	6,154,737	19 9	173,491	5,116,059	14.5

STATEMENT OF COMMODITIES TRANSPORTED—Continued
DURING THE YEARS ENDED DECEMBER 31, 1938 AND 1937

COMMODITIES	1938			1937		
	CARLOADS	TONS		CARLOADS	TONS	
		Number	Per cent of total		Number	Per cent of total
ANIMALS AND PRODUCTS:						
Horses, mules, ponies and asses	1,305	15,388	.1	1,483	17,667	....
Cattle and calves, single-deck	28,934	317,008	1.0	32,507	357,027	1.0
Calves, double-deck	367	4,468	....	269	3,152	....
Sheep and goats, single-deck	1,377	7,939	....	1,341	8,276	....
Sheep and goats, double-deck	6,351	65,822	.2	6,471	67,863	.2
Hogs, single-deck	18,849	138,149	.4	14,243	106,728	.3
Hogs, double-deck	12,079	160,833	.5	9,641	127,657	.4
Fresh meats, n. o. s.	32,168	405,937	1.3	31,734	380,073	1.1
Meats, cured, dried or smoked	819	12,593	.1	859	13,795	....
Butterine and margarine	76	856	....	28	364	....
Packing-house products, edible, n. o. s., not including canned meats	3,848	67,429	2	3,986	62,508	.2
Poultry, live	497	4,392	....	447	4,013	....
Poultry, dressed	1,465	16,809	.1	1,302	15,339	....
Eggs	4,505	51,764	.2	4,000	48,130	.1
Butter	6,989	81,893	.3	5,886	70,029	.2
Cheese	4,021	61,481	.2	3,952	60,168	.2
Wool	1,138	16,634	.1	1,229	17,545	.1
Hides, green	3,994	99,360	.3	4,206	104,736	.3
Leather	471	7,932	....	619	10,385	....
Fish or sea-animal oil	621	18,521	.1	948	28,502	.1
Animals, live, n. o. s.	29	252	....	17	129	....
Animal products, n. o. s. (other than fertilizers and fertilizer materials)	3,293	77,123	.2	2,991	65,492	.2
Total Animals and Products	133,196	1,632,583	5.3	128,159	1,569,578	4.4

STATEMENT OF COMMODITIES TRANSPORTED—Continued
DURING THE YEARS ENDED DECEMBER 31, 1938 AND 1937

COMMODITIES	1938			1937		
	CARLOADS	TONS		CARLOADS	TONS	
		Number	Per cent of total		Number	Per cent of total
PRODUCTS OF MINES:						
Anthracite coal	2,097	60,733	.2	2,229	63,380	.2
Bituminous coal	145,594	6,959,888	22.5	165,638	7,842,914	22.1
Coke	7,659	244,190	.8	10,851	327,446	.9
Iron ore	14	813	....	18	873	....
Copper ore and concentrates	707	42,162	.1	1,021	58,882	.2
Lead ore and concentrates	171	6,542	....	79	3,349	....
Zinc ore and concentrates	677	33,718	.1	452	22,251	.1
Ores and concentrates, n. o. s.	666	33,859	.1	914	46,248	.1
Gravel and sand (other than glass or moulding)	16,649	1,004,393	3.2	26,136	1,562,952	4.4
Stone, broken, ground or crushed	19,624	1,198,997	3.9	18,697	1,078,900	3.0
Stone, rough, n. o. s.	1,872	77,682	.2	2,031	91,186	.2
Stone, finished, n. o. s.	1,665	61,890	.2	1,710	65,154	.2
Petroleum, crude	1,487	47,053	.1	1,773	56,830	.2
Asphalt (natural, by-product or petroleum)	4,096	152,281	.5	3,395	126,162	.4
Salt	3,879	115,850	.4	3,840	113,294	.3
Phosphate rock, crude (ground or not ground)	681	50,505	.2	449	31,684	.1
Sulphur (brimstone)	367	16,538	.1	476	21,822	.1
Products of mines, n. o. s.	4,273	203,671	.7	6,300	279,791	.8
Total Products of Mines	212,178	10,310,765	33.3	246,009	11,793,118	33.3

STATEMENT OF COMMODITIES TRANSPORTED—Continued
DURING THE YEARS ENDED DECEMBER 31, 1938 AND 1937

COMMODITIES	1938			1937		
	CARLOADS	TONS		CARLOADS	TONS	
		Number	Per cent of total		Number	Per cent of total
PRODUCTS OF FORESTS:						
Logs	37,725	1,451,006	4.7	47,775	1,845,505	5.2
Posts, poles and piling	4,292	115,276	.4	6,515	186,854	.5
Wood (fuel)	2,384	79,302	.3	3,245	110,471	.3
Ties, railroad	1,109	36,574	.1	2,039	69,655	.2
Pulpwood	6,067	219,416	.7	10,227	370,678	1.0
Lumber, shingles and lath	47,087	1,278,899	4.1	60,290	1,685,240	4.8
Box, crate and cooperage materials	1,928	42,034	.1	2,477	54,892	.2
Veneer and built-up wood	1,544	40,149	.1	2,140	57,923	.2
Rosin	522	13,371	.1	824	20,326	.1
Turpentine	78	1,710	....	85	1,907	....
Crude rubber (not reclaimed)	36	1,168	....	53	1,527	....
Products of forests, n. o. s.	4,587	118,168	.4	5,613	148,961	.4
Total Products of Forests	107,359	3,397,373	11.0	141,283	4,553,939	12.9

STATEMENT OF COMMODITIES TRANSPORTED—Continued
DURING THE YEARS ENDED DECEMBER 31, 1938 AND 1937

COMMODITIES	1938			1937		
	CARLOADS	TONS		CARLOADS	TONS	
		Number	Per cent of total		Number	Per cent of total
MANUFACTURES AND MISCELLANEOUS:						
Petroleum oils, refined, and all other gasolines	74,972	2,028,629	6.6	76,344	2,087,290	5.9
Fuel, road and petroleum residual oils, n. o. s.	20,808	635,521	2.1	23,912	738,550	2.0
Lubricating oils and greases	4,780	101,391	.3	5,667	121,926	.3
Petroleum products, n. o. s.	416	9,626	....	323	7,401	....
Cottonseed oil	41	1,066	....	59	1,651	....
Linseed oil	484	12,038	....	597	15,694	....
Vegetable oils, n. o. s.	664	18,839	.1	533	13,759	....
Sugar (beet or cane)	4,903	189,453	.6	4,658	177,235	.5
Table sirups and edible molasses	1,497	53,437	.2	1,706	61,353	.2
Molasses, blackstrap and beet residual	347	15,182	.1	420	18,411	.1
Iron, pig	1,270	69,930	.2	3,363	181,003	.5
Iron and steel, rated 6th class in official classification, n. o. s.	98	4,837	....	87	4,470	....
Rails, fastenings, frogs and switches	197	8,473	....	422	16,900	.1
Cast iron pipe and fittings	733	18,726	.1	767	19,248	.1
Iron and steel pipe and fittings, n. o. s.	2,427	73,272	.2	4,585	137,832	.4
Iron and steel: Nails and wire, not woven	1,577	39,750	.1	2,819	74,389	.2

STATEMENT OF COMMODITIES TRANSPORTED—Continued

DURING THE YEARS ENDED DECEMBER 31, 1938 AND 1937

COMMODITIES	1938			1937		
	CARLOADS	TONS		CARLOADS	TONS	
		Number	Per cent of total		Number	Per cent of total
MANUFACTURES AND MISCELLANEOUS—Continued:						
Iron and steel, rated 5th class in official classification, n. o. s. (also tin and terne plate)	15,782	573,603	1.9	34,008	1,335,155	3.8
Copper: Ingot, matte and pig	780	39,404	.1	1,685	89,195	.3
Copper, brass and bronze: Bar, sheet and pipe	59	1,312	....	73	1,812	....
Lead and zinc: Ingot, pig or bar	906	45,340	.2	1,168	56,728	.2
Aluminum: Ingot, pig or slab	2	38	....	3	50	....
Machinery and boilers	5,524	103,857	.3	8,923	160,892	.5
Cement, natural or Portland (building)	17,234	586,003	1.9	19,258	703,217	2.0
Brick, common	2,237	74,777	.2	2,385	80,584	.2
Brick, n. o. s., and building tile	2,210	70,017	.2	3,028	98,640	.3
Artificial stone, n. o. s	596	18,082	.1	634	20,401	.1
Lime, common (quick or slaked)	2,327	60,547	.2	2,587	64,492	.2
Plaster (stucco or wall) and dry kalsomine	1,331	35,359	.1	1,729	45,919	.1
Sewer pipe and drain tile (not metal)	2,241	40,122	.1	2,184	40,277	.1
Agricultural implements and parts, n. o. s	9,855	149,100	.5	11,864	180,329	.5
Vehicles, horse-drawn and parts, n. o. s	62	840	....	90	1,245	....
Tractors and parts	5,064	73,987	.2	8,676	128,340	.4
Railway car wheels, axles and trucks	117	2,687	....	271	7,013	....
Automobiles (passenger)	12,222	72,343	.2	21,462	129,481	.4

STATEMENT OF COMMODITIES TRANSPORTED—Continued

DURING THE YEARS ENDED DECEMBER 31, 1938 AND 1937

COMMODITIES	1938			1937		
	CARLOADS	TONS		CARLOADS	TONS	
		Number	Per cent of total		Number	Per cent of total
MANUFACTURES AND MISCELLANEOUS—Continued:						
Auto trucks	167	1,404	....	350	2,977	....
Automobiles and autotrucks, K. D., and parts, n. o. s	10,167	171,990	.6	21,804	329,142	.9
Automobile and autotruck tires	1,307	19,863	.1	2,377	37,341	.1
Furniture, metal	170	2,082	....	294	3,243	....
Furniture, other than metal	3,960	30,822	.1	5,419	41,641	.1
Beverages	21,462	437,592	1.4	27,772	509,387	1.4
Ice	2,252	103,844	.3	2,572	128,593	.4
Fertilizers, n. o. s	2,936	78,410	.3	3,805	106,455	.3
Newsprint paper	1,910	51,831	.2	3,140	83,986	.2
Printing paper, n. o. s	2,956	68,573	.2	3,914	89,019	.3
Alcohol, denatured or wood	350	7,346	....	381	7,659	....
Sulphuric acid	175	7,519	....	339	13,661	....
Explosives, n. o. s	401	6,201	....	426	6,346	....
Cotton cloth and cotton fabrics, n. o. s	115	1,417	....	138	1,776	....
Bagging and bags, burlap, gunny or jute	200	3,875	....	253	4,811	....
Canned food products, n. o. s	17,312	401,482	1.3	17,585	414,802	1.2
Tobacco, manufactured products	310	6,278	....	312	6,147	....
Paints in oil and varnishes	978	28,644	.1	1,225	32,668	.1
Furnace slag	23	1,109	....	44	2,438	....

STATEMENT OF COMMODITIES TRANSPORTED—Concluded

DURING THE YEARS ENDED DECEMBER 31, 1938 AND 1937

COMMODITIES	1938			1937		
	CARLOADS	TONS		CARLOADS	TONS	
		Number	Per cent of total		Number	Per cent of total
MANUFACTURES AND MISCELLANEOUS—Concluded:						
Scrap iron and scrap steel	4,205	193,720	.6	10,007	454,351	1.3
Paper bags and wrapping paper	3,494	84,367	.3	4,301	105,770	.3
Paperboard, pulpboard and wallboard (paper)	6,508	147,761	.5	7,897	180,909	.5
Building paper and prepared roofing materials	1,959	46,808	.2	2,363	56,636	.2
Building woodwork (millwork)	3,383	64,455	.2	4,532	83,945	.2
Soap and washing compounds	1,235	25,676	.1	1,145	24,050	.1
Glass, flat, other than plate	519	14,440	.1	740	20,230	.1
Glass: Bottles, jars and jelly glasses	3,679	60,479	.2	4,725	78,929	.2
Manufactures and miscellaneous, n. o. s.	87,971	1,548,505	5.0	113,907	2,026,448	5.7
Total Manufactures and Miscellaneous	373,867	8,844,081	28.6	488,057	11,674,242	33.0
GRAND TOTAL CARLOAD TRAFFIC	1,019,250	30,339,539	98.1	1,176,999	34,706,936	98.1
All L. C. L. Freight	....	594,788	1.9	....	685,503	1.9
GRAND TOTAL, CARLOAD AND L. C. L. TRAFFIC	....	30,934,327	100.0	....	35,392,439	100.0

MILES OF TRACK, DECEMBER 31, 1938

	Operated	Not Operated	Total
Miles of Road:			
*Owned solely	9,779.01	12.25	9,791.26
Owned jointly	170.91	....	170.91
Leased	332.68	....	332.68
Trackage rights	659.34	....	659.34
Total main track	10,941.94	12.25	10,954.19
Additional main tracks:			
Owned solely	889.96	15.32	905.28
Owned jointly	9.83	.70	10.53
Leased	45.58	....	45.58
Trackage rights	263.07	....	263.07
Total additional main tracks	1,208.44	16.02	1,224.46
Yard tracks and sidings:			
*Owned solely	3,256.18	6.83	3,263.01
Owned jointly	202.62	47.72	250.34
Leased	217.60	....	217.60
Trackage rights	489.68	....	489.68
Total yard tracks and sidings	4,166.08	54.55	4,220.63
Totals:			
Owned solely	13,925.15	34.40	13,959.55
Owned jointly	383.36	48.42	431.78
Leased	595.86	....	595.86
Trackage rights	1,412.09	....	1,412.09
Grand Total all tracks	16,316.40	82.82	16,399.28

Average miles of main track in operation during the year:

*Owned solely	9,783.28 miles
Owned jointly	170.92 "
Leased	333.66 "
Operated under trackage rights	665.71 "
Total average miles operated	10,953.57 "

The lines of road owned solely and jointly are located in the following States:

Wisconsin	1,657.81 miles
Illinois	490.17 "
Iowa	1,756.34 "
Minnesota	1,185.35 "
North Dakota	367.23 "
South Dakota	1,764.75 "
Missouri	138.42 "
Michigan	179.35 "
Montana	1,258.30 "
Idaho	230.65 "
Washington	933.80 "
Total main track owned solely and jointly	9,962.17 "

*Includes .97 miles of road and 1.24 miles of yard tracks and sidings leased to Des Moines Union Ry. Co. but used by C. M. St. P. & P. R. R. under contract.

TRANSPORTATION STATISTICS

For the Years Ended December 31, 1938 and 1937

	1938	1937
Average mileage of road operated—Total..	10,953.57	11,096.78
Average mileage of road—Freight Service.	10,945.56	11,088.47
Average mileage of road—Passenger service	7,113.65	6,980.02
Train-Miles		
Freight Trains:		
Ordinary (with locomotives)...........	14,041,371	16,199,230
Light (with locomotives)..............	79,651	80,968
Total—Freight trains................	14,121,022	16,280,198
Passenger Trains:		
Ordinary (with locomotives)...........	10,038,604	10,051,657
Total (without locomotives)............	988,905	997,567
Total—Passenger trains.............	11,027,509	11,049,224
Total Transportation Service:		
Ordinary (with locomotives)...........	24,079,975	26,250,887
Light (with locomotives)...............	79,651	80,968
Total (with locomotives)...............	24,159,626	26,331,855
Total (without locomotives)............	988,905	997,567
Grand Total—Transportation service.	25,148,531	27,329,422
Work trains...........................	499,569	748,042
Locomotive-Miles		
Freight Trains:		
Principal..............................	14,136,883	16,293,142
Helper.................................	455,034	1,123,098
Light..................................	524,403	753,460
Train switching........................	1,507,407	1,666,812
Yard switching.........................	6,100,648	7,038,707
Total..............................	22,724,375	26,875,219
Passenger Trains:		
Principal..............................	10,038,604	10,051,657
Helper.................................	146,982	231,620
Light..................................	162,968	164,457
Train switching........................	138	36
Yard switching.........................	463,146	474,480
Total..............................	10,811,838	10,922,250

(Continued on page 55)

TRANSPORTATION STATISTICS—Continued

For the Years Ended December 31, 1938 and 1937

	1938	1937
Locomotive-Miles—Concluded		
Transportation Service:		
Principal..............................	24,175,487	26,344,799
Helper.................................	602,016	1,354,718
Light..................................	687,371	917,917
Train switching........................	1,507,545	1,666,848
Yard switching.........................	6,563,794	7,513,187
Total..............................	33,536,213	37,797,469
Work trains...........................	870,688	1,174,661
Car-Miles		
Freight Trains:		
Loaded freight cars....................	377,330,888	437,162,686
Empty freight cars.....................	241,782,469	265,588,588
Passenger coaches......................	799,691	1,291,719
Sleeping and parlor cars...............	236,023	207,579
Club lounge, dining, and observation cars	21,942	8,386
Business cars..........................	47,927	39,718
Mail, express, and baggage cars and combination cars other than passenger	2,539,029	2,839,211
Combination passenger cars (mail, express, or baggage with passenger)...	928,480	799,416
Caboose................................	13,511,287	15,516,843
Total Freight-train car-miles.........	637,197,736	723,454,146
Passenger trains:		
Loaded freight cars....................	442,944	427,820
Empty freight cars.....................	11,836	16,343
Passenger coaches......................	18,087,276	18,478,885
Sleeping and parlor cars...............	20,448,324	20,951,970
Club lounge, dining, and observation cars	6,381,891	6,547,559
Business cars..........................	95,732	105,631
Mail, express, and baggage cars and combination cars other than passenger....	24,682,951	24,635,826
Combination passenger cars (mail, express, or baggage with passenger).....	1,742,678	1,569,333
Caboose................................	46,460	35,015
Total Passenger-train car-miles.......	71,940,092	72,768,382
Transportation Service:		
Loaded freight cars....................	377,773,832	437,590,506
Empty freight cars.....................	241,794,305	265,604,931
Passenger coaches......................	18,886,967	19,770,604
Sleeping and parlor cars...............	20,684,347	21,159,549
Club lounge, dining, and observation cars	6,403,833	6,555,945
Business cars..........................	143,659	145,349
Mail, express, and baggage cars and combination cars other than passenger....	27,221,980	27,475,037
Combination passenger cars (mail, express, or baggage with passenger)....	2,671,158	2,368,749
Caboose................................	13,557,747	15,551,858
Total Transportation Service car-miles	709,137,828	796,222,528
Work trains—car-miles................	4,741,553	7,935,272

(Continued on page 56)

TRANSPORTATION STATISTICS—Continued
For the Years Ended December 31, 1938 and 1937

	1938	1937
Freight Traffic		
Tons—Revenue freight	30,934,327	35,392,439
Tons—Non-revenue freight	3,914,675	4,910,724
Tons—Total	34,849,002	40,303,163
Ton-miles—Revenue freight A	8,479,448,397	9,691,026,608
Ton-miles—Non-revenue freight	1,271,942,980	1,587,137,541
Ton-miles—Total A	9,751,391,377	11,278,164,149
Gross ton miles including locomotives and tenders	27,889,119,121	31,762,114,317
Gross ton miles excluding locomotives and tenders	24,209,978,536	27,884,746,016
Passenger Traffic		
Revenue passengers carried—Commutation	1,835,672	1,803,136
Revenue passengers carried—Other B	2,414,120	2,724,890
Revenue passengers carried—Total B	4,249,792	4,528,026
Revenue passenger-miles—Commutation	35,504,859	33,300,871
Revenue passenger-miles—Other C	398,409,465	447,224,211
Revenue passenger-miles—Total C	433,914,324	480,525,082
Revenues and Expenses		
Freight Revenue D	$ 82,220,776	$ 88,580,700
Passenger revenue—Commutation	309,708	293,237
Passenger revenue—Other E	7,493,412	7,996,878
Passenger revenue—Total E	7,803,120	8,290,115
ØPassenger service train revenue	12,810,605	13,499,493
Operating revenues F	99,377,445	107,588,711
Operating expenses G	80,611,550	87,071,282
Net operating revenues H	18,765,895	20,517,429
Net railway operating income I	5,284,002	8,789,588
Amounts Excluded		
A—Ton-miles on truck lines	79,579	81,932
B—Passengers carried on bus lines only	14,479	17,462
C—Passenger-miles on bus lines	434,944	575,503
D—Revenue from truck line operations	$ *1,719*	$ *4,243*
E—Revenue from bus line operations	*5,290*	*4,411*
F—Revenue not assignable to rail-line transportation service	59,401	73,565
G—Expenses not assignable to rail-line transportation service	61,637	66,162
H—Net revenue not assignable to rail-line transportation service	*2,236*	7,403
I—Net railway operating income not assignable to rail-line transportation service	*9,463*	1,073

ØRepresents revenue from passengers, mail, express, sleeping car and other earnings in passenger trains.

(Continued on page 57)

TRANSPORTATION STATISTICS—Continued
For the Years Ended December 31, 1938 and 1937

	1938	1937
Averages Per Mile of Road		
Freight-train miles	1,290.	1,468.
Passenger-train miles	1,550.	1,583.
Transportation service—train-miles	2,296.	2,463.
Work-train miles	46.	67.
Freight-train car-miles	58,215.	65,244.
Passenger-train car-miles	10,113.	10,425.
Freight revenue	$ 7,511.79	$ 7,988.54
Passenger service train revenue	1,800.85	1,934.02
Operating revenues	9,072.61	9,695.49
Operating expenses	7,359.39	7,846.54
Net operating revenues	1,713.22	1,848.95
Net railway operating income	482.40	792.08
Ton-miles—Revenue freight	774,093.	873,973.
Ton-miles—All freight	890,899.	1,017,107.
Revenue—Passenger-miles	60,997.	68,843.
Averages Per Train-Mile		
Loaded freight car-miles—Freight trains	26.72	26.85
Empty freight car-miles—Freight trains	17.12	16.31
Ton-miles—Revenue freight per Freight-train mile	600.48	595.26
Ton-miles—All freight per Freight-train mile	690.56	692.75
Freight gross ton-miles, excluding locomotives and tenders per Freight-train mile	1,714.46	1,712.80
Locomotive-miles—Freight trains	1.07	1.12
Locomotive-miles—Passenger trains A	1.03	1.04
Passenger train car-miles—Pass. trains	6.52	6.59
Revenue passenger-miles per Passenger-train mile	39.35	43.49
Freight revenue per Freight-train mile	$ 5.82	$ 5.44
Passenger service train revenue	1.16	1.22
Operating revenues	3.95	3.94
Operating expenses	3.20	3.19
Net operating revenues	.75	.75
Averages Per Loaded Freight Car-Mile		
Ton-miles—All freight (revenue and non-revenue)	25.81	25.77
Freight revenue	$ .21765	$ .20243

	1938	1937
A—Excludes motor train miles	988,905	907,567

(Concluded on page 58)

TRANSPORTATION STATISTICS—Concluded
For the Years Ended December 31, 1938 and 1937

	1938	1937
Miscellaneous Averages		
Miles per revenue—Ton	274.11	273.82
Miles per non-revenue—Ton	324.92	323.20
Miles per revenue and non-revenue—Ton	279.82	279.83
Miles per revenue passenger—Commutation	19.34	18.47
Miles per revenue passenger—Other	165.03	164.13
Miles per revenue passenger—Total	102.10	106.12
Revenue per ton of freight	$ 2.65791	$ 2.50281
Revenue per ton-mile of freight	.00970	.00914
Revenue per passenger—Commutation	.16872	.16263
Revenue per passenger—Other	3.10399	2.93475
Revenue per passenger—Total	1.83612	1.83085
Revenue per passenger-mile—Commutation	.00872	.00881
Revenue per passenger-mile—Other	.01881	.01788
Revenue per passenger-mile—Total	.01798	.01725
Per cent empty of loaded freight car-miles	64.01	60.70
Per cent revenue ton-miles of gross ton-miles excluding locomotives and tenders	35.02	34.75
Operating ratio A	81.12	80.93

A—Excluding Revenues and Expenses not assignable to rail-line transportation service as shown by notes F and G on page 56.

WHITE SULPHUR SPRINGS & YELLOWSTONE PARK RAILWAY COMPANY
General Balance Sheet as of December 31, 1938

Asset Side		
Investments:		
Road and equipment		$ 347,926.00
Current Assets:		
Cash	$ 11,523.37	
Traffic and car-service balances receivable	384.71	
Due from agents and conductors	48.54	
Miscellaneous accounts receivable	466.84	
Material and supplies	2,575.61	
Other current assets	24.25	
Total current assets		15,023.32
Deferred Assets:		
Working fund advances		366.94
Unadjusted Debits:		
Insurance premiums paid in advance	$ 42.32	
Other unadjusted debits	1,633.00	
Total unadjusted debits		1,675.32
Grand total		$ 364,991.58
Liability Side		
Capital Stock:		
Common stock	$ 300,000.00	
Premium on capital stock	26,628.95	
Total		$ 326,628.95
Current Liabilities:		
Traffic and car-service balances payable	$ 1,146.79	
Payrolls and vouchers	2,599.49	
Miscellaneous accounts payable	63.28	
Total current liabilities		3,809.56
Unadjusted Credits:		
Tax liability	$ 908.19	
Accrued depreciation—Equipment	1,409.81	
Other unadjusted credits	780.98	
Total Unadjusted credits		3,098.98
Corporate Surplus:		
Additions to property through income and surplus	$ 21,297.05	
Profit and loss, credit balance	10,157.04	
Total corporate surplus		31,454.09
Grand total		$ 364,991.58

WHITE SULPHUR SPRINGS & YELLOWSTONE PARK RAILWAY COMPANY

Income Account, Year Ended December 31, 1938

I. Operating Income		
Railway Operating Income:		
Railway operating revenues	$	18,734.90
Railway operating expenses		18,222.00
Net revenue from railway operations	$	512.90
Railway tax accruals		2,397.96
Railway operating income (*deficit*)	$	*1,885.06*
Rents Payable:		
Hire of freight cars—Debit balance	$	474.34
Joint facility rents		39.08
Total rents payable	$	513.42
Net railway operating income (*deficit*)	$	*2,398.48*
II. Other Income		
Miscellaneous rent income	$	145.00
Total income (*deficit*)	$	*2,253.48*
IV. Fixed Charges		
Rent for leased roads and equipment	$	441.48
Interest on unfunded debt		.38
Total fixed charges	$	441.86
Net income (*deficit*)	$	*2,695.34*

Profit and Loss Account—December 31, 1938

Credits:		
Credit balance at beginning of year	$	12,879.51
Miscellaneous credits		.77
Total Credits	$	12,880.28
Debits:		
Surplus appropriated for investment in physical property	$	27.90
Debit balance transferred from income		2,695.34
Total Debits	$	2,723.24
Credit balance, December 31, 1938 carried to General Balance Sheet	$	10,157.04

CHICAGO, TERRE HAUTE AND SOUTHEASTERN RAILWAY COMPANY

General Balance Sheet as of December 31, 1938

Asset Side			
Investments:			
Road and equipment		$27,828,477.83	
Deposits in lieu of mortgaged property sold		4,500.00	
Miscellaneous physical property		240,106.83	
Affiliated companies		12,504.00	
Total investments			$28,085,588.66
Current Assets:			
Cash		$ 1,178.63	
Special deposits		187.50	
Rents receivable		266,929.17	
Other current assets		354,840.25	
Total current assets			623,135.55
Deferred Assets:			
Other deferred assets			3,016,417.09
Grand total			$31,725,141.30
Liability Side			
Capital Stock:			
Common stock		$ 4,300,000.00	
Less, stock held in treasury—Unpledged		127,005.00	$ 4,172,995.00
Governmental Grants:			
Grants in aid of construction			83,823.59
Long Term Debt:			
Funded debt unmatured	$23,360,000.00		
Less, bonds held in treasury	166,000.00	$23,194,000.00	
Non-negotiable debt to affiliated companies		679,262.60	
Total long term debt			23,873,262.60
Current Liabilities:			
Interest matured unpaid		$ 355,027.75	
Funded debt matured unpaid	350,000.00		
Less, bonds pledged	100,000.00	250,000.00	
Unmatured interest accrued		266,929.17	
Total current liabilities			871,956.92
Deferred Liabilities:			
Other deferred liabilities			1,290,651.38
Unadjusted Credits:			
Accrued depreciation—Equipment		$ 61,942.86	
Other unadjusted credits		1,740.46	
Total unadjusted credits			63,683.32
Corporate Surplus:			
Additions to property through income and surplus		$ 118,356.87	
Profit and loss, credit balance		1,250,411.62	
Total corporate surplus			1,368,768.49
Grand total			$31,725,141.30

CHICAGO, TERRE HAUTE AND SOUTHEASTERN RAILWAY COMPANY

Income Account Year Ended December 31, 1938

Income:		
Income from lease of road		$ 1,111,632.68
Income from funded securities		10.00
Gross Income		$ 1,111,642.68
Deductions from Gross Income:		
Railway tax accruals	$ 812.94	
Interest on funded debt	1,093,080.00	
Interest on unfunded debt	6,250.00	
Maintenance of investment organization	3,074.97	
Miscellaneous income charges	8,414.77	
Total deductions from gross income		$ 1,111,632.68
Net Income		$ 10.00

Profit and Loss Account December 31, 1938

Credits:		
Credit balance at beginning of year		$ 1,281,924.15
Credit balance transferred from income		10.00
Donations		615.00
Miscellaneous credits		3,832.03
Total credits		$ 1,286,381.18
Debits:		
Surplus appropriated for investment in physical property	$	615.00
Debits from retired road and equipment		35,354.56
Total debits	$	35,969.56
Credit balance December 31, 1938, carried to General Balance Sheet		$ 1,250,411.62

CHICAGO, TERRE HAUTE AND SOUTHEASTERN RAILWAY COMPANY

Funded Debt, December 31, 1938

DESCRIPTION OF BONDS	Date of Maturity	Total	In Treasury of Company	Pledged	In Hands of Public	Interest		
						Rate %	Payable	Accrued During the Year
Unmatured:								
Southern Indiana Ry. Co., First Mortgage	Feb. 1, 1951	$ 7,287,000.00			$ 7,287,000.00	4	Feb. & Aug.	$ 291,480.00
First and Refunding Mortgage	Dec. 1, 1960	9,573,000.00	$ 2,000.00		(1)9,571,000.00	5	June & Dec.	478,550.00
Income Mortgage	Dec. 1, 1960	6,500,000.00	164,000.00		6,336,000.00	5	Mar. & Sept.	316,800.00
Total		$23,360,000.00	$ 166,000.00		$23,194,000.00			$1,086,830.00
Matured Unpaid:								
Bedford Belt Ry. Co., First Mortgage	July 1, 1938	$ 350,000.00		(2)100,000.00	$ 250,000.00	5	Jan. & July	$ 12,500.00
Grand Total		$23,710,000.00	$ 166,000.00	$ 100,000.00	$23,444,000.00			$1,099,330.00

The rental for the lease of the property paid by C. M. St. P. & P. R. R. Co. includes the interest on the above bonds.
(1)Includes $1,515,000.00 pledged with Trustee under C. M. St. P. & P. R. R. Co. First and Refunding Mortgage.
(2)Pledged with Trustee under C. T. H. & S. E. Ry. Co. First and Refunding Mortgage.

EQUIPMENT OWNED DECEMBER 31, 1938, WITH CHANGES DURING THE YEAR

DESCRIPTION	Number December 31, 1937		Added								Retired						Number December 31, 1938	
			New		Converted from other classes		Reinstated		Total		Retired		Converted to other classes		Total			
	CMSTP&P	CTH&SE	CMSTP&P	CTH&SE	CMSTP&P	CTH&SE	CMSTP&P	CTH&SE	CMSTP&P	CTH&SE	CMSTP&P	CTH&SE	CMSTP&P	CTH&SE	CMSTP&P	CTH&SE	CMSTP&P	CTH&SE
Locomotives Owned:																		
Standard gauge—Coal burning	1,112	27	22						22		9		2		11		1,123	27
Standard gauge—Oil burning	71		1		2				3								74	
Standard gauge—Electric	57																57	
Standard gauge—Gas electric	2																2	
Total locomotives owned	1,242	27	23		2				25		9		2		11		1,256	27
Revenue Freight Equipment Owned:																		
Refrigerator cars—Iced	6										3				3		3	
Box cars	27,734	898			*2				2		1,097	1	33		1,130	1	26,606	897
Automobile cars	5,435										39		34		73		5,362	
Package cars	12										7				7		5	
Stock cars, single deck	3,234										68				68		3,166	
Stock cars, double deck	816										8				8		808	
Coal cars	**13,709	646	735						735		128	80	8	2	136	82	**14,308	564
Ore cars	460	517									172				172		288	517
Flat cars (includes 10 water cars, 2 well cars and 2 transformer cars)	3,768	246	469						469		76	33	10		86	33	4,151	213
Total revenue freight equipment owned	55,174	2,307	1204		2				1,206		1,598	114	85	2	1,683	116	54,697	2,191
Non-Revenue Equipment Owned:																		
Locomotives	7																7	
Caboose cars	860	50									29	1			29	1	831	49
Officers and pay cars	12	2															12	2
Derrick cars	24	1															24	1
Steam shovels	1																1	
Wrecking cars and other company service equipment	2,820	160	3		84	2			87	2	168	7			168	7	2,739	155
Total non-revenue equipment owned	3,724	213	3		84	2			87	2	197	8			197	8	3,614	207
Passenger Equipment Owned:																		
Coaches	341		17		12				29		10		2		12		358	
Passenger and express cars	59	5	10						10		19				19		50	5
Passenger, mail and express cars	1		10						10								11	
Gas electric motor cars	19																19	
Buffet—Cafe cars	23																23	
Buffet lounging cars	4																4	
Open top observation cars	4																4	
Dining cars	31		4						4								35	
Parlor cars	31		10		2				12				12		12		31	
Sleeping cars—Standard	42				3				3				3		3		42	
Sleeping cars—Tourist	33				3				3		3		3		6		30	
Mail apartment cars	100		1						1		1		1		2		99	
Express and tap room cars	2		4						4								6	
Express cars	270		3						3		3				3		270	
Postal cars	10		2						2								12	
Total passenger train equipment owned	970	5	61		20				81		36		21		57		994	5
Floating Equipment Owned:																		
Tug boats	1																1	
Barges	5																5	
Total floating equipment owned	6																6	
Grand Total Equipment Owned	61,116	2,552	1291		108	2			1,399	2	1,840	122	108	2	1,948	124	60,567	2,430

*2 automobile cars were changed to box cars.

**Includes 45 gondola cars purchased by the Milwaukee in 1922 for cash to replace Southern Indiana First Mortgage.

Terre Haute vacancies; ownership in the Milwaukee, subject to the First Lien of the

INDEX