1940

THIRTEENTH 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, 1940

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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

J. T. GILLICK	Chief Operating Officer	CHICAGO
E. B. FINEGAN	Chief Traffic Officer	CHICAGO
A. N. WHITLOCK	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
J. W. SEVERS	Assistant to Trustee	CHICAGO
F. H. JOHNSON	Public Relations Officer	CHICAGO
T. W. BURTNESS	Secretary	CHICAGO
W. V. WILSON	Comptroller	CHICAGO
J. DICKIE	Treasurer	CHICAGO
R. P. ROCKEFELLER	Assistant Treasurer	CHICAGO
S. GREENGARD	Assistant Treasurer	SEATTLE
INA C. TREWIN	Assistant Secretary	CHICAGO
J. WELCH	Ass't Secretary—Ass't Treasurer	NEW YORK
L. G. WEIFFENBACH	Ass't Secretary—Ass't Treasurer	NEW YORK
O. N. HARSTAD	General Manager—Lines East	CHICAGO
N. A. RYAN	General Manager—Lines West	SEATTLE
W. H. PENFIELD	Chief Engineer	CHICAGO

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

DIRECTORS

TERM EXPIRES MAY 13, 1941

LOUIS M. ATHERTON	Boston
MORTIMER N. BUCKNER	New York
HARRY E. BYRAM	New York
HOWLAND S. DAVIS	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 — ROBERT J. MARONY
HOWLAND S. DAVIS — 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
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
R. P. ROCKEFELLER	Assistant Treasurer	Chicago
S. GREENGARD	Assistant Treasurer	Seattle
T. W. BURTNESS	Secretary	Chicago
INA C. TREWIN	Assistant Secretary	Chicago
J. WELCH	Asst. Secretary-Asst. Treasurer	New York
L. G. WEIFFENBACH	Asst. Secretary-Asst. Treasurer	New York
G. GRIFFIN	Transfer Agent	New York
W. H. PENFIELD	Chief Engineer	Chicago

THE

THIRTEENTH 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, 1940

On February 12, 1940, the Interstate Commerce Commission approved a plan of reorganization for the Company and modified this plan by a supplemental order dated June 4, 1940. Under this supplemental order the new capital structure, including Chicago, Terre Haute and Southeastern Railway bonds, and annual charges, effective January 1, 1939, and subject to adjustment for changes subsequent to December 31, 1938, will be substantially as follows:

	Principal Amount	Annual Charges
Total fixed interest debt	$108,780,470	$ 4,269,654
Payments to additions and betterments fund, mandatory	—	2,500,000
Contingent interest debt	115,257,480	5,219,480
Sinking Fund payments	—	543,394
Total system debt	$224,037,950	
Total annual charges before dividends		$12,532,528
5% preferred stock	111,347,846	5,567,392
Common stock of no-par value, shown at $100 a share	213,147,525	
Total	$548,533,321	$18,099,920

The supplemental order of June 4, 1940, made the following change in the plan for the assignment of new securities:

> Assignment of new securities to the holders of Chicago, Milwaukee and Gary Railway Company First Mortgage Bonds modified so that such bondholders shall receive new preferred stock in respect of 75% of the total claim for principal and accrued interest, and new common stock for the balance on the basis of $100 a share.

The Interstate Commerce Commission affirmed its previous finding that the equity of the Debtor's stockholders had no value.

On September 4, 1940, the District Court of the United States, for the Northern District of Illinois, Eastern Division, began hearings on the modified plan of reorganization which were concluded on September 13, 1940.

On November 13, 1940, the Court approved the plan, with some minor corrections and clarifications.

Notices of Appeal to the U. S. Circuit Court of Appeals, 7th Circuit, have been filed in behalf of the Debtor and a number of other interests.

INCOME for the year available for fixed charges amounted to $14,866,993, an increase compared with the income for 1939 of $5,411,544.

Fixed interest on funded debt and interest on unpaid matured funded debt amounted to $13,198,118, as compared with $13,407,685 for 1939.

Rents for lease of road and other fixed charges amounted to $1,351,712, as compared with $1,331,462 for 1939.

Income after fixed charges was $317,163, as compared with a deficit of $5,283,698 in 1939, an increase of $5,600,861.

RAILWAY OPERATING REVENUES were $114,375,589, an increase over 1939 of $7,500,209, or 7.0%.

OPERATING EXPENSES were $87,170,144, an increase over 1939 of $1,658,330, or 1.9%.

FREIGHT REVENUE amounted to $95,113,461, an increase of $6,491,301, or 7.3%.

Each month's freight revenues were above the corresponding month's revenues of 1939. The increase in traffic from general improvement in business, and from the National Defense Program, was all handled without congestion or delay, demonstrating the capacity and ability of our railroad to meet this demand and the increases that may occur in future years.

Increases and decreases in 1940, as compared with 1939, in revenue and tonnage by general classes of commodities were as follows:

Class of Commodities	Revenue +Increase −Decrease	Percent +Increase −Decrease	Tonnage +Increase −Decrease	Per cent +Increase −Decrease
Products of Agriculture ..	$ + 676,051	+ 4.64	+ 63,917	+ 1.10
Animals and Products.....	+ 135,466	+ 1.57	+ 57,122	+ 3.47
Products of Mines.......	+ 814,553	+ 5.75	−449,380	− 3.93
Products of Forests.....	+1,782,614	+15.53	+995,375	+21.30
Manufactures & Miscellaneous	+3,246,797	+ 9.45	+813,372	+ 7.00
Less Carload...	− 164,180	− 3.02	− 861	− .15

The average revenue per ton of freight in 1940 was $2.69, as compared with $2.62 in 1939; the average distance haul in 1940, 286 miles, as compared with 273 miles in 1939, and the average revenue per ton mile in 1940 was 9.4 mills, as compared with 9.6 mills in 1939.

FREIGHT—NEW INDUSTRIES: During 1940, industrial sites were leased to 54 industries not previously located on the Company's lines. Of these new industries, 28 were bulk oil stations; 3, coal yards; 3, furniture factories; 6, flour and feed warehouses; and 14, miscellaneous industries, such as egg and poultry warehouses, beer warehouses and junk yards. The United States Navy located an ammunition depot adjacent to our line at Burns City, Indiana. The Army located an ordnance plant at Elwood, Ill., near our line at Manhattan, Ill., which will be served by a spur track.

FREIGHT—RETROACTIVE DIVISIONS: On December 3, 1931, the Interstate Commerce Commission, as a result of an investigation of class rates, established a general basis for through rates over our lines in Official Classification Territory and lines in Western Trunk Line Territory, but in establishing such through rates did not fix the divisions thereof as between interested carriers. On December 4, 1931, the interested lines operating in the above territories filed a petition with the Interstate Commerce Commission for an investigation and determination of such divisions, and requested that such divisions be made retroactive to December 3, 1931. Action on said petition was deferred in order to give the interested carriers an opportunity to agree upon such divisions.

Early in 1935, the Committees reached a tentative agreement, and temporary divisions were issued to take effect in April, 1935, with the understanding that when permanent divisions were agreed upon, they would be made retroactive to December 3, 1931.

The Chicago, Milwaukee, St. Paul and Pacific Railroad Company was a party to the agreement.

A final agreement was reached and divisions agreed upon were published effective with October, 1939, accounts, since which time settlements have been made accordingly. The final agreement provides for retroactive applications of the agreed divisions to December 3, 1931, with certain exceptions.

In June, 1940, the Trustees filed a petition with the District Court of the United States, for the Northern District of Illinois, Eastern Division, to permit adjustment of agreed retroactive divisions, and in the same month the Court authorized the Trustees to carry out the adjustments in accordance with the agreement, as to items prior to October, 1939.

The agreed retroactive divisions had the effect of reducing the revenues previously collected by the Milwaukee Railroad, part of which were based on the tentative divisions of April, 1935, and prior thereto on settlements whereby the settling carriers retained substantially their local rates east or west of the interchange points.

It was estimated that when the final retroactive divisions became effective, the net refunds to other interested carriers would amount to $1,191,947, and tbis amount of cash was set aside in 1939 for that purpose. As of December 31, 1940, there has been refunded $179,268.

Owing to the tremendous task of restating the figures back to 1931, on the new basis, it is expected it will take until the middle of May, 1942, to complete the adjustments.

PASSENGER TRAIN REVENUE, which includes mail, express, sleeping car and other earnings on passenger trains, in addition to the revenue from passengers carried, in 1940, amounted to $13,460,871, as compared with $13,111,046 in 1939, an increase of $349,825, or 2.7%.

Revenue from passenger traffic in 1940 was $8,100,381, an increase, as compared with 1939, of $206,583, or 2.6%.

On December 11, 1940, new daytime fast train passenger service was established between Chicago, Cedar Rapids, Des Moines, Council Bluffs, Omaha, Sioux City and Sioux Falls. The new service consists of two trains, one eastbound and one westbound, named the "Midwest Hiawatha," with streamlined equipment. The "Midwest Hiawatha" has been well received and the patronage is gratifying.

Excluding commutation passengers, the average miles per passenger carried in 1940 was 170, as compared with 168 in 1939; the average revenue per passenger in 1940 was $3.067, as compared with $3.125 in 1939, and the average revenue per passenger mile in 1940 was 1.80 cents, as compared with 1.86 cents in 1939.

OPERATING EXPENSES:

Maintenance of Way and Structures expenses were $17,989,750, as compared with $18,293,695 for 1939, a decrease of $303,945, or 1.7%.

Maintenance of Equipment expenses were $20,560,370, as compared with $19,816,655, in 1939, an increase of $743,715, or 3.8%.

Traffic expenses were $2,774,772, as compared with $2,739,990 for 1939, an increase of $34,782, or 1.3%.

Transportation expenses were $41,292,552, as compared with $40,267,212 for 1939, an increase of $1,025,340, or 2.5%.

Miscellaneous Operations expenses were $960,560, as compared with $945,121 in 1939, an increase of $15,439, or 1.6%.

General expenses were $3,884,748, as compared with $3,800,744, for 1939, an increase of $84,004, or 2.2%.

RAILWAY TAX ACCRUALS in 1940 amounted to $8,720,000, as compared with $8,297,000 in 1939, an increase of $423,000, or 5.1%, due to increases of $144,795 in payroll taxes and $278,205 in all other taxes.

EQUIPMENT RENTS for 1940 were $2,039,741, as compared with $2,438,838 for 1939, a decrease of $399,097, or 16.4%. Rent for private cars for 1940 was $2,741,730, against $2,876,236 for 1939, a decrease of $134,506, or 4.7%.

While total freight revenues showed an increase of more than 7%, the haul of those commodities which are generally carried in tank and refrigerator cars brought in about 3% less revenue in 1940 than during the previous year.

Other equipment rents net resulted in a credit for 1940 of $701,989, as compared with a credit in 1939 of $437,398, an increase of $264,591.

FINANCE: On July 30, 1940, the Trustees sold $5,000,000 principal amount of 1¾% Certificates of Indebtedness dated July 15, 1940, at par and accrued interest, with interest payable January 15, 1941, and quarterly thereafter, and principal maturities beginning January 15, 1941, and quarterly thereafter, in amounts of $550,000 each during 1941, $375,000 each during 1942, $225,000 each during 1943, and two quarterly payments of $200,000 each on January 15, 1944, and April 15, 1944. These Certificates of Indebtedness were issued under an Indenture dated July 15, 1940, and were sold to refinance, in part, outstanding matured Equipment Trust Certificates of Series A and C to L, inclusive, on which the unpaid principal balance on July 30, 1940, was $5,067,800. The plan of reorganization of the Railroad Company, dated July 1, 1935, and subsequent plans filed in the Company's reorganization proceedings, including the plans approved by the Interstate Commerce Commission and the District Court, provided that Equipment Trust Certificates of Series A and C to L, inclusive, maturing between April 1, 1935, and December 31, 1940, should be paid at the rate of 20% of each installment annually, beginning on date of maturity, until paid in full. Payments on the principal of certificates of these series maturing since April 1, 1935, and up to July 30, 1940, were made on authority of the Court, in accordance with those plans. By refinancing the unpaid principal of the matured certificates through the sale of the 1¾% Certificates of Indebtedness and the payment of $618,000 on August 1, 1940, and $141,000 on November 1, 1940, to the Indenture Trustee, for the purchase of principal amounts of Equipment Trust Certificates, Series D and K, which respectively matured on those dates, the Trustees will effect a saving in interest payments of $278,750.

Equipment Trusts, Series M and N, and the trust certificates issued thereunder, which were held by the Reconstruction Finance Corporation, were modified during the year by supplemental agreements dated as of March 1, 1940, and May 1, 1940, respectively. The principal modifications were—reduction of the dividend rate on these certificates from 4% to 2½% per annum, elimination of the redemption provisions prior to maturity, assumption of obligation and liability in respect of the trust certificates by the Railroad Trustees, and the surrender to the Railroad Trustees for cancellation of $258,000, principal amount of the Railroad Company's First and Refunding Mortgage 6% Bonds, Series A, which had been deposited as collateral security under Equipment Trust, Series M. Modification of the dividend rate was given effect as of September 4, 1940, and applied to $877,000 and $60,000 principal amounts of Equipment Trust Certificates, Series M and Series N, respectively, outstanding as of that date. Reduction in the dividend rate on these certificates will result in total interest savings to maturity of the certificates in the amount of $49,323.

In last year's annual report reference was made to a bank loan of $1,184,000 obtained on March 1, 1939, with interest at the rate of 2% per annum, in order to pay off the balance due on State of Washington taxes for the years 1926 to 1932, which had been in litigation. This bank loan was payable in eight quarterly installments of $148,000 each, beginning June 1, 1939, except the last installment, which was payable on February 27, 1941. This loan was paid in full September 1, 1940.

Additional Equipment Trust Certificates, Series U, in the principal amount of $4,414,000, were sold to the Reconstruction Finance Corporation during the year, at par plus accrued dividends. This brings the amount of these certificates issued to a total of $4,922,000 out of a total authorized issue of $5,080,000. The remaining $158,000 principal amount of these certificates will not be issued, as the cost of the equipment covered by this trust (ten steam freight locomotives and 2000 50-ton capacity box cars) was less than originally estimated. The certificates are dated December 1, 1939, and bear interest at the rate of 2½% per annum, payable semi-annually on June 1 and December 1 of each year. $508,000 principal amount matured and was paid off on December 1, 1940. The remainder will mature in nine annual installments, eight of $508,000 each, on December 1 in each of the years 1941 to 1948, inclusive, and the ninth, an installment of $350,000, on December 1, 1949.

The Conditional Sale Agreements entered into in 1939, for the purchase of seven Diesel switching locomotives (5—600 H.P. and 2—1000 H.P.) at a cost of $481,388, were revised, effective June 1, 1940, by reducing the interest rate on the unpaid balance of the purchase price from 3% to 2½% per annum. Additional Conditional Sale Agreements were entered into as of March 1, 1940, for the purchase of 2—360 H.P. Diesel switching and light road service locomotives, and 15—600 H.P., and 1—1000 H.P. Diesel switching locomotives, at a cost of $1,071,159, providing for 96 monthly payments of $12,322.45 each to amortize the purchase cost, with interest at the rate of 2½% per annum. Conditional Sale Agreements were also entered into as of September 1, 1940, for the purchase of 9—600 H.P. and 9—1000 H.P. Diesel

switching locomotives, at a cost of $1,265,526, providing for 96 monthly payments of $14,276.25 each to amortize the purchase cost, with interest at the rate of 2% per annum. All of these locomotives have been received and placed in service. Estimates of savings in acquiring these locomotives are substantially greater than the monthly payments required to be made within the period of purchase.

Under lease agreement with the General American Transportation Corporation, dated April 27, 1940, the Trustees acquired the use of thirty-five 70-ton covered top hopper bottom cars for cement and other loadings. The agreement provides for equal monthly rental payments of $42.50 per car over a period of 180 months, or a total rental of $267,750 for the entire period, at the end of which the cars shall be and become the absolute property of the Railroad Trustees, their successors and assigns. The agreement also provides that the General American Transportation Corporation will maintain these cars and pay all taxes assessed thereon during the period of the lease and that credit against the monthly rental payments will be allowed the Railroad for mileage accruing on the cars whenever they are on foreign lines.

AGRICULTURAL AND COLONIZATION DEPARTMENT: The Agricultural and Colonization Department continued its efforts to initiate and carry forward agricultural development programs designed to increase or maintain agricultural tonnage in all territory served by our lines.

Such activities included development and service in the fields of water conservation, irrigation and land use projects; crop, soil and pasture improvement; livestock production and marketing; securing construction of roads to Milwaukee rails; insect control; use and development of mineral resources and many other activities.

Summarizing a few of the benefits to which the department's activities contributed during 1940: In Montana, stored waters in the Upper Musselshell project near Harlowton were used for the first time in 1940 to irrigate about 30,000 acres of land; the Deadman's Basin project, to be completed early in 1941, will store waters for supplemental and new irrigation of lands in the lower Musselshell Valley, and will stabilize the livestock industry of a large tributary territory. Continued aid has been given in the development of the large Columbia Basin project in central Washington. Presidential authorization, with allotment, for construction of the Rapid Valley-Pactola Dam project in South Dakota, has been given. The construction of this project so important to the Milwaukee Road, will begin as soon as preliminary details have been worked out. These and many other similar projects, proposed or under construction in our Western territory, receive constant and needed attention.

Increased acreage and production of flax, malting barley, soy beans, vegetable crops and grasses have resulted from work in many localities. Efforts were successful in increasing the distribution of western range grown feeders to corn belt and eastern markets.

FEDERAL LEGISLATION:

The most important legislation affecting railroads during the year 1940 was the Transportation Act of 1940. This Act declares it to be the national transportation policy of the Congress to provide fair and impartial regulation of railroads, motor carriers and water carriers. It establishes a Board of Investigation and Research to investigate the relative economy and fitness of such carriers, and provides for the payment by the Government of full tariff rates for the transportation of persons or property, other than for military or naval purposes, provided the carriers file with the Secretary of the Interior, within one year from the date of the enactment of the Act, releases from claims against the Government arising out of land grants.

The Trustees filed such a release on November 22, which was approved on November 29, 1940. Full benefits under the Act for the handling of Government freight are not effective until certain competing carriers having land grant claims file releases. In order to share in such traffic, the Milwaukee has to equalize the land grant rates of such carriers. The handling of mail, however, does not await their action, and it is estimated that our mail revenue will be increased approximately $120,000 per year.

OPERATED MILEAGE AT CLOSE OF YEAR:

	1940	1939	Increase + Decrease −
Miles of Road	10,854.17	10,889.66	− 35.49
Miles of Additional Main Tracks	1,219.86	1,208.08	+ 11.78
Miles of Yard Tracks and Sidings	4,099.73	4,131.81	− 32.08
	16,173.76	16,229.55	− 55.79

INCOME

The following is a condensed income account for the year 1940 as compared with 1939.

CONDENSED INCOME ACCOUNT

YEAR ENDED DECEMBER 31, 1940

	YEAR 1940	COMPARISON WITH 1939 +Increase —Decrease
RAILWAY OPERATING INCOME:		
Railway operating revenues	$114,375,588.58	$+ 7,500,208.08
Railway operating expenses	87,170,143.90	+ 1,658,329.68
Net revenue from railway operations	$ 27,205,444.68	$+ 5,841,878.40
Railway tax accruals:		
Unemployment Insurance and Railroad Retirement Acts—Taxes	3,274,741.17	+ 144,794.86
Other Taxes	5,445,258.83	+ 278,205.14
Total	$ 8,720,000.00	$+ 423,000.00
Railway operating income	$ 18,485,444.68	$+ 5,418,878.40
Equipment rents—Debit balance	2,039,740.87	— 399,097.36
Joint facility rents—Debit balance	2,600,059.34	+ 96,525.69
Net railway operating income	$ 13,845,644.47	$+ 5,721,450.07
NON-OPERATING INCOME:		
Rents from lease of road and equipment	$ 239,437.56	$+ 7,627.49
Rents received—Other (net after expenses)	500,078.51	— 80,946.39
Dividends on stocks	278,005.91	— 156,777.55
Income from funded securities:		
Interest on bonds, notes and certificates	89,024.96	— 1,326.67
Interest on advances to affiliated companies	19,991.35	+ 2,550.44
Income from unfunded securities and accounts	2,871.14	— 59,541.49
Release of premiums on funded debt	11,378.57	— 704.38
Miscellaneous income	1,436.57	— 556.92
Total	$ 1,142,224.57	$— 289,675.47
Net railway and non-operating income	$ 14,987,869.04	$+ 5,431,774.60
DEDUCTIONS:		
Rents paid—Other	$ 27,415.78	$+ 610.76
Miscellaneous tax accruals	38,549.69	+ 9,415.28
Miscellaneous income charges	54,910.65	+ 10,204.93
Total	$ 120,876.12	$+ 20,230.97
Income available for fixed charges	$ 14,866,992.92	$+ 5,411,543.63
FIXED CHARGES:		
Rent for leased roads and equipment	$ 1,109,815.33	$— 1,038.67
✠Interest on funded debt—Fixed interest	13,198,118.37	+ 604,163.87
✠Interest on unfunded debt	215,403.37	— 793,476.99
Amortization of discount on funded debt	26,492.74	+ 1,034.33
Total fixed charges	$ 14,549,829.81	$— 189,317.46
Net income before deduction for interest on Convertible Adjustment Mortgage Bonds	$ 317,163.11	$+ 5,600,861.09
Contingent charges:		
Interest on Convertible Adjustment Mortgage Bonds (5% accrued)	$ 9,143,684.65	....
Net income [*deficit*]	$ *8,826,521.54*	$— *5,600,861.09*
Debit balance transferred to Profit and Loss	$ *8,826,521.54*	$— *5,600,861.09*

✠Fixed interest on funded debt in 1940 includes $807,924.70 interest accrued on matured funded debt, which interest in 1939 in the amount of $813,731.00 was included in "Interest on unfunded debt." Change made effective January 1, 1940 in accordance with an order of the Interstate Commerce Commission.

CAPITAL STOCK

On December 31, 1939, 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, 1940, was as follows:

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

FUNDED DEBT, MATURED AND UNMATURED, TRUSTEES' SECURITIES AND OTHER EQUIPMENT OBLIGATIONS

Funded Debt and Trustees' Securities outstanding in the hands of the public as of December 31, 1940, amounted to $475,632,651.50, as compared with $478,076,175.86 outstanding as of December 31, 1939, or a decrease of $2,443,524.36. This difference is explained as follows:

INCREASE:		
Trustees' Certificates of Indebtedness	$5,000,000.00	
Equipment Trust Certificates, Series U	4,414,000.00	
Total Increase		$ 9,414,000.00
DECREASE:		
Equipment Trust Certificates paid as follows:		
Series A	# $215,600.00	
" C	# 532,800.00	
" D	# 6,800.00	
" E	# 167,800.00	
" F	# 328,000.00	
" G	# 66,000.00	
" H	# 44,400.00	
" J	# 554,000.00	
" K	# 2,400.00	
" L	# 283,600.00	
" 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	
" S	xx 149,000.00	
" T	xx 128,000.00	
" U	xx 508,000.00	$ 4,031,400.00

#Payment of 20% installments on 1936, 1937, 1938, 1939 and 1940 maturities.
xx1940 maturities paid in full.

Decrease carried forward	$ 4,031,400.00

Decrease brought forward		$ 4,031,400.00
Equipment Trust Certificates purchased by Trustee under Indenture dated as of July 15, 1940, and pledged thereunder to secure $5,000,000 principal amount of Trustees' Certificates of Indebtedness:		
Series A	$ 96,600.00	
" C	543,200.00	
" D	1,854,400.00	
" E	339,200.00	
" F	656,000.00	
" G	135,000.00	
" H	90,600.00	
" J	1,112,800.00	
" K	417,400.00	
" L	568,400.00	5,813,600.00
Reconstruction Finance Corporation Registered Collateral Note paid		290,000.00
Balance of principal on promissory note dated March 1, 1939, to Continental Illinois National Bank and Trust Company of Chicago, paid		740,000.00
Equipment Lease and Conditional Sale Agreements as of December 31, 1939, classified under Funded Debt Unmatured and Trustees' Securities now classed under Other Deferred Liabilities, in accordance with interpretation issued by Interstate Commerce Commission Bureau of Accounts:		
General American Tank Car Corporation sublease	$ 523,462.49	
Conditional Sale Agreements	459,061.87	982,524.36
Total Decrease		$11,857,524.36
Net Decrease in Funded Debt and Trustees' Securities		$2,443,524.36

Equipment Lease and Conditional Sale Agreements classified under Other Deferred Liabilities in accordance with interpretation issued by Interstate Commerce Commission, Bureau of Accounts:

INCREASE:		
Classified under Funded Debt, Unmatured and Trustees' Securities, December 31, 1939:		
General American Tank Car Corporation Sublease dated July 21, 1930	$ 523,462.49	
Conditional Sale Agreements:		
American Locomotive Co., dated April 1, 1939	117,751.11	
Electro-Motive Corp., dated April 1, 1939	280,450.36	
Electro-Motive Corp., dated Aug. 1, 1939	60,860.40	$ 982,524.36
Assumed in 1940:		
General American Transportation Corporation Lease, dated April 27, 1940	$ 129,500.00	
Conditional Sale Agreements:		
Baldwin Locomotive Works, dated March 1, 1940	61,500.00	
General Electric Co., dated March 1, 1940	35,572.00	
Whitcomb Locomotive Co., dated March 1, 1940	27,055.00	
Electro-Motive Corp., dated March 1, 1940	741,528.00	
American Locomotive Co., dated March 1, 1940	205,504.00	
American Locomotive Co., dated Sept. 1, 1940	315,820.00	
Electro-Motive Corp., dated Sept. 1, 1940	158,976.00	
Electro-Motive Corp., dated Sept. 1, 1940	625,680.00	
Baldwin Locomotive Works, dated Sept. 1, 1940	165,050.00	2,466,185.00
Total Increase		$3,448,709.36
DECREASE:		
Payments during the year		205,766.50
Net Increase in Other Equipment Obligations		$3,242,942.86
Net Decrease in Funded Debt and Trustees' Securities (from page 15)		2,443,524.36
Net Increase in Funded Debt, Trustees' Securities and Other Equipment Obligations		$ 799,418.50

The net increase of Investment in Road and Equipment during the year was $8,526,768. This increase was due to gross additions and betterments to road property of $6,201,213 and of equipment, $9,666,228, a total of $15,867,441, less retirements and conversions of $7,340,673.

SHORT TERM NOTES

#Reconstruction Finance Corporation—Creditor

Date of Notes	Date of Maturity	Amount as of Dec. 31, 1939	Amount as of Dec. 31, 1940
12/29/34	12/29/35	$2,700,000.00	$2,700,000.00
1/31/35	12/29/35	800,000.00	800,000.00
Total		$3,500,000.00	$3,500,000.00

#For total indebtedness to Reconstruction Finance Corporation, see Note 7 on page 33.

ADDITIONS AND BETTERMENTS

RAIL:

27,474 gross tons of new rail and 6,430 gross tons of second-hand rail were used in relaying light rail with heavier rail in main and side tracks.

BALLAST:

137 miles of main tracks were improved by the application of 114,950 cubic yards of gravel.

ROADWAY PROTECTION:

To improve drainage conditions and reduce maintenance costs, 100,824 linear feet of drain tile were laid in wet cuts and 19,670 linear feet were laid in yards.

BRIDGES, TRESTLES AND CULVERTS:

3,390 linear feet of open deck untreated timber bridges were filled or replaced with structures of a more permanent character; 599 linear feet were replaced with steel bridges; 1,581 linear feet with creosoted timber ballasted deck bridges, and 1,210 linear feet with embankment. 822 linear feet of steel bridge superstructures were replaced with similar structures of heavier design.

ELIMINATION OF GRADE CROSSINGS:

Nine grade separation projects, constructed under the Federal Aid Grade Crossing Program, were completed and placed in service during 1940. The most important of these were the Austin Avenue Subway under Galewood Yard, Chicago, Illinois, and reconstruction of the Mannheim Road Viaduct over main and yard tracks of the Railroad near Franklin Park, Illinois. The Central Avenue Viaduct over Galewood Yard, Chicago, was reconstructed under an agreement with Cook County, Illinois.

STATION FACILITIES AND ROADWAY STRUCTURES:

On September 30, new facilities for handling less carload freight in the Galewood Yard, Chicago, were placed in service. These facilities involved the construction of two concrete platforms 40′ to 60′ wide aggregating 2,156′ in length, a 43′x125′ office building, 2,200 linear feet of paved driveways, and the rearrangement of tracks and other facilities costing $470,000. The new facilities will permit the transfer to Galewood Yard of operations for store-door pick up and delivery service in the entire Chicago District, will save as much as 24 hours in the movement of freight, will eliminate rehandling, and will reduce the cost of operation.

The passenger depot at Madison, Wisconsin, was remodeled and modernized.

A one-story brick veneer passenger depot was constructed at Freeport, Illinois.

A one-story yardmaster's office, toilet and locker building was constructed in the Upper Yard, Minneapolis, Minnesota.

Storage warehouses for the receipt, storage and shipment of various commodities were constructed at Mannheim, Illinois; Jackson, Minnesota; Ontonagon, Michigan, and Bozeman, Montana.

Extensive improvements were made to the stockyards at Freeport, Illinois.

WATER STATIONS:

To improve locomotive water supply, new wells with modern pumping equipment, were constructed at Roscoe and McIntosh, South Dakota; Marmarth and Hettinger, North Dakota, and Bird Island, Minnesota, and new lime-soda water treating plants were constructed at Marion and Tama, Iowa.

FUEL STATIONS:

A modern 50-ton mechanical station was erected at New Lisbon, Wisconsin.

Eighteen fuel oil storage tanks of 14,000 gallons capacity each, with necessary pumping equipment, were installed at various points on the system for fueling Diesel switch engines.

SIGNALS AND INTERLOCKERS:

Automatic type interlockings were installed at crossings with the M. & St. L. at Norwood, Minnesota, and the Great Northern at Wahpeton, North Dakota, replacing mechanical plants; also at the crossing with the Illinois Central Railroad at Charles City, Iowa, which was formerly unprotected. A manually controlled interlocker was installed at the crossing with the Chicago, St. Paul, Minneapolis & Omaha Railway at Sheldon, Iowa.

The interlocking plants at Kinnickinnic drawbridge, Washington Street and Grand Avenue Junction, Milwaukee, Wisconsin, were rebuilt.

Gate and signal protection was installed for the railroad crossings at Roxbury and Hebron, Illinois, and Lewistown, Montana.

Additional rock slide protection fences were installed at Omega, Idaho, and Sappington, Montana.

Spring switches, with the necessary signal protection, were installed at Pickering, Potter and Haverhill, Iowa; Antioch Junction, Indiana; Waubay, South Dakota, and Lewistown, Montana.

A total of 112 highway and street crossings were protected by automatic signals or gates, 93 of the installations being carried out under the Federal Aid Program.

COMMUNICATION SYSTEMS:

Additional teletype printers were installed at Aberdeen, South Dakota; La Crosse, Wisconsin; South Minneapolis and St. Paul, Minnesota; Chicago, Illinois, and Seattle, Washington.

SHOPS AND ENGINEHOUSES:

In order to service high speed freight locomotives, improvements were made to existing enginehouses at Milwaukee, Wisconsin; Minneapolis, Minnesota; Aberdeen, South Dakota, and Harlowton, Montana.

To permit housing and servicing heavier power now being used on the Madison Division, the enginehouse at Janesville, Wisconsin, was enlarged.

To permit consolidation of all foundry operations in one building, major improvements were made to the foundry facilities at Milwaukee Shops, Wisconsin.

To reduce the cost of fuel for operating the Waukesha system of air conditioning at Western Avenue, Chicago, Illinois, a new propane gas bottling plant was constructed.

Coach yard facilities at Western Avenue, Chicago, Illinois, have been improved by the construction of a new brick and steel coach repair shop.

A new yard office and locker building was constructed for use of yard forces and enginemen at St. Paul, Minnesota.

Railroad Company shop facilities on the system as a whole were improved by the purchase and installation of new machinery costing approximately $275,000.

EQUIPMENT:

Ten high speed steam freight locomotives were purchased, subject to Equipment Trust Series "U"; 105 steel box cars, subject to Equipment Trust Series "T", 2000 steel box cars, subject to Equipment Trust Series "U", and 25 steel cabooses, not subject to Equipment Trusts, were constructed at the Company's shops at Milwaukee; 34 Diesel switch and two Diesel branch line locomotives were acquired under conditional sale agreements; 35 covered hopper cars were acquired under lease agreement with the General American Transportation Company, and one 200-ton steam wrecking crane was purchased to replace vacancies under Equipment Trust Series "Q" as of January 31, 1940. This equipment was placed in service during the year.

Improvements to equipment included the air-conditioning of 25 passenger cars, the installation of stokers in 15 locomotives, power reverse gears in 12 locomotives, feed water heaters in 4 locomotives, and the application of roller bearings to one passenger locomotive.

LINES ABANDONED

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

Coal Creek Branch, Windsor Jct., Indiana..	7.97	miles.
Dixon to Oxford Jct., Iowa................	22.72	"
Monroe to Lowell, Washington............	13.85	"
Sauk City to Prairie du Sac, Wisconsin.....	0.92	"

The line between Monroe and Lowell was abandoned under agreements with the Great Northern Railway and Northern Pacific Railway providing for joint use of their facilities between Monroe and Everett.

INVESTMENT IN ROAD AND EQUIPMENT AND MISCELLANEOUS PHYSICAL PROPERTY

The expenditures chargeable to Investment in Road and Equipment and Miscellaneous Physical Property during the year ended December 31, 1940 and the Total Investment in Road and Equipment and Total Miscellaneous Physical Property December 31, 1940 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	$ 69,475.90	$ 20.42
Grading	328,692.31	1,593.53
Tunnels and subways	52,567.59	....
Bridges, trestles and culverts	1,286,037.84	24,812.30
Ties	76,002.18	4,419.21
Rails	338,174.42	12,964.82
Other track material	954,820.16	38,732.12
Ballast	155,004.85	8,813.23
Tracklaying and surfacing	134,737.24	6,003.06
Fences, snowsheds and signs	20,250.98	1,502.07
Station and office buildings	666,704.61	37.27
Roadway and miscellaneous buildings	16,286.25	29.75
Water and fuel stations	181,989.05	1,697.51
Shops and enginehouses	450,861.11	2,617.20
Telegraph and telephone lines	20,038.65	26.40
Signals and interlockers	426,588.76	8,727.43
Power plants and transmission systems	49,791.67	1,379.08
Public improvements—Construction	245,262.04	30.26
Roadway machinery and tools	187,282.82	5,343.57
Shop machinery	427,481.74	6,345.36
Miscellaneous	113,162.88	490.14
Gross Additions and Betterments—Road	$ 6,201,213.05	$ 125,584.73
Credit:		
Road property retired	4,830,840.24	199,711.85
Net Additions and Betterments—Road	$ 1,370,372.81	$Cr. 74,127.12
EQUIPMENT:		
Equipment purchased and constructed:		
*10 Steam freight locomotives, purchased	$ 1,483,705.26	
#34 Diesel electric switch locomotives, purchased	2,275,460.27	
#2 Diesel electric branch line locomotives, purchased	63,840.87	
*2105 Box cars, constructed	4,890,380.89	
Ø35 Hopper cars, purchased	129,534.11	
25 Cabooses, constructed	79,892.36	
2 Gondola cars, second hand, purchased	2,367.76	
*1 200-ton Wrecking derrick, purchased	76,260.72	
1 Jordan Spreader, purchased	7,610.45	
4 Snow plow cars, constructed	20,210.81	
2 Refrigerator cars for Work service, second hand, purchased	371.50	
Gross Additions and Betterments—Equipment—Carried Forward	$ 9,029,635.00	

*Acquired subject to Equipment Lease and Trust Agreements.
#Acquired under Conditional Sale Agreements.
ØAcquired under Equipment Lease Agreement.

INVESTMENT IN ROAD AND EQUIPMENT AND MISCELLANEOUS PHYSICAL PROPERTY (Concluded)

	C.M.St.P.& P. R. R.	C.T.H.& S.E. Ry.
Net Addditions and Betterments—Road: Brought Forward	$ 1,370,372.81	$Cr. 74,127.12
Gross Additions and Betterments—Equipment—Brought Forward	$ 9,029,635.00	....
MISCELLANEOUS EQUIPMENT:		
2 Highway busses	$ 9,511.36	....
1 Truck trailer	836.99	....
37 Automobiles and trucks	37,300.56	....
2 Automobiles and trucks	....	$ 1,653.97
Other Additions and Betterments to Equipment:		
Miscellaneous conversion of equipment	111,725.02	3,743.93
Other improvements to equipment	477,218.72	5,955.49
Gross Additions and Betterments—Equipment	$ 9,666,227.65	$ 11,353.39
Credit—Equipment retired or converted	$ 2,509,832.70	$ 53,156.10
Net Additions and Betterments—Equipment	$ 7,156,394.95	$Cr. 41,802.71
Net Additions and Betterments—Road and Equipment	$ 8,526,767.76	$Cr. 115,929.83
Road and Equipment, December 31, 1939	$ 701,219,152.46	$ 27,723,887.22
Road and Equipment, December 31, 1940	$ 709,745,920.22	$ 27,607,957.39
MISCELLANEOUS PHYSICAL PROPERTY:		
Net increase in Non-Operating Property	$ 89,739.39	$ 226.71
Net decrease in Track Material Loaned Account	31,411.11	....
Net increase in Miscellaneous Physical Property	$ 58,328.28	$ 226.71
Miscellaneous Physical Property, December 31, 1939	$ 6,215,938.75	$ 240,291.62
Miscellaneous Physical Property, December 31, 1940	$ 6,274,267.03	$ 240,518.33

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, 1941

GENERAL BALANCE SHEET

ASSET SIDE	AS OF DECEMBER 31, 1940	COMPARISON WITH DECEMBER 31, 1939 +Increase —Decrease
INVESTMENTS:		
Road and equipment	$709,745,920.22	$+ 8,526,767.76
Improvements on leased railway property	$ 390,841.75	$— 14,130.24
Deposits in lieu of mortgaged property sold	$ 61,245.18	$— 323,307.61
Miscellaneous physical property	$ 6,274,267.03	$+ 58,328.28
Investments in affiliated companies:		
*Stocks	$ 5,169,143.87	....
Bonds	1,497,801.00	....
Notes	8,199,531.49	$— 495,000.00
Advances	5,630,413.62	+ 21,238.60
	$ 20,496,889.98	$— 473,761.40
Other investments:		
Stocks	$ 8,284.80	$— 125.60
Bonds	101,000.00	— 100,532.00
Notes	42,402.53	— 7,357.49
Advances	2,500.00	....
Miscellaneous	135.00	— 35.00
	$ 154,322.33	$— 108,050.09
Total Investments	$737,123,486.49	$+ 7,665,846.70
CURRENT ASSETS:		
Cash	$ 17,815,621.54	$+ 5,881,202.35
Special deposits	1,494,129.89	— 740,845.01
Loans and bills receivable	338.26	+ 174.36
Traffic and car-service balances receivable	995,649.58	+ 146,755.32
Due from agents and conductors	1,576,769.54	+ 240,385.51
Miscellaneous accounts receivable	2,106,471.65	+ 30,789.03
Material and supplies	10,388,750.69	+ 482,296.72
Interest and dividends receivable	13,259.51	— 318.88
Other current assets	103,066.80	+ 60,909.78
Total Current Assets	$ 34,494,057.46	$+ 6,101,349.18
DEFERRED ASSETS:		
Working fund advances	$ 45,327.05	$+ 1,970.15
Other deferred assets	3,470,485.70	+ 257,817.46
Total Deferred Assets	$ 3,515,812.75	$+ 259,787.61
UNADJUSTED DEBITS:		
Rents and insurance premiums paid in advance	$ 22,267.94	$+ 4,956.72
Discount on funded debt	333,002.95	— 4,556.53
Other unadjusted debits	3,227,147.76	+ 656,137.71
Total Unadjusted Debits	$ 3,582,418.65	$+ 656,537.90
GRAND TOTAL	$778,715,775.35	$+14,683,521.39

*See Note on page 37 referring to stocks of affiliated companies.

Notes referring to page 25.

#Liability for purchase of equipment under lease and conditional sale agreements was included in "Equipment Obligations" under "Funded Debt Unmatured" and "Trustees' Securities" as of December 31, 1939. Reclassified under "Deferred Liabilities" in accordance with an interpretation of the Bureau of Accounts of the Interstate Commerce Commission.

⊕"Long-Term Debt in Default" and "Matured Interest in Default" as of December 31, 1939, were respectively included in "Funded Debt Matured Unpaid" which account has been cancelled, and in "Interest Matured Unpaid" classified under Current Liabilities. These changes were made in accordance with an order of the Interstate Commerce Commission, effective January 1, 1940.

GENERAL BALANCE SHEET

LIABILITY SIDE	AS OF DECEMBER 31, 1940	COMPARISON WITH DECEMBER 31, 1939 +Increase —Decrease
CAPITAL STOCK:		
Common Stock:		
In hands of public (1,174,060 shares—no par value)	$105,102,990.28	$+ 4,219.09
Preferred Stock:		
In hands of public (1,193,073 shares)	119,307,300.00	....
Total Capital Stock	$224,410,290.28	$+ 4,219.09
GOVERNMENTAL GRANTS:		
Grants in aid of construction	$ 2,913,286.64	$+ 755,067.22
FUNDED DEBT UNMATURED:		
Bonds:		
Fixed interest bearing	$269,003,096.00	$— 258,000.00
Contingent interest bearing	182,873,693.00	....
Reconstruction Finance Corp. Collateral Notes	1,131,000.00	— 290,000.00
#Equipment obligations	5,819,000.00	— 3,814,462.49
Total	$458,826,789.00	$— 4,362,462.49
Less Bonds In Treasury Or Pledged	20,820,000.00	— 258,000.00
Total Funded Debt Unmatured In Hands Of Public	$438,006,789.00	$— 4,104,462.49
⊕Long-Term Debt in Default $21,423,462.50		
Less Securities Pledged 6,172,600.00	$ 15,250,862.50	$+15,250,862.50
TRUSTEES' SECURITIES:		
Secured $1\frac{3}{4}\%$ Certificates of Indebtedness	$ 5,000,000.00	$+ 5,000,000.00
#Equipment Obligations	17,375,000.00	+ 3,205,938.13
Cont'l. Ill. Nat'l. Bk. & Trust Co. Promissory Note	....	— 740,000.00
Total Trustees' Securities	$ 22,375,000.00	$+ 7,465,938.13
Total Capital Stock, Governmental Grants, Funded Debt And Trustees' Securities	$702,956,228.42	$+19,371,624.45
CURRENT LIABILITIES:		
Loans and bills payable	$ 3,500,000.00	....
Traffic and car-service balances payable	3,168,841.31	$+ 305,899.59
Payrolls and vouchers	6,729,620.02	+ 605,876.67
Miscellaneous accounts payable	638,771.24	+ 78,295.80
⊕Interest matured unpaid	623,069.47	—47,377,860.04
⊕Funded debt matured unpaid	....	—21,055,862.50
Unmatured interest accrued	2,548,315.29	— 54,122.01
Unmatured rents accrued	303,830.98	+ 4,846.79
Other current liabilities	597,905.34	— 82,215.89
Total Current Liabilities	$ 18,110,353.65	$—67,575,141.59
DEFERRED LIABILITIES:		
⊕Matured interest in default	$ 58,456,407.70	$+58,456,407.70
Adjustment Mtge. Bond interest accrued—Unmatured	97,837,425.75	+ 9,143,684.65
#Liability for purchase of equipment under Lease and Conditional Sale Agreements	3,242,942.86	+ 3,242,942.86
Other deferred liabilities	3,555,840.71	— 29,208.94
Total Deferred Liabilities	$163,092,617.02	$+70,813,826.27
UNADJUSTED CREDITS:		
Tax liability	$ 4,213,398.13	$+ 61,423.79
Premium on funded debt	63,928.94	— 11,407.89
Accrued depreciation—Equipment	62,912,220.49	+ 3,948,642.85
Other unadjusted credits	4,421,733.54	+ 94,084.50
Total Unadjusted Credits	$ 71,611,281.10	$+ 4,092,743.25
CORPORATE SURPLUS:		
Additions to property through income and surplus	$ 584,773.34	$+ 34,152.88
Funded debt retired through income and surplus	43,104.16	....
Total Appropriated Surplus	$ 627,877.50	$+ 34,152.88
Profit and loss, debit balance	*$177,682,582.34*	*$+12,053,683.87*
Total Corporate Surplus (*deficit*)	*$177,054,704.84*	*$+12,019,530.99*
GRAND TOTAL	$778,715,775.35	$+14,683,521.39

LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES AS OF DECEMBER 31, 1940

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, 1940.

CHICAGO UNION STATION COMPANY

	Int. Rate	Date of Maturity	Amount Outstanding
Guaranteed Bonds........................	4%	Apr. 1, 1944	$ 477,000

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
First Mortgage Bonds, Series "F"......	3⅛%	July 1, 1963	16,000,000
Guaranteed Bonds..	3½%	Sept. 1, 1951	6,860,000
Guaranteed Notes of 1940......	1½%	Apr. 1, 1945	540,000
Total.........................	......	....	$ 67,400,000

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 issues of Bonds and Notes of the Station Company, and also have agreed to advance to the Station Company, in proportion to their ownership of capital stock of the Station Company, amounts required to pay at maturity, principal of Guaranteed Notes of 1940 and the sinking fund payments required under the Trust Indentures pursuant to which the above-mentioned 4% Guaranteed Bonds due April 1, 1944, and 3½% 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 27)

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	$ 49,304,000#

#Does not include $606,000 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 own a like amount.

(Concluded on page 28)

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	$ 1,934,000

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	$ 14,748,000#
Consolidated Mortgage Bonds	5%	May 1, 1944	150,000
	4%	May 1, 1944	100,000
Total	....	....	$ 14,998,000

#Does not include $252,000 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, 1940

DEBITS

Debit balance at beginning of year	$165,628,898.47
Debit balance transferred from Income	8,826,521.54
Surplus appropriated for investment in physical property	34,152.88
Debits from retired road and equipment	2,997,213.03
Miscellaneous debits	278,500.28
Total Debits	$177,765,286.20

CREDITS

Credits from retired road and equipment	$ 4,240.06
Donations	34,152.88
Miscellaneous credits	44,310.92
Total Credits	$ 82,703.86
Debit balance, December 31, 1940, carried to General Balance Sheet	$177,682,582.34

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, 1940.

Description of Payments Authorized by Court	Authorized for Payment by Court	
	Principal	Interest
CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY		
BONDS:		
Milwaukee & Northern First Mortgage interest matured December 1, 1939	....	$ 47,632.50
EQUIPMENT TRUST CERTIFICATES:		
Series A:		
20% installments on principal matured July 15, 1936 and 1937, and interest matured January 15 and July 15, 1940	$ 215,600.00	16,170.00
Series C:		
20% installments on principal matured April 1, 1936, 1937 and 1938 and interest matured April 1, 1940	531,400.00	29,238.00
Series D:—Interest matured February 1, 1940	....	45,620.00
Series E:		
20% installments on principal matured July 1, 1936, 1937, 1938, 1939 and 1940, and interest matured January 1 and July 1, 1940	167,800.00	45,450.00
Series F:		
20% installments on principal matured July 1, 1936, 1937, 1938, 1939 and 1940, and interest matured January 1 and July 1, 1940	328,000.00	88,560.00
Series G:		
20% installments on principal matured July 1, 1936, 1937, 1938, 1939 and 1940, and interest matured January 1 and July 1, 1940	66,000.00	11,992.50
Series H:		
20% installments on principal matured July 1, 1936, 1937, 1938, 1939 and 1940, and interest matured January 1 and July 1, 1940	44,400.00	8,032.50
Series J:		
20% installments on principal matured June 1, 1936, 1937, 1938, 1939 and 1940, and interest matured June 1 and Dec. 1, 1940	554,000.00	153,165.00
Series K:—Interest matured May 1 and Nov. 1, 1940 on unmatured principal	....	34,681.50
Series L:		
20% installments on principal matured March 1, 1936, 1937, 1938, 1939 and 1940, and interest matured March 1 and Sept. 1, 1940	283,600.00	83,043.00
*Series M:—*Principal and interest matured March 1 and September 1, 1940	132,000.00	39,149.63
*Series N:—*Principal matured May 1, 1940, and interest matured May 1, and Nov. 1, 1940	12,000.00	2,497.50
Series O:—Principal matured Sept. 1, 1940 and interest matured March 1, and Sept. 1, 1940	384,000.00	99,000.00
Series P:—Principal matured Jan. 1, 1940 and interest matured Jan. 1 and July 1, 1940	212,000.00	92,750.00
Series Q:—Principal matured March 1, 1940 and interest matured March 1 and Sept. 1, 1940	177,000.00	71,906.25
Series R:—Principal matured Aug. 1, 1940 and interest matured Feb. 1 and Aug. 1, 1940	128,000.00	62,400.00
Series S:—Principal matured April 1, 1940 and interest matured April 1 and Oct. 1, 1940	149,000.00	75,431.25
Series T:—Principal matured April 1, 1940 and interest matured April 1 and Oct. 1, 1940	128,000.00	55,680.00
Series U:—Principal matured Dec. 1, 1940 and interest matured June 1 and Dec. 1, 1940	508,000.00	88,688.88
OTHER EQUIPMENT OBLIGATIONS:		
General American Tank Car Corporation Equipment Sublease, dated July 21, 1930. Monthly rental payments—Jan. 1 to Dec. 1, 1940, incl	77,661.47	29,179.45
General American Transportation Corporation Agreement of Lease, dated April 27, 1940. Monthly rental payments Sept. 19 to Dec. 1, 1940, incl	2,513.07	1,410.09
Conditional Sale Agreements—Monthly rental payments assigned to First National Bank of Chicago:		
American Locomotive Co., dated April 1, 1939—Jan. 1 to Dec. 1, 1940, incl	14,335.10	3,068.20
American Locomotive Co., dated March 1, 1940—June 1 to Dec. 1, 1940, incl	13,636.62	3,011.84
Electro-Motive Corp., dated April 1, 1939—Jan. 1 to Dec. 1, 1940, incl	33,727.03	7,312.55
Electro-Motive Corp., dated Aug. 1, 1939—Jan. 1 to Dec. 1, 1940, incl	7,144.76	1,588.96
Electro-Motive Corp., dated March 1, 1940—May 1 to Dec. 1, 1940, incl	49,205.69	11,949.14
Baldwin Locomotive Works, dated March 1, 1940—June 1 to Dec. 1, 1940, incl	3,494.31	780.52
General Electric Co., dated March 1, 1940—Oct. 1 to Dec. 1, 1940, incl	670.94	149.97
Whitcomb Locomotive Co., dated March 1, 1940—Nov. 1 to Dec. 1, 1940, incl	254.88	82.66
Assigned to Continental Illinois National Bank & Trust Co. of Chicago:		
American Locomotive Co., dated Sept. 1, 1940—Nov. 1 to Dec. 1, 1940, incl	3,122.63	649.64
Baldwin Locomotive Works, dated Sept. 1, 1940—December 1, 1940	....	261.33
Assigned to New York Trust Co.:		
Electro-Motive Corp., dated Sept. 1, 1940—November 1 and December 1, 1940	....	1,004.73
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, 1940	....	461,238.71
Federal Emergency Administrator of Public Works Loan—Assigned to Reconstruction Finance Corporation—Principal matured Jan. 1, 1940 and interest matured Jan. 1 and July 1, 1940	290,000.00	51,040.00
Continental Illinois National Bank & Trust Co., Loan, Balance of Principal installments and interest to Sept. 1, 1940	740,000.00	9,036.22
Total C. M. St. P. & P. R. R. Co.	5,256,566.50	1,732,852.52
CHICAGO, TERRE HAUTE & SOUTHEASTERN RAILWAY COMPANY		
Bedford Belt First Mortgage:		
Interest matured January 1 and July 1, 1940	....	$ 12,500.00
Southern Indiana First Mortgage:		
Interest matured February 1 and August 1, 1940	....	291,480.00
First and Refunding Mortgage:		
Interest matured June 1 and December 1, 1940	....	402,800.00
Income Mortgage:		
Interest matured March 1 and September 1, 1940	....	316,800.00
Total C. T. H. & S. E. Ry. Co.	....	$ 1,023,580.00
Grand Total	$ 5,256,566.50	$ 2,756,432.52

*Includes interest payments due to exchange of temporary certificates at 4% per annum into definitive certificates at 2½% per annum, effective September 4, 1940, Series "M" $109.63; Series "N" $307.50.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Funded Debt Unmatured, December 31, 1940

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
ed Interest Bearing:								
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
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
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
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
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
Mtge.—C.M.&St.P.Ry.Co.-G	May 1, 1989	11,212,000.00	....	②11,212,000.00	....	5	Jan. & July	....
i. Mil. & Gary Ry. Co. 1st Mtge.	April 1, 1948	3,000,000.00	....	....	3,000,000.00	5	April & Oct.	150,000.00
rst and Refunding Mortgage....	June 1, 1943	9,608,000.00	$ 943,000.00	④8,665,000.00	....	6	June & Dec.	....
fty Year Mortgage............	Feb. 1, 1975	106,395,096.00	....	....	106,395,096.00	5	Feb. & Aug.	5,319,754.80
Total Mortgage Bonds.......	....	$269,003,096.00	$ 943,000.00	$ 19,877,000.00	$248,183,096.00	.....	....	$11,422,009.80
quipment Trust Certificates, D..	Aug. 1, 1940	....	....	....	....		....	$ 18,025.00
quipment Trust Certificates, E..	①July 1, 1943	$ 507,000.00	....	....	$ 507,000.00	4½	Jau. & July	26,617.50
quipment Trust Certificates, F..	①July 1, 1943	984,000.00	....	....	984,000.00	4½	Jan. & July	51,660.00
quipment Trust Certificates, G..	①July 1, 1941	67,000.00	....	....	67,000.00	4½	Jan. & July	4,522.50
quipment Trust Certificates, H..	①July 1, 1941	45,000.00	....	....	45,000.00	4½	Jan. & July	3,037.50
quipment Trust Certificates, J..	①June 1, 1944	2,232,000.00	....	....	2,232,000.00	5	June & Dec.	123,225.00
quipment Trust Certificates, K..	①Nov. 1, 1944	564,000.00	....	....	564,000.00	4½	May & Nov.	30,667.50
quipment Trust Certificates, L..	①Mar. 1, 1945	1,420,000.00	....	....	1,420,000.00	4½	Mar. & Sept.	66,030.00
Total Equipment Trust Certificates......................	....	$ 5,819,000.00	....	....	$ 5,819,000.00	.....	....	$ 323,785.00
econstruction Finance Corpn. Registered Collateral Notes....	⑥Jan. 1, 1944	$ 1,131,000.00	....	....	$ 1,131,000.00	4	Jan. & July	$ 45,240.00
Total Fixed Interest Bearing.	....	$275,953,096.00	$ 943,000,00	$ 19,877,000.00	$255,133,096.00	.....	....	$11,791,034.80
ontingent Interest Bearing: onvertible Adjustment Mortgage	Jan. 1, 2000	182,873,693.00	....	....	182,873,693.00	5	⑤April & Oct.	9,143,684.65
Grand Total...............	....	$458,826,789.00	$ 943,000.00	$ 19,877,000.00	$438,006,789.00	.....	....	$20,934,719.45

Notes ① to ⑦ on page 33.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Notes In Relation To Funded Debt Unmatured December 31, 1940—See Page 32.

①The principal of Equipment Trust Certificates mature iu equal annual installments as follows, the last one in each case on date of maturity stated in the table on page 32.

Series E, July 1st...............$169,000	Series J, June 1st..................$558,000
" F, July 1st...............$328,000	" K, November 1st............$141,000
" G, July 1st...............$ 67,000	" L, Marcb 1st................$284,000
" H, July 1st...............$ 45,000	

②Pledged as security for Reconstruction Finance Corporation Loans.

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

④$8,665,000 pledged as security for Reconstruction Finance Corporation Loans.

⑤When declared by the Board of Directors.

⑥Federal 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.

⑦Total Indebtedness to Reconstruction Finance Corporation:

Registered Collateral Notes (See page 32)...........	$ 1,131,000.00
Matured Short Term Notes (See page 17)............	3,500,000.00
Long-Term Debt in Default (Notes) (See page 34).....	7,999,462.50
Total....................................	$12,630,462.50

CHICAGO, MILWAUKEE. ST. PAUL AND PACIFIC RAILROAD COMPANY

Long-Term Debt In Default, December 31, 1940

Description of Securities	Date of Maturity	Pledged	In Hands of Public	Interest: Rate %	Interest: Accrued During the Year—Charged to Income
①Equipment Trust Certificates:					
Series A	July 15, 1937	$ 96,600.00	$ 11,200.00	5	$ 9,148.03
Series C	April 1, 1935—April 1, 1938	543,200.00	19,600.00	5½	25,492.50
Series D	Aug. 1, 1935—Aug. 1, 1940	1,854,400.00	13,400.00	5	38,367.50
Series E	July 1, 1937—July 1, 1940	339,200.00	....	4½	9,252.75
Series F	July 1, 1937—July 1, 1940	656,000.00	....	4½	17,958.00
Series G	July 1, 1937—July 1, 1940	135,000.00	....	4½	3,668.25
Series H	July 1, 1937—July 1, 1940	90,600.00	....	4½	2,463.75
Series J	June 1, 1934—June 1, 1940	1,112,800.00	12,600.00	5	33,945.00
Series K	Nov. 1, 1936—Nov. 1, 1940	417,400.00	5,600.00	4½	7,719.75
Series L	Mar. 1, 1937—Mar. 1, 1940	568,400.00	....	4½	15,549.00
Total	....	①$5,813,600.00	①$ 62,400.00		$ 163,564.53
②Reconstruction Finance Corporation Loan (Seven Notes)	June 30, 1935 to Feb. 27, 1936	....	$ 7,999,462.50	③4	$ 320,855.17
Bellingham Bay & British Columbia R. R. Co.: First Mortgage Bonds	Dec. 1, 1932	⑤$ 301,000.00	....	....	....
Milwaukee&Northern R. R. Co.:					
④First Mortgage Bonds	June 1, 1934	⑥ 38,000.00	6,000.00	4½	270.00
First Mortgage Bonds	June 1, 1939	....	2,111,000.00	4½	94,995.00
④Consolidated Mortgage Bonds	June 1, 1934	⑥ 20,000.00	25,000.00	4½	1,125.00
Consolidated Mortgage Bonds	June 1, 1939	....	5,047,000.00	4½	227,115.00
Total	....	$ 359,000.00	$ 7,189,000.00		$ 323,505.00
Grand Total	....	$6,172,600.00	$15,250,862.50	....	$ 807,924.70

①—Matured Equipment Trust Certificates, Series A and C to L, inclusive, in the principal amount of $5,813,600.00 are pledged with the Continental Illinois National Bank and Trust Co. of Chicago, Trustee, under Indenture dated July 15, 1940, securing $5,000,000.00 Trustees' Certificates of Indebtedness which were issued to refinance in part $5,067,800.00 principal amount of matured certificates of these series outstanding on July 30, 1940; $618,000.00 of Series D Certificates, which matured on August 1, 1940, and $141,000.00 of Series K Certificates which matured on November 1, 1940. Funds are on deposit with the Trustee under this Indenture to purchase the remaining matured certificates of these series outstanding as of December 31, 1940, in the principal amount of $62,400.00.

②—For total indebtedness to Reconstruction Finance Corporation, see Note 7 on page 33.

③—Notes provide for interest at 6% per annum. Present rate 4%.

④—Bonds Pledged not extended and bonds In Hands of Public not presented for extension under Extension Agreement dated May 31 1934.

⑤—Pledged with the Reconstruction Finauce Corporation for loans.

⑥—Pledged with Trustee under C. M. St. P. & P. R. R. Co. First and Refunding Mortgage.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Trustees' Securities, December 31, 1940

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
Equipment Trust Certificates, M	①Sept. 1, 1947	$ 877,000.00	....	....	$ 877,000.00	②2½	Mar. & Sept.	$ 33,004.63
Equipment Trust Certificates, N	①May 1, 1945	60,000.00	....	....	60,000.00	②2½	May & Nov.	2,267.50
Equipment Trust Certificates, O	①Sept. 1, 1946	2,091,000.00	....	....	2,091,000.00	4	Mar. & Sept.	93,880.00
Equipment Trust Certificates, P	①Jan. 1, 1952	2,544,000.00	....	....	2,544,000.00	3½	Jan. & July	89,040.00
Equipment Trust Certificates, Q	①Mar. 1, 1952	2,124,000.00	....	....	2,124,000.00	3¼	Mar. & Sept.	69,988.75
Equipment Trust Certificates, R	①Aug. 1, 1952	1,536,000.00	....	....	1,536,000.00	3¾	Feb. & Aug.	60,400.00
Equipment Trust Certificates, S	①April 1, 1953	1,937,000.00	....	....	1,937,000.00	3¾	April & Oct.	74,034.37
Equipment Trust Certificates, T	①April 1, 1954	1,792,000.00	....	....	1,792,000.00	3	April & Oct.	③54,392.64
Equipment Trust Certificates, U	①Dec. 1, 1949	4,414,000.00	....	....	4,414,000.00	2½	June & Dec.	③77,930.86
Total	....	$ 17,375,000.00	....	....	$ 17,375,000.00	....	....	$ 554,938.75
Secured 1¾% Certificates of Indebtedness	Quarterly to ④April 15, 1944	$ 5,000,000.00	....	....	$ 5,000,000.00	1¾	Quarterly Commencing Jan. 15, 1941	$ 36,458.34
Continental Illinois National Bank & Trust Company: Promissory Note, dated March 1, 1939	⑤	....	....	....	....	....	....	$ 7,761.78
Grand Total	....	$ 22,375,000.00	....	....	$ 22,375,000.00	....	....	$ 599,158.87

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 above.

Series 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
Series S	April 1st	$149,000
" T	April 1st	$128,000
" U	December 1st	$508,000, except December 1st, 1949, which is $350,000

②—Interest rate reduced from 4% to 2½% effective September 4, 1940 upon assumption by Trustees of obligation and liability with respect to Equipment Trust Certificates, Series M and N.

③—Excludes interest accrued during the year charged to Investment Account as follows: Equipment Trust, Series T, $327.36; Series U, $18,392.89.

④—Payable quarterly January 15, 1941 to April 15, 1944. Quarterly payments in 1941, $550,000 each; 1942, $375,000 each; 1943, $225,000 each, and two payments in 1944 of $200,000 each.

⑤—Remaining quarterly installments due December 1, 1940, and February 27, 1941 of $148,000 each, were paid in full September 1, 1940.

LIABILITY FOR PURCHASE OF EQUIPMENT UNDER LEASE AND CONDITIONAL SALE AGREEMENTS, DECEMBER 31, 1940

Equipment Obligations	Date of Lease or Agreement	Date of Maturity Monthly to	Balance December 31, 1939	Assumed During 1940	Total	Paid During 1940	Balance December 31, 1940	Interest Payable Monthly: Rate %	Interest Payable Monthly: Accrued During the Year—Charged to Income
General American Tank Car Corporation—Sub-Lease Four Hundred Ninety-nine Stock Cars	July 21, 1930	Oct. 1, 1945	$ 523,462.49		$ 523,462.49	$ 77,661.47	$ 445,801.02	5.9+	$ 28,786.88
General American Transportation Corporation—Lease Thirty-five Hopper Cars	April 27, 1940	Aug. 1, 1955		$ 129,500.00	129,500.00	2,513.07	126,986.93	3	1,410.00
Conditional Sale Agreements for purchase of Equipment:									
Assigned to First National Bank of Chicago, Ill.:									
American Locomotive Company. Two Diesel Switching Locomotives	April 1, 1939	June 1, 1947	117,751.11		117,751.11	14,335.10	103,416.01	# 2½	2,989.26
Electro-Motive Corporation. Four Diesel Switching Locomotives	April 1, 1939	July 1, 1947	280,450.36		280,450.36	33,727.03	246,723.33	# 2½	7,125.43
Electro-Motive Corporation. One Diesel Switching Locomotive	Aug. 1, 1939	Sept. 1, 1947	60,860.40		60,860.40	7,144.76	53,715.64	# 2½	1,548.72
Baldwin Locomotive Works. One Diesel Switching Locomotive	March 1, 1940	June 1, 1948		61,500.00	61,500.00	3,494.31	58,005.69	2½	901.37
General Electric Company. One Diesel Switching Locomotive	March 1, 1940	Oct. 1, 1948		35,572.00	35,572.00	670.94	34,901.06	2½	222.08
Whitcomb Locomotive Company. One Diesel Switching Locomotive	March 1, 1940	Nov. 1, 1948		27,055.00	27,055.00	254.88	26,800.12	2½	138.50
Electro-Motive Corporation. Twelve Diesel Switching Locomotives	March 1, 1940	May 1, 1948		741,528.00	741,528.00	49,205.69	692,322.31	2½	13,391.48
American Locomotive Company. Three Diesel Switching Locomotives	March 1, 1940	May 1, 1948		205,504.00	205,504.00	13,636.62	191,867.38	2½	3,411.56
Assigned to Continental Illinois National Bank & Trust Company of Chicago, Ill.:									
American Locomotive Company. Four Diesel Switching Locomotives	Sept. 1, 1940	Nov. 1, 1948		315,820.00	315,820.00	3,122.63	312,697.37	2	1,182.45
Electro-Motive Corporation. Two Diesel Switching Locomotives	Sept. 1, 1940	Jan. 1, 1949		158,976.00	158,976.00		158,976.00	2	256.13
Baldwin Locomotive Works. Two Diesel Switching Locomotives	Sept. 1, 1940	Dec. 1, 1948		165,050.00	165,050.00		165,050.00	2	536.41
Assigned to New York Trust Company:									
Electro-Motive Corporation. Ten Diesel Switching Locomotives	Sept. 1, 1940	Jan. 1, 1949		625,680.00	625,680.00		625,680.00	2	2,043.11
Totals			$ 982,524.36	$ 2,466,185.00	$ 3,448,709.36	$ 205,766.50	$ 3,242,942.86		$ 63,944.07

#—Rate reduced from 3% to 2½% effective June 1, 1940.

SECURITIES OWNED DECEMBER 31, 1940

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			8,285.00	8,284.80
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.			100,000.00	100,000.00
Spokane Civic Building Co.			1,000.00	1,000.00
Amount forwarded			$14,660,084.36	$ 6,776,229.67

#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, except Directors' qualifying shares.

Reference notes A to E shown on page 38.

SECURITIES OWNED DECEMBER 31, 1940—Concluded

Description	Par Value	Book Value
Brought forward	$14,660,084.36	$ 6,776,229.67
Notes:		
Affiliated Companies:		
Milwaukee Land Co.	7,515,000.00	7,515,000.00
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.	7,500.00	7,500.00
Nonaffiliated Companies:		
Yellowstone Park Co.	37,902.00	37,902.00
Rainier National Park Co.	1,764.00	1,764.00
Lincoln City Coal Co., Inc.	1,558.55	1,558.55
Hickory Grove Coal Mining Co.	1,112.32	1,112.32
Miscellaneous Notes	65.66	65.66
Miscellaneous:		
Nonaffiliated Companies:		
Loveland Mutual Co. Certificate of Membership	....	135.00
Total	$22,902,018.38	$15,018,298.69

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.

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 32.

DETAILED STATEMENT OF RAILWAY OPERATING REVENUES, EXPENSES AND INCOME

For the Years Ended December 31, 1940 and 1939.

RAILWAY OPERATING REVENUES

Transportation	1940	1939	Increase	Decrease
Freight	$ 95,113,461.03	$ 88,622,160.44	$ 6,491,300.59	....
Passenger	8,100,380.73	7,893,798.22	206,582.51	....
Excess baggage	22,613.79	23,300.69	....	$ 686.90
Sleeping car	263,736.53	284,624.08	....	20,887.55
Parlor and chair car	108,137.88	115,479.56	....	7,341.68
Mail	3,184,283.78	3,112,376.13	71,907.65	....
Express	1,570,700.80	1,521,840.33	48,860.47	....
Other passenger train	95,995.79	83,192.27	12,803.52	....
Milk	112,461.42	115,995.37	....	3,533.95
Switching	2,959,990.40	2,654,756.77	305,233.63	....
Total transportation revenue	$111,531,762.15	$104,427,523.86	$ 7,104,238.29	....
Incidental				
Dining and buffet	$ 577,387.03	$ 576,158.81	$ 1,228.22	....
Hotel and restaurant	12,983.59	12,829.31	154.28	....
Station, train and boat privileges	23,657.93	25,415.51	....	$ 1,757.58
Parcel room	57.10	44.80	12.30	....
Storage—Freight	22,825.49	22,564.19	261.30	....
Storage—Baggage	2,022.73	2,150.62	....	127.89
Demurrage	215,502.09	198,032.06	17,470.03	....
Telegraph and telephone	15,771.32	16,102.81	....	331.49
Stockyard	27,462.64	24,947.26	2,515.38	....
Power	75,552.12	73,786.94	1,765.18	....
Rents of buildings and other property	128,712.09	127,363.61	1,348.48	....
Miscellaneous	253,024.45	238,028.43	14,996.02	....
Total incidental operating revenue	$ 1,354,958.58	$ 1,317,424.35	$ 37,534.23	....
Joint Facility				
Joint facility—Credit	$ 1,491,478.03	$ 1,133,442.97	$ 358,035.06	....
Joint facility—Debit	*2,610.18*	*3,010.68*	....	$ *400.50*
Total joint facility operating revenue	$ 1,488,867.85	$ 1,130,432.29	$ 358,435.56	....
Total railway operating revenues	$114,375,588.58	$106,875,380.50	$ 7,500,208.08	....

RAILWAY OPERATING REVENUES, EXPENSES AND INCOME—Continued

RAILWAY OPERATING EXPENSES

Maintenance of Way and Structures	1940	1939	Increase	Decrease
Superintendence	$ 1,380,015.38	$ 1,317,818.54	$ 62,196.84	....
Roadway maintenance	1,388,730.54	1,828,329.94	....	$ 439,599.40
Tunnels and subways	32,940.53	21,082.04	11,858.49	....
Bridges, trestles and culverts	1,487,993.67	994,121.01	493,872.66	....
Ties	3,115,310.46	3,023,768.67	91,541.79	....
Rails	546,902.41	695,681.90	....	148,779.49
Other track material	891,487.74	1,086,684.14	....	195,196.40
Ballast	270,738.81	438,486.18	....	167,747.37
Track laying and surfacing	3,136,765.13	3,844,072.45	....	707,307.32
Fences, snowsheds and signs	165,720.50	221,016.22	....	55,295.72
Station and office buildings	859,689.64	718,050.77	141,638.87	....
Roadway buildings	87,027.89	78,993.13	8,034.76	....
Water stations	180,611.80	195,922.03	....	15,310.23
Fuel stations	138,791.77	109,568.68	29,223.09	....
Shops and enginehouses	633,215.05	587,729.35	45,485.70	....
Storage warehouses	1,672.39	3,303.89	....	1,631.50
Wharves and docks	63,258.90	27,785.18	35,473.72	....
Coal and ore wharves	....	218.18	....	218.18
Telegraph and telephone lines	299,454.42	316,679.37	....	17,224.95
Signals and interlockers	575,507.42	493,151.12	82,356.30	....
Power plants	20,513.68	18,517.51	1,996.17	....
Power transmission systems	146,970.46	95,807.75	51,162.71	....
Miscellaneous structures	13,818.91	13,272.58	546.33	....
Roadway machines	268,444.10	236,013.69	32,430.41	....
Small tools and supplies	274,757.74	322,946.09	....	48,188.35
Removing snow, ice, and sand	334,423.44	232,125.76	102,297.68	....
Public improvements—Maintenance	484,464.78	229,449.16	255,015.62	....
Injuries to persons	70,877.77	106,676.45	....	35,798.68
Insurance	28,864.65	34,546.58	....	5,681.93
Stationery and printing	28,467.03	24,115.31	4,351.72	....
Other expenses	17,386.88	15,325.69	2,061.19	....
Right of way expenses	16,495.90	18,734.75	....	2,238.85
Maintaining joint tracks, yards, and other facilities—Debit	1,268,354.83	1,220,388.03	47,966.80	....
Maintaining joint tracks, yards, and other facilities—Credit	*239,924.94*	*276,686.81*	....	*36,761.87*
Total maintenance of way and structures	$ 17,989,749.68	$ 18,293,695.33	....	$ 303,945.65

RAILWAY OPERATING REVENUES, EXPENSES AND INCOME—Continued

RAILWAY OPERATING EXPENSES—Continued

	1940	1939	Increase	Decrease
Maintenance of Equipment				
Superintendence	$ 822,399.21	$ 800,017.40	$ 22,381.81	....
Shop machinery	619,111.66	525,502.64	93,609.02	....
Power plant machinery	127,581.08	96,324.63	31,256.45	....
Steam locomotives—Repairs	5,445,549.31	5,396,655.10	48,894.21	....
Other locomotives—Repairs	360,827.71	310,950.55	49,877.16	....
Freight train cars—Repairs	4,223,016.74	4,238,953.74	....	$ 15,937.00
Passenger train cars—Repairs	2,128,743.95	1,843,456.98	285,286.97	....
Floating equipment—Repairs	16,401.31	9,191.30	7,210.01	....
Work equipment—Repairs	458,899.32	419,956.69	38,942.63	....
Miscellaneous equipment—Repairs	15,906.52	15,389.46	517.06	....
Equipment—Retirements	35,010.30	40,194.29	....	5,183.99
Equipment—Depreciation	5,986,428.24	5,792,974.16	193,454.08	....
Injuries to persons	54,505.75	80,542.88	....	26,037.13
Insurance	39,461.14	43,409.86	....	3,948.72
Stationery and printing	22,780.62	21,768.99	1,011.63	....
Other expenses	43,681.67	38,758.66	4,923.01	....
Maintaining joint equipment—Debit	175,508.66	159,393.96	16,114.70	....
Maintaining joint equipment—Credit	*15,443.42*	*16,786.62*	....	*1,343.20*
Total maintenance of equipment	$ 20,560,369.77	$ 19,816,654.67	$ 743,715.10	....
Traffic				
Superintendence	$ 664,502.28	$ 674,494.16	....	$ 9,991.88
Outside agencies	1,390,562.73	1,392,010.95	....	1,448.22
Advertising	414,953.34	387,607.95	$ 27,345.39	....
Traffic associations	90,070.51	85,732.45	4,338.06	....
Industrial and immigration bureaus	51,429.12	50,254.87	1,174.25	....
Insurance	137.48	991.68	....	854.20
Stationery and printing	162,905.87	148,789.70	14,116.17	....
Other expenses	210.35	108.00	102.35	....
Total traffic expenses	$ 2,774,771.68	$ 2,739,989.76	$ 34,781.92	....

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

Transportation	1940	1939	Increase	Decrease
Superintendence	$ 948,602.27	$ 951,852.90		$ 3,250.63
Dispatching trains	553,779.45	538,584.64	$ 15,194.81	
Station employes	5,790,548.63	5,671,728.15	118,820.48	
Weighing, inspection, and demurrage bureaus	155,652.23	160,878.16		5,225.93
Station supplies and expenses	357,332.20	325,790.38	31,541.82	
Yardmasters and yard clerks	1,092,550.80	1,071,211.09	21,339.71	
Yard conductors and brakemen	3,273,090.56	3,124,135.09	148,955.47	
Yard switch and signal tenders	247,798.46	243,676.89	4,121.57	
Yard enginemen	1,914,224.74	2,042,894.90		128,670.16
Yard motormen	338,871.81	97,700.63	241,171.18	
Yard switching, fuel	1,010,826.17	1,034,888.15		24,061.98
Yard switching power purchased	22,737.59	23,724.53		986.94
Water for yard locomotives	111,681.79	108,784.98	2,896.81	
Lubricants for yard locomotives	27,517.95	21,466.02	6,051.93	
Other supplies for yard locomotives	26,317.80	24,957.07	1,360.73	
Enginehouse expenses—Yard	564,092.08	577,593.23		13,501.15
Yard supplies and expenses	73,555.75	66,508.86	7,046.89	
Operating joint yards and terminals—Debit	1,417,969.83	1,411,696.43	6,273.40	
Operating joint yards and terminals—Credit	*176,908.41*	*173,860.50*	*3,047.91*	
Train enginemen	4,522,356.96	4,426,900.70	95,456.26	
Train motormen	438,683.81	409,959.03	28,724.78	
Train fuel	5,384,350.90	5,183,478.17	200,872.73	
Train power purchased	1,045,865.45	990,491.07	55,374.38	
Water for train locomotives	478,117.23	478,639.53		522.30
Lubricants for train locomotives	181,666.98	169,849.66	11,817.32	
Other supplies for train locomotives	73,758.99	66,004.04	7,754.95	

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

Transportation—Concluded	1940	1939	Increase	Decrease
Enginehouse expenses—Train	$ 1,026,695.89	$ 996,406.60	$ 30,289.29	
Trainmen	5,652,442.90	5,562,475.22	89,967.68	
Train supplies and expenses	1,952,212.68	1,857,542.64	94,670.04	
Operating sleeping cars	206,510.28	216,177.04		$ 9,666.76
Signal and interlocker operation	389,867.04	389,242.12	624.92	
Crossing protection	316,386.06	315,332.51	1,053.55	
Drawbridge operation	60,895.82	61,162.65		266.83
Telegraph and telephone operation	279,882.47	270,860.69	9,021.78	
Operating floating equipment	77,541.05	67,882.11	9,658.94	
Stationery and printing	156,254.98	163,901.10		7,646.12
Other expenses	75,263.32	71,393.28	3,870.04	
Operating joint tracks and facilities—Debit	536,051.58	536,228.27		176.69
Operating joint tracks and facilities—Credit	*255,993.16*	*264,387.84*		*8,394.68*
Insurance	14,812.76	24,443.10		9,630.34
Clearing wrecks	53,092.51	57,469.36		4,376.85
Damage to property	66,865.50	53,163.76	13,701.74	
Damage to live stock on right of way	37,196.02	55,895.69		18,699.67
Loss and damage—Freight	401,230.05	384,394.44	16,835.61	
Loss and damage—Baggage	1,998.50	2,292.45		293.95
Injuries to persons	368,303.95	395,803.63		27,499.68
Total transportation expenses	$ 41,292,552.22	$ 40,267,212.62	$ 1,025,339.60	
Miscellaneous Operations				
Dining and buffet service	$ 876,018.94	$ 864,768.31	$ 11,250.63	
Hotels and restaurants	22,652.29	24,467.92		$ 1,815.63
Stockyards	21,374.63	20,114.38	1,260.25	
Producing power sold	40,514.35	35,770.55	4,743.80	
Total miscellaneous operations	$ 960,560.21	$ 945,121.16	$ 15,439.05	

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

General	1940	1939	Increase	Decrease
Salaries and expenses of general officers	$ 377,365.79	$ 372,156.68	$ 5,209.11	....
Salaries and expenses of clerks and attendants	2,664,115.86	2,587,078.85	77,037.01	....
General office supplies and expenses	170,167.08	137,109.45	33,057.63	....
Law expenses	304,105.13	354,592.85	....	$ 50,487.72
Insurance	1,794.11	3,442.34	....	1,648.23
Pensions	34,150.38	35,395.30	....	1,244.92
Stationery and printing	126,013.39	104,127.85	21,885.54	....
Valuation expenses	34,313.84	33,095.35	1,218.49	....
Other expenses	85,269.40	88,171.86	....	2,902.46
General joint facilities—Debit	90,276.90	88,838.06	1,438.84	....
General joint facilities—Credit	*2,823.63*	*3,264.47*	....	*440.84*
Total general expenses	$ 3,884,748.25	$ 3,800,744.12	$ 84,004.13	....
Transportation for investment—Credit	$ *292,607 91*	$ *351,603.44*	....	$ *58,995 53*
Total railway operating expenses	$ 87,170,143.90	$ 85,511,814.22	$ 1,658,329.68	....

SUMMARY

	1940	1939	Increase	Decrease
Railway operating revenues	$114,375,588.58	$106,875,380.50	$ 7,500,208.08	....
Railway operating expenses	87,170,143.90	85,511,814.22	1,658,329.68	....
Net revenue from railway operations	$ 27,205,444.68	$ 21,363,566.28	$ 5,841,878.40	....
Railway tax accruals	8,720,000.00	8,297,000.00	423,000.00	....
Railway operating income	$ 18,485,444.68	$ 13,066,566.28	$ 5,418,878.40	....

COMPARATIVE STATEMENT OF RAILWAY OPERATING REVENUES AND EXPENSES
For the Years Ended December 31, 1940 and 1939

RAILWAY OPERATING REVENUES

	1940		1939	
	Amount	Per Cent	Amount	Per Cent
Freight revenue	$ 95,113,461.03	83.16	$ 88,622,160.44	82.92
Passenger revenue	8,100,380.73	7.08	7,893,798.22	7.39
Other transportation revenue	8,317,920.39	7.27	7,911,565.20	7.40
Incidental revenue	1,354,958.58	1.19	1,317,424.35	1.23
Joint facility revenue	1,488,867.85	1.30	1,130,432.29	1.06
Railway operating revenues	$114,375,588.58	100.00	$106,875,380.50	100.00

RAILWAY OPERATING EXPENSES

	1940 Amount	1940 Per Cent	1939 Amount	1939 Per Cent
Maintenance of way and structures	$ 17,989,749.68	15.73	$ 18,293,695.33	17.12
Maintenance of equipment	20,560,369.77	17.98	19,816,654.67	18.54
Traffic expenses	2,774,771.68	2.42	2,739,989.76	2.56
Transportation expenses	41,292,552.22	36.10	40,267,212.62	37.68
Miscellaneous operations	960,560.21	.84	945,121.16	.88
General expenses	3,884,748.25	3.40	3,800,744.12	3.56
Transportation for investment—Credit	*292,607.91*	*.26*	*351,603.44*	*.33*
Railway operating expenses	$ 87,170,143.90	$ 76.21	$ 85,511,814.22	80.01

RECAPITULATION

	1940 Amount	1940 Per Cent	1939 Amount	1939 Per Cent
Railway operating revenues	$114,375,588.58	100.00	$106,875,380.50	100.00
Railway operating expenses	87,170,143.90	76.21	85,511,814.22	80.01
Net revenue from railway operations	$ 27,205,444.68	23.79	$ 21,363,566.28	19.99
Average miles in operation during the year, including miles of main track used under lease and trackage rights	10,874.14	....	10,920.21	....

RAILWAY OPERATING REVENUES, EXPENSES, TAXES AND INCOME

By Months for the Year Ended December 31, 1940

1940	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	$ 9,167,751.98	$ 6,812,205.18	$ 2,355,546.80	$ 713,000.00	$ 1,642,546.80	$ 230,144.82	$ 194,670.09	$ 1,217,731.89
February	8,201,834.80	6,376,413.46	1,825,421.34	677,000.00	1,148,421.34	160,522.01	195,536.87	792,362.46
March	8,525,609.44	6,557,917.36	1,967,692.08	688,000.00	1,279,692.08	176,244.60	217,522.81	885,924.67
April	8,525,491.20	7,044,025.22	1,481,465.98	699,000.00	782,465.98	163,381.37	200,660.91	418,423.70
May	8,958,867.74	7,882,627.15	1,076,240.59	739,000.00	337,240.59	148,404.62	325,276.52	* *136,440.55*
June	8,652,707.56	7,714,080.22	938,627.34	721,000.00	217,627.34	171,152.57	201,002.09	* *154,527.32*
July	9,454,961.73	7,828,876.47	1,626,085.26	736,000.00	890,085.26	162,934.31	244,360.16	482,790.79
August	10,805,081.59	7,782,262.43	3,022,819.16	765,000.00	2,257,819.16	182,389.03	209,842.23	1,865,587.90
September	10,712,409.89	7,324,369.75	3,388,040.14	741,000.00	2,647,040.14	174,866.03	205,394.67	2,266,779.44
October	11,308,098.64	7,514,617.62	3,793,481.02	747,000.00	3,046,481.02	135,834.10	196,075.36	2,714,571.56
November	9,734,284.41	7,039,141.06	2,695,143.35	734,000.00	1,961,143.35	147,472.00	204,288.52	1,609,382.83
December	10,328,489.60	7,293,607.98	3,034,881.62	760,000.00	2,274,881.62	186,395.41	205,429.11	1,883,057.10
Total	$114,375,588.58	$ 87,170,143.90	$27,205,444.68	$ 8,720,000.00	$18,485,444.68	$ 2,039,740.87	$ 2,600,059.34	$13,845,644.47

*Deficit.

STATEMENT OF COMMODITIES TRANSPORTED

During the Years Ended December 31, 1940 and 1939

Commodities	1940 Carloads	1940 Tons Number	1940 Tons Per cent of total	1939 Carloads	1939 Tons Number	1939 Tons Per cent of total
Products of Agriculture:						
Wheat	30,026	1,389,343	3.9	31,328	1,420,632	4.2
Corn	21,537	960,372	2.7	17,679	761,550	2.3
Oats	6,248	216,664	6	7,988	274,063	.8
Barley and rye	16,105	681,785	1.9	18,601	770,486	2.3
Rice	319	10,979	....	199	6,186	....
Grain, n. o. s.	41	1,388	....	67	2,067	....
Flour, wheat	27,398	692,176	2.0	28,976	742,587	2.2
Meal, corn	196	5,183	....	183	4,858	....
Flour and meal, edible, n. o. s.	998	23,865	.1	539	12,913	....
Cereal food preparations, edible, n. o. s.	2,149	43,890	.1	2,270	48,418	.1
Mill products, n. o. s.	18,906	447,603	1.3	19,101	449,408	1.3
Hay and alfalfa	1,073	16,073	.1	644	9,359	....
Straw	1,873	27,580	.1	1,973	28,934	.1
Tobacco, leaf	1,079	16,516	.1	1,122	17,205	.1
Cotton in bales	....	....	....	5	110	....
Cotton linters, noils and regins	144	3,262	....	130	3,012	....
Cottonseed	1	20	....	1	22	....
Cottonseed meal and cake	338	8,111	....	356	8,393	....
Oranges and grapefruit	5,761	103,185	.3	5,831	103,947	.3
Lemons, limes and citrus fruits, n. o. s.	552	9,441	....	519	8,908	....

STATEMENT OF COMMODITIES TRANSPORTED—Continued
DURING THE YEARS ENDED DECEMBER 31, 1940 AND 1939

Commodities	1940			1939		
	Carloads	Tons		Carloads	Tons	
		Number	Per cent of total		Number	Per cent of total
PRODUCTS OF AGRICULTURE—Concluded:						
Apples, fresh	1,769	30,842	.1	1,694	28,437	.1
Bananas	2,148	22,900	.1	2,238	23,951	.1
Berries, fresh	66	564	....	70	608	....
Cantaloupes and melons, n. o. s.	384	4,394	....	502	5,764	....
Grapes, fresh	1,122	19,024	.1	1,052	17,864	.1
Peaches, fresh	760	10,400	....	771	10,499	....
Watermelons	194	2,462	....	234	3,019	....
Fruits, fresh, domestic, n. o. s.	2,165	35,159	.1	1,691	26,521	.1
Fruits, fresh, tropical, n. o. s.	58	685	....	112	1,381	....
Potatoes, other than sweet	6,766	118,916	.3	6,410	111,130	.3
Cabbage	681	9,031	....	970	12,669	....
Onions	1,011	14,275	.1	1,763	22,640	.1
Tomatoes	368	4,073	....	411	4,490	....
Vegetables, fresh, n. o. s.	5,153	62,071	.2	5,955	71,413	.2
Beans and peas, dried	959	31,899	.1	847	28,316	.1
Fruits, dried or evaporated	659	19,435	.1	509	14,958	.1
Vegetables, dry, n. o. s.	126	1,683	....	138	1,829	....
Vegetable-oil cake and meal, except cottonseed	5,581	135,404	.4	3,919	91,835	.3
Peanuts	806	12,628	....	818	12,329	....
Flaxseed	2,809	116,709	.3	2,266	92,875	.3
Sugar beets	5,805	253,030	.7	5,078	231,468	.7
Products of agriculture, n. o. s.	10,147	289,779	.8	10,610	301,828	.9
Total Products of Agriculture	184,281	5,852,799	16.6	185,570	5,788,882	17.1

STATEMENT OF COMMODITIES TRANSPORTED—Continued
DURING THE YEARS ENDED DECEMBER 31, 1940 AND 1939

Commodities	1940			1939		
	Carloads	Tons		Carloads	Tons	
		Number	Per cent of total		Number	Per cent of total
ANIMALS AND PRODUCTS:						
Horses, mules, ponies and asses	602	7,022	....	917	10,751	....
Cattle and calves, single-deck	25,272	274,261	.8	28,810	313,144	.9
Calves, double-deck	898	10,799	....	320	3,755	....
Sheep and goats, single-deck	1,408	8,268	....	1,282	7,565	....
Sheep and goats, double-deck	6,401	64,171	.2	6,112	62,191	.2
Hogs, single-deck	21,059	150,181	.4	19,628	140,923	.4
Hogs, double-deck	12,796	167,048	.5	10,707	141,918	.4
Fresh meats, n. o. s.	36,018	471,736	1.3	34,877	439,078	1.3
Meats, cured, dried or smoked	1,769	29,908	.1	1,377	22,687	.1
Butterine and margarine	112	1,301	....	51	642	....
Packing-house products, edible, n. o. s., not including canned meats	3,875	75,333	.2	3,315	64,334	.2
Poultry, live	337	2,593	....	536	4,202	....
Poultry, dressed	1,614	18,745	.1	1,620	18,927	.1
Eggs	5,618	64,216	.2	5,217	59,588	.2
Butter	6,727	82,586	.2	7,242	87,417	.3
Cheese	3,551	52,758	2	3,721	55,298	.2
Wool	1,447	20,408	.1	1,118	15,535	....
Hides, green	4,447	110,307	.3	3,824	93,945	.3
Leather	458	7,802	....	526	8,927	....
Fish or sea-animal oil	421	10,656	....	719	20,141	.1
Animals, live, n. o. s.	8	88	....	4	51	....
Animal products, n. o. s. (other than fertilizers and fertilizer materials)	2,968	71,833	.2	3,072	73,879	.2
Total Animals and Products	137,806	1,702,020	4.8	134,995	1,644,898	4.9

STATEMENT OF COMMODITIES TRANSPORTED—Continued

During the Years Ended December 31, 1940 and 1939

Commodities	1940 Carloads	1940 Tons Number	1940 Tons Per cent of total	1939 Carloads	1939 Tons Number	1939 Tons Per cent of total
Products of Mines:						
Anthracite coal	1,734	49,872	.1	2,061	61,168	.2
Bituminous coal	171,836	8,272,047	23.4	154,526	7,445,136	22.0
Coke	10,835	353,317	1.0	9,816	321,952	1.0
Iron ore	6	302	....	17	847	....
Copper ore and concentrates	694	41,097	.1	565	33,202	.1
Lead ore and concentrates	75	3,003	....	213	7,956	....
Zinc ore and concentrates	1,043	58,569	.2	829	42,149	.1
Ores and concentrates, n. o. s.	1,131	51,904	.1	959	41,729	.1
Gravel and sand (other than glass or molding)	16,835	1,010,898	2.9	18,320	1,120,856	3.3
Stone, broken, ground or crushed	7,868	414,478	1.2	25,043	1,553,807	4.6
Stone, rough, n. o. s.	1,470	62,806	.2	2,292	100,997	.3
Stone, finished, n. o. s.	1,295	42,473	.1	2,037	73,109	.2
Petroleum, crude	1,388	43,578	.1	1,506	47,049	.1
Asphalt (natural, by-product or petroleum)	3,417	125,592	.4	3,206	117,790	.4
Salt	4,039	120,398	.3	4,094	122,726	.4
Phosphate rock, crude (ground or not ground)	354	25,806	.1	584	42,702	.1
Sulphur (brimstone)	500	22,554	.1	633	29,431	.1
Products of mines, n. o. s.	5,909	280,834	.8	5,718	266,302	.8
Total Products of Mines	230,429	10,979,528	31.1	232,419	11,428,908	33.8

STATEMENT OF COMMODITIES TRANSPORTED—Continued

During the Years Ended December 31, 1940 and 1939

Commodities	1940 Carloads	1940 Tons Number	1940 Tons Per cent of total	1939 Carloads	1939 Tons Number	1939 Tons Per cent of total
Products of Forests:						
Logs	61,939	2,420,697	6.9	45,860	1,802,109	5.3
Posts, poles and piling	5,488	160,935	.5	4,980	134,428	.4
Wood (fuel)	1,724	54,407	.2	1,842	58,562	.2
Ties, railroad	922	36,979	.1	663	21,573	.1
Pulpwood	7,891	285,629	.8	5,800	205,180	.6
Lumber, shingles and lath	64,031	1,811,132	5.1	57,516	1,595,072	4.7
Box, crate and cooperage materials	2,227	47,689	.1	2,007	42,335	.1
Veneer and built-up wood	3,567	99,691	.3	2,564	69,425	.2
Rosin	502	12,724	....	666	16,692	.1
Turpentine	75	1,698	....	87	1,916	....
Crude rubber (not reclaimed)	56	2,088	....	46	1,333	....
Products of forests, n. o. s.	6,044	158,231	.4	5,804	147,900	.4
Total Products of Forests	154,466	5,091,900	14.4	127,835	4,096,525	12.1

STATEMENT OF COMMODITIES TRANSPORTED—Continued

DURING THE YEARS ENDED DECEMBER 31, 1940 AND 1939

Commodities	1940			1939		
	Carloads	Tons		Carloads	Tons	
		Number	Per cent of total		Number	Per cent of total
Manufactures and Miscellaneous:						
Petroleum oils, refined, and all other gasolines	73,807	1,971,475	5.6	76,088	2,042,605	6.0
Fuel, road, and petroleum residual oils, n. o. s.	23,791	710,553	2.0	22,564	689,671	2.0
Lubricating oils and greases	4,541	93,402	.3	4,949	102,668	.3
Petroleum products, n. o. s.	646	14,391	....	647	14,661	....
Cottonseed oil	49	1,342	....	39	1,011	....
Linseed oil	776	20,647	.1	643	16,488	.1
Vegetable oils, n. o. s.	774	21,135	.1	807	22,375	.1
Sugar (beet or cane)	4,675	183,366	.5	4,799	185,930	.5
Table sirups and edible molasses	1,418	51,473	.1	1,679	58,026	.2
Molasses, blackstrap and beet residual	408	17,631	....	346	14,645	....
Iron, pig	1,944	106,661	.3	2,006	111,492	.3
Iron and steel, rated 6th class in official classification, n. o. s.	1,084	58,227	.2	1,012	52,555	.2
Rails, fastenings, frogs and switches	508	25,316	.1	449	21,696	.1
Cast iron pipe and fittings	815	21,385	.1	857	22,479	.1
Iron and steel pipe and fittings, n. o. s.	5,227	171,177	.5	4,240	142,987	.4
Iron and steel: Nails and wire, not woven	2,200	55,916	.2	2,292	59,625	.2

STATEMENT OF COMMODITIES TRANSPORTED—Continued

DURING THE YEARS ENDED DECEMBER 31, 1940 AND 1939

Commodities	1940			1939		
	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)	29,695	1,165,800	3.3	24,085	916,330	2.7
Copper: Ingot, matte and pig	1,770	94,117	.3	1,249	63,712	.2
Copper, brass and bronze: Bar, sheet and pipe	102	2,775	....	33	718	....
Lead and zinc: Ingot, pig or bar	1,585	76,925	.2	1,036	49,829	.2
Aluminum: Ingot, pig or slab	3	40	....	1	23	....
Machinery and boilers	7,227	137,471	.4	5,564	106,509	.3
Cement, natural or Portland (building)	18,923	630,235	1.8	20,584	714,663	2.1
Brick, common	2,093	70,776	.2	2,467	82,483	.2
Brick, n. o. s., and building tile	2,504	82,226	.2	2,727	86,203	.3
Artificial stone, n. o. s.	504	15,620	....	697	21,769	.1
Lime, common (quick or slaked)	2,336	65,175	.2	2,447	66,706	.2
Plaster (stucco or wall) and dry kalsomine	1,386	38,501	.1	1,469	40,169	.1
Sewer pipe and drain tile (not metal)	2,333	42,260	.1	2,406	41,873	.1
Agricultural implements and parts, n. o. s.	10,576	154,886	.4	8,705	128,503	.4
Vehicles, horse-drawn and parts, n. o. s.	41	587	....	44	611	....
Tractors and parts	5,546	77,990	.2	5,555	75,773	.2
Railway car wheels, axles and trucks	188	4,563	....	189	5,162	....
Automobiles (passenger)	17,603	107,763	.3	14,532	86,221	.3

STATEMENT OF COMMODITIES TRANSPORTED—Continued

During the Years Ended December 31, 1940 and 1939

Commodities	1940			1939		
	Carloads	Tons		Carloads	Tons	
		Number	Per cent of total		Number	Per cent of total
Manufactures and Miscellaneous—Continued:						
Autotrucks	1,625	11,831	....	874	6,248	....
Automobiles and autotrucks, K. D., and parts, n. o. s.	20,873	325,137	.9	14,062	240,744	.7
Automobile and autotruck tires	1,535	23,314	.1	1,542	24,487	.1
Furniture, metal	378	4,531	....	297	3,469	....
Furniture, other than metal	4,791	36,135	.1	4,899	36,659	.1
Beverages	16,799	380,494	1.1	18,387	404,854	1.2
Ice	1,924	89,656	.3	2,331	112,563	.3
Fertilizers, n. o. s.	4,602	132,934	.4	3,503	94,212	.3
Newsprint paper	2,591	70,186	.2	2,527	66,082	.2
Printing paper, n. o. s.	2,905	67,004	.2	3,211	73,567	.2
Alcohol, denatured or wood	384	7,937	....	371	7,302	....
Sulphuric acid	403	18,459	.1	344	15,186	.1
Explosives, n. o. s.	614	13,014	....	447	6,649	....
Cotton cloth and cotton fabrics, n. o. s.	103	1,384	....	112	1,469	....
Bagging and bags, burlap, gunny or jute	160	3,155	....	208	4,078	....
Canned food products, n. o. s.	20,876	489,800	1.4	19,933	459,622	1.4
Tobacco, manufactured products	300	5,756	....	213	4,327	....
Paints in oil and varnishes	1,363	40,037	.1	1,262	37,594	.1
Furnace slag	13	646	....	50	2,543	....

STATEMENT OF COMMODITIES TRANSPORTED—Concluded

During the Years Ended December 31, 1940 and 1939

Commodities	1940			1939		
	Carloads	Tons		Carloads	Tons	
		Number	Per cent of total		Number	Per cent of total
Manufactures and Miscellaneous—Concluded:						
Scrap iron and scrap steel	10,013	468,472	1.3	7,630	362,168	1.1
Paper bags and wrapping paper	4,634	113,082	.3	4,716	114,202	.3
Paperboard, pulpboard and wallboard (paper)	9,387	213,220	.6	8,886	199,750	.6
Building paper and prepared roofing materials	1,941	46,333	.1	1,987	47,673	.1
Building woodwork (millwork)	4,510	85,815	.2	3,823	71,426	.2
Soap and washing compounds	897	18,624	.1	1,155	24,727	.1
Glass, flat, other than plate	955	26,966	.1	929	25,276	.1
Glass: Bottles, jars and jelly glasses	2,248	38,636	.1	2,814	47,496	.1
Manufactures and miscellaneous, n. o. s.	109,598	2,086,661	5.9	96,327	1,757,110	5.2
Total Manufactures and Miscellaneous	453,500	11,111,026	31.4	420,047	10,297,654	30.4
Grand total carload traffic	1,160,482	34,737,273	98.3	1,100,866	33,256,867	98.3
All L. C. L. Freight	....	583,694	1.7	....	584,555	1.7
Grand total, carload and L. C. L. traffic	....	35,320,967	100.0	....	33,841,422	100.0

MILES OF TRACK, DECEMBER 31, 1940

	Operated	Not Operated	Total
Miles of Road:			
*Owned solely	9,690.08	12.25	9,702.33
Owned jointly	170.95	....	170.95
Leased	324.71	....	324.71
Trackage rights	668.43	....	668.43
Total main track	10,854.17	12.25	10,866.42
Additional main tracks:			
Owned solely	890.00	15.32	905.32
Owned jointly	9.75	.70	10.45
Leased	45.58	....	45.58
Trackage rights	274.53	....	274.53
Total additional main tracks	1,219.86	16.02	1,235.88
Yard tracks and sidings:			
*Owned solely	3,190.79	7.72	3,198.51
Owned jointly	198.17	47.17	245.34
Leased	212.40	....	212.40
Trackage rights	498.37	....	498.37
Total yard tracks and sidings	4,099.73	54.89	4,154.62
Totals:			
Owned solely	13,770.87	35.29	13,806.16
Owned jointly	378.87	47.87	426.74
Leased	582.69	....	582.69
Trackage rights	1,441.33	....	1,441.33
Grand Total all tracks	16,173.76	83.16	16,256.92

Average miles of main track in operation during the year:	
*Owned solely	9,714.56 miles
Owned jointly	170.91 "
Leased	325.37 "
Operated under trackage rights	663.30 "
Total average miles operated	10,874.14 "

The lines of road owned solely and jointly are located in the following States:	
Wisconsin	1,604.64 miles
Illinois	490.17 "
Iowa	1,733.70 "
Minnesota	1,185.32 "
North Dakota	367.23 "
South Dakota	1,764.79 "
Missouri	138.42 "
Michigan	179.41 "
Montana	1,258.39 "
Idaho	230.64 "
Washington	920.57 "
Total main track owned solely and jointly	9,873.28 "

*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, 1940 and 1939

	1940	1939
Average mileage of road operated—Total	10,874.14	10,920.21
Average mileage of road—Freight service	10,866.33	10,912.40
Average mileage of road—Passenger service	7,115.58	7,169.94
Train-Miles		
Freight Trains:		
Ordinary (with locomotives)	14,723,437	14,545,636
Light (with locomotives)	73,593	71,187
Without locomotives	....	644
Total—Freight trains	14,797,030	14,617,467
Passenger Trains:		
Ordinary (with locomotives)	10,094,743	10,024,407
Without locomotives	910,999	927,959
Total—Passenger trains	11,005,742	10,952,366
Total Transportation Service:		
Ordinary (with locomotives)	24,818,180	24,570,043
Light (with locomotives)	73,593	71,187
Total (with locomotives)	24,891,773	24,641,230
Total (without locomotives)	910,999	928,603
Grand Total—Transportation service	25,802,772	25,569,833
Work trains	541,650	667,617
Locomotive-Miles		
Freight Trains:		
Principal	14,814,415	14,634,359
Helper	604,907	478,138
Light	602,262	536,867
Train switching	1,481,351	1,515,946
Yard switching	6,648,177	6,320,314
Total	24,151,112	23,485,624
Passenger Trains:		
Principal	10,094,743	10,024,407
Helper	141,609	130,349
Light	157,375	158,428
Train switching	2,364	186
Yard switching	492,822	482,310
Total	10,888,913	10,795,680
Transportation Service:		
Principal	24,909,158	24,658,766
Helper	746,516	608,487
Light	759,637	695,295
Train switching	1,483,715	1,516,132
Yard switching	7,140,999	6,802,624
Total	35,040,025	34,281,304
Work trains	989,886	1,062,482

(Continued on page 58)

TRANSPORTATION STATISTICS—Continued
For the Years Ended December 31, 1940 and 1939

	1940	1939
Car-Miles		
Freight Trains:		
Loaded freight cars	436,986,309	410,720,188
Empty freight cars	272,939,359	256,205,639
Passenger coaches	611,357	476,914
Sleeping and parlor cars	216,915	126,294
Club lounge, dining, and observation cars	11,556	6,126
Business cars	44,970	53,258
Mail, express, and baggage cars and combination cars other than passenger	2,738,381	2,843,136
Combination passenger cars (mail, express, or baggage with passenger)	1,083,561	1,102,653
Caboose	14,619,838	14,222,160
Total Freight-train car-miles	729,252,246	685,756,368
Passenger trains:		
Loaded freight cars	759,814	522,372
Empty freight cars	15,912	18,296
Passenger coaches	19,311,698	18,500,844
Sleeping and parlor cars	19,997,255	20,383,837
Club lounge, dining, and observation cars	6,306,396	6,358,318
Business cars	114,560	106,161
Mail, express, and baggage cars and combination cars other than passenger	24,751,910	24,616,140
Combination passenger cars (mail, express, or baggage with passenger)	1,734,934	1,784,609
Caboose	42,791	39,576
Total Passenger-train car-miles	73,035,270	72,330,153
Transportation Service:		
Loaded freight cars	437,746,123	411,242,560
Empty freight cars	272,955,271	256,223,935
Passenger coaches	19,923,055	18,977,758
Sleeping and parlor cars	20,214,170	20,510,131
Club lounge, dining, and observation cars	6,317,952	6,364,444
Business cars	159,530	159,419
Mail, express, and baggage cars and combination cars other than passenger	27,490,291	27,459,276
Combination passenger cars (mail, express, or baggage with passenger)	2,818,495	2,887,262
Caboose	14,662,629	14,261,736
Total Transportation Service car-miles	802,287,516	758,086,521
Work trains—car-miles	5,758,649	8,034,151
Freight Traffic		
Tons—Revenue freight	35,320,967	33,841,422
Tons—Non-revenue freight	4,629,323	4,556,700
Tons—Total	39,950,290	38,398,122
Ton-miles, Revenue freight, Road service A	10,082,049,615	9,224,103,643
Ton-miles, Revenue freight, Water service	15,146,953	10,203,479
Total Ton-miles—Revenue freight A	10,097,196,568	9,234,307,122
Ton-miles, Non-revenue freight, Road service	1,468,356,666	1,488,232,255
Ton-miles, Non-revenue freight, Water service	704,123	965,321
Total Ton-miles—Non-revenue freight	1,469,060,789	1,489,197,576
Total Ton-miles—Revenue and Non-revenue freight A	11,566,257,357	10,723,504,698
Gross Ton Miles:		
Including locomotives and tenders	32,199,659,787	30,184,297,747
Excluding locomotives and tenders	28,160,255,239	26,325,862,525
Amounts Excluded		
A—Ton-miles on truck lines	81,400	80,827

(Continued on page 59)

TRANSPORTATION STATISTICS—Continued
For the Years Ended December 31, 1940 and 1939

	1940	1939
Passenger Traffic		
Revenue passengers carried—Commutation	2,172,714	1,992,809
Revenue passengers carried—Other B	2,521,805	2,419,949
Revenue passengers carried—Total B	4,694,519	4,412,758
Revenue passenger-miles—Commutation	42,743,602	38,670,537
Revenue passenger-miles—Other C	429,870,167	406,766,397
Revenue passenger-miles—Total C	472,613,769	445,436,934
Revenues and Expenses		
Freight Revenue D	$ 95,115,270	$ 88,623,648
Passenger revenue—Commutation	370,206	336,233
Passenger revenue—Other E	7,735,173	7,562,557
Passenger revenue—Total E	8,105,379	7,898,790
∅Passenger service train revenue	13,460,871	13,111,046
Operating revenues F	114,304,440	106,806,605
Operating expenses G	87,099,374	85,448,638
Net operating revenues H	27,205,066	21.357.967
Net railway operating income I	13,853,162	8,125,772
Averages Per Mile of Road		
Freight-train miles	1,362.	1,340.
Passenger-train miles	1,547.	1,528.
Transportation service train-miles	2,373.	2,342.
Work-train miles	50.	61.
Freight-train car-miles	67,111.	62,842.
Passenger-train car-miles	10,264.	10,088.
Freight revenue	$ 8,753.21	$ 8,121.37
Passenger service train revenue	1,891 75	1,828.61
Operating revenues	10,511.58	9,780.64
Operating expenses	8,009.77	7,824.82
Net operating revenues	2,501.81	1,955.82
Net railway operating income	1,273.95	744.10
Ton-miles—Revenue freight—Road service	927,158.	844,682.
Ton-miles—All freight—Road service	1,062,190.	980,964.
Revenue passenger-miles	43,462.	40,790.

	1940	1939
Amounts excluded:		
B—Passengers carried on bus lines only	15,715	14,149
C—Passenger-miles on bus lines	518,195	411,052
D—Revenue from truck line operations	$ *1,809*	$ *1,488*
E—Revenue from bus line operations	*4,998*	*4,992*
F—Revenue not assignable to rail-line transportation service	71,149	68,775
G—Expenses not assignable to rail-line transportation service	70,770	63,176
H—Net revenue not assignable to rail-line transportation service	379	5,599
I—Net railway operating income not assignable to rail-line transportation service	*7,518*	*1,578*

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

(Concluded on page 60)

TRANSPORTATION STATISTICS—Concluded

For the Years Ended December 31, 1940 and 1939

	1940	1939
Averages Per Train-Mile		
Loaded freight car-miles—Freight trains	29.53	28.10
Empty freight car-miles—Freight trains	18.45	17.53
Ton-miles—Revenue freight per Freight-train mile	682.38	631.73
Ton-miles—All freight per Freight-train mile	781.66	733.61
Freight gross ton-miles, excluding locomotives and tenders per Freight-train mile	1,903.10	1,800.99
Locomotive-miles—Freight trains	1.08	1.07
Locomotive-miles—Passenger trains....A	1.03	1.03
Passenger train car-miles—Pass. trains	6.64	6.60
Revenue passenger-miles per Passenger-train mile	42.94	40.67
Freight revenue per Freight-train mile	$ 6.43	$ 6.06
Passenger service train revenue	1 22	1.20
Operating revenues	4 43	4.18
Operating expenses	3.38	3.34
Net operating revenues	1.05	.84
Averages Per Loaded Freight Car-Mile		
Ton-miles—All freight (revenue and non-revenue)	26.42	26.08
Freight revenue	$ .21728	$ .21550
Miscellaneous Averages		
Miles per revenue ton	285.87	272.87
Miles per non-revenue ton	317.34	326.81
Miles per revenue and non-revenue ton	289.52	279.27
Miles per revenue passenger—Commutation	19.67	19.41
Miles per revenue passenger—Other	170.46	168.09
Miles per revenue passenger—Total	100.67	100.94
Revenue per ton of freight	$ 2.69	$ 2.62
Revenue per ton-mile of freight	.00942	.00960
Revenue per passenger—Commutation	.17039	.16872
Revenue per passenger—Other	3.067	3.125
Revenue per passenger—Total	1.73	1.79
Revenue per passenger-mile—Commutation	.00866	.00869
Revenue per passenger-mile—Other	.01799	.01859
Revenue per passenger-mile—Total	.01715	.01773
Per cent empty of loaded freight car-miles	62.35	62.30
Per cent revenue ton-miles of gross ton-miles excluding locomotives and tenders	35.86	35.08
Operating ratio....B	76.20	80.00
A—Excludes motor train miles	910,999	927,959

B—Excluding Revenues and Expenses not assignable to rail-line transportation service as shown by notes F and G on page 59.

WHITE SULPHUR SPRINGS & YELLOWSTONE PARK RAILWAY COMPANY

General Balance Sheet as of December 31, 1940

Asset Side		
Investments:		
Road and equipment		$ 347,992.13
Current Assets:		
Cash	$ 9,062.82	
Traffic and car-service balances receivable	376.32	
Due from agents and conductors	19.78	
Miscellaneous accounts receivable	952.41	
Material and supplies	2,495.64	
Other current assets	5.60	
Total current assets		12,912.57
Deferred Assets:		
Working fund advances		366.94
Unadjusted Debits:		
Insurance premiums paid in advance	$ 629.82	
Other unadjusted debits	629.49	
Total unadjusted debits		1,259.31
Grand total		$ 362,530.95
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	$ 1,736.15	
Payrolls and vouchers	3,359.59	
Miscellaneous accounts payable	64.16	
Other current liabilities	11.31	
Total current liabilities		5,171.21
Unadjusted Credits:		
Tax liability	$ 837.38	
Accrued depreciation—Equipment	2,047.49	
Total Unadjusted credits		2,884.87
Corporate Surplus:		
Additions to property through income and surplus	$ 21,363.18	
Profit and loss, credit balance	6,482.74	
Total corporate surplus		27,845.92
Grand total		$ 362,530.95

WHITE SULPHUR SPRINGS & YELLOWSTONE PARK RAILWAY COMPANY

INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1940

I. OPERATING INCOME	
RAILWAY OPERATING INCOME:	
Railway operating revenues	$ 18,988.88
Railway operating expenses	16,369.18
NET REVENUE FROM RAILWAY OPERATIONS	$ 2,619.70
Railway tax accruals	2,024 01
RAILWAY OPERATING INCOME	$ 595.69
RENTS PAYABLE:	
Hire of freight cars—Debit balance	$ 431.15
Joint facility rents	41.88
TOTAL RENTS PAYABLE	$ 473.03
NET RAILWAY OPERATING INCOME	$ 122.66
II. OTHER INCOME	
Miscellaneous rent income	$ 145.00
TOTAL INCOME	$ 267.66
IV. FIXED CHARGES	
Rent for leased roads and equipment	$ 441.48
NET INCOME (*deficit*)	$ *173.82*

PROFIT AND LOSS ACCOUNT—DECEMBER 31, 1940

CREDITS:	
Credit balance at beginning of year	$ 6,656 56
DEBITS:	
Debit balance transferred from income	$ 173.82
Credit balance, December 31, 1940 carried to General Balance Sheet	$ 6,482.74

CHICAGO, TERRE HAUTE AND SOUTHEASTERN RAILWAY COMPANY

GENERAL BALANCE SHEET AS OF DECEMBER 31, 1940

ASSET SIDE			
INVESTMENTS:			
Road and equipment		$27,607,957.39	
Deposits in lieu of mortgaged property sold		1,500.00	
Miscellaneous physical property		240,518.33	
Affiliated companies		2,505.00	
TOTAL INVESTMENTS			$27,852,480.72
CURRENT ASSETS:			
Cash		$ 1,143.64	
Special deposits		187.50	
Rents receivable		266,929.17	
Other current assets		508,842.75	
TOTAL CURRENT ASSETS			777,103.06
DEFERRED ASSETS:			
Other deferred assets			2,809,667.36
GRAND TOTAL			$31,439,251.14
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			98,763.51
LONG-TERM DEBT:			
Funded debt unmatured	$ 23,360,000.00		
Less, bonds held in treasury	166,000.00	$23,194,000.00	
Long-term debt in default	$ 350,000.00		
Less, bonds pledged	100,000.00	250,000.00	
Non-negotiable debt to affiliated companies		678,593.33	
TOTAL LONG-TERM DEBT			24,122,593.33
CURRENT LIABILITIES:			
Interest matured unpaid		$ 509,030.25	
Unmatured interest accrued		266,929.17	
TOTAL CURRENT LIABILITIES			775,959.42
DEFERRED LIABILITIES:			
Other deferred liabilities			861,782.30
UNADJUSTED CREDITS:			
Accrued depreciation—Equipment			59,756.71
CORPORATE SURPLUS:			
Additions to property through income and surplus		$ 105,475.64	
Profit and loss, credit balance		1,241,925.23	
TOTAL CORPORATE SURPLUS			1,347,400.87
GRAND TOTAL			$31,439,251.14

CHICAGO, TERRE HAUTE AND SOUTHEASTERN RAILWAY COMPANY

Income Account Year Ended December 31, 1940

Income:		
Income from lease of road and equipment		$ 1,109,430.33
Income from funded securities		10.00
Gross Income		$ 1,109,440.33
Deductions from Gross Income:		
Interest on funded debt	$ 1,099,330.00	
Maintenance of investment organization	3,147.47	
Miscellaneous income charges	6,952.86	
Total deductions from gross income		1,109,430.33
Net Income		$ 10.00

Profit and Loss Account December 31, 1940

Credits:	
Credit balance at beginning of year	$ 1,250,617.34
Credit balance transferred from income	10.00
Donations	18.00
Miscellaneous credits	14,196.12
Total credits	$ 1,264,841.46
Debits:	
Surplus appropriated for investment in physical property	$ 18.00
Debits from retired road and equipment	12,899.23
Miscellaneous debits	9,999.00
Total debits	$ 22,916.23
Credit balance December 31, 1940, carried to General Balance Sheet	$ 1,241,925.23

CHICAGO, TERRE HAUTE AND SOUTHEASTERN RAILWAY COMPANY

Funded Debt, December 31, 1940

Description of Bonds	Date of Maturity	Total	In Treasury of Company	Pledged	In Hands of Public	Interest: Rate %	Interest: Payable	Interest: 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		①9,571,000.00	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		②100,000.00	$ 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.
①Includes $1,515,000.00 pledged with Trustee under C. M. St. P. & P. R. R. Co. First and Refunding Mortgage.
②Pledged with Trustee under C. T. H. & S. E. Ry. Co. First and Refunding Mortgage.

EQUIPMENT OWNED DECEMBER 31, 1940, WITH CHANGES DURING THE YEAR

DESCRIPTION	Number December 31, 1939		Added: New		Added: Converted from other classes		Added: Reinstated		Added: Total		Retired: Retired		Retired: Converted to other classes		Retired: Total		Number December 31, 1940	
	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:																		
Steam—Coal burning	1,098	27	10						10		98		1		99		1,009	27
Steam—Oil burning	76																76	
Electric	56				1				1				2		2		55	
Gas electric	2																2	
Diesel switcher	7		34						34								41	
Diesel freight			2						2								2	
Total locomotives owned	1,239	27	46		1				47		98		3		101		1,185	27
REVENUE FREIGHT EQUIPMENT OWNED:																		
Box cars	26,532	898	2,105		#92				2,197		1,901		67		1,968		26,761	898
Automobile cars	5,257										34		92		126		5,131	
Stock cars, single deck	3,122										5				5		3,117	
Stock cars, double deck	805										1				1		804	
Coal cars	##13,940	525	Ø 37						37		83	8	58		141	8	##13,836	517
Ore cars	283	517															283	517
Flat cars (includes 9 water cars, 2 well cars and 2 transformer cars)	4,260	178			ØØ 50				50		74	25	16	9	90	34	4,220	144
Total revenue freight equipment owned	54,199	2,118	2,142		142				2,284		2,098	33	233	9	2,331	42	54,152	2,076
NON-REVENUE EQUIPMENT OWNED:																		
Locomotives	6				1				1		1				1		6	
Caboose cars	842	47	25						25		85	1	12		97	1	770	46
Officers and pay cars	12	2											1		1		11	2
Derrick cars	23	1	1						1								24	1
Steam shovels	1																1	
Wrecking cars and other company service equipment	2,712	155	7		139	11			146	11	145	7			145	7	2,713	159
Total non-revenue equipment owned	3,596	205	33		140	11			173	11	231	8	13		244	8	3,525	208
PASSENGER EQUIPMENT OWNED:																		
Coaches	325												1		1		324	
Passenger and express cars	56	3												2		2	56	1
Passenger, mail and express cars	11																11	
Gas electric motor cars	17																17	
Buffet—Cafe cars	16												3		3		13	
Buffet lounging cars	4																4	
Open top observation cars	4																4	
Dining cars	30																30	
Parlor cars	38																38	
Sleeping cars—Standard	38												10		10		28	
Sleeping cars—Tourist	32				6				6								38	
Mail apartment cars	80												3		3		77	
Express and tap room cars	6																6	
Express cars	280				3				3								283	
Postal cars	10																10	
Total passenger train equipment owned	947	3			9				9				17	2	17	2	939	1
FLOATING EQUIPMENT OWNED:																		
Tug boats	1																1	
Barges	5																5	
Total floating equipment owned	6																6	
GRAND TOTAL EQUIPMENT OWNED	59,987	2,353	2,221		292	11			2,513	11	2,427	41	266	11	2,693	52	59,807	2,312

#92 Automobile cars were changed to box cars.

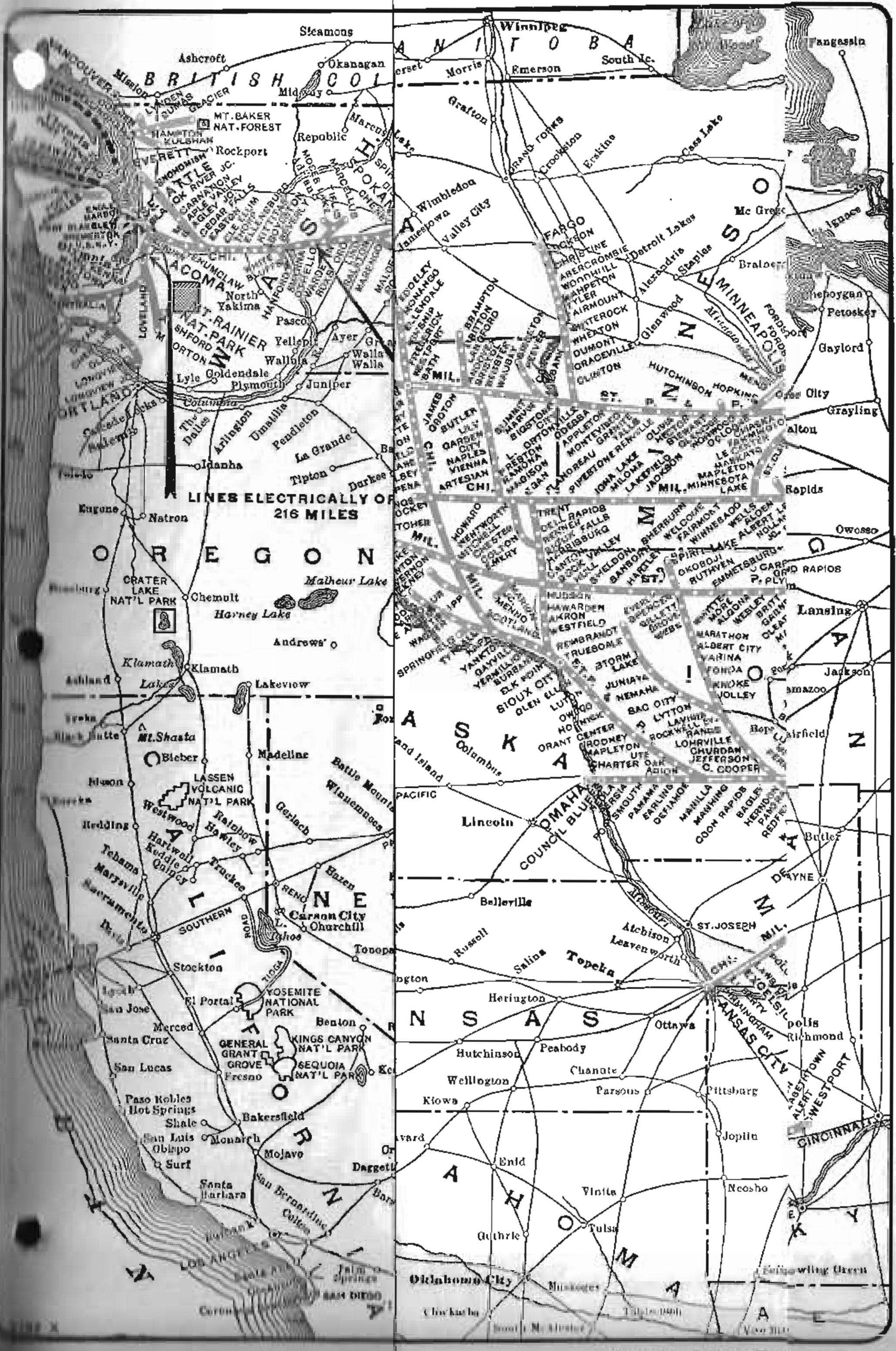
##Includes 45 gondola cars owned by the Milwaukee but subject to the First Lien of the Southern Indiana First Mortgage.

Ø2 Gondola cars acquired from Enterprise Railway Equipment Company and 35 covered hopper cars acquired from General American Transportation Corporation under Agreement dated April 27, 1940.

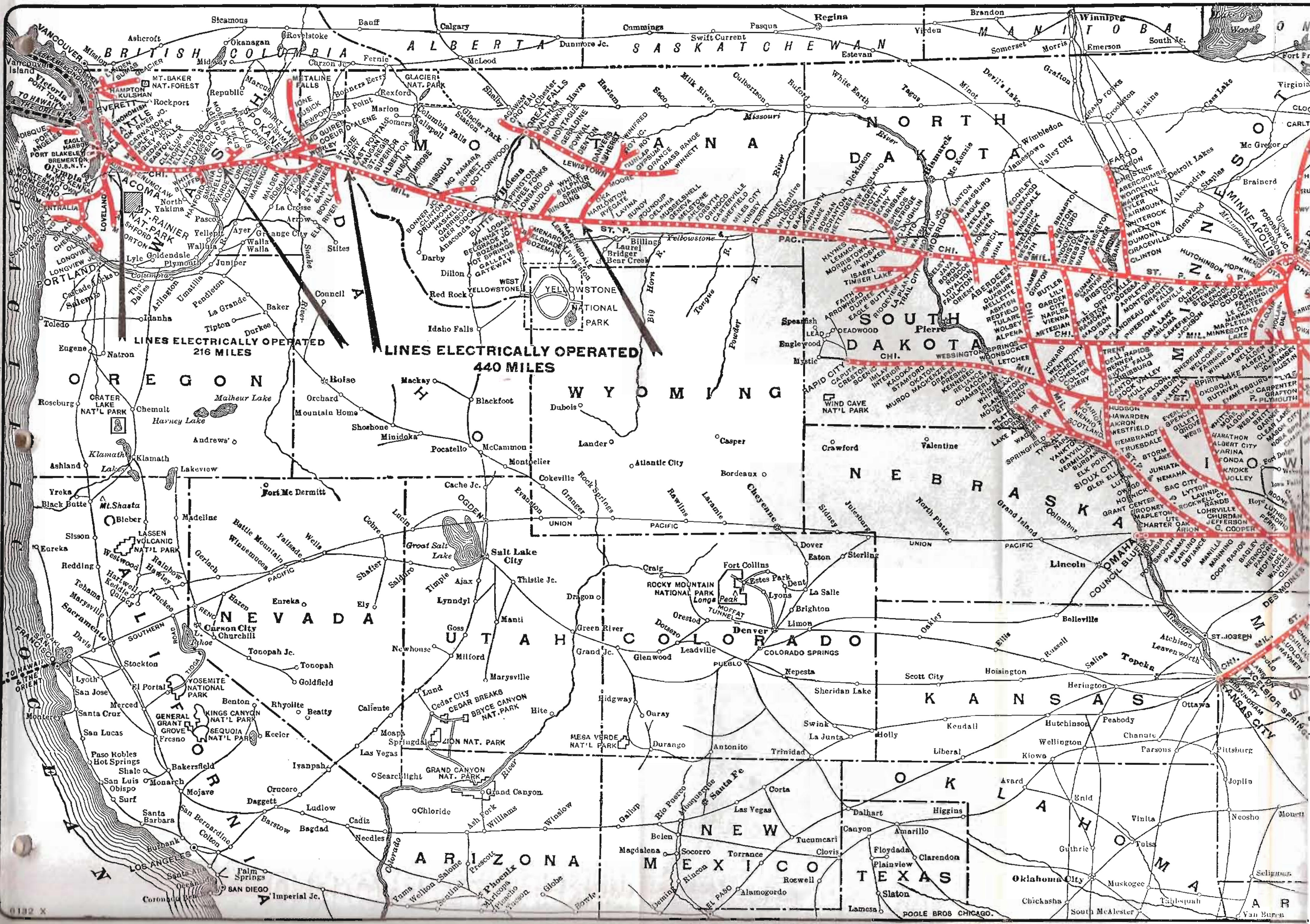
ØØ50 Flat cars were changed from coal cars.

INDEX

L AND PACIFIC RAILROAD



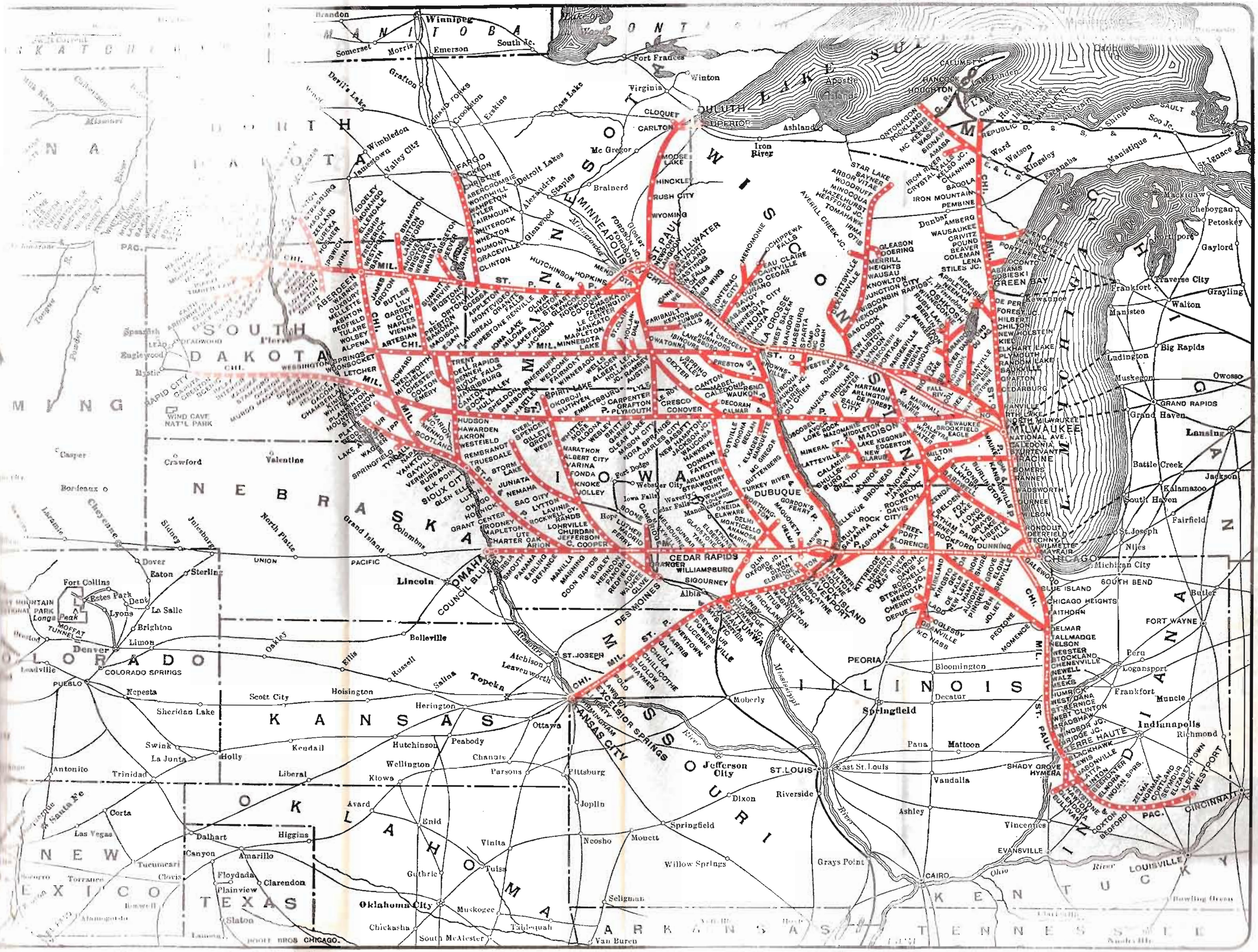
MAP OF CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD



MILES OF ROAD OPERATED DECEMBER 31st 1940 10,854.17

Indicates Double Track

OF CHICAGO, MIL[illegible] ST. PAUL AND PACIFIC RAILROAD



RATED, DECEMBER 31, 1940, 10,854.17

Indicates Double Track