Annual Report for 1948

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

General Offices—516 W. Jackson Boulevard, Chicago 6, Illinois
Fiscal Office—52 Wall Street, New York 5, New York

OFFICERS

L. T. CROWLEY	Chairman of the Board	CHICAGO
C. H. BUFORD	President	CHICAGO
A. N. WHITLOCK	Vice President and General Counsel	CHICAGO
J. W. SEVERS	Vice President and Comptroller	CHICAGO
J. P. KILEY	Vice President—Operation	CHICAGO
E. W. SOERGEL	Vice President—Traffic	CHICAGO
R. J. MARONY	Vice President	NEW YORK
L. H. DUGAN	Vice President	SEATTLE
M. L. BLUHM	General Solicitor	CHICAGO
T. W. BURTNESS	Secretary	CHICAGO
F. H. JEFFREY	Treasurer	CHICAGO

Transfer Agents for Preferred Stock and Common Stock Voting Trust Certificates:
The First National Bank of Chicago, 38 S. Dearborn Street, Chicago 90, Illinois
The National City Bank of New York, 55 Wall Street, New York 15, New York

As the stock of the Company, except Directors' qualifying shares, is held and will be voted by Voting Trustees, proxies will not be solicited for the year 1949. This Annual Report containing financial statements is not and must not be considered as proxy soliciting material or as a report or document filed pursuant to the Securities Exchange Act or any rule or regulation thereunder.

The Annual Meeting of the Stockholders will be held at 12 o'clock noon, on May 10, 1949, in Room 866 Union Station, Chicago, Illinois.

To the Stockholders:

RAILWAY operating revenues in 1948 amounted to $254,982,710, an increase of $23,504,142, or 10.15%, over 1947.

Freight revenue showed an increase of $21,656,930, or 11.58%.

Passenger revenue increased $322,611, or 1.51%; mail increased $772,470, or 15.72%; express decreased $242,986, or 5.40%; all other operating revenues increased $995,117, or 7.28%.

Railway operating expenses amounted to $210,276,587, an increase of $24,141,419, or 12.97%.

Net railway operating income was $15,514,415, a decrease of $1,297,761, or 7.72%.

The rate of return on investment in property and equipment, less depreciation, plus materials and supplies and cash, was 2.14%, compared with 2.38% in 1947, which was considerably less than the recognized fair return of 6%.

Net income, after fixed and contingent charges, amounted to $8,129,490. Appropriations of income, totaling $3,217,141, reduced the amount transferred to unappropriated surplus to $4,912,349, compared with $6,655,273 for the year 1947.

These appropriations were made up of $717,141 for Sinking Funds for both First and General Mortgages, which are mandatory if earned, and $2,500,000 for the Additions and Betterments Fund. This latter appropriation, pursuant to the provisions of the First and General Mortgages and the Interstate Commerce Commission's Plan of Reorganization, is optional, at the discretion of the Board of Directors. The funds made available from credits to the reserves for depreciation and amortization of roadway and structures and salvage from roadway property retired during the year were not sufficient to provide for replacements of property retired and for additions to property at the current level of wage rates and material prices. The measure of the amount appropriated was the need for capital funds beyond other available sources, with due consideration to the reasonableness of the amount to be appropriated from current income.

The provisions for the Additions and Betterments Fund made by the Interstate Commerce Commission in its Plan of Reorganization are that payments into the fund in respect of any year will be part mandatory and part in the discretion of the management, the mandatory amount to be $2,500,000 and the optional amount to be such amount as the Board of Directors shall determine to set aside out of available net income, provided that the total shall not exceed $5,000,000 or 4% of railway operating revenues, whichever is greater. The provision is also made that the funds shall be supplied first from the credits to the reserves for depreciation and amortization of roadway and structures, less the service losses charged to such reserves for depreciable property retired and replaced. The amount of such credits, less such service losses, during the year, plus the optional appropriation of $2,500,000, provided $6,484,749.73 for the Additions and Betterments Fund available for improvements and replacements of road property and existing equipment. This sum is $3,714,558.67 less than an amount equal to 4% of the railway operating revenues of the Company for the year, the maximum permitted.

The Board of Directors, at its meeting on February 9, 1949, declared a dividend of $4.00 per share on the Series A Preferred Stock payable March 15, 1949, out of 1948 earnings, to holders of record at the close of business February 28, 1949.

Results of Operation—in Brief

	1948	1947
Railway Operating Revenues	$254,982,710	$231,478,568
Railway Operating Expenses	210,276,587	186,135,168
Net Revenue from Railway Operations	44,706,123	45,343,400
Railway Tax Accruals	21,265,000	21,172,000
Equipment Rents-Net Debit	5,548,644	4,844,578
Joint Facility Rents-Net Debit	2,378,064	2,514,646
Net Railway Operating Income	15,514,415	16,812,176
Other Income-Net	1,184,423	1,537,468
Income Available for Fixed Charges	16,698,838	18,349,644
Total Fixed Charges	3,854,154	3,560,518
Income after Fixed Charges	12,844,684	14,789,126
Total Other Deductions (Contingent Charges)	4,715,194	4,915,032
Net Income	8,129,490	9,874,094
Appropriations of Income for Sinking Funds and Additions and Betterments Fund	3,217,141	3,218,821
Remainder Transferred to Earned Surplus—Unappropriated	4,912,349	6,655,273

Traffic Volume

TOTAL revenue freight ton-miles in 1948 decreased 3.6%. Revenue ton-miles for the first half of the year were considerably less than in the first half of 1947. There was some improvement in the volume of traffic in the last half of the year, although beginning in October and continuing through December, the revenue ton-miles receded substantially from the same period of 1947. However, the traffic volume in 1947 was, by comparison, abnormally high for the period.

Operating Expenses

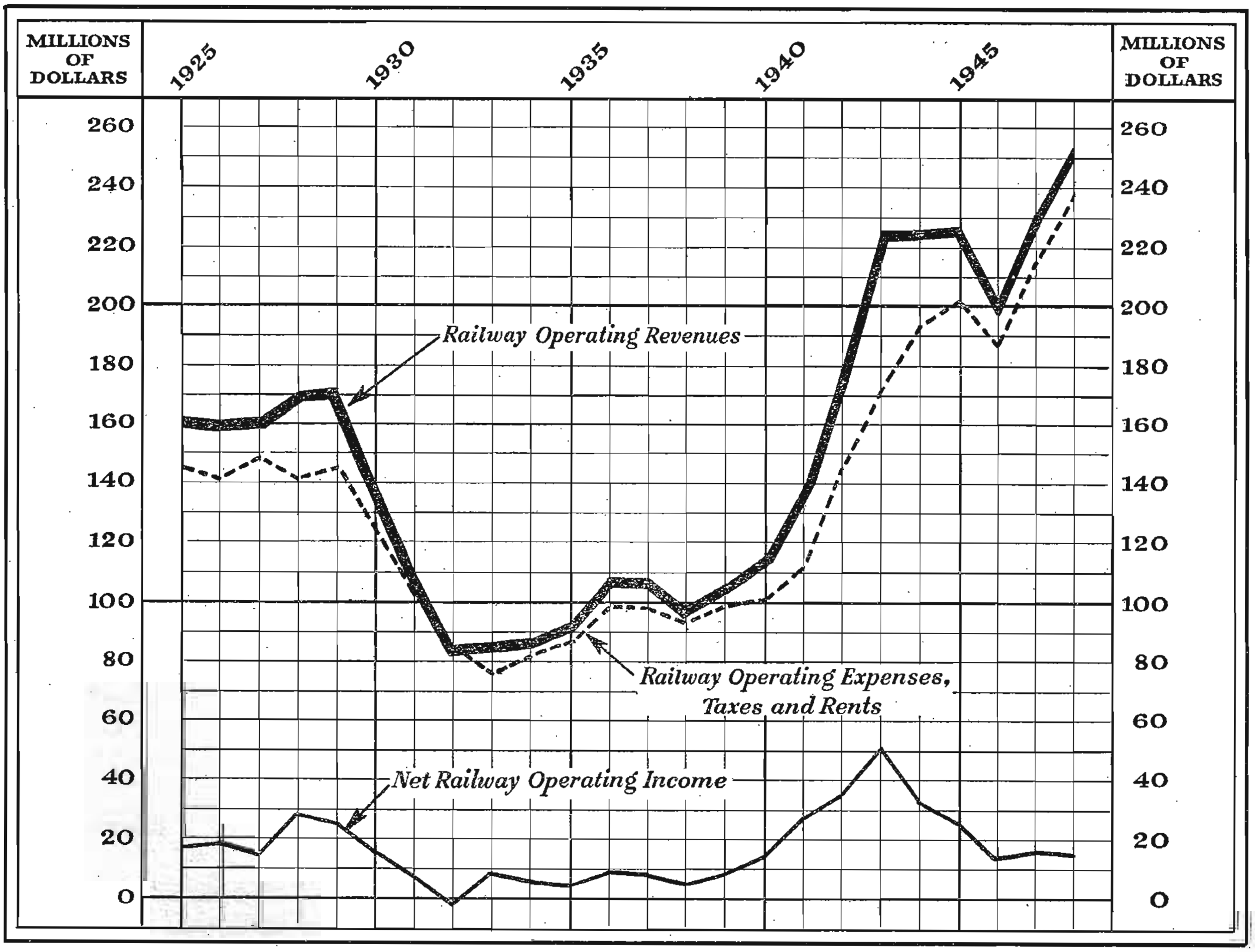
THE increase of $24,141,419 in operating expenses over the previous year was due to a number of factors, the major ones of which are summarized as follows:

The volume of work done and quantity of material used for maintenance of way and structures were both less than in the previous year, notwithstanding that there was an increase in expenditures for this class of work amounting to $1,460,606. This figure, however, should be reduced by $631,750, because the accounts for 1947 included a credit adjustment of that amount for expenditures made in that year but charged against a maintenance reserve created in 1943. Thus the increase, on a comparable basis, was $828,856.

Wage increases accounted for $2,186,316, and increases in prices of materials used, $351,325. Other miscellaneous increases were $287,888.

Decreases because of less straight time and over-

Revenues, Expenses and Net Railway Operating Income, 1925-1948



Sources of Income

	1948	1947
Hauling Freight	$208,721,239	$187,064,309
Carrying Passengers	21,650,584	21,327,973
Transporting Mail and Express	9,942,425	9,412,941
Other Passenger Train Revenue, including Dining and Buffet Car Service	3,429,007	3,513,696
Switching	5,781,015	4,857,905
Other Operating Revenues	5,458,440	5,301,744
Total Operating Revenues	254,982,710	231,478,568
Other Income—Net	1,184,423	1,537,468
TOTAL	$256,167,133	$233,016,036

Disposition of Income

	1948	1947
Labor—To Operate and Maintain the Railroad	$127,931,615	$114,112,437
Fuel, Power, Materials and Supplies and Miscellaneous Operating Expenses	69,579,895	59,675,946
Depreciation, Amortization and Retirement Charges in Operating Expenses	12,765,077	12,346,785
Taxes—Payroll	7,707,579	10,095,938
Federal Income, State and Local	13,557,421	11,076,062
Equipment and Joint Facility Rents	7,926,708	7,359,224
Interest, Sinking Funds and Appropriations for Additions and Betterments Fund	11,786,489	11,694,371
Remainder Available for Other Corporate Purposes	4,912,349	6,655,273
TOTAL	$256,167,133	$233,016,036

time work were $1,333,480; and there was less material used to the extent of $663,193.

Railroad equipment was used to its maximum capacity during the war years when, due to lack of experienced railroad labor and scarcity of materials, the maintenance program lagged considerably. Then, because of the extensive car building program at Milwaukee Shops in 1946 and 1947, when there was not sufficient shop capacity to construct cars and carry on the maintenance work, the situation was further aggravated so that there was a considerable backlog of maintenance work accumulated that had to be carried out in 1948. Consequently, the expenditures for maintenance of equipment in that year were abnormally high and increased $8,106,813 over the year 1947. Not all of this increase, however, was due to increased repairs to equipment. About $3,730,000 of it is accounted for by wage increases, increased prices of materials, and additional depreciation due to additional equipment. The remainder, $4,376,813, was due to additional time worked and material used. There still remains some deferred maintenance on passenger car equipment which it is anticipated will be taken care of in 1949. When this has been done, future expenditures for maintenance of equipment should be generally normal and not out of line.

Transportation expenses increased $13,357,377. There was less straight time worked of $455,000; less overtime worked of $220,000; less fuel consumed of $221,000, and less miscellaneous material used, other than fuel, of $84,000. On the other hand, there were increases of $7,907,000 because of higher wages; increases of $3,833,000 in the price of fuel consumed; increase of $1,003,000 in loss and damage freight; increase of $482,000 in prices of material other than fuel; and an increase of $656,000 in the operation of joint yards and terminals. All other charges of a miscellaneous nature increased $456,377.

All other charges in operating expenses, including dining and buffet service, traffic and general, increased $1,216,623, most all of which was due to wage increases and increased prices of material and miscellaneous services.

Although the physical aspects of the railroad are not conducive to low cost operation, and compare unfavorably with other of the northwestern railroads in that respect, with its far flung property, relatively low traffic density and high terminal and station expenses, continuous studies are being made to find more economical ways and means of doing business and offsetting, as far as possible, some of these unfavorable conditions.

Because of the vast territory it serves, and its importance to the country as a whole, The Milwaukee Road, regardless of traffic density and layout of the property, should be granted rates and charges which would enable it to earn a fair return, and continued efforts toward that end will be made.

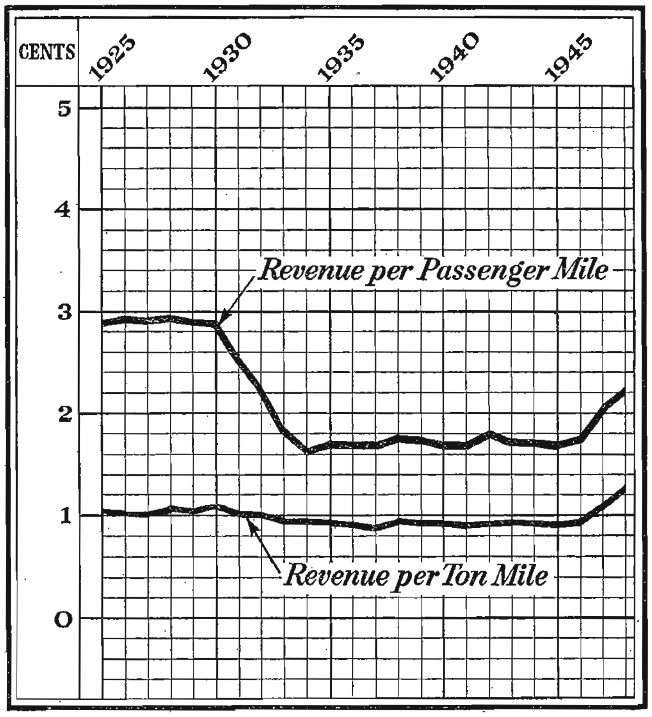
Freight Rates and Passenger Fares

Continually rising costs of materials, increased taxes and increased labor rates made it necessary for the railroads to request authority to further increase their rates, fares and charges.

Following extensive hearings throughout the United States, in Ex Parte 166, Increased Freight Rates 1947, the Interstate Commerce Commission, by order of April 13, 1948 authorized further interim increases, which resulted in an increase of approximately 3.3% to The Milwaukee Road in addition to other increases made effective during 1948. The final decision of the Commission was contained in its order of July 27, 1948, effective August 21, 1948. The total freight rate increase amounted to approximately 21.9% to The Milwaukee Road.

Faced with imminent increases in operating costs, it was apparent that further freight rate increases would be required. On October 1, 1948 the railroads petitioned the Commission for authority to increase freight rates and charges by 8%, with certain exceptions. Immediately thereafter agreements were reached resulting in increases in the wage rates of the enginemen and trainmen. To offset these increased costs the railroads amended their petition to the Interstate Commerce Commission seeking an increase of 13% in freight rates and charges in lieu

Revenue Per Passenger and Ton Mile, 1925-1948



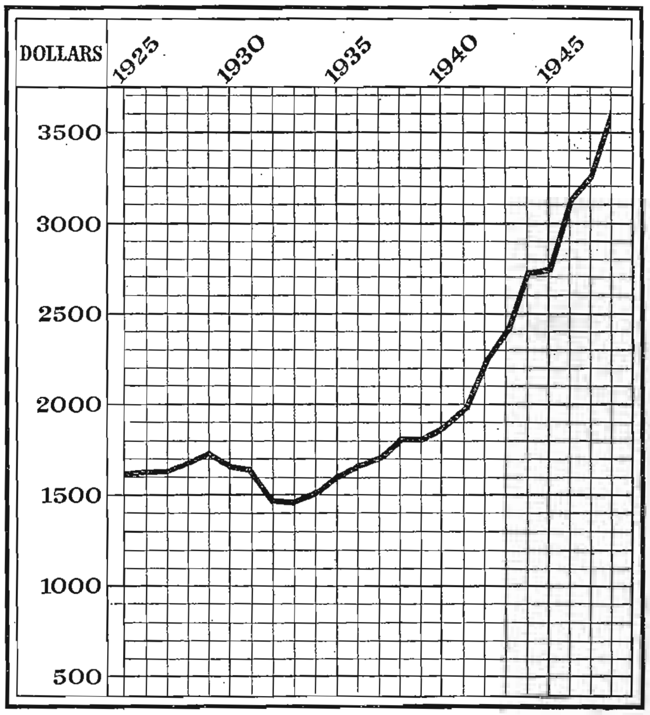
of the 8%. This proceeding was docketed by the Commission as Ex Parte 168, Increased Freight Rates 1948, and hearings were held in Washington resulting in an order of the Commission, dated December 29, 1948, authorizing temporary increases in freight rates and charges, pending final hearings and determination, of from 4% to 6%, averaging for this railroad approximately 4.76%.

Effective March 1, 1948, the Interstate Commerce Commission authorized an increase in passenger coach fares from a maximum of 2.2 cents to 2.5 cents per mile.

Commutation fares in the Chicago metropolitan area were increased approximately 10% effective May 9, 1948 and additional increases in commutation fares were made effective December 7, 1948. This last increase resulted from the publication of tariffs adjusting certain of the rates and the authorization of certain new multiple ride tickets.

The Interstate Commerce Commission authorized, effective June 1, 1948, increases in the rates for the occupancy of rooms in sleeping cars, and an increase of 20% in the seat rates in both sleeping and parlor cars.

Average Annual Compensation Per Employe, 1925-1948



Wage Increases

At the beginning of the year the wage and rules demands of the Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, and the Switchmen's Union of North America were still under negotiation.

The Emergency Board, in its report of March 27, 1948 to the President of the United States, recommended an increase of $1.24 in the basic daily rate of pay, the equivalent of 15½c per hour, retroactive to November 1, 1947. The Board also recommended changes in certain working rules.

These recommendations were accepted by the railroads, but the three brotherhoods declined to accept them and a strike was called for May 11. The President signed an Executive Order directing the Secretary of the Army to take possession of the railroads at noon on May 10, and as the strike call was not rescinded the Government obtained a temporary restraining order against the strike. A basis for settlement of the dispute was accepted by the parties on July 8, 1948 and the Government relinquished possession of the roads on July 9. An agreement was executed August 11, 1948 extending to employes represented by these organizations an increase of $1.24 per day, retroactive to November 1, 1947. An agreement was also made at that time providing for certain changes in rules.

The Order of Railway Conductors and Brotherhood of Railroad Trainmen served formal notice on June 30, 1948 that effective August 1, 1948 all existing basic daily wage rates be increased 25% with a minimum increase of $2.50 per day. This was disposed of by an agreement of October 4 under which an increase of 80c per day was made effective October 16.

An increase of 80c per day was also given the Brotherhood of Locomotive Engineers and Brotherhood of Locomotive Firemen and Enginemen, effective October 16, in settlement of their request for the difference between the original demand of 30% with a minimum increase of $3.00 in basic daily rates and the increase of $1.24 which was effective November 1, 1947.

On April 10, 1948 formal request was served by the non-operating organizations for 48 hours' pay for a 40-hour week, overtime after eight hours per day, time and one-half for Saturday, double time for Sundays and holidays and a general wage increase of 25c per hour. Agreement was reached March 19, 1949 on a general wage increase of 7c per hour, effective October 1, 1948, and a 40 hour week, with 48 hours pay, effective September 1, 1949. The work weeks may be staggered in accordance with the carriers' operational requirements. Overtime for work in excess of 8 hours per day or 40 hours per week will be at the rate of time and one-half. Under the agreement yardmasters remain on a six day week but will receive an increase of 10c per hour. The agreement also provides for a reduction in the basic month of dining car waiters and cooks from 240 hours to 205, effective September 1, 1949.

The railroads have before them requests of the operating brotherhoods for changes in the National Vacation Agreement involving an extension of the vacation period from 7 days to from 15 to 30 days, depending upon years of service.

The railroads also have before them proposals from the Brotherhood of Locomotive Firemen and Enginemen and the Brotherhood of Locomotive Engineers for the assignment of an additional man on diesel-electric locomotives.

Long Term Debt Outstanding

LONG term debt outstanding in the hands of the public as of December 31, 1948, amounted to $225,474,284, compared with $188,444,314 as of December 31, 1947, a net increase of $37,029,970.

Increases:		
Funded Debt assumed in the acquisition of properties of Chicago, Terre Haute and Southeastern Railway Company, outstanding—		
The Bedford Belt Ry. Co.		
First Mortgage Bonds	$ 250,000	
The Southern Indiana Ry. Co.		
First Mortgage Bonds	7,287,000	
Chicago, Terre Haute and Southeastern Ry. Co.:		
First and Refunding Mortgage Bonds	8,056,000	
Income Mortgage Bonds	6,335,800	$21,928,800
Equipment Trust Certificates covering purchase of equipment		25,220,000
Total increase		$47,148,800
Decreases:		
Funded Debt:		
Purchased and cancelled during the year through operation of sinking funds—		
First Mortgage 4% Bonds Series A		$167,000
General Mortgage 4½% Income Bonds, Series A	$781,900	
Less: Bonds held in treasury at December 31, 1947, sold to Mortgage Trustee for sinking fund and cancelled during the year	780,000	1,900
Purchased in the open market, surrendered to Mortgage Trustee for cancellation, and cancelled during the year—		
First Mortgage 4% Bonds, Series A		200,000
Purchased in open market during the year and held in treasury—		
First Mortgage 4% Bonds, Series A		173,000
General Mortgage 4½% Income Bonds, Series A		777,000
General Mortgage 4½% Convertible Income Bonds, Series B		3,106,000
Payments of Equipment Trust Certificates		4,506,000
Payments under Conditional Sale Agreements covering purchase of equipment		1,187,930
Total decrease		$10,118,830
Net increase		$37,029,970

The Company continued to purchase in reasonable amounts, when offered, its General Mortgage 4½% Convertible Income Mortgage Bonds, Series B, and acquired during the year $3,106,000 principal amount of such bonds at a cost of $1,733,508.75, or an average price of 55.81% of par.

During the year, $200,000 principal amount of First Mortgage 4% Bonds, Series A, were purchased in the open market and deposited with the Trustee of the First Mortgage for cancellation, against which $200,000 of funds theretofore deposited with the Trustee in lieu of mortgaged property sold were released to the Treasury.

There were also purchased $173,000 principal amount of First Mortgage 4% Bonds, Series A, and $777,000 principal amount of General Mortgage 4½% Income Bonds, Series A, which will be delivered or sold to the respective Mortgage Trustees prior to April 1, 1949, in connection with sinking funds for retirement of such bonds.

Reparation Cases

THE so-called Reparation Cases, as of December 31, 1948, were twenty in number, in three of which the Reconstruction Finance Corporation is plaintiff, and in the other seventeen the United States is plaintiff. All are pending before the Interstate Commerce Commission, and in all of them a reparation is sought on shipments of Government freight, most of which moved during World War II, and as to which it is claimed the charges were excessive and unreasonable. Most of the principal railroads, including the Milwaukee, are defendants, and the Western roads are most heavily involved. No specific amounts are alleged in the several complaints, but statements have been made by representatives of the Attorney General that the total amount which the Government will seek to recover is in excess of two billion dollars. Obviously, if the Government should be successful in recovering any amount approaching that sum it would be disastrous for the Western lines. It is felt that the railroads should win these cases on the merits.

Anti-Trust Case

THE so-called Anti-Trust Case, now pending at Lincoln, Nebraska, is brought against the Associa-

Source of Revenues by Services and Classes of Traffic

(1948)

Services and Classes of Traffic	Percentages of Grand Total	Percentages of Services
FREIGHT SERVICE		
Freight Traffic		
Manufactured Articles	35.9%	41.8%
Wheat, Grain, Products of Agriculture	14.2	16.6
Coal, Ore, Products of Mines	10.8	12.6
Lumber, Products of Forests	9.3	10.9
Livestock, Products of Animals	5.5	6.4
L.C.L. Traffic	4.1	4.7
Forwarder Traffic	1.9	2.2
Total Freight Traffic	81.7	95.2
Other Freight Service		
Switching	2.3	2.6
Joint Facility—Net Cr.	.8	.9
Demurrage	.4	.5
All Other	.7	.8
Total Other Freight Service	4.2	4.8
Total Freight Service	85.9	100.0
PASSENGER SERVICE		
Passenger Traffic		
Passenger in Coaches	5.6	39.4
Passengers in Parlor & Sleeping Cars	2.9	20.5
Total Passenger Traffic	8.5	59.9
Other Passenger Service		
Mail	2.2	15.3
Express	1.6	11.6
Dining and Buffet	.8	5.9
All Other	1.0	7.3
Total Other Passenger Service	5.6	40.1
Total Passenger Service	14.1	100.0
Freight, Passenger and Other Services	100.0	

tion of American Railroads and the Western lines, including the Milwaukee. In this suit the Government seeks to enjoin certain operating and rate making practices, alleged to have been followed by the Association and the railroad companies. It is not an action to recover money and, if successful, would not result in a money judgment. But, if the action were successful, and practices which the railroads believe to be lawful and proper were enjoined, the expense of doing business would be greatly increased.

Federal Legislation

Two laws were enacted by the Congress of the United States during the year 1948 which were of importance to the railroads.

The first of these is the so-called Bulwinkle Bill. This relieves carriers from the operation of the anti-trust laws with respect to the making of agreements relating to rates, fares, classifications, divisions, allowances or charges, or rules and regulations pertaining thereto, or procedure for the joint consideration, initiation and establishment thereof, where such agreements have been approved by the Interstate Commerce Commission.

The second of these amended the Railroad Retirement Act and the Railroad Unemployment Insurance Act. It increased annuities and pensions under the Railroad Retirement Act by twenty per cent without any increase in taxes thereunder. It reduced the three per cent tax rate payable by carriers only under the Railroad Unemployment Insurance Act to a sliding scale rate, ranging from one-half of one per cent to three per cent, depending upon the balance to the credit of the Railroad Unemployment Insurance Act. Its immediate effect was a reduction of this tax on the carriers from three per cent to one-half per cent on payrolls, effective January 1, 1948.

Industrial Development

During the year 350 new industries were located adjoining Milwaukee Road tracks and when in operation will produce an estimated annual freight revenue of \$5,215,000. 69 industries expanded operations, from which an increase in annual revenue of \$1,500,000 is anticipated. During the year 23 industries, with annual revenues of \$413,000, discontinued operation.

Chicago, Terre Haute and Southeastern Railway Company

Since July 1, 1921 the properties of this company, known as the Terre Haute, have been operated by the Milwaukee or its predecessors under lease for a term of 999 years.

The modified lease of January 1, 1946, as well as the original lease, included an option to purchase the leased property at any time during the term of the lease upon payment of an amount sufficient to pay \$10 per share for each share of outstanding Terre Haute capital stock not owned by the Milwaukee, and upon the Milwaukee undertaking to assume and guarantee the payment of the principal and interest of all outstanding obligations of the Terre Haute constituting a lien upon the leased property.

The acquisition of the Terre Haute property, on the terms outlined, was approved in accordance with corporate requirements and State law, by the boards of directors and stockholders of both companies without dissent. Approval of the Interstate Commerce Commission was contained in order dated December 20, 1948, Finance Docket 16321.

The Terre Haute property was conveyed to the Milwaukee by deed dated December 31, 1948. The lease was cancelled.

Under an agreement of December 31, 1948 between the two companies, the Milwaukee assumed obligation and liability in respect of the payment of principal and interest on:

\$9,571,000 of Terre Haute First and Refunding Mortgage Bonds (including \$1,515,000 of such bonds owned by the Milwaukee).

\$6,335,800 of Terre Haute Income Mortgage Bonds.

\$7,287,000 of First Mortgage Bonds of The Southern Indiana Railway Company.

\$350,000 First Mortgage Bonds of The Bedford Belt Railway Company (\$100,000 of these bonds are pledged with the Trustee of the Terre Haute First and Refunding Mortgage).

These bonds, referred to as the Modified Terre Haute Bonds, are dated January 1, 1946, and mature January 1, 1994. They bear interest at a fixed rate of 2¾% per annum, payable semi-annually on January 1, and July 1; and contingent interest of 1½% per annum, payable annually on April 1, contingent upon available net income of the Milwaukee.

The acquisition of the Terre Haute eliminates a long term lease and enlarges the Milwaukee's ownership of the system which it operates; as well as simplifies accounting, tax and other corporate procedures of the Milwaukee, and will facilitate the ability to finance the outstanding Terre Haute bonds in the future. Operation will be continued as in the past.

WILLIAM J. CORBETT

The Board of Directors, at its meeting on June 9, 1948, passed the following resolution:

"*Resolved,* that the Board of Directors of Chicago, Milwaukee, St. Paul and Pacific Railroad Company express and record its profound sorrow on account of the death of one of its members, Mr. William J. Corbett, a Director of the Company since December 3, 1945, who died on May 26, 1948. Mr. Corbett was a kindly man whose nobility of character exerted wide influence for good upon all of his associates and his many friends in the community in which he lived and served for so many years. His honesty of purpose and conscientious cooperation contributed greatly to the work of the Board and his loss is deeply felt by all of its members.

"*Resolved Further,* that this expression, together with the deepest sympathy of the individual members of the Board, be conveyed by the Secretary to the members of his family by transmitting to his Widow a copy of these Resolutions."

Exchange of Securities under Plan of Reorganization

THE agreements under which The First National Bank of Chicago and its Agent, The Chase National Bank of the City of New York, have acted as Exchange Agents to receive the surrender of securities entitled to participate in the Plan of Reorganization of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Debtor, and have acted as Disbursing Agents for the Cash Distribution under the provisions of the order of the Court entered on May 22, 1945, terminated as contemplated therein, at the close of business on December 31, 1948. Thereafter, the exchange for new securities and cash distributable in respect thereof, will be made at the New York Fiscal Office of the Company, 52 Wall Street, New York 5, New York.

Management Changes

MR. Walter T. Mahoney, elected a Director on June 23, 1948 to succeed Mr. William J. Corbett who died May 26, 1948.

Mr. E. W. Soergel, elected Vice President-Traffic, succeeding Mr. E. B. Finegan, effective February 1, 1948. Mr. Finegan, who was elected Vice President with duties assigned by the President, retired November 30, 1948.

Mr. J. P. Kiley, elected Vice President-Operating, succeeding Mr. O. N. Harstad, effective June 1, 1948. Mr. Harstad was elected Vice President with duties assigned by the President.

Mr. Larry H. Dugan, elected Vice President, Seattle, Washington, succeeding Mr. J. P. Kiley, effective June 10, 1948.

Additions and Betterments

DURING the year charges were made to Investment Account for road and equipment aggregating $37,912,679, which includes improvements to road property and existing equipment of $7,567,602; a charge of $1,090,137 for the relocation of a part of the Tacoma-Morton Line between Eatonville and Elbe, Washington, which was paid for by the City of Tacoma; and new equipment costing $29,015,931.

Equipment

PURCHASED and delivered during the year:

1—2000 h.p. diesel-electric passenger locomotive
6—1000 h.p. diesel-electric switching locomotives
22—Pullman standard sleeping cars (part of order of 28)
1000—50-ton hopper cars

Constructed at Company shops and placed in service during the year:

2781—40′6″ 50-ton box cars
2800—41′6″ 50-ton gondola cars
45—Passenger coaches
6—Diners
2—Lunch lounge cars
2—Diner lounge cars
12—Parlor cars
6—Cafe parlor cars
2—Diesel-electric motor cars
2—Business cars
300—42′6″ skeleton log flat cars

It is a pleasure to again record appreciation of the loyal and effective work of the men and women of The Milwaukee Road.

Chairman of the Board

President

By order of the Board of Directors
April 4, 1949

ACCOUNTANTS' REPORT

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

Board of Directors,
Chicago, Milwaukee, St. Paul and
Pacific Railroad Company.

We have examined the balance sheet of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY as of December 31, 1948, and the related statements of income, surplus, and the statement of available net income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the records and of the accounting procedures as we considered necessary in the circumstances.

Attention is directed to Notes F and G to the financial statements relative to the status of federal taxes on income and certain claims for reparation of freight charges instituted by the Government of the United States.

In our opinion, subject to the ultimate disposition of the contingencies referred to in the above paragraph, the accompanying balance sheet and statements of income and earned surplus present fairly the financial position of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY at December 31, 1948, and the results of its operations for the year then ended on the basis of principles of accounting which are in conformity with the regulations and accounting classification prescribed by the Interstate Commerce Commission. Also, it is our opinion that the statement of available net income and application thereof fairly summarizes the computation of "available net income" for the year ended December 31, 1948, in conformity with the provisions of the First Mortgage and General Mortgage indentures.

ERNST & ERNST
Certified Public Accountants.

Chicago, Illinois,
March 8, 1949.

COMPARATIVE GENERAL BALANCE SHEET AS OF DECEMBER 31, 1948 AND DECEMBER 31, 1947

Assets	December 31, 1948	December 31, 1947	Net Change During Year + Increase − Decrease	
Investments:				
Road and equipment property—Note A:				
Road	$599,537,425.62	$578,956,558.73	+	$20,580,866.89
Equipment	247,099,698.03	218,834,414.22	+	28,265,283.81
General expenditures	40,880,185.74	38,651,901.84	+	2,228,283.90
Improvements on leased property	728,568.91	727,070.40	+	1,498.51
Total	888,245,878.30	837,169,945.19	+	51,075,933.11
Less:				
Acquisition adjustment	*168,212,722.47*	*170,628,579.03*	−	*2,415,856.56*
Donations and grants	*627,958.86*	*48,109.48*	+	*579,849.38*
Investment in transportation property	719,405,196.97	666,493,256.68	+	52,911,940.29
Accrued depreciation—road property	*67,397,764.77*	*62,906,123.64*	+	*4,491,641.13*
Accrued depreciation—equipment	*119,256,489.89*	*111,681,854.37*	+	*7,574,635.52*
Accrued amortization of defense projects—road property	*2,150,645.83*	*2,092,815.85*	+	*57,829.98*
Accrued amortization of defense projects—equipment	*20,018,215.92*	*19,685,966.41*	+	*332,249.51*
Investment in transportation property less recorded depreciation and amortization	510,582,080.56	470,126,496.41	+	40,455,584.15
Capital, sinking, and other reserve funds—Note B	12,155,234.16	11,641,381.08	+	513,853.08
Miscellaneous physical property (less accrued depreciation at December 31, 1948—$2,317,335.78; at December 31, 1947—$1,390,194.40)	7,062,341.80	6,658,530.66	+	403,811.14
Investments in affiliated companies—Note C:				
Stocks (less reserve for adjustment of investment—$64,458.94)	4,894,917.36	5,357,184.56	−	462,267.20
Bonds, unsecured notes and investment advances	9,296,596.37	13,542,122.96	−	4,245,526.59
Other investments:				
Stocks	7,679.00	7,678.00	+	1.00
Bonds, ($12,960,000.00 United States Treasury 2% Bonds, due September 15, 1952/50)—at cost, less amortized premium	13,264,465.35	13,345,603.53	−	81,138.18
Note and advance	6,817.00	13,134.00	−	6,317.00
Total Investments	557,270,131.60	520,692,131.20	+	36,578,000.40
Current Assets:				
Cash	25,561,126.30	19,202,792.21	+	6,358,334.09
Temporary cash investments (United States Government obligations)—at cost	21,402,000.00	23,320,000.00	−	1,918,000.00
Special deposits (cash and United States Government obligations reserved for payment of specific current liabilities)	4,253,580.79	8,653,136.02	−	4,399,555.23
Note receivable	169,368.00	169,368.00	..	....
Net balance receivable from agents and conductors	3,701,540.59	4,494,446.51	−	792,905.92
Miscellaneous accounts receivable	6,872,127.62	7,206,759.16	−	334,631.54
Material and supplies inventories—at cost	27,230,405.98	28,928,081.63	−	1,697,675.65
Interest and dividends receivable	261,953.84	180,638.82	+	81,315.02
Accrued accounts receivable	4,281,121.08	4,323,896.74	−	42,775.66
Claims for refund of federal taxes on income	7,945,416.61	5,684,801.09	+	2,260,615.52
Other current assets	307,128.09	247,171.86	+	59,956.23
Total Current Assets	101,985,768.90	102,411,092.04	−	425,323.14
Deferred Assets:				
Working fund advances	686,466.75	457,926.43	+	228,540.32
Other deferred assets	962,109.01	1,343,516.83	−	381,407.82
Total Deferred Assets	1,648,575.76	1,801,443.26	−	152,867.50
Unadjusted Debits:				
Prepayments	83,514.14	46,988.16	+	36,525.98
Discount on funded debt	645,088.38	434,346.56	+	210,741.82
Other unadjusted debits	1,741,250.13	1,868,513.01	−	127,262.88
Total Unadjusted Debits	2,469,852.65	2,349,847.73	+	120,004.92
	$663,374,328.91	$627,254,514.23	+	$36,119,814.68

Italics denote deductions.
See notes to the financial statements.

COMPARATIVE GENERAL BALANCE SHEET AS OF DECEMBER 31, 1948 AND DECEMBER 31, 1947

LIABILITIES	DECEMBER 31, 1948	DECEMBER 31, 1947		NET CHANGE DURING YEAR + INCREASE − DECREASE
CAPITAL STOCK—Note D:				
Common stock—no par value (stated value—$100.00 per share):				
Authorized (including 514,221 shares reserved for conversion of General Mortgage Bonds, Series B)—2,637,450 shares				
Issued and outstanding—2,123,214 shares	$212,321,400.00	$212,321,400.00	..	....
Preferred stock—par value $100.00 per share:				
Authorized—1,150,000 shares				
Issued and outstanding—1,121,740 shares	112,174,000.00	112,174,000.00	..	....
TOTAL CAPITAL STOCK	324,495,400.00	324,495,400.00	..	....
LONG-TERM DEBT (AFTER DEDUCTING BONDS HELD BY THE COMPANY)—NOTE E:				
Chicago, Milwaukee, St. Paul and Pacific Railroad Company:				
First Mortgage 4% Bonds, Series A, due January 1, 1994	57,909,100.00	58,449,100.00	−	$ 540,000.00
General Mortgage 4½% Income Bonds, Series A, due January 1, 2019	53,969,500.00	54,748,400.00	−	778,900.00
General Mortgage 4½% Convertible Income Bonds, Series B, due January 1, 2044	42,169,100.00	45,275,100.00	−	3,106,000.00
The Bedford Belt Railway Company First Mortgage Bonds, due January 1, 1994	250,000.00	....	+	250,000.00
The Southern Indiana Railway Company First Mortgage Bonds, due January 1, 1994	7,287,000.00	....	+	7,287,000.00
Chicago, Terre Haute and Southeastern Railway Company:				
First and Refunding Mortgage Bonds, due January 1, 1994	8,056,000.00	....	+	8,056,000.00
Income Mortgage Bonds, due January 1, 1994	6,335,800.00	....	+	6,335,800.00
Equipment obligations (maturities due in 1949—$6,838,436.77 against which special reserve funds in the amount of $1,592,931.19 are available)	49,497,783.62	29,971,714.27	+	19,526,069.35
TOTAL LONG-TERM DEBT	225,474,283.62	188,444,314.27	+	37,029,969.35
CURRENT LIABILITIES:				
Traffic and car-service balances—net payable	5,072,313.69	6,877,328.15	−	1,805,014.46
Audited accounts and wages payable	16,347,091.39	16,058,475.64	+	288,615.75
Miscellaneous accounts payable	4,360,392.28	5,759,471.93	−	1,399,079.65
Interest matured unpaid	1,931,941.13	1,611,336.04	+	320,605.09
Dividends matured unpaid	406,279.50	518,187.50	−	111,908.00
Unmatured interest accrued	4,844,783.96	4,602,185.63	+	242,598.33
Accrued accounts payable	4,998,991.70	5,286,390.24	−	287,398.54
Taxes accrued (including for federal taxes on income—at December 31, 1948—$5,278,442.64; at December 31, 1947—$3,365,397.48—Note F)	12,588,949.43	11,170,025.29	+	1,418,924.14
Other current liabilities	2,751,592.79	3,248,873.85	−	497,281.06
TOTAL CURRENT LIABILITIES	53,302,335.87	55,132,274.27	−	1,829,938.40
DEFERRED LIABILITIES	953,596.35	1,298,422.68	−	344,826.33
UNADJUSTED CREDITS:				
Premium on funded debt	6,471.00	10,410.97	−	3,939.97
Accrued depreciation on leased property	279,345.16	3,576,086.44	−	3,296,741.28
Reserve for loss and damage claims	1,175,927.39	430,036.87	+	745,890.52
Other unadjusted credits	2,092,530.13	3,658,060.12	−	1,565,529.99
TOTAL UNADJUSTED CREDITS	3,554,273.68	7,674,594.40	−	4,120,320.72
EARNED SURPLUS (SINCE JANUARY 1, 1944):				
Appropriated surplus	19,538,372.18	18,031,669.93	+	1,506,702.25
Unappropriated surplus	36,056,067.21	32,177,838.68	+	3,878,228.53
TOTAL EARNED SURPLUS	55,594,439.39	50,209,508.61	+	5,384,930.78
	$663,374,328.91	$627,254,514.23	+	$36,119,814.68

See notes to the financial statements.

STATEMENT OF INCOME FOR THE YEARS 1948-1944

	1948	1947	1946	1945	1944
RAILWAY OPERATING REVENUES:					
Freight (Note H)	$208,721,239	$187,064,309	$152,186,983	$168.950,558	$171,448,855
Passenger	21,650,584	21,327,973	28,313,790	37,107,494	33,885,998
Mail	5,685,278	4,912,808	3,644,524	3,442,374	3,444,700
Express	4,257,147	4,500,133	4,836,305	5,916,488	5,269,519
Switching	5,781,015	4,857,905	3,950,919	3,897,616	3,956,434
All other	8,887,447	8,815,440	8,247,590	9,632,406	8,704,187
TOTAL	254,982,710	231,478,568	201,180,111	228,946,936	226,709,693
RAILWAY OPERATING EXPENSES:					
Maintenance of way and structures (Note I)	39,233,215	37,772,609	33,314,918	44,931,431	38,878,167
Maintenance of equipment (Note I)	45,070,232	36,963,419	35,725,718	51,029,360	35,028,904
Traffic	4,856,384	4,643,072	4,022,296	3,592,877	3,570,829
Transportation	109,827,088	96,469,711	88,671,807	78,764,472	74,853,049
Miscellaneous	3,324,018	3,212,970	3,289,054	2,802,024	2,643,214
General	7,965,650	7,073,387	6,799,470	5,739,253	5,611,343
TOTAL	210,276,587	186,135,168	171,823,263	186,859,417	160,585,506
NET REVENUE FROM RAILWAY OPERATIONS	44,706,123	45,343,400	29,356,848	42,087,519	66,124,187
TAXES AND RENTS:					
Federal income taxes (Note F)	4,444,000	3,165,000	*3,459,813*	*991,000*	15,952,000
Other taxes	16,821,000	18,007,000	14,461,813	13,058,000	13,221,000
Equipment rents—net charge	5,548,644	4,844,578	2,733,040	1,116,152	440,065
Joint facility rents—net charge	2,378,064	2,514,646	2,275,210	2,322,037	3,801,603
TOTAL	29,191,708	28,531,224	16,010,250	15,505,189	33,414,668
NET RAILWAY OPERATING INCOME	15,514,415	16,812,176	13,346,598	26,582,330	32,709,519
OTHER INCOME, LESS DEDUCTIONS	1,184,423	1,537,468	1,709,605	2,227,077	1,750,437
INCOME AVAILABLE FOR FIXED CHARGES	16,698,838	18,349,644	15,056,203	28,809,407	34,459,956
FIXED CHARGES:					
Rent for leased roads and equipment	614,826	616,277	615,804	1,108,656	1,109,881
Interest on funded debt—fixed	3,154,667	2,899,249	2,882,981	2,896,740	2,893,991
Interest on unfunded debt	36,237	18,927	11,050	11,296	10,148
Amortization of discount on funded debt	48,424	26,065	14,333	10,973	10,514
TOTAL	3,854,154	3,560,518	3,524,168	4,027,665	4,024,534
INCOME AFTER FIXED CHARGES	12,844,684	14,789,126	11,532,035	24,781,742	30,435,422
CONTINGENT CHARGES:					
Interest on general mortgage income bonds	4,386,262	4,586,100	4,832,174	4,867,412	4,890,541
Rent for leased road and equipment (contingent interest on Chicago, Terre Haute and Southeastern Railway Company bonds)	328,932	328,932	328,932	....	....
TOTAL	4,715,194	4,915,032	5,161,106	4,867,412	4,890,541
NET INCOME	$ 8,129,490	$ 9,874,094	$ 6,370,929	$ 19,914,330	$ 25,544,881
DISPOSITION OF NET INCOME					
Appropriated for additions and betterments fund (Note J)	$ 2,500,000	$ 2,500,000	$ 2,500,000	$ 5,144,238	$ 6,176,490
Appropriated for sinking funds (Note J)	717,141	718,821	694,861	692,181	692,181
Appropriated for possible income tax claims	....	....	....	....	1,000,000
Transferred to unappropriated surplus	4,912,349	6,655,273	3,176,068	14,077,911	17,676,210
TOTAL	$ 8,129,490	$ 9,874,094	$ 6,370,929	$ 19,914,330	$ 25,544,881

Italics denote credits.
See notes to the financial statements.

EARNED SURPLUS FOR THE YEARS 1948 AND 1947

ITEM	YEAR 1948	YEAR 1947
Balance at January 1	$50,209,508.61	$40,577,734.85
ADDITIONS:		
Net income for the year	8,129,489.86	9,874,094.01
Discount on General Mortgage Bonds repurchased and held in the treasury or retired	1,606,882.25	2,968,199.25
Miscellaneous credits, less charges (including profits and losses derived from sales or retirements of land and nonoperating properties)	147,462.42	*144,543.25*
	60,093,343.14	53,275,484.86
DEDUCTIONS:		
Dividends paid on Preferred Stock— April 15, 1948—$4.00 per share; May 15, 1947—$2.50 per share	4,486,960.00	2,804,350.00
Premium on First Mortgage Bonds repurchased and held in the treasury or retired	11,943.75	32,876.25
Premium on $30,500,000.00 U. S. Treasury 1½% Notes, matured September 15, 1947, exchanged for like amount of 1% Notes, due October 1, 1948	....	228,750.00
	4,498,903.75	3,065,976.25
BALANCE AT DECEMBER 31	$55,594,439.39	$50,209,508.61
The status of earned surplus at December 31, was as follows:		
APPROPRIATED:		
For additions and betterments	$18,820,728.18	$16,320,728.18
For sinking fund—First Mortgage Bonds	174,218.75	167,471.00
For sinking fund—General Mortgage Bonds	543,425.25	543,470.75
For possible income tax claims—Year 1943	....	1,000,000.00
TOTAL APPROPRIATED SURPLUS	19,538,372.18	18,031,669.93
UNAPPROPRIATED	36,056,067.21	32,177,838.68
TOTAL	$55,594,439.39	$50,209,508.61

AVAILABLE NET INCOME AND APPLICATION THEREOF FOR THE YEARS 1948 AND 1947

ITEM	YEAR 1948	YEAR 1947
Income available for fixed charges	$16,698,837.35	$18,349,644.45
FIXED CHARGES:		
Rent for leased roads and equipment	614,826.17	616,276.99
Interest on funded debt:		
On First Mortgage 4% Bonds, Series A	2,332,427.10	2,364,368.42
On equipment obligations	822,239.86	534,880.21
Interest on unfunded debt	36,236.60	18,926.90
Amortization of discount on funded debt	48,424.09	26,065.57
TOTAL FIXED CHARGES	3,854,153.82	3,560,518.09
INCOME AFTER FIXED CHARGES	12,844,683.53	14,789,126.36
ADD: Charges to operating expenses representing the service value of non-depreciable roadway property retired and not replaced	228,942.84	475,657.52
AVAILABLE NET INCOME	13,073,626.37	15,264,783.88
APPLICATION OF AVAILABLE NET INCOME:		
Appropriated for sinking fund for retirement of First Mortgage 4% Bonds, Series A	173,747.75	175,427.75
Contingent interest on General Mortgage 4½% Income Bonds, Series A	2,450,141.70	2,484,117.02
Contingent interest on modified Terre Haute bonds (obligations of Chicago, Terre Haute and Southeastern Railway Company, The Bedford Belt Railway Company, and The Southern Indiana Railway Company) assumed by Chicago, Milwaukee, St. Paul and Pacific Railroad Company	328,932.00	328,932.00
Appropriated for additions and betterments fund (optional amount)	2,500,000.00	2,500,000.00
Contingent interest on General Mortgage 4½% Convertible Income Bonds, Series B	1,936,119.97	2,101,983.33
Appropriated for sinking fund for retirement of General Mortgage 4½% Income Bonds, Series A and Series B	543,393.50	543,393.50
	7,932,334.92	8,133,853.60
REMAINING AVAILABLE NET INCOME	5,141,291.45	7,130,930.28
DEDUCT: Charges to operating expenses representing the service value of non-depreciable roadway property retired and not replaced	228,942.84	475,657.52
REMAINDER TRANSFERRED TO EARNED SURPLUS—UNAPPROPRIATED	$ 4,912,348.61	$ 6,655,272.76

Italics denote deductions.
See notes to the financial statements.

CONTINGENT LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES AS OF DECEMBER 31, 1948

Items	Principal Amount Outstanding Dec. 31, 1948
Chicago Union Station Company:	
1. First Mortgage Bonds, 3⅛%, Series F, due July 1, 1963	$16,000,000
2. First Mortgage Bonds, 2⅞%, Series G, due July 1, 1963	37,800,000
3. Guaranteed Serial Bonds, 2.05%, due semi-annually July 1, 1949 to January 1, 1950	686,000
4. Guaranteed Serial Notes, 1.60% to 2.05%, due semi-annually July 1, 1949 to July 1, 1954	3,950,000
	$58,436,000
Principal and interest guaranteed jointly and severally by the Railroad Company and 3 other proprietors at time of issue. The Railroad Company with other proprietors has agreed that gross rental to be paid by them for use of Chicago Union Station facilities shall include a sum sufficient to pay interest on all of these securities and the payment into the Retirement Fund for First Mortgage bonds beginning in 1955, and to advance amounts required to pay at maturity principal of Items 3 and 4.	
Indiana Harbor Belt Railroad Company:	
1. General Mortgage Gold Bonds, 4%, due July 1, 1957	$ 4,225,000
2. General Mortgage Gold Bonds, 4½%, due July 1, 1957	4,900,000
3. Conditional Sale Agreement, 2.48%, due quarterly to June 1, 1956	730,500
4. Conditional Sale Agreement, 2.48%, due quarterly to November 1, 1956	1,854,720
	$11,710,220
The Railroad Company is obligated to the extent of 20% to protect The Michigan Central R. R. Co. and The N. Y. C. R. R. Co. on their guaranties of principal of and interest on the 4% Bonds. The Railroad Company and other proprietors are obligated under an agreement, in the event of default by the Indiana Harbor Belt R. R. Co., to loan to the Belt Railroad, in proportion to their stock holdings, to the extent necessary, the principal of and interest on Items 1 and 2. The Railroad Company and other proprietors severally guarantee, in proportion to their stock holdings, the payment by the Belt Railroad of the principal of and interest on deferred installments of purchase price of Diesel switching locomotives as provided in Conditional Sale Agreements, Items 3 and 4.	
Kansas City Terminal Railway Company:	
1. First Mortgage Serial Bonds, due October 1, 1949 to October 1, 1974	$46,450,000
Under a certain operating agreement, the Railroad Company and 11 other proprietors are obligated to pay to the Terminal Company, or in case of default to the Mortgage Trustee, in equal shares the principal of these bonds, as they mature, in the nature of non-interest bearing advances, and interest thereon as rental.	
The Minnesota Transfer Railway Company:	
1. First Mortgage Bonds, 3¾%, due June 1, 1956	$ 1,780,000
Under provisions of the by-laws of the Transfer Co., the Railroad Company and 8 other proprietors are required to contribute, on an ownership basis, to (a) a semi-annual sinking fund for these bonds equal to one-half of 1% of face value of all bonds issued under the First Mortgage, and (b) semi-annual installments of interest on the bonds.	
The St. Paul Union Depot Company:	
1. First and Refunding Mortgage Bonds, 3⅛%, Series B, due October 1, 1971	$13,777,000
Guaranteed jointly and severally by the Railroad Company and 7 other proprietors, each of which is also obligated to advance its ownership proportion of amounts required for Sinking Fund payments and to pay its proportion, based upon use, of the interest on the bonds.	

Notes to the Financial Statements

Note A—Investment in Transportation Property:

The investment in road and equipment property ($888,245,878.30) is stated at estimated original cost as determined by valuation made by the Interstate Commerce Commission as of June 30, 1918, plus subsequent additions and betterments at cost, and less retirements since that date.

The credit balance in the acquisition adjustment account represents equivalent of the excess of Company assets over amounts ascribed to capital stocks, bonds and other liabilities as of the date of reorganization, January 1, 1944, together with subsequent adjustments thereto.

The net reduction in the acquisition adjustment account during 1948 aggregated $2,415,856.56. This reduction reflects a charge of $2,264,291.58 representing the excess of carrying amount of the investments in Chicago, Terre Haute and Southeastern Railway Company over amounts ascribed to net assets of that railroad at December 31, 1948 (date of acquisition), plus other net charges of $151,564.98 relating to revaluations of assets as of date of reorganization.

At inception of the reorganized Company as of January 1, 1944, past accrued depreciation of road properties classified as depreciable by the Interstate Commerce Commission was recorded at 30% of the original cost. A similar entry was recorded for accrued depreciation in respect to road properties acquired from Chicago, Terre Haute and Southeastern Railway Company at December 31, 1948.

Provisions for depreciation of depreciable road and equipment property have been made on a group basis at composite rates applied to the gross carrying amounts of their various classifications. Upon retirement of depreciable property the gross carrying amounts of such assets, less salvage, are charged to related accrued depreciation accounts.

In conformity with uniform accounting practices established for railroads by the Interstate Commerce Commission no provision has been made for depreciation of certain categories of roadway property classified as non-depreciable. When such items are renewed and replaced in kind the replacement cost, less salvage, is charged to operating expenses.

The provision for depreciation, amortization, and property retirement charges included in railway operating expenses for the year ended December 31, 1948, aggregated $12,765,076.45.

Note B—Capital, Sinking, and Other Reserve Funds:

Capital, sinking, and other reserve funds consisted of cash deposits and United States Government obligations at December 31, 1948 and, under the provisions of the mortgage indentures, are restricted for use in payment of certain equipment obligations (including maturities of principal aggregating $1,592,931.19 due in 1949), other debt retirement, and acquisition of equipment or roadway facilities.

Note C—Investments in Affiliated Companies:

Investments in affiliated companies include the capital stock of Milwaukee Land Company, The Milwaukee Motor Transportation Co., and Republic Coal Co. which are wholly-owned subsidiaries. The carrying amount of the investment in capital stock of these subsidiaries was $650,000.00 at December 31, 1948, and the equity in underlying net assets as recorded on their books aggregated approximately $4,075,000.00 at that date. The remaining investments are carried at cost less a valuation reserve and consist of non-controlling interests in various terminal and switching companies, etc., owned jointly with other transportation companies. With the exception of stocks carried at $351,362.00 and certain directors' qualifying shares, all investments in stocks of the aforementioned affiliated companies are pledged as collateral to the First Mortgage.

Note D—Dividends:

Preferred dividends are payable when and as declared payable by the Board of Directors out of available net income for the preceding year or out of accumulated earned surplus for prior calendar years and are preferred in all events up to $5.00 per share for any given year over common dividends for such year.

Preferred dividends are not cumulative, but in respect of any period of three consecutive calendar years immediately preceding the date of payment, preferred dividends, in the discretion of the Board, may be paid in amounts sufficient when added to any preferred dividends declared and paid, or declared and set apart for payment, thereon in respect of said three years to equal $5.00 per share on the outstanding preferred stock for each of said three years.

No dividends shall be declared or paid or set apart for payment during any calendar year on the common stock unless preferred dividends aggregating $5.00 per share shall have been declared and paid or declared and set apart for payment on all of the outstanding preferred stock during each of the three immediately preceding calendar years.

After there shall have been declared and paid or declared and set apart for payment during any calendar year preferred dividends aggregating $5.00 per share and common dividends aggregating $3.50 per share, the preferred stock shall be entitled to participate equally with the common in any further dividends declared and paid or declared and set apart for payment during such calendar year until the preferred stock shall have received participating dividends aggregating $1.00 per share during such year.

Note E—Long-Term Debt:

The amounts of bonds reacquired and held by the Company at December 31, 1948, were as follows:

Chicago, Milwaukee, St. Paul and Pacific Railroad Company:

First Mortgage 4% Bonds, Series A	$ 173,000.00
General Mortgage 4½% Income Bonds, Series A	777,000.00
General Mortgage 4½% Convertible Income Bonds, Series B	9,253,000.00

The Bedford Belt Railway Company First Mortgage Bonds	$ 100,000.00
Chicago, Terre Haute and Southeastern Railway Company First and Refunding Mortgage Bonds	1,515,000.00

Reference is made to a separate schedule accompanying this report which sets forth the particulars of the obligations (not included as a liability in the balance sheet) of certain affiliated companies in the aggregate amount of $132,153,220.00 guaranteed by the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, jointly with other railroad companies.

Note F—Federal Taxes on Income:

Federal income and excess profits tax returns of the Company for the years 1943 to 1947, inclusive, are currently being examined by representatives of the Bureau of Internal Revenue. Although the findings of the Bureau in connection with this examination have not been issued, the Company has been advised that consideration is being given to the disallowance, as a tax deduction, of certain interest charges claimed during the years 1943, 1944, and 1945, relating to funded debt obligations exchanged for new securities under the plan of reorganization. It is the opinion of the Company that such interest deductions as claimed are proper; however, in the event they should be disallowed, the resultant income tax deficiency would be substantial in amount. No provision for this contingency has been included in the financial statements.

The balance sheet includes an asset of $7,945,416.61 as of December 31, 1948 and of $5,684,801.09 as of December 31, 1947 representing refundable taxes on income resulting from the application of "carry-back" provisions of the Internal Revenue Code and from other retroactive adjustments applicable to the years under examination by the Bureau of Internal Revenue.

The amount for federal income taxes of $4,444,000.00 reflected in the income statement for the year 1948 represents the estimated liability for taxes for that year ($5,278,442.64) less a deduction of $834,442.64 representing adjustments of provisions applicable to prior years.

The credit for federal income taxes of $3,459,812.64 reflected in the income statement for the year 1946 represents the excess of refundable taxes on income resulting from the application of "carry-back" provisions of the Internal Revenue Code amounting to $4,618,367.50, over the estimated liability for taxes for that year of $823,000.00 and an amount of $335,554.86 representing adjustments of provisions applicable to prior years. The credit for federal income taxes of $991,000.00 reflected in the income statement for the year 1945 represents the excess of credits of $11,673,827.04 applicable to the years 1942 to 1945, inclusive, (including refundable taxes resulting from "carry-back" provisions to year 1943 of $1,066,433.59) arising from deduction of additional amortization of defense projects account shortened period of amortization provided for in Section 124(d) of the Internal Revenue Code, over the estimated liability for taxes for the year 1945 of $10,038,438.46, and adjustment of provision for the year 1944 of $644,388.58.

Note G—U. S. Government Reparation Claims:

The Department of Justice has filed with the Interstate Commerce Commission, a series of complaints against the principal railroads, including this Company, in which a reparation is sought on shipments of government freight, most of which moved during World War II, and as to which it is claimed the charges were excessive and unreasonable. This Company, together with the other railroads involved, have joined in defense of their rates as charged. The amount of liability, if any, cannot be determined until the cases have been heard and decided by the Commission, and no provision for such reparations has been made in the financial statements.

Note H—Reserve for Land Grant Adjustments:

In the income statement, freight revenue has been reduced $150,000 for the year 1946, $1,750,000 for the year 1945, and $2,650,000 for the year 1944 on account of reserve for land grant adjustments.

Note I—Accelerated Amortization of Defense Projects:

The amounts for maintenance of way and structures and maintenance of equipment reflected in the income statement for the year 1945 include amounts of $1,235,913.61 and $12,598,134.13, respectively, because of additional amortization of defense projects account shortened period of amortization provided for in Section 124(d) of the Internal Revenue Code.

Note J—Appropriations for Additions and Betterments Fund and Sinking Funds:

Prior to January 1, 1948, the Interstate Commerce Commission's accounting regulations required the inclusion of the deduction for "Additions and Betterments Fund" and sinking funds as a charge before arriving at Net Income. Effective January 1, 1948, the Commission amended its accounting regulations so as to eliminate the deduction of such items as a charge before arriving at Net Income, transferring the deductions to the heading "Disposition of Net Income". Figures for the years 1944 to 1947 have been restated to be comparable with 1948 figures. Under your Company's mortgages, such items constitute a deduction in the order of precedence set forth in the Statement of Available Net Income and Application Thereof appearing on page 15.

GENERAL

Reference is made to the accompanying report of the Chairman of the Board and the President for comments on the acquisition of Chicago, Terre Haute and Southeastern Railway Company at December 31, 1948, pending wage disputes, and other matters which bear on the financial statements. Attention is also directed to appended schedules for more detailed information with respect to investments, and funded debt and equipment obligations.

INVESTMENT IN ROAD AND EQUIPMENT DURING YEAR

Account	C. M. St. P. & P.		C. T. H. & S. E.	
	Gross Expenditures	Net Charges	Gross Expenditures	Net Charges
Engineering	$ 242,237.65	$ 185,430.61	$ 1,295.65	$ 585.13
Land for transportation purposes	449,971.09	349,047.80	957.21	957.21
Other right-of-way expenditures	33,486.70	33,278.25	*173.32*	*191.27*
Grading	696,261.97	362,519.36	3,958.38	*362.57*
Bridges, trestles, and culverts	1,090,406.66	752,990.30	40,608.67	33,447.36
Ties	281,382.84	167,730.10	7,203.67	5,451.11
Rails	921,095.25	749,869.04	7,633.78	5,701.75
Other track material	1,131,227.37	1,016,704.56	9,261.09	11,925.91
Ballast	103,861.98	64,091.66	1,293.00	1,940.17
Track laying and surfacing	467,455.46	377,253.64	7,362.42	6,708.55
Fences, snowsheds, and signs	23,806.41	11,468.17	11.50	939.50
Station and office buildings	405,478.06	348,127.37	86.27	*1,218.73*
Roadway buildings	10,202.37	3,297.86	*953.29*	*1,802.29*
Water stations	109,678.42	63,039.59	1,810.82	2,608.82
Fuel stations	134,939.48	128,556.23		
Shops and enginehouses	277,539.99	178,937.51	21,717.38	18,770.03
Storage warehouses		*9,400.00*		
Wharves and docks	1,069.11	*6,013.89*		
Telegraph and telephone lines	48,763.47	28,298.36	25.00	25.00
Signals and interlockers	512,722.85	449,262.16	*381.09*	*459.80*
Power plants	75,684.06	75,898.06		
Power-transmission systems	27,038.89	2,710.74	2,633.60	2,948.60
Miscellaneous structures	5,690.19	2,453.19		
Roadway machines	321,894.08	229,727.41		*2,735.79*
Roadway small tools	3,007.44	2,743.44		
Public improvements—Construction	77,808.48	56,082.94	*11.51*	*37.51*
Shop machinery	287,829.55	180,426.91	*2,132.74*	*2,132.74*
Power-plant machinery	233,284.85	185,780.85		
Total Expenditures for Road	7,973,824.67	5,990,312.22	102,206.49	83,068.44
Steam locomotives	138,198.09	*414,567.08*	630.77	630.77
Other locomotives	916,121.33	878,621.33		*14,524.10*
Freight-train cars	21,884,689.44	15,959,971.54	847.52	
Passenger-train cars	6,173,555.94	5,936,985.23		
Floating equipment	1,968.50	1,968.50		
Work equipment	373,360.20	330,961.30	320.00	*3,381.64*
Miscellaneous equipment	49,281.44	12,534.29		*885.26*
Total Expenditures for Equipment	29,537,174.94	22,706,475.11	1,798.29	*18,160.23*
General Expenditures	1,533.48	*103,957.92*		*448.46*
Grand Total	$37,512,533.09	$28,592,829.41	$ 104,004.78	$ 64,459.75

Note: The net change in Investment in Road and Equipment Property, per Balance Sheet ($51,075,933.11), includes the charges for Additions and Betterments, less credits for property retired, above, ($28,592,829.41), and also, the original cost of properties of Chicago, Terre Haute and Southeastern Railway Company acquired December 31, 1948, ($24,817,802.08), certain adjustments of original cost of Road and Equipment Property of the reorganized company to conform to the original cost of such property as finally determined by the Bureau of Valuation, Interstate Commerce Commission ($751,013.66), less the net decrease in amount of unapplied material and supplies for use in construction of new equipment, previously carried in Account 716, "Material and supplies," ($3,085,712.04).

INVESTMENT IN MISCELLANEOUS PHYSICAL PROPERTY DURING YEAR

Account	C. M. St. P. & P.		C. T. H. & S. E.	
	Gross Expenditures	Net Charges	Gross Expenditures	Net Charges
Non operating property	$ 296,140.91	$ *174,660.23*		$ *8,485.38*
Track material loaned	29,577.90	*37,106.12*		
Total	$ 325,718.81	$ *211,766.35*		$ *8,485.38*

Italics denote credits.

SECURITIES OWNED, DECEMBER 31, 1948

Description		Number of Shares	Par Value	Book Value
Stocks:				
Affiliated companies:				
Chicago, Terre Haute & Southeastern Ry. Co.	A	40,656.37	$ 4,065,637.00	$ 1.00
Chicago Union Station Co.	A	7,000	700,000.00	7,000.00
Cowlitz, Chehalis & Cascade Ry.	A	699.71+	69,971.03	134,429.97
Davenport, Rock Island & North Western Ry. Co.	A	15,000	1,500,000.00	1,750,000.00
Des Moines Union Ry. Co.	A	1,000	100,000.00	100,000.00
Des Moines Union Ry. Co.	B	1,000	100,000.00	26,000.00
Indiana Harbor Belt R. R. Co.	A	15,200	1,520,000.00	1,520,000.00
Kansas City Terminal Ry. Co.	C	1,833.33	183,333.33	183,333.33
Milwaukee Land Co.	A	5,000	500,000.00	500,000.00
Minneapolis Eastern Ry. Co.	A	625	62,500.00	15,475.00
Railway Express Agency, Incorporated		26	None	2,600.00
Republic Coal Co.	A	1,000	100,000.00	100,000.00
The Milwaukee Motor Transportation Co.	A	500	50,000.00	50,000.00
The Minnesota Transfer Ry. Co.	A	913	91,300.00	91,300.00
The Pullman Co.		9,426	94,260.00	348,762.00
The St. Paul Union Depot Co.	A	1,036	103,600.00	130,475.00
Nonaffiliated companies:				
Miscellaneous stocks			9,088.00	7,679.00
Bonds:				
Affiliated companies:				
Minneapolis Eastern Ry. Co.	A		35,000.00	28,000.00
Nonaffiliated companies:				
United States Treasury 2% bonds due Sept. 15, 1952/50 ($12,960,000 principal amount, at cost less amortized premium)			13,264,465.35	13,264,465.35
Notes:				
Affiliated companies:				
Kansas City Terminal Ry. Co.	A		54,567.81	54,567.81
Milwaukee Land Co.	A		2,652,000.00	2,652,000.00
Nonaffiliated companies:				
Yellowstone Park Co.			6,317.00	6,317.00
Total			$ 25,262,039.52	$ 20,972,405.46

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

B—Deposited with Iowa-Des Moines National Bank, Des Moines, Iowa, under Stock Trust Agreement, dated June 14, 1948, and pledged under the First mortgage.

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

LONG-TERM DEBT, DECEMBER 31, 1948

Description	Date of Issue	Date of Maturity	Amount Originally Issued or Assumed	Amount as of Dec. 31, 1948	Amount Held by Company	Amount Actually Outstanding	Interest: Rate per Cent	Interest: Payable	Interest: Accrued During Year
First mortgage bonds, Series A	Jan. 1, 1944	Jan. 1, 1994	$ 59,515,100.00	$ 58,082,100.00	$ 173,000.00	$ 57,909,100.00	4	J. & J.	$2,332,427.10
General mortgage income bonds, Series A	Jan. 1, 1944	Jan. 1, 2019	57,256,600.00	54,746,500.00	777,000.00	53,969,500.00	4½	April	2,450,141.70
General mortgage convertible income bonds, Series B	Jan. 1, 1944	Jan. 1, 2044	51,422,100.00	51,422,100.00	9,253,000.00	42,169,100.00	4½	April	1,936,119.97
The Bedford Belt Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	350,000.00	350,000.00	* 100,000.00	250,000.00	4¼	J.A.& J.	*** 10,625.00
The Southern Indiana Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	7,287,000.00	7,287,000.00	....	7,287,000.00	4¼	J.A.& J.	*** 309,697.50
Chicago, Terre Haute and Southeastern Ry. Co.:									
First and refunding mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	9,571,000.00	9,571,000.00	** 1,515,000.00	8,056,000.00	4¼	J.A.& J.	*** 342,380.00
Income mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	6,335,800.00	6,335,800.00	....	6,335,800.00	4¼	J.A.& J.	*** 269,271.50
Equipment obligations (See details below)			76,322,980.00	49,497,783.62	....	49,497,783.62			822,239.86
Total long-term debt			$268,060,580.00	$237,292,283.62	$ 11,818,000.00	$225,474,283.62			$ 8,472,902.63

*Pledged under Chicago, Terre Haute and Southeastern Railway Company First and refunding mortgage.
**Pledged under Chicago, Milwaukee, St. Paul and Pacific Railroad Company First mortgage.
***Charged to "Rent for leased roads and equipment"; bonds assumed on December 31, 1948; interest rate 2¾% fixed, 1½% contingent.

EQUIPMENT OBLIGATIONS, DECEMBER 31, 1948

Description	Date of Lease or Agreement	Date of Final Maturity	Original Cost of Equipment	Amount Originally Issued	Amount Outstanding Dec. 31, 1948	Principal Payable During 1949	Interest: Rate per Cent	Interest: Payable	Interest: Accrued During Year
Equipment Trust Certificates:									
Series P	Jan. 1, 1937	Jan. 1, 1952	$ 4,185,316.20	$ 3,180,000.00	$ 848,000.00	$ 212,000.00	3½	J. & J.	$ 29,680.00
Series Q	Mar. 1, 1937	Mar. 1, 1952	3,561,722.09	2,655,000.00	708,000.00	177,000.00	3¼	M. & S.	23,968.76
Series R	Aug. 1, 1937	Aug. 1, 1952	2,564,053.90	1,920,000.00	512,000.00	128,000.00	3¾	F. & A.	22,000.00
Series S	Apr. 1, 1938	Apr. 1, 1953	3,220,834.35	2,235,000.00	745,000.00	149,000.00	3¾	A. & O.	29,334.36
Series T	Apr. 1, 1939	Apr. 1, 1954	2,770,164.86	1,920,000.00	768,000.00	128,000.00	3	A. & O.	24,000.00
Series U	Dec. 1, 1939	Dec. 1, 1949	6,095,937.79	4,922,000.00	350,000.00	350,000.00	2½	J. & D.	20,391.67
Series V	Apr. 1, 1941	Apr. 1, 1951	4,358,045.34	3,120,000.00	780,000.00	312,000.00	2⅛	A. & O.	19,890.00
Series W	Nov. 1, 1941	Nov. 1, 1948	5,514,546.70	2,744,000.00	....	....	1⅜	M. & N.	3,144.50
Series X	Mar. 1, 1944	Mar. 1, 1954	9,700,062.91	7,260,000.00	3,993,000.00	726,000.00	1⅞	M. & S.	80,541.23
Series Y	Apr. 1, 1945	Apr. 1, 1955	2,800,092.41	2,100,000.00	1,365,000.00	210,000.00	1¾	A. & O.	25,725.00
Series Z	July 1, 1947	July 1, 1957	8,190,966.80	6,000,000.00	5,400,000.00	600,000.00	1⅞	J. & J.	104,061.00
Series AA	Oct. 1, 1947	Oct. 1, 1957	3,065,949.00	2,240,000.00	2,016,000.00	224,000.00	1⅞	A. & O.	39,900.00
Series BB	Apr. 1, 1948	Apr. 1, 1958	3,499,462.00	2,640,000.00	2,508,000.00	264,000.00	2⅛	A. & O.	38,264.01
Series CC	Feb. 1, 1948	Feb. 1, 1958	6,798,971.00	5,040,000.00	4,788,000.00	504,000.00	2¼	F. & A.	93,712.50
Series DD	June 1, 1948	June 1, 1958	9,514,365.00	7,120,000.00	6,764,000.00	712,000.00	2	J. & D.	73,771.11
Series EE	July 1, 1948	July 1, 1958	5,100,000.00	3,820,000.00	3,820,000.00	382,000.00	2	J. & J.	33,955.56
Series FF	Oct. 1, 1948	Oct. 1, 1958	8,820,000.00	6,600,000.00	6,600,000.00	660,000.00	2¼	A. & O.	29,287.50
Equipment Lease Agreement:									
General American Transportation Corporation	Apr. 27, 1940	Aug. 1, 1955	129,500.00	129,500.00	64,493.97	8,918.16	3	Monthly	2,076.08
Conditional Sale Agreements:									
Continental Illinois National Bank and Trust Co. of Chicago, Assignee of the Baldwin Locomotive Works	Sept. 1, 1940	Dec. 1, 1948	165,050.00	165,050.00	....	....	2	Monthly	203.35
The New York Trust Company, Assignee of Electro-Motive Corporation	Sept. 1, 1940	Jan. 1, 1949	625,680.00	625,680.00	....	....	2	Monthly	910.48
Seattle-First National Bank, Assignee of the Seller:									
General Motors Corporation (Electro-Motive Division)	June 1, 1945	Aug. 1, 1954	4,324,195.00	3,230,000.00	2,131,441.65	399,231.10	1.6		36,992.24
Fairbanks, Morse & Co.	June 25, 1945	Nov. 1, 1954	790,430.00	592,500.00	391,811.09	73,220.14	1.6	Quarterly	6,798.78
The Baldwin Locomotive Works	July 25, 1945	Nov. 1, 1953	317,412.00	237,000.00	151,653.16	44,054.52	1.6	Feb. May	2,638.94
American Locomotive Company	Aug. 10, 1945	Nov. 1, 1953	476,394.00	355,500.00	227,479.74	29,369.68	1.6	Aug.	3,958.42
Paul B. Robb and Edward J. Friedrich	Sept. 5, 1945	May 1, 1954	1,187,788.40	900,000.00	605,776.75	111,055.75	1.6	Nov.	10,501.24
The First National Bank of Chicago, Assignee of the Seller:									
Fairbanks, Morse & Co.	July 1, 1946	Apr. 1, 1957	2,675,000.00	2,000,000.00	1,709,881.88	190,889.43	1.55		27,599.23
American Locomotive Company	Aug. 1, 1946	July 1, 1957	2,190,542.00	1,640,500.00	1,396,729.45	156,667.49	1.55	Quarterly	22,548.84
The Northern Trust Company of Chicago, Assignee of the Seller:									
Fairbanks, Morse & Co.	June 10, 1947	Oct. 1, 1957	791,220.00	592,000.00	537,594.88	55,418.60	1.85	Jan. Apr.	10,324.36
American Locomotive Company	Sept. 10, 1947	Jan. 1, 1958	192,177.00	135,700.00	126,368.42	12,644.76	1.85	July Oct.	2,424.28
General Motors Corporation (Electro-Motive Division)	Sept. 10, 1947	Jan. 1, 1958	287,659.50	203,550.00	189,552.63	18,967.14	1.85		3,636.42
Total equipment obligations			$103,913,538.25	$ 76,322,980.00	$ 49,497,783.62	$ 6,838,436.77			$822,239.86

Payments Maturing In Years Ending:

December 31, 1949	$ 6,838,436.77
December 31, 1950	6,506,322.45
December 31, 1951	6,368,510.43
December 31, 1952	6,230,979.52
December 31, 1953	$ 5,669,720.91
December 31, 1954	4,707,381.70
December 31, 1955	3,936,331.81
December 31, 1956	3,832,341.01
December 31, 1957	$ 3,616,493.02
December 31, 1958	1,791,266.00
Total	$49,497,783.62

MILES OF ROAD BY STATES, DECEMBER 31, 1948

State	Road Operated: Owned Solely: Main Line	Owned Solely: Branch Line	Owned Jointly: Main Line	Owned Jointly: Branch Line	Leased	Trackage Rights	Total
Idaho	112.75	111.80	....	....	....	8.11	232.66
Illinois	448.12	120.65	2.54	.13	....	132.17	703.61
Indiana	156.57	40.02	....	....	....	....	196.59
Iowa	#1,199.72	535.29	.05	.04	.10	66.53	1,801.73
Kansas	....	....	....	....	....	7.05	7.05
Michigan	57.82	121.34	....	.25	....	.98	180.39
Minnesota	764.52	379.57	5.03	22.70	....	193.58	1,365.40
Missouri	130.02	....	9.35	....	....	14.57	153.94
Montana	747.86	473.33	....	29.99	....	....	1,251.18
Nebraska	....	....	....	....	....	5.62	5.62
North Dakota	102.50	263.28	....	1.10	....	....	366.88
South Dakota	1,039.43	695.37	....	....	....	....	1,734.80
Washington	314.69	490.01	26.88	50.02	....	201.11	1,082.71
Wisconsin	1,039.37	499.34	....	16.34	....	32.98	1,588.03
Total	6,113.37	3,730.00	43.85	120.57	.10	662.70	10,670.59

#Includes .97 mile owned by C. M. St. P. & P. R. R. Co., leased to Des Moines Union Ry. Co. but used by C. M. St. P. & P. R. R. Co. under contract.

MILES OF TRACK, DECEMBER 31, 1948

Items	Owned Solely	Owned Jointly	Leased	Trackage Rights	Total
Miles of Road (First Main Track):					
Operated	*9,843.37	164.42	.10	662.70	10,670.59
Not operated	12.21	....	....	....	12.21
Additional Main Tracks:					
Operated	900.10	14.28	.41	275.60	1,190.39
Not operated	15.32	.70	....	....	16.02
Yard Tracks and Sidings:					
Operated	*3,324.66	258.99	2.19	528.62	4,114.46
Not operated	6.72	35.80	....	....	42.52
Total operated	14,068.13	437.69	2.70	1,466.92	15,975.44
Total not operated	34.25	36.50	....	....	70.75
Grand Total	14,102.38	474.19	2.70	1,466.92	16,046.19

*Miles of Road "operated" includes .97 mile; Yard tracks and sidings "operated" includes 1.24 miles; owned by C. M. St. P. & P. R. R. Co., leased to Des Moines Union Ry. Co. but used by C. M. St. P. & P. R. R. Co. under contract.

DETAILED STATEMENT OF RAILWAY OPERATING REVENUES AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 1948 AND 1947

RAILWAY OPERATING REVENUES

	1948	1947	Increase	Decrease
Transportation				
Freight	$208,721,238.78	$187,064,309.27	$ 21,656,929.51	....
Passenger	21,650,583 73	21,327,973.07	322,610.66	....
Baggage	53,331.61	54,219.51	....	$ 887.90
Sleeping car	655,068.01	655,561.72	....	493.71
Parlor and chair car	242,648.88	249,486.35	....	6,837.47
Mail	5,685,277.82	4,912,807.64	772,470.18	....
Express	4,257,146.87	4,500,132.98	....	242,986.11
Other passenger-train	125,472.29	174,233.88	....	48,761.59
Milk	232,688.98	251,272.14	....	18,583.16
Switching	5,781,015.71	4,857,904.83	923,110.88	....
Total transportation revenue	247,404,472.68	224,047,901.39	23,356,571.29	....
Incidental				
Dining and buffet	2,119,796.92	2,128,923.00	....	9,126.08
Hotel and restaurant	30,134.47	137,167.11	....	107,032.64
Station, train, and boat privileges	47,533.30	50,570.81	....	3,037.51
Parcel room	374.35	501.00	....	126.65
Storage—Freight	63,890.57	62,717.56	1,173.01	....
Storage—Baggage	8,914.10	8,699.78	214.32	....
Demurrage	1,109,744.74	1,363,437.93	....	253,693.19
Telegraph and telephone	168,080.69	183,351.09	....	15,270.40
Stockyard	....	108,554.54	....	108,554.54
Power	....	106,524.06	....	106,524.06
Rents of buildings and other property	423,327.05	451,924.89	....	28,597.84
Miscellaneous	978,384.89	711,936.43	266,448.46	....
Total incidental operating revenue	4,950,181.08	5,314,308.20	....	364,127.12
Joint Facility				
Joint facility—Credit	2,640,258.26	2,132,414.65	507,843.61	....
Joint facility—Debit	*12,202.06*	*16,056.40*	....	*3,854.34*
Total joint facility operating revenue	2,628,056.20	2,116,358.25	511,697.95	....
Total railway operating revenues	$254,982,709.96	$231,478,567.84	$ 23,504,142.12	....

Italics denote debits.

RAILWAY OPERATING EXPENSES

	1948	1947	Increase	Decrease
Maintenance of Way and Structures				
Superintendence	$ 2,534,772.10	$ 2,374,635.34	$ 160,136.76	....
Roadway maintenance	3,380,148.06	3,159,839.37	220,308.69	....
Tunnels and subways	35,931.47	3,513.94	32,417.53	....
Bridges, trestles, and culverts	1,602,716.30	1,354,907.31	247,808.99	....
Ties	3,575,329.48	4,677,385.86	....	$ 1,102,056.38
Rails	1,165,771.79	1,111,609.40	54,162.39	....
Other track material	1,705,653.98	1,237,795.76	467,858.22	....
Ballast	558,713.01	974,680.20	....	415,967.19
Track laying and surfacing	8,982,464.75	8,981,968.74	496.01	....
Fences, snowsheds, and signs	332,803.96	229,132.48	103,671.48	....
Station and office buildings	1,373,493.76	1,104,759.65	268,734.11	....
Roadway buildings	142,967.98	130,768.15	12,199.83	....
Water stations	243,946.60	231,406.04	12,540.56	....
Fuel stations	179,847.62	203,049.82	....	23,202.20
Shops and enginehouses	1,204,682.17	985,350.80	219,331.37	....
Storage warehouses	1,302.81	....	1,302.81	....

RAILWAY OPERATING REVENUES AND EXPENSES—CONTINUED

RAILWAY OPERATING EXPENSES—CONTINUED

	1948	1947	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES				
Wharves and docks	$ 18,909.61	$ 37,320.88		$ 18,411.27
Telegraph and telephone lines	661,804.30	596,168.68	$ 65,635.62	
Signals and interlockers	1,135,667.17	1,093,714.37	41,952.80	
Power plants	71,484.81	29,041.94	42,442.87	
Power-transmission systems	214,640.13	189,404.58	25,235.55	
Miscellaneous structures	12,437.00	52,655.88		40,218.88
Road property—Depreciation	4,003,738.70	4,059,746.86		56,008.16
Retirements—Road	343,710.67	572,554.35		228,843.68
Deferred maintenance—Way and structures		*631,750.00*	631,750.00	
Roadway machines	684,842.12	505,501.49	179,340.63	
Dismantling retired road property	183,154.58	241,701.43		58,546.85
Road—Amortization of defense projects	59,087.64	39,122.47	19,965.17	
Small tools and supplies	629,956.64	634,609.90		4,653.26
Removing snow, ice, and sand	703,385.87	802,583.89		99,198.02
Public improvements—Maintenance	689,670.04	539,558.04	150,112.00	
Injuries to persons	226,373.39	226,989.30		615.91
Insurance	36,873.78	33,435.80	3,437.98	
Stationery and printing	58,637.50	44,683.51	13,953.99	
Other expenses	58,318.38	42,189.61	16,128.77	
Right-of-way expenses	31,112.96	26,274.25	4,838.71	
Maintaining joint tracks, yards, and other facilities—Debit	2,912,447.99	2,529,467.75	382,980.24	
Maintaining joint tracks, yards, and other facilities—Credit	*523,584.34*	*653,169.04*		*129,584.70*
Total maintenance of way and structures	39,233,214.78	37,772,608.80	1,460,605.98	
MAINTENANCE OF EQUIPMENT				
Superintendence	1,442,280.84	1,299,448.05	142,832.79	
Shop machinery	1,215,131.12	950,874.60	264,256.52	
Power-plant machinery	181,999.51	166,697.45	15,302.06	
Shop and power-plant machinery—Depreciation	279,993.52	271,165.50	8,828.02	
Dismantling retired shop and power-plant machinery	13,012.54	7,548.49	5,464.05	
Steam locomotives—Repairs	11,591,205.59	9,902,125.83	1,689,079.76	
Other locomotives—Repairs	3,982,251.63	2,615,349.59	1,366,902.04	
Freight-train cars—Repairs	11,455,746.66	9,164,517.98	2,291,228.68	
Passenger-train cars—Repairs	5,046,205.88	3,631,002.29	1,415,203.59	
Floating equipment—Repairs	103,164.06	53,972.50	49,191.56	
Work equipment—Repairs	700,262.64	723,806.73		23,544.09
Miscellaneous equipment—Repairs	167,263.91	164,789.19	2,474.72	
Dismantling retired equipment	120,249.06	108,468.62	11,780.44	
Retirements—Equipment	*30,853.87*	*6,774.59*	*24,079.28*	
Equipment—Depreciation	7,731,453.93	7,039,351.24	692,102.69	
Equipment—Amortization of defense projects	377,945.86	371,619.90	6,325.96	
Injuries to persons	192,421.94	152,777.04	39,644.90	
Insurance	63,091.19	53,712.10	9,379.09	
Stationery and printing	53,754.08	42,085.96	11,668.12	
Other expenses	150,792.10	94,748.73	56,043.37	
Joint maintenance of equipment expenses—Debit	261,943.74	301,840.56		39,896.82
Joint maintenance of equipment expenses—Credit	*29,083.68*	*27,103.10*	*1,980.58*	
Deferred maintenance—Equipment		*118,606.00*	118,606.00	
Total maintenance of equipment	45,070,232.25	36,963,418.66	8,106,813.59	
TRAFFIC				
Superintendence	1,183,163.03	1,084,066.87	99,096.16	
Outside agencies	2,387,177.60	2,196,048.11	191,129.49	
Advertising	842,264.93	889,920.39		47,655.46
Traffic associations	155,089.99	164,305.57		9,215.58
Industrial and immigration bureaus	86,361.61	141,966.05		55,604.44
Insurance	689.57	614.49	75.08	
Stationery and printing	201,338.82	164,546.12	36,792.70	
Other expenses	298.00	1,604.80		1,306.80
Total traffic expenses	$ 4,856,383.55	$ 4,643,072.40	$ 213,311.15	

Italics denote credits.

RAILWAY OPERATING REVENUES AND EXPENSES—Concluded

RAILWAY OPERATING EXPENSES—Concluded

	1948	1947	Increase	Decrease
Transportation				
Superintendence	$ 2,293,872.07	$ 2,051,920.83	$ 241,951.24	
Dispatching trains	1,000,414.83	933,290.37	67,124.46	
Station employees	15,619,825.40	15,223,821.16	396,004.24	
Weighing, inspection, and demurrage bureaus	268,977.35	259,305.46	9,671.89	
Station supplies and expenses	931,739.58	830,808.29	100,931.29	
Yardmasters and yard clerks	2,874,082.43	2,507,649.91	366,432.52	
Yard conductors and brakemen	8,543,631.22	7,694,475.44	849,155.78	
Yard switch and signal tenders	564,913.29	503,643.41	61,269.88	
Yard enginemen	3,974,285.58	3,494,021.00	480,264.58	
Yard motormen	2,010,548.99	1,641,000.96	369,548.03	
Yard switching fuel	2,774,154.02	2,185,502.93	588,651.09	
Yard switching power purchased	22,154.19	21,513.51	640.68	
Water for yard locomotives	214,468.18	195,349.44	19,118.74	
Lubricants for yard locomotives	97,571.67	77,648.47	19,923.20	
Other supplies for yard locomotives	85,648.63	74,461.94	11,186.69	
Enginehouse expenses—Yard	1,763,546.13	1,504,003.80	259,542.33	
Yard supplies and expenses	174,861.38	143,391.72	31,469.66	
Operating joint yards and terminals—Debit	4,011,447.90	3,432,209.30	579,238.60	
Operating joint yards and terminals—Credit	*374,340.78*	*315,995.69*	*58,345.09*	
Train enginemen	8,137,930.37	7,322,842.71	815,087.66	
Train motormen	2,885,875.79	2,271,583.00	614,292.79	
Train fuel	15,645,584.05	12,621,795.19	3,023,788.86	
Train power purchased	1,186,165.00	1,170,939.13	15,225.87	
Water for train locomotives	777,994.83	688,223.35	89,771.48	
Lubricants for train locomotives	540,928.03	459,001.02	81,927.01	
Other supplies for train locomotives	236,723.45	203,128.71	33,594.74	
Enginehouse expenses—Train	3,342,919.23	2,811,141.37	531,777.86	
Trainmen	13,052,415.94	11,625,695.36	1,426,720.58	
Train supplies and expenses	7,279,011.49	6,416,364.52	862,646.97	
Operating sleeping cars	493,087.15	483,339.21	9,747.94	
Signal and interlocker operation	709,065.82	618,692.04	90,373.78	
Crossing protection	871,126.37	767,513.30	103,613.07	
Drawbridge operation	161,426.91	143,146.04	18,280.87	
Telegraph and telephone operation	623,764.47	578,802.12	44,962.35	
Operating floating equipment	332,690.04	302,135.23	30,554.81	
Stationery and printing	368,130.56	386,363.37		$ 18,232.81
Other expenses	154,023.06	124,936.39	29,086.67	
Operating joint tracks and facilities—Debit	1,118,750.16	938,804.17	179,945.99	
Operating joint tracks and facilities—Credit	*505,637.81*	*461,024.50*	*44,613.31*	
Insurance	42,247.67	69,983.11		27,735.44
Clearing wrecks	193,713.29	178,779.04	14,934.25	
Damage to property	128,798.61	132,898.86		4,100.25
Damage to live stock on right-of-way	119,167.19	98,744.98	20,422.21	
Loss and damage—Freight	3,745,172.45	2,742,085.17	1,003,087.28	
Loss and damage—Baggage	10,465.89	8,437.20	2,028.69	
Injuries to persons	1,323,745.77	1,307,338.15	16,407.62	
Total transportation expenses	109,827,087.84	96,469,710.49	13,357,377.35	
Miscellaneous Operations				
Dining and buffet service	3,137,935.12	3,009,258.00	128,677.12	
Hotels and restaurants	44,888.29	44,602.61	285.68	
Stockyards		91,222.06		91,222.06
Producing power sold		67,887.50		67,887.50
Operating joint miscellaneous facilities—Debit	141,195.12		141,195.12	
Total miscellaneous operations	3,324,018.53	3,212,970.17	111,048.36	
General				
Salaries and expenses of general officers	687,207.29	610,823.34	76,383.95	
Salaries and expenses of clerks and attendants	5,405,690.80	4,951,563.04	454,127.76	
General office supplies and expenses	303,007.29	273,523.90	29,483.39	
Law expenses	488,067.35	455,952.16	32,115.19	
Insurance	1,863.39	1,797.66	65.73	
Pensions and gratuities	145,328.04	71,197.55	74,130.49	
Stationery and printing	251,099.01	231,352.78	19,746.23	
Valuation expenses	38,250.09	35,222.70	3,027.39	
Other expenses	481,548.29	284,419.46	197,128.83	
General joint facilities—Debit	168,952.99	162,600.78	6,352.21	
General joint facilities—Credit	*5,364.87*	*5,066.07*	*298.80*	
Total general expenses	7,965,649.67	7,073,387.30	892,262.37	
Grand total railway operating expenses	$210,276,586.62	$186,135,167.82	$ 24,141,418.80	

Italics denote credits.

NET RAILWAY OPERATING INCOME ITEMS—1948, 1947 AND 1946 SHOWING PERCENTAGES OF RAILWAY OPERATING REVENUES

Items	1948 Amount	1948 Per Cent Ry. Opr. Revs.	1947 Amount	1947 Per Cent Ry. Opr. Revs.	1946 Amount	1946 Per Cent Ry. Opr. Revs.
RAILWAY OPERATING REVENUES:						
Freight	$208,721,239	81.86	$187,064,309	80.81	$152,186,983	75.65
Passenger	21,650,584	8.49	21,327,973	9.21	28,313,790	14.08
Mail	5,685,278	2.23	4,912,808	2.12	3,644,524	1.81
Express	4,257,147	1.67	4,500,133	1.94	4,836,305	2.40
Switching	5,781,015	2.27	4,857,905	2.10	3,950,919	1.96
All other transportation	1,309,210	.51	1,384,773	.60	1,574,154	.78
Incidental	4,950,181	1.94	5,314,308	2.30	4,994,594	2.48
Joint facility—Net Cr.	2,628,056	1.03	2,116,359	.92	1,678,842	.84
Total	254,982,710	100.00	231,478,568	100.00	201,180,111	100.00
RAILWAY OPERATING EXPENSES:						
*Maintenance of way and structures	39,233,215	15.39	37,772,609	16.32	33,314,918	16.56
#Maintenance of equipment	45,070,232	17.68	36,963,419	15.97	35,725,718	17.76
Traffic expenses	4,856,384	1.91	4,643,072	2.00	4,022,296	2.00
Transportation expenses	109,827,088	43.07	96,469,711	41.67	88,671,807	44.08
Miscellaneous operations	3,324,018	1.30	3,212,970	1.39	3,289,054	1.63
General expenses	7,965,650	3.12	7,073,387	3.06	6,799,470	3.38
Total	210,276,587	82.47	186,135,168	80.41	171,823,263	85.41
NET REVENUE FROM RAILWAY OPERATIONS	44,706,123	17.53	45,343,400	19.59	29,356,848	14.59
RAILWAY TAX ACCRUALS:						
Federal income	4,444,000	1.75	3,165,000	1.37	*3,459,813*	*1.72*
Property, payroll and other	16,821,000	6.60	18,007,000	7.78	14,461,813	7.19
Total	21,265,000	8.35	21,172,000	9.15	11,002,000	5.47
EQUIPMENT RENTS—NET DR.	5,548,644	2.17	4,844,578	2.09	2,733,040	1.36
JOINT FACILITY RENTS—NET DR.	2,378,064	.93	2,514,646	1.09	2,275,210	1.13
NET RAILWAY OPERATING INCOME	$ 15,514,415	6.08	$ 16,812,176	7.26	$ 13,346,598	6.63
*Includes for depreciation, amortization and retirement charges—Road	$ 4,406,538	1.73	$ 4,671,423	2.02	$ 4,355,841	2.17
#Includes for depreciation, amortization and retirement charges—Equipment	$ 8,358,539	3.28	$ 7,675,362	3.32	$ 7,209,082	3.58

RAILWAY OPERATING REVENUES, EXPENSES, TAXES AND INCOME BY MONTHS FOR THE YEAR ENDED DECEMBER 31, 1948

1948	Railway Operating Revenues	Railway Operating Expenses	Net Revenue from Railway Operations	Railway Tax Accruals	Railway Operating Income	Equipment Rents-Net Dr.	Joint Facility Rents-Net Dr.	Net Railway Operating Income
January	$ 19,398,326.91	$ 17,363,520.10	$ 2,034,806.81	$ 1,494,000.00	$ 540,806.81	$ 724,763.86	$ 151,546.67	$ *335,503.72*
February	18,672,236.68	16,034,462.60	2,637,774.08	1,550,000.00	1,087,774.08	809,707.06	212,957.45	65,109.57
March	20,966,564.79	17,246,746.29	3,719,818.50	1,611,000.00	2,108,818.50	712,944.47	204,492.44	1,191,381.59
April	18,508,546.63	16,409,801.37	2,098,745.26	1,492,000.00	606,745.26	299,051.48	207,218.37	100,475.41
May	19,202,387.78	17,315,568.37	1,886,819.41	225,000.00	1,661,819.41	308,207.21	193,671.34	1,159,940.86
June	21,596,255.02	17,587,729.83	4,008,525.19	1,384,000.00	2,624,525.19	355,913.78	188,882.08	2,079,729.33
July	21,409,320.60	17,775,046.39	3,634,274.21	1,659,000.00	1,975,274.21	427,494.77	176,697.41	1,371,082.03
August	24,150,593.90	17,984,611.38	6,165,982.52	2,738,000.00	3,427,982.52	483,416.34	223,364.26	2,721,201.92
September	24,176,301.36	17,715,375.75	6,460,925.61	2,857,000.00	3,603,925.61	619,876.59	184,909.48	2,799,139.54
October	24,208,822.75	18,480,527.02	5,728,295.73	2,691,000.00	3,037,295.73	445,609.81	208,058.28	2,383,627.64
November	21,758,858.22	18,276,520.48	3,482,337.74	1,946,000.00	1,536,337.74	172,279.26	240,090.36	1,123,968.12
December	20,934,495.32	18,086,677.04	2,847,818.28	1,618,000.00	1,229,818.28	189,379.22	186,176.16	854,262.90
Total	$254,982,709.96	$210,276,586.62	$44,706,123.34	$21,265,000.00	$23,441,123.34	$5,548,643.85	$2,378,064.30	$15,514,415.19

Italics denote reverse items.

REVENUE FREIGHT TRAFFIC STATISTICS—EXCLUDING TRUCK SERVICE—TEN YEARS, 1939–1948

Year	Tons Carried	Ton Miles	Average Haul—Miles	Freight Revenue		
				Total	Per Ton	Per Ton Mile (Cents)
1939	33,841,422	9,234,307,122	272.87	$ 88,623,648	$2.62	.960
1940	35,320,967	10,097,196,568	285.87	95,115,270	2.69	.942
1941	42,907,270	12,804,595,331	298.42	117,247,949	2.73	.916
1942	48,718,373	15,908,488,274	326.54	146,598,183	3.01	.922
1943	53,824,310	18,209,707,441	338.32	173,866,487	3.23	.955
1944	53,744,554	18,323,916,893	340.94	171,262,207	3.19	.935
1945	52,326,187	18,182,059,634	347.48	168,770,268	3.23	.928
1946	50,242,184	15,744,421,956	313.37	152,088,843	3.03	.966
1947	55,204,073	16,958,235,718	307.19	187,294,773	3.39	1.104
1948	53,251,082	16,345,256,294	306.95	208,945,932	3.92	1.278

REVENUE PASSENGER STATISTICS—EXCLUDING BUS SERVICE—TEN YEARS, 1939–1948

Year	Passengers Carried	Passenger Miles	Average Distance Traveled —Miles	Passenger Revenue		
				Total	Per Passenger	Per Passenger Mile (Cents)
Other Than Commutation						
1939	2,419,949	406,766,397	168.09	$ 7,562,557	$3.13	1.859
1940	2,521,805	429,870,167	170.46	7,735,173	3.07	1.799
1941	2,854,905	515,785,044	180.67	9,226,806	3.23	1.789
1942	4,587,449	919,502,420	200.44	17,221,694	3.75	1.873
1943	6,765,399	1,702,392,425	251.63	30,390,960	4.49	1.785
1944	7,392,345	1,876,782,311	253.88	33,186,313	4.49	1.768
1945	7,599,295	2,093,962,765	275.55	36,359,300	4.78	1.736
1946	5,951,216	1,507,079,437	253.24	27,541,204	4.63	1.827
1947	5,093,890	941,767,622	184.88	20,479,841	4.02	2.175
1948	4,561,964	874,835,023	191.77	20,587,449	4.51	2.353
Commutation						
1939	1,992,809	38,670,537	19.41	$ 336,233	$ .17	.869
1940	2,172,714	42,743,602	19.67	370,206	.17	.866
1941	2,455,023	48,727,616	19.85	419,878	.17	.862
1942	3,049,365	62,902,363	20.63	544,191	.18	.865
1943	3,368,241	69,407,765	20.61	613,078	.18	.883
1944	3,677,257	76,252,098	20.74	688,784	.19	.903
1945	3,744,015	77,889,920	20.80	741,919	.20	.953
1946	3,754,197	80,284,849	21.39	766,789	.20	.955
1947	4,097,654	87,727,080	21.41	851,447	.21	.971
1948	4,370,610	98,416,709	22.52	1,063,756	.24	1.081
Total						
1939	4,412,758	445,436,934	100.94	$ 7,898,790	$ 1.79	1.773
1940	4,694,519	472,613,769	100.67	8,105,379	1.73	1.715
1941	5,309,928	564,512,660	106.31	9,646,684	1.82	1.709
1942	7,636,814	982,404,783	128.64	17,765,885	2.33	1.808
1943	10,133,640	1,771,800,190	174.84	31,004,038	3.06	1.750
1944	11,069,602	1,953,034,409	176.43	33,875,097	3.06	1.734
1945	11,343,310	2,171,852,685	191.47	37,101,219	3.27	1.708
1946	9,705,413	1,587,364,286	163.55	28,307,993	2.92	1.783
1947	9,191,544	1,029,494,702	112.00	21,331,288	2.32	2,072
1948	8,932,574	973,251,732	108.96	21,651,205	2.42	2.225

TRANSPORTATION STATISTICS—AGGREGATES, 1948–1944

Items	1948	1947	1946	1945	1944
Rail Line					
Average miles of road operated	10,670.92	10,712.71	10,732.88	10,727.20	10,727.01
Train-miles					
Freight....—Including light	17,459,731	18,130,371	16,906,158	18,028,655	18,508,028
Passenger..—With locomotives—Including light	11,672,367	11,348,310	12,812,855	13,487,317	12,802,754
Passenger..—Motor car	839,617	678,490	701,165	714,158	872,795
Train-hours					
Freight....—Total including train switching	1,125,763	1,172,981	1,082,853	1,142,706	1,165,343
Passenger..—Total including train switching	327,313	322,513	366,362	387,838	370,010
Locomotive-miles					
Freight....—Road—Principal, helper and light	19,084,395	19,920,362	18,697,827	20,237,472	20,646,844
Passenger..—Road—Principal, helper and light	11,954,218	11,645,105	13,351,620	14,211,936	13,441,769
Freight....—Train switching at way stations	1,561,853	1,625,418	1,539,275	1,588,883	1,626,014
Passenger..—Train switching	....	....	....	666	60
Freight....—Yard switching	9,897,549	10,039,360	9,038,133	8,867,446	8,629,332
Passenger..—Yard switching	633,684	635,520	671,500	670,188	627,590
—Total locomotive-miles	43,131,699	43,865,765	43,298,355	45,576,591	44,971,609
Car-miles					
Freight....—Loaded eastbound	302,460,455	325,594,164	309,770,270	316,124,173	317,001,085
Freight....—Loaded westbound	269,634,050	274,059,728	262,334,652	312,885,819	318,454,685
Freight....—Loaded total	572,094,505	599,653,892	572,104,922	629,009,992	635,455,770
Freight....—Empty eastbound	128,391,578	118,082,809	110,061,280	152,208,734	133,823,239
Freight....—Empty westbound	169,114,603	180,284,762	168,471,496	150,074,811	150,019,455
Freight....—Empty total	297,506,181	298,367,571	278,532,776	302,283,545	283,842,694
Freight....—Total freight cars	869,600,686	898,021,463	850,637,698	931,293,537	919,298,464
Freight....—Caboose	17,010,758	17,717,334	16,579,924	17,852,187	18,411,305
Freight....—Pass. trn. cars in frt. trns. (incl'd. below)	3,529,022	4,149,816	3,961,991	3,937,027	3,239,816
Passenger..—Coaches	29,809,731	29,104,546	31,106,956	37,764,739	35,882,361
Passenger..—Combination passenger and head-end	2,724,202	2,900,740	2,884,705	3,006,570	3,028,782
Passenger..—Head-end (mail, express and baggage)	36,857,400	36,361,141	37,276,255	38,500,795	33,466,321
Passenger..—Sleeping, parlor, dining, lounge, etc.	35,055,527	33,377,458	46,549,787	49,541,645	42,684,350
Passenger..—Total passenger-train cars	104,446,860	101,743,885	117,817,703	128,813,749	115,061,814
Passenger..—Freight-trn. cars in pass. trns. (incl'd above)	615,573	611,245	742,587	911,181	1,229,848
Frt. & Pass.—Business cars	209,532	158,719	185,257	191,022	179,200
Ton-miles—Thousands					
Frt. Train..—Gross—Locomotives only	4,931,396	5,196,035	4,940,159	5,444,289	5,363,134
Frt. Train..—Gross—Trailing (cars and contents)	38,802,268	40,205,794	37,684,958	41,973,780	42,037,179
Freight....—Gross—In passenger trains	23,273	22,700	25,696	30,438	41,812
Frt. Train..—Net—Revenue and non-revenue	17,886,816	18,607,090	17,452,695	19,966,924	20,334,419
Freight....—Net—Rev. & non-rev. in pass. trns	23,601	23,041	22,055	22,480	22,744
Pass. Train.—Gross—Locomotives only	3,127,089	3,045,447	3,374,640	3,572,921	3,306,547
Pass. Train.—Gross—Trailing (cars and contents)	7,028,366	6,783,790	8,143,007	8,950,653	7,947,847
Passenger..—Gross—In freight trains	199,892	231,728	231,095	223,633	185,123
Revenue Traffic and Revenue					
Freight....—Tons carried	53,251,082	55,204,073	50,242,184	52,326,187	53,744,554
Freight....—Ton-miles (incl. water transfer) (thousands)	16,345,256	16,958,236	15,744,422	18,182,059	18,323,916
Freight....—Revenue—Freight only (Acct. 101)	$208,945,932	$187,294,773	$152,088,843	$168,770,268	$171,262,207
Freight....—Train revenue (frt., pass., mail, express, etc.)	$220,515,538	$187,362,240	$152,186,727	$168,898,342	$171,388,323
Passenger..—Number carried	8,932,574	9,191,544	9,705,413	11,343,310	11,069,602
Passenger..—Number of passenger-miles (thousands)	973,252	1,029,495	1,587,364	2,171,853	1,953,034
Passenger..—Revenue—Passenger only (Acct. 102)	$ 21,651,205	$ 21,331,288	$ 28,307,993	$ 37,101,219	$ 33,875,097
Passenger..—Car revenue (pass., mail, express, etc.)	$ 32,926,803	$ 32,132,874	$ 38,365,969	$ 48,413,401	$ 44,586,022
Passenger..—Train revenue (pass., mail, express, frt., etc.)	$ 32,919,227	$ 32,065,407	$ 38,268,085	$ 48,285,327	$ 44,459,906
Operation by Classes of Power					
Yard......—Switching-hours—Steam	1,127,647	1,177,775	1,022,185	1,089,434	1,094,362
Yard......—Switching-hours—Diesel	605,658	578,563	577,165	481,951	431,446
Yard......—Switching-hours—Electric	21,901	22,809	18,922	18,221	17,012
Road Frt...—Gross ton-miles—Trailing—Steam (thousands)	28,582,299	30,196,364	27,637,569	32,571,005	35,853,070
Road Frt...—Gross ton-miles—Trailing—Diesel (thousands)	7,064,928	6,944,710	7,054,874	5,374,213	1,983,211
Road Frt...—Gross ton-miles—Trailing—Electric (thousands)	3,354,933	3,296,448	3,223,610	4,252,195	4,386,021
Road Pass..—Car-miles—Steam	50,498,490	54,425,701	81,567,665	98,897,068	90,192,467
Road Pass..—Car-miles—Diesel (incl. gas motor cars)	45,826,014	38,031,744	19,708,664	11,360,914	10,036,110
Road Pass..—Car-miles—Electric	5,382,895	5,874,820	13,478,971	15,677,035	12,950,058
Highway Operation					
Freight....—Tons carried	99,261	103,870	120,588	177,180	180,020
Freight....—Ton-miles (thousands)	3,366	3,614	4,401	8,667	8,973
Passenger..—Number of rail passengers carried	34,303	42,224	57,405	88,908	88,960
Passenger..—Number of all passengers carried	61,504	72,389	93,037	132,348	127,672
Passenger..—Number of passenger miles	1,044,688	1,215,451	1,535,444	2,139,072	2,029,358

TRANSPORTATION STATISTICS—RAIL LINE—AVERAGES, 1948–1944

Items	1948	1947	1946	1945	1944
Per Mile of Road					
Freight......—Train-miles	1,636	1,692	1,575	1,681	1,725
Freight......—Train-miles—Per day	4.5	4.6	4.3	4.6	4.7
Freight......—Loaded car-miles (total)	53,612	55,976	53,304	58,637	59,239
Freight......—Gross ton-miles—trailing (total)	3,638,444	3,755,212	3,515,563	3,915,674	3,922,714
Freight......—Net ton-miles (revenue)	1,531,757	1,583,001	1,466,934	1,694,949	1,708,203
Freight......—Revenue—Freight only (Acct. 101)	$ 19,581	$ 17,483	$ 14,170	$ 15,733	$ 15,966
Passenger....—Train-miles	1,173	1,123	1,259	1,324	1,275
Passenger....—Train-miles—Per day	3.2	3.1	3.4	3.6	3.5
Passenger....—Car-miles	9,788	9,497	10,977	12,008	10,726
Passenger....—Car revenue (pass., mail, express, etc.)	$ 3,086	$ 3,000	$ 3,575	$ 4,513	$ 4,156
Passenger....—Number of passenger-miles (revenue)	91,206	96,100	147,897	202,462	182,067
Passenger....—Revenue—Passenger only (Acct. 102)	$ 2,029	$ 1,991	$ 2,638	$ 3,459	$ 3,158
Frt. & Pass...—Maintenance of way expenses	$ 3,677	$ 3,526	$ 3,104	$ 4,189	$ 3,624
Frt. & Pass...—Taxes, other than federal and payroll	$ 844	$ 731	$ 681	$ 622	$ 611
Frt. & Pass...—Yard switching locomotive-miles	987	996	905	889	863
Frt. & Pass...—Train switching miles at way stations	146	152	143	148	152
Frt. & Pass...—Total railway operating revenue	$ 23,918	$ 21,620	$ 18,726	$ 21,317	$ 21,107
Per Train-mile					
Freight......—Locomotive-miles	1.09	1.10	1.11	1.12	1.12
Freight......—Loaded frt. car-miles (in frt. trains)	32.73	33.04	33.80	34.85	34.28
Freight......—Empty frt. car-miles (in frt. trains)	17.04	16.46	16.47	16.76	15.33
Freight......—Total car-miles (incl. pass. cars & cab. in frt. trns.)	50.95	50.71	51.49	52.82	50.78
Freight......—Gross ton-miles (trailing) (in frt. trains)	2,222	2,218	2,229	2,328	2,271
Freight......—Net ton-miles (rev. & non-rev.) (in frt. trains)	1,024	1,026	1,032	1,108	1,099
Freight......—Net ton-miles (revenue)	936	935	931	1,009	990
Freight......—Train revenue (frt., pass., mail, express, etc.)	$ 12.63	$ 10.33	$ 9.00	$ 9.37	$ 9.26
Passenger....—Locomotive-miles	1.02	1.03	1.04	1.05	1.05
Passenger....—Car-miles (incl. frt. cars & cab. in pass. trains)	8.13	8.18	8.49	8.87	8.28
Passenger....—Number of passenger-miles (revenue)	77.79	85.60	117.46	152.93	142.81
Passenger....—Train revenue (pass., mail, express, frt., etc.)	$ 2.63	$ 2.67	$ 2.83	$ 3.40	$ 3.25
Per Train-hour					
Freight......—Train-miles (average speed)	15.5	15.5	15.6	15.8	15.9
Freight......—Gross ton-miles—trailing	34,645	34,474	35,015	36,928	36,232
Freight......—Net ton-miles (rev. and non-rev.)	15,889	15,863	16,117	17,473	17,449
Passenger....—Train-miles (average speed)	38.2	37.3	36.9	36.6	37.0
Per Car-mile (Freight Loaded)					
Freight......—Ton-miles (rev. and non-rev.)	31.31	31.07	30.54	31.78	32.04
Freight......—Revenue—Freight only (Acct. 101)	$ .365	$ .312	$ .266	$ .268	$ .270
Freight......—Yard & train sw. loco.-miles (per 100 car-miles)	2.01	1.95	1.85	1.66	1.62
Passenger....—Number of passenger-miles	17.2	18.4	22.4	26.9	27.2
Passenger....—Car revenue—(pass., mail, express, etc.)	$ .32	$ .32	$ .33	$ .38	$ .39
Passenger....—Yard & train sw. loco.-miles (per 100 car-miles)	.63	.66	.59	.54	.56
Per Freight Car-day on Line					
Car-miles....—Loaded and empty—Serviceable	38.6	40.1	40.1	47.0	46.7
Net ton-miles—Revenue and non-revenue	780	818	809	988	1,016
Per Ton of Freight					
Average haul	306.95	307.19	313.37	347.48	340.94
Revenue—Freight only (Acct. 101)	$ 3.92	$ 3.39	$ 3.03	$ 3.23	$ 3.19
Per Passenger (Excl. Commutation)					
Average distance traveled	191.77	184.88	253.24	275.55	253.88
Revenue—Passenger only (Acct. 102)	$ 4.51	$ 4.02	$ 4.63	$ 4.78	$ 4.49
Per Traffic Unit Mile					
Revenue per ton-mile	$ .01278	$ .01104	$ .00966	$ .00928	$ .00935
Revenue per passenger-mile (excl. commutation)	$ .02353	$ .02175	$ .01827	$ .01736	$ .01768
Percent Operation by Classes of Power					
Yard........—Steam (Base-Switching hours)	64.24	66.20	63.17	68.53	70.93
Yard........—Diesel (Base-Switching hours)	34.51	32.52	35.66	30.32	27.97
Yard........—Electric (Base-Switching hours)	1.25	1.28	1.17	1.15	1.10
Road Frt.....—Steam (Base-Gross ton-miles—trailing)	73.28	74.68	72.89	77.19	84.91
Road Frt.....—Diesel (Base-Gross ton-miles—trailing)	18.12	17.17	18.61	12.73	4.70
Road Frt.....—Electric (Base-Gross ton-miles—trailing)	8.60	8.15	8.50	10.08	10.39
Road Pass....—Steam (Base-Car-miles)	49.65	55.35	71.08	78.53	79.69
Road Pass....—Diesel (Base-Car-miles) (incl. gas motor cars)	45.06	38.68	17.17	9.02	8.87
Road Pass....—Electric (Base-Car-miles)	5.29	5.97	11.75	12.45	11.44

TONNAGE OF REVENUE FREIGHT BY PRINCIPAL COMMODITIES—1948 AND 1947

Commodities	1948		1947		Increase + or Decrease −		
	Tons Carried	Percent of Total	Tons Carried	Percent of Total		Tons	Percent
Products of Agriculture:							
Wheat	2,356,233	4.4	2,685,176	4.9	−	328,943	12.3
Corn	1,347,708	2.5	2,129,578	3.9	−	781,870	36.7
Barley and rye	884,339	1.7	1,061,057	1.9	−	176,718	16.7
Oats	554,085	1.1	781,947	1.4	−	227,862	29.1
Flour, meal and mill products	1,546,639	2.9	1,873,757	3.4	−	327,118	17.5
Citrus fruits	101,301	.2	144,500	.3	−	43,199	29.9
Other fruits, fresh and frozen	151,556	.3	173,334	.3	−	21,778	12.6
Potatoes, other than sweet	313,398	.6	294,726	.5	+	18,672	6.3
Other vegetables, fresh and frozen	129,987	.2	142,662	.3	−	12,675	8.9
Sugar beets	125,623	.2	227,628	.4	−	102,005	44.8
Other products of agriculture	1,523,018	2.9	1,391,137	2.5	+	131,881	9.5
Total	9,033,887	17.0	10,905,502	19.8	−	1,871,615	17.2
Animals and Products:							
Cattle, calves, sheep and goats	399,835	.7	520,642	1.0	−	120,807	23.2
Swine	205,922	.4	282,257	.5	−	76,335	27.0
Fresh meats	591,692	1.1	579,110	1.1	+	12,582	2.2
Poultry, eggs, butter and cheese	188,873	.4	231,474	.4	−	42,601	18.4
Wool, hides and leather	151,208	.3	189,772	.3	−	38,564	20.3
Other animals and products	317,040	.6	340,774	.6	−	23,734	7.0
Total	1,854,570	3.5	2,144,029	3.9	−	289,459	13.5
Products of Mines:							
Bituminous coal	11,188,998	21.0	11,010,698	19.9	+	178,300	1.6
Coke	483,484	.9	515,177	.9	−	31,693	6.2
Ore and concentrates	205,068	.4	239,205	.4	−	34,137	14.3
Gravel and sand	1,963,505	3.7	2,077,841	3.8	−	114,336	5.5
Stone, broken, ground, or crushed	957,036	1.8	876,056	1.6	+	80,980	9.2
Stone, rough and finished	239,309	.5	246,199	.5	−	6,890	2.8
Asphalt	231,153	.4	223,207	.4	+	7,946	3.6
Salt	160,566	.3	168,589	.3	−	8,023	4.8
Other products of mines	1,118,888	2.1	868,915	1.6	+	249,973	28.8
Total	16,548,007	31.1	16,225,887	29.4	+	322,120	2.0
Products of Forests:							
Logs, posts, poles and cordwood	3,020,737	5.7	3,488,560	6.3	−	467,823	13.4
Pulpwood	772,368	1.5	654,156	1.2	+	118,212	18.1
Lumber and mill products	2,506,313	4.7	2,409,265	4.4	+	97,048	4.0
Veneer and built-up wood	225,455	.4	182,337	.3	+	43,118	23.6
Other products of forests	277,629	.5	313,895	.6	−	36,266	11.6
Total	6,802,502	12.8	7,048,213	12.8	−	245,711	3.5
Manufactures and Miscellaneous:							
Refined petroleum and products	2,132,180	4.0	2,417,992	4.4	−	285,812	11.8
Sugar, table sirups and molasses	297,551	.6	374,897	.7	−	77,346	20.6
Iron and steel products	3,250,200	6.1	2,778,837	5.0	+	471,363	17.0
Machinery and boilers	321,210	.6	334,211	.6	−	13,001	3.9
Cement	1,003,106	1.9	941,658	1.7	+	61,448	6.5
Brick, building tile and artificial stone	323,119	.6	349,584	.6	−	26,465	7.6
Lime and plaster	158,845	.3	170,591	.3	−	11,746	6.9
Agricultural implements, tractors and parts	491,540	.9	374,304	.7	+	117,236	31.3
Automobiles, trucks, parts and tires	600,126	1.1	618,314	1.1	−	18,188	2.9
Beverages	1,157,027	2.2	1,154,360	2.1	+	2,667	.2
Ice	85,359	.2	94,604	.2	−	9,245	9.8
Fertilizers	405,848	.8	367,054	.6	+	38,794	10.6
Paper and paper products	897,319	1.7	916,330	1.7	−	19,011	2.1
Canned food products	798,152	1.5	866,059	1.6	−	67,907	7.8
Scrap iron and scrap steel	823,241	1.5	645,588	1.2	+	177,653	27.5
Building paper, roofing and woodwork	394,536	.7	340,846	.6	+	53,690	15.8
Other manufactures and miscellaneous	5,099,241	9.5	5,173,627	9.3	−	74,386	1.4
Total	18,238,600	34.2	17,918,856	32.4	+	319,744	1.8
Grand Total, Carload Traffic	52,477,566	98.6	54,242,487	98.3	−	1,764,921	3.
All L. C. L. Freight	773,516	1.4	961,586	1.7	−	188,070	19.6
Grand Total, Carload and L. C. L. Traffic	53,251,082	100.0	55,204,073	100.0	−	1,952,991	3.5

NUMBER OF EMPLOYEES AND COMPENSATION 1928–1948 INCLUSIVE

Year	Regular Employees: Average No. of Employees (Middle of Month Count)	Regular Employees: Compensation	Regular Employees: Average Compensation per Employee	Part Time Employees: Compensation (Not Subject to Continuing Authority of Railroad)	Total Compensation All Employees: Total Compensation	Charged To: Operating Expenses	Charged To: Additions and Betterments and Other Accounts
1928	48,129	$ 81,744,769	$1,698	$135,855	$ 81,880,624	$ 75,548,543	$6,332,081
1929	47,995	83,540,420	1,741	137,631	83,678,051	76,795,279	6,882,772
1930	42,326	71,198,791	1,682	149,072	71,347,863	65,531,534	5,816,329
1931	34,569	56,871,675	1,645	150,722	57,022,397	52,891,878	4,130,519
1932	28,827	43,014,585	1,492	135,511	43,150,096	40,271,832	2,878,264
1933	26,493	39,042,823	1,474	129,469	39,172,292	36,740,362	2,431,930
1934	28,065	42,385,752	1,510	130,799	42,516,551	39,186,108	3,330,443
1935	30,109	48,398,365	1,607	139,536	48,537,901	44,788,277	3,749,624
1936	32,178	54,061,839	1,680	148,763	54,210,602	49,472,441	4,738,161
1937	32,784	56,372,965	1,720	127,669	56,500,634	51,078,213	5,422,421
1938	28,988	52,830,262	1,822	112,370	52,942,632	48,236,913	4,705,719
1939	30,224	55,042,582	1,821	122,809	55,165,391	50,465,157	4,700,234
1940	29,674	55,664,577	1,876	136,211	55,800,788	50,954,049	4,846,739
1941	31,583	63,000,300	1,995	169,287	63,169,587	57,796,806	5,372,781
1942	33,253	74,673,850	2,246	171,679	74,845,529	68,157,394	6,688,135
1943	35,377	85,217,993	2,409	178,602	85,396,595	79,260,743	6,135,852
1944	38,230	*104,576,956	2,735	*213,420	*104,790,376	96,625,162	8,165,214
1945	38,589	106,425,149	2,758	229,063	106,654,212	98,367,453	8,286,759
1946	37,203	116,746,703	3,138	246,953	116,993,656	107,551,316	9,442,340
1947	37,955	124,724,548	3,286	240,424	124,964,972	114,112,437	10,852,535
1948	38,268	138,490,345	3,619	306,992	138,797,337	126,678,245	12,119,092

*Exclusive of back pay in 1944 applicable to 1943, in the amounts of $5,087,416, $547, and $5,087,963, respectively.

NUMBER OF EMPLOYEES AND COMPENSATION BY STATES—1948

State	Regular Employees: Average Number	Regular Employees: Total Compensation	Regular Employees: Average Compensation per Employee	Part Time Employees Total Compensation	Total Compensation All Employees
Illinois	8,978	$ 31,964,535	$3,560	$ 89,626	$ 32,054,161
Iowa	4,318	15,150,406	3,509	32,263	15,182,669
Wisconsin	10,239	37,634,245	3,676	70,501	37,704,746
Minnesota	4,689	16,792,734	3,581	28,510	16,821,244
Michigan	260	862,570	3,318	4,633	867,203
Missouri	597	2,037,506	3,413	7,981	2,045,487
Indiana	1,052	3,894,174	3,702	10,387	3,904,561
South Dakota	2,195	7,627,829	3,475	10,726	7,638,555
North Dakota	255	801,355	3,143	1,974	803,329
Montana	2,452	9,296,140	3,791	19,921	9,316,061
Idaho	237	817,000	3,447	341	817,341
Washington	2,838	10,943,439	3,856	16,700	10,960,139
New York	36	170,566	4,738	4,463	175,029
All other	122	497,846	4,081	8,966	506,812
Total	38,268	$138,490,345	$3,619	$306,992	$138,797,337

EQUIPMENT OWNED (INCLUDING C. T. H. & S. E. RY.) END OF YEARS 1947–1948

LOCOMOTIVES

Kind	Year	Number by Services as Assigned					Tractive Power (Pounds)		Weight (Tons)		
									Excl. of Tender		On Drivers
		Frt.	Passenger	Yard	Other #	Total	Total	Av. Per Loco.	Total	Av. Per Loco.	Average Per Loco.
Steam	1947	549	143	322	13	1,027	48,586,396	47,309	134,516	130.98	97.30
	1948	529	142	324	6	1,001	47,660,773	47,613	131,941	131.81	97.80
Electric	1947	31	13	5	....	49	6,355,250	129,699	15,950	325.51	259.40
	1948	32	13	4	....	49	6,355,250	129,699	15,950	325.51	259.40
Diesel-electric	1947	33	19	86	1	139	10,511,645	75,623	23,498	169.05	151.22
	1948	29	26	92	1	148	10,913,373	73,739	24,354	164.55	147.48
Total	1947	613	175	413	14	1,215	65,453,291	53,871	173,964	143.18	110.01
	1948	590	181	420	7	1,198	64,929,396	54,198	172,245	143.78	110.55

#Work service, leased to others and held for sale or other disposition.

FREIGHT-TRAIN CARS

Year	Box	Auto 40′	Auto 50′	Gondola	Hopper	Ballast	Ore	Stock	Flat & Miscl.	Caboose	Total
1947	23,450	4,054	2,460	7,995	3,047	988	800	3,812	4,920	793	52,319
1948	24,596	4,026	2,458	9,534	4,046	988	800	3,755	5,149	779	56,131

PASSENGER-TRAIN CARS

Year	Coaches	Company Sleepers	Parlor	Parlor Cafe	Dining	Tap Lounge Observation	Tap Express	Baggage Express & Mail	Passenger and Baggage	Pass. Mail and Baggage	Total
1947	373	83	24	13	50	6	3	413	57	11	1,033
1948	415	102	36	17	60	6	3	407	57	11	1,114

RAIL MOTOR CARS

Year	275 H. P. Gas-Electric			400 H. P. Gas-Electric Mail and Express	1000 H. P. Diesel Electric Baggage	Total
	Passenger Mail and Express	Passenger and Baggage	Mail and Express			
1947	3	2	9	1	..	15
1948	3	2	9	1	2	17

FLOATING EQUIPMENT

Year	Tugboats	Car Barges	Total
1947	1	4	5
1948	1	4	5

HIGHWAY VEHICLES

Year	Revenue Service					Nonrevenue Service						
	Buses	Trucks	Tractors	Semi-Trailers	Trailers	Passenger Automobiles	Buses	Trucks	Tractors	Semi-Trailers	Trailers	Misc. Equip.
1947	4	1	7	2	10	216	8	178	9	2	15	10
1948	4	1	5	2	10	216	9	175	11	2	13	10

COMPANY SERVICE EQUIPMENT

Year	Business Cars	Derrick Cars	Steam Shovels	Bunk and Outfit Cars	Cinder Dump Cars	Water Cars	Snow Fighting Equipment	Other Company Service Equipment	Total
1947	10	20	1	2,010	328	239	190	477	3,275
1948	12	20	1	2,010	277	240	190	479	3,229