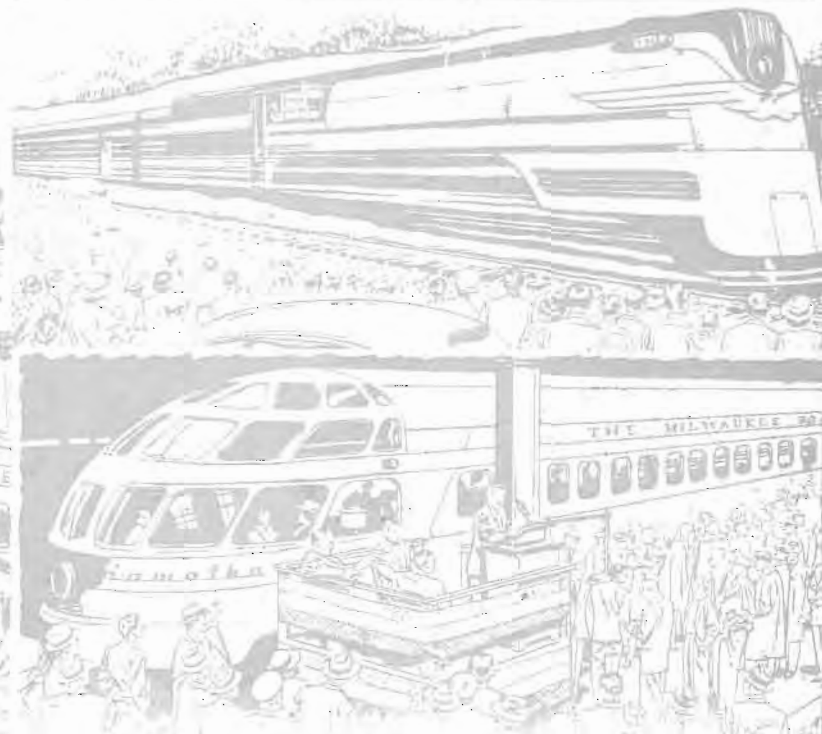
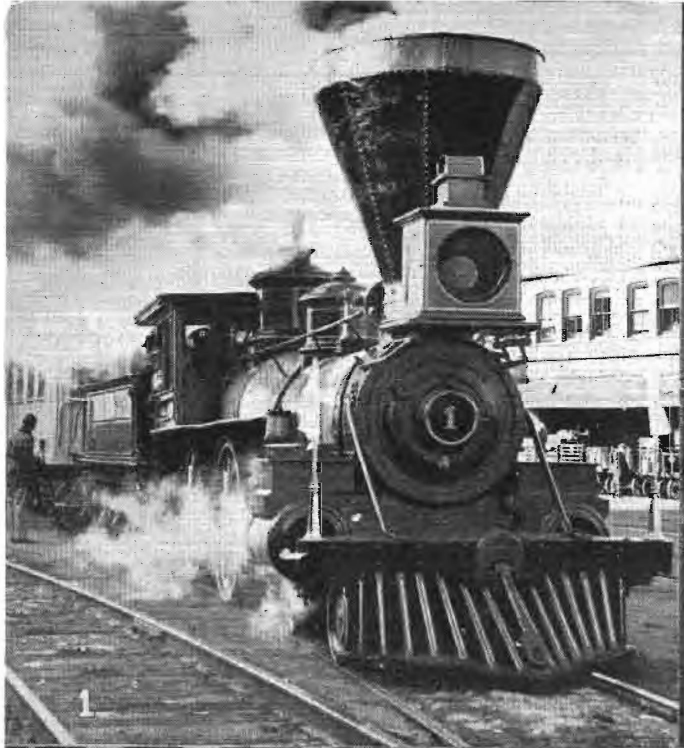
Annual Report 1950

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY





CENTENNIAL PAGEANT

Milwaukee Road Station, Milwaukee, Wisconsin, November 20, 1950

1. Old No. 1 steams up again for reenactment of first run.

2. Costumed conductor signals start of five-mile run of old time train to Wauwatosa.

3. Off to Wauwatosa with a load of passengers dressed in the fashions of 1850.

4. Chairman Crowley and President Kiley view pageant with other directors, officials and distinguished guests.

5. President Kiley addresses crowd as old time train meets a Hiawatha.

6. Hoop-skirted and frock-coated passengers join in singing "Battle Hymn of the Republic." Despite chill wind, 21-degree temperature, hundreds crowded trainshed to witness pageant.

7. Celebration is climaxed by Centennial luncheon at the Schroeder hotel under auspices of the Milwaukee Association of Commerce.

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
J. P. Kiley	President	Chicago
A. N. Whitlock	Vice President and General Counsel	Chicago
J. W. Severs	Vice President—Finance and Accounting	Chicago
L. F. Donald	Vice President—Operation	Chicago
P. H. Draver	Vice President—Traffic	Chicago
J. B. Murray	Vice President	New York
L. H. Dugan	Vice President	Seattle
M. L. Bluhm	General Solicitor	Chicago
R. S. Stephenson	Comptroller	Chicago
T. W. Burtness	Secretary	Chicago
F. H. Jeffrey	Treasurer	Chicago

STOCK TRANSFER OFFICES

52 Wall Street, New York 5, N. Y.
Room 732 Union Station, Chicago 6, Ill.

REGISTRARS

The National City Bank of New York, New York, N. Y.
Continental Illinois National Bank and Trust Company of Chicago, Chicago, Ill.

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

TO THE STOCKHOLDERS:

The year 1950 marked the One Hundredth Year of operation by The Milwaukee Road.

That hundred years has been a period of growth, development and progress. The five miles of primitive track have stretched to more than 10,600 miles. The handful of employes has swelled to a group of 35,000.

Businesses, like people, sometimes grow mellow with age and are inclined to live on their past achievements. We of The Milwaukee Road believe that age is simply an accumulation of experiences which can be used as a springboard for new ideas and new thinking.

We enter our second century of service with the confidence of a young company; with a modernized plant and equipment; and we look forward to going ahead with the people and industries with whom we have long been a partner.

It is significant that during the year 1950 it was possible to declare and pay the first dividend on the common stock of the company in thirty-two years.

The financial results of operation in 1950 showed a substantial improvement over the year 1949.

Net income after fixed charges and other deductions amounted to $15,171,193, compared with $4,476,982 for the year 1949, or an increase of $10,694,211.

Pursuant to the provisions of the First and General Mortgages, an appropriation of $731,269 was made for Sinking Fund requirements for the retirement of bonds issued under those mortgages.

No optional appropriation was made for the Additions and Betterments Fund.

RESULTS OF OPERATIONS

	1950	1949
Railway operating revenues	$255,421,649	$238,021,260
Railway operating expenses	199,650,956	202,111,827
Net revenue from railway operations	55,770,693	35,909,433
Railway tax accruals	28,101,000	19,624,000
Equipment rents—Net debit	3,235,712	2,847,204
Joint facility rents—Net debit	2,493,937	2,498,943
Net railway operating income	21,940,044	10,939,286
Other income—Net	1,603,954	2,136,133
Income available for fixed charges	23,543,998	13,075,419
Total fixed charges	4,218,431	4,176,475
Income after fixed charges	19,325,567	8,898,944
Total other deductions (contingent charges)	4,154,374	4,421,962
Net income	15,171,193	4,476,982
Appropriations of income for sinking funds	731,269	723,982
Remainder transferred to earned surplus—Unappropriated	$ 14,439,924	$ 3,753,000
Times fixed charges earned	5.58	3.13
Earnings per share—Preferred	$ 12.87	$ 3.35
Earnings per share—Common	4.16	....

The company's charter provides that, so long as General Mortgage Bonds remain outstanding, no dividends shall be declared or paid on the shares of common stock unless and until there shall be deposited with the Trustee under the General Mortgage, in a sinking fund for the retirement of such bonds, an amount equal to 50% of such dividend.

Gross revenues for the year 1950 were augmented by $4,258,600 through the compromise agreement reached with the Post Office Department on the petition of the railroads for an increase in mail pay for the period February 19,1947 to December 31, 1950. Of this amount, $1,164,012 was applicable to the year 1950, and the remainder of $3,094,588 was applicable to the prior period. Excluding the back mail pay applicable to the period prior to the year 1950, the net income would have been $13,376,332.

DIVIDENDS DECLARED

The Board of Directors, on October 10, 1950, declared an additional dividend on the Series A Preferred Stock of $1.00 per share in respect of each of the years 1947 and 1948, and $1.75 per share for the year 1949, or a total of $3.75, payable November 20, 1950 to holders of Voting Trust Certificates of record at the close of business November 1, 1950. This made up the difference between the amounts theretofore paid and the full $5.00 per share in respect of each of those years.

And at a Special Meeting of the Board on November 20, 1950 a dividend of $2.00 per share was declared on the common stock, payable December 9, 1950 to holders of Voting Trust Certificates of record at the close of business December 1, 1950.

At a meeting of the Board of Directors on February 14, 1951, a dividend of $5.00 per share on the Series A Preferred Stock of the Company was declared out of 1950 earnings, payable March 21, 1951 to holders of record at the close of business February 28, 1951.

At a meeting of the Board of Directors on March 14, 1951, a dividend of $2.00 per share was declared on the common stock, payable April 25, 1951 to holders of record at the close of business March 30, 1951.

VOTING TRUST AGREEMENT

The Voting Trust Agreement, dated December 1, 1945, which was created in accordance with the Plan of Reorganization, terminated on December 1, 1950, marking the end of the five year period between the termination of the trusteeship and the return of the property to direct control by its stockholders.

OPERATING REVENUES

Operating revenues for the year amounted to $255,421,649, an increase of $17,400,389, or 7.31% compared with 1949.

Freight revenue increased	$14,195,406	or	7.25%
Passenger revenue decreased	1,881,749		9.69%
Mail revenue increased	4,117,329		62.97%
Express revenue decreased	206,870		6.49%
All other operating revenues increased	1,176,273		8.95%

Revenue ton miles aggregated 16,258,839,967 in 1950, compared with 14,774,758,916 in 1949, an increase of 10.04%.

Increased traffic in 1950 was due in part to the relative absence of the extended strikes and work stoppages in certain industries in 1949. And the second half of the year reflected the intensified defense program.

Revenue passenger traffic continued its postwar decline, the total passenger-miles being 787,156,378, or 10% less than in 1949. Passenger revenue in the first two months of 1951 showed an increase of about 14% over the same period of 1950.

OPERATING EXPENSES

Operating expenses were $199,650,956, a decrease of $2,460,871, or 1.22%, compared with 1949. Operating ratios were 78.2% and 84.9%, respectively.

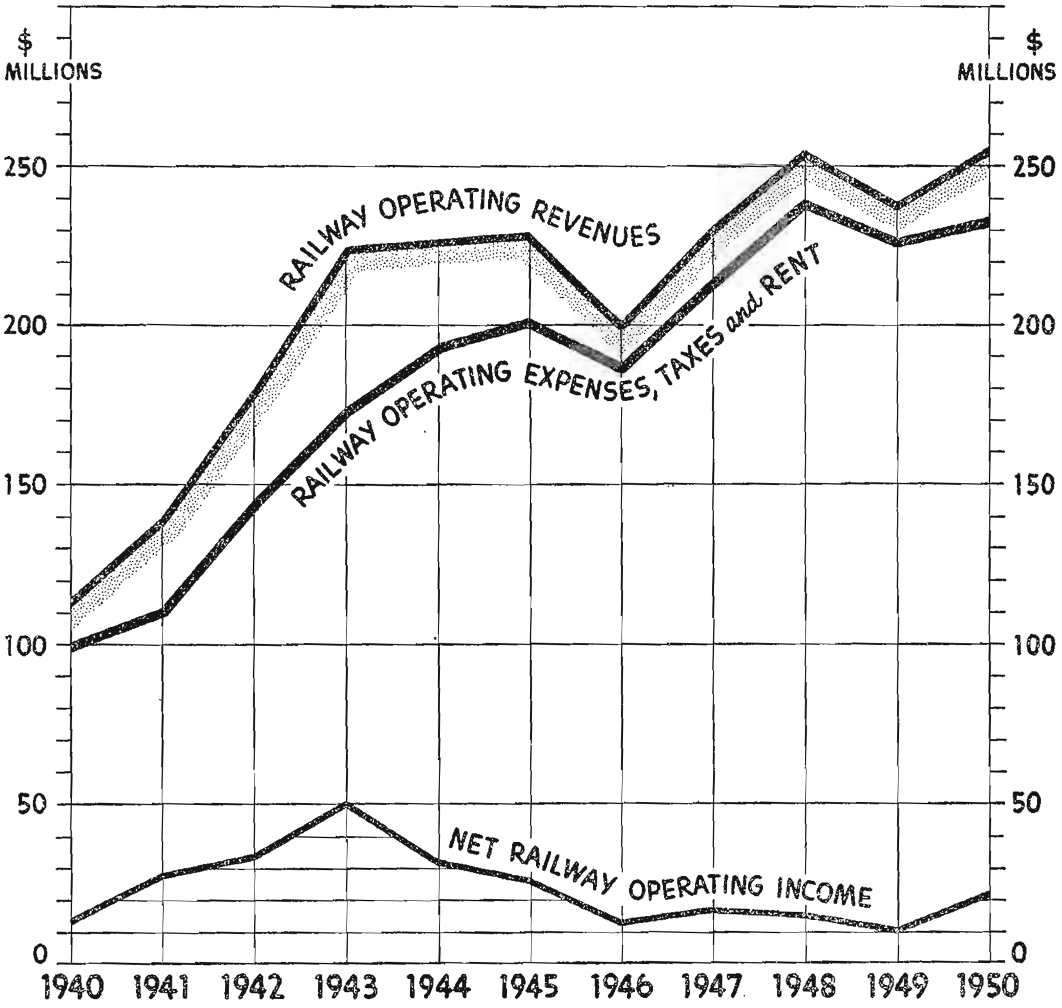
Maintenance of Way and Structures	decreased	$4,679,128	or 12.28%
Maintenance of Equipment	increased	$ 962,869	2.14%
Transportation	increased	$1,457,926	1.41%
All other operating expenses	decreased	$ 202,538	1.27%

Included in the operating expenses for 1950 is an amount of $742,000 representing accruals of anticipated additional wage payments to employes covered by the operating unions for the last three months of that year.

ANALYSIS OF INCREASES AND DECREASES IN TOTAL RAILWAY OPERATING EXPENSES
1950 COMPARED WITH 1949

ITEMS	Maintenance of Way and Structures	Maintenance of Equipment	Transportation	All Other	Total
Labor:					
General wage increases	$........	$........	+ $ 768,048	+ $ 4,500	+ $ 772,548
Straight time worked	− 2,205,408	+ 571,598	+ 95,392	− 159,168	− 1,697,586
Overtime worked	+ 353,500	− 198,426	+ 523,798	− 2,708	+ 676,164
Total Labor	− 1,851,908	+ 373,172	+ 1,387,238	− 157,376	− 248,874
Fuel:					
Price	....	....	+ 833,271	....	+ 833,271
Consumption	....	....	− 515,151	....	− 515,151
Total Fuel	....	....	+ 318,120	....	+ 318,120
Electric power	....	....	+ 129,809	....	+ 129,809
Material—Other than fuel:					
Price	+ 118,397	+ 160,537	− 216,010	+ 24,759	+ 87,683
Quantity	− 1,932,394	− 717,292	+ 141,829	− 103,974	− 2,611,831
Total Material other than Fuel	− 1,813,997	− 556,755	− 74,181	− 79,215	− 2,524,148
Voucher payments for contract work	− 312,683	− 39,695	− 1,947	− 3,783	− 358,108
TOTAL LABOR, MATERIAL AND VOUCHERS FOR CONTRACT WORK	− 3,978,588	− 223,278	+ 1,759,039	− 240,374	− 2,683,201
Depreciation—Road and equipment	+ 82,280	+ 673,860	....	....	+ 756,140
Amortization of defense projects	− 5,951	− 39,065	....	....	− 45,016
Retirements—Road	+ 228,065	....	....	....	+ 228,065
TOTAL DEPRECIATION, AMORTIZATION AND RETIREMENTS	+ 304,394	+ 634,795	....	....	+ 939,189
Miscellaneous including casualties	− 1,004,934	+ 551,352	− 301,113	+ 37,836	− 716,859
TOTAL RAILWAY OPERATING EXPENSES	− $4,679,128	+ $ 962,869	+ $1,457,926	− $ 202,538	− $2,460,871

Revenues, Expenses and Net Railway Operating Income, 1940-1950



FREIGHT RATES AND PASSENGER FARES

There were no changes of major significance during 1950 in basic freight rates and passenger fares.

Although the Interstate Commerce Commission had, effective September 1, 1949, authorized general interstate increases in freight rates in Ex Parte 168, corresponding action by the State Commissions upon intrastate rates lagged considerably. For instance, the increases were granted in full, or substantially in full, in five of the States in which we operate; were substantially cut down in four States and were denied entirely in two States. In each of the States where increases were denied or substantially reduced petitions for relief under the Interstate Commerce Act have been filed or are under consideration.

At the close of the year, the Class I railroads in the United States had under preparation a petition for a further increase in freight rates of 6 per cent, subject to certain maxima, based upon the higher costs of operation, materials and supplies, precipitated by wage demands made by organized employes. The petition, filed January 16, 1951, has been designated by the Interstate Commerce Commission as Ex Parte 175. Hearings on an interim increase started on February 19, 1951.

Towards the close of the year 1950 there were filed passenger tariffs increasing suburban fares in the Chicago area by 25 per cent. The Illinois Commerce Commission immediately suspended the intrastate fares, but early in January 1951, the interstate schedules were permitted to go into effect. A proceeding is now pending before the Interstate Commerce Commission for relief from the action of the Illinois Commission.

SOURCES OF REVENUE

SERVICES AND CLASSES OF TRAFFIC	Percentages of Grand Total
FREIGHT SERVICE	
FREIGHT TRAFFIC	
Manufactured articles	37.4%
Wheat, grain, products of agriculture	12.6
Coal, ore, products of mines	11.2
Lumber, products of forests	10.7
Livestock, products of animals	5.4
L.C.L. traffic	2.8
Forwarder traffic	2.0
Total Freight Traffic	82.1
OTHER FREIGHT SERVICE	
Switching	2.3
Joint facility—Net Cr.	.8
Demurrage	.5
All other	.5
Total Other Freight Service	4.1
Total Freight Service	86.2
PASSENGER SERVICE	
PASSENGER TRAFFIC	
Passengers in coaches	4.3
Passengers in parlor and sleeping cars	2.6
Total Passenger Traffic	6.9
OTHER PASSENGER SERVICE	
Mail	4.1
Express	1.1
Dining and buffet	.8
All other	.9
Total Other Passenger Service	6.9
Total Passenger Service	13.8
FREIGHT, PASSENGER & OTHER SERVICES	100.00

LABOR RELATIONS

See Page 35 for statistics on Employes and their compensation.

Problems in the field of railroad management-labor relations increased. Negotiations arising out of demands in the way of wage rates and working conditions continued with hardly a break from January to December.

The principal wage demands unsettled at the end of the year were those involving the four operating unions, Order of Railway Conductors, Brotherhood of Railroad Trainmen, Brotherhood of Locomotive Firemen and Enginemen and the Brotherhood of Locomotive Engineers, and the fifteen non-operating unions.

The dispute with the conductors' and trainmen's organization finally reached an Emergency Board which, on June 15, 1950, recommended a five-day 40 hour basic work week for yard service employes with an increase in basic rates of 18 cents per hour, to become effective October 1, 1950. The Board recommended withdrawal of the major proposals relating to changes in pay schedules and working rules for road men. The railroads accepted the Board's recommendations, but the organizations did not.

In a few cases temporary strikes were called on separate properties, not including the Milwaukee.

On August 19, 1950, Dr. John R. Steelman, Assistant to the President of the United States, suggested a settlement which included not only the recommendations of the Emergency Board, but a three year moratorium on wages and rules. In consideration of such an agreement both yard and road employes represented by the conductors' and trainmen's organizations would receive an immediate additional increase of 5 cents per hour and an automatic quarterly wage adjustment of one cent an hour for each one point increase in the cost of living index. This meant that yard employes would receive a total wage increase of 23 cents per hour, instead of the 18 cents recommended by the Board, and road employes would receive an immediate increase of 5 cents an hour instead of no increase. The railroads agreed to this suggested settlement, but the two unions did not.

On August 23 these unions called a nationwide strike for August 28. Faced with a complete stoppage in rail transportation service, the President of the United States ordered Government seizure of the roads on August 27, and the Secretary of the Army took over on that date.

In the latter part of November, Dr. Steelman inaugurated conferences with representatives of the Order of Railway Conductors, Brotherhood of Railroad Trainmen, and also the Brotherhood of Locomotive Firemen and Enginemen and the Brotherhood of Locomotive Engineers who had wage demands pending.

While the conferences were in progress, yard trainmen early in December initiated wildcat strikes at several important rail centers, including Chicago. The Army obtained temporary restraining orders against the trainmen and took steps to obtain contempt citations. Under pressure of strong public disapproval, including public denouncement by President Truman, the strikes were soon terminated.

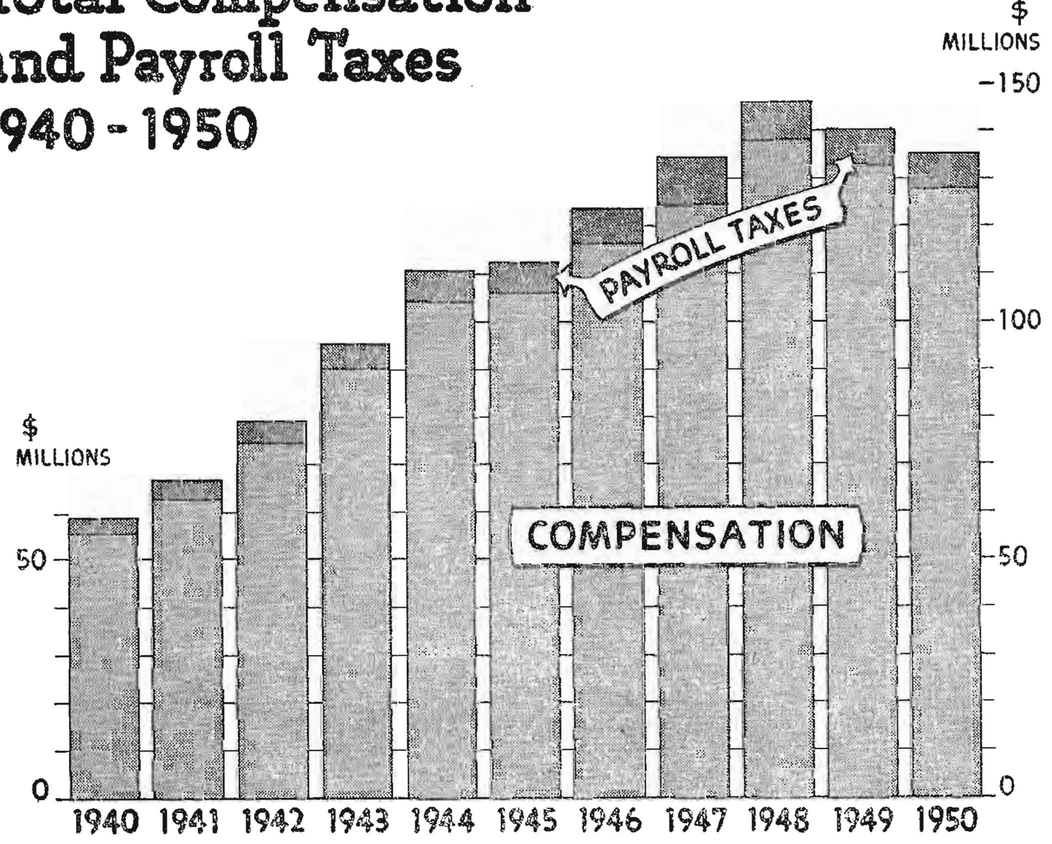
Memorandum of agreement, the so-called "Steelman settlement," was signed by the railroads and the four operating unions December 21, providing for: an increase of 23 cents an hour for yardmen, retroactive to October 1, 1950; another 2 cents per hour effective January 1, 1951, and a quarterly cost of living adjustment, the first adjustment to be made as of April 1, 1951. Establishment of a forty hour work week was provided for, but deferred to January 1, 1952 because of the manpower shortage. Road service men were granted an increase of five cents per hour, effective October 1, 1950; another five cents on January 1, 1951, and a similar cost of living adjustment.

This agreement, while signed by the representatives of all parties to the dispute, was later rejected by the four train service organizations. Final settlement of the dispute is still pending.

Agreement was reached on May 17, 1950 with the Brotherhood of Locomotive Firemen and Enginemen for a revision of the Firemen's Diesel Agreement, involving principally (a) an Arbitration Board to determine whether the carriers violated or are violating the provisions of Section 3 of the Diesel Agreements which are to the effect that on multiple-unit Diesel-electric locomotives in high-speed, streamlined or main line through passenger trains a fireman shall be in the cab at all times when the train is in motion, and (b) an Arbitration Board to determine whether there shall be eliminated from the existing Firemen's Diesel Agreements that portion which permits carriers to use, without a fireman, Diesel-electric, oil-electric, gas-electric, and other internal combustion, steam-electric or electric locomotives weighing 90,000 lbs. or less on drivers in service performed by yard crews within switching limits.

The dispute with the non-operating unions was settled by agreement of March 1, 1951. This provides for an increase of twelve and one-half cents per hour, effective February 1, 1951 (estimated to cost, on an annual basis, $6,900,000); and quarterly cost of living adjustments of one cent an hour for each one point increase in the cost of living index. The first of these adjustments, effective April 1, 1951, will be based upon the BLS Consumers' Price Index as of February 15, 1951.

Total Compensation and Payroll Taxes 1940 - 1950



TAXES INCREASED

The Revenue Act of 1950 was approved by the President September 23, 1950. This increased corporate income taxes, provided for accelerated amortization of defense facilities, and extended for one year, to December 31, 1951, sections of the Internal Revenue Code which permit exclusion from taxation of gains resulting from reduction of indebtedness in reorganization proceedings or from acquisition by a corporation, at a discount, of its own obligations. Under the Act, net operating losses can be carried forward five years and carried back one year, in computation of corporate income taxes. Formerly, both carry-forward and carry-back periods had been two years. Corporate income tax rates were raised from 38 per cent to 42 per cent for 1950 and to 47 per cent for 1951.

TAX REFUND CLAIMS

The Company's claims for refund of Federal income taxes remain unadjusted, although we feel the matter is progressing satisfactorily.

These claims, as we have reported earlier, arise from over-payments due to unused excess profits credit carrybacks to the years 1943 and 1944; from overpayments on income tax due to repayment to the Government of certain transportation charges assessed at commercial rates and reported as taxable income but later reduced because of the application of lower rates established by land grant or equalization agreements.

The Revenue Agent assigned to a review of our accounts for the years 1943 to 1947, inclusive, has not submitted his final report. However, a number of controversial items have been disposed of satisfactorily.

EXCESS PROFITS TAX ACT

On January 3, 1951, there was enacted the Excess Profits Tax Act of 1950, which imposes an excess profits tax of 30% on the part of a company's 1951 income that is regarded as "excess profits," and which is also applicable to approximately half of the 1950 "excess profits." In this Act recognition has been accorded the railroads as a regulated industry entitled to protection against the impact of excess profits tax exactions below the level of a 6% return after income taxes. Your company will not be subject to the tax at the present level of its earnings.

DIESEL OPERATION

At the close of the year 56% of freight operation, 72% of passenger operation, and 57% of yard switching was performed by Diesel-electric and electric locomotives.

Diesel-electric locomotives acquired during 1950 are shown on Page 14 of this report.

Following are the Diesel-electric locomotives on order as of the date of this report, and the estimated delivery dates in 1951:

Number	H.P.	Type	Delivery
10	1000	Switch	5 in March, 5 in September
21	1200	Switch	5 in March, 1 in April, 5 in July and 10 in September
6	4800	Freight	3 in May, 3 in June
2	3200	Transfer	March

Based upon the 1950 volume of business, with the acquisition of the locomotives on order, 70% of freight operation, 85% of passenger operation, and 73% of yard switching will be performed by Diesel-electric and electric locomotives.

LONG TERM DEBT OUTSTANDING

Long term debt outstanding in the hands of the public as of December 31, 1950, amounted to $222,689,413 compared with $228,859,616 as of December 31, 1949, a net decrease of $6,170,203.

Increases:		
Equipment Trust Certificates covering purchase of equipment		$10,080,000
Decreases:		
Funded Debt:		
Purchased and cancelled during the year through operation of sinking funds—		
First Mortgage 4% Bonds, Series A	$ 182,200	
Less: Bonds held in Treasury at December 31, 1949, delivered to Mortgage Trustee for sinking fund and cancelled during the year	151,000	31,200
General Mortgage 4½% Income Bonds, Series A	$ 2,479,700	
Less: Bonds held in Treasury at December 31, 1949, sold to Mortgage Trustee for sinking fund and cancelled during the year	915,000	1,564,700
General Mortgage 4½% Convertible Income Bonds, Series B	$ 1,965,400	
Less: Bonds held in Treasury at December 31, 1949, sold to Mortgage Trustee for sinking fund and cancelled during the year	1,965,400	
Purchased in the open market, surrendered to Mortgage Trustee for cancellation and cancelled during the year—		
First Mortgage 4% Bonds, Series A		505,200
The Bedford Belt Ry. Co. First Mortgage Bonds		11,000
The Southern Indiana Ry. Co. First Mortgage Bonds		8,000
Purchased in the open market during the year and held in Treasury—		
First Mortgage 4% Bonds, Series A		259,300
General Mortgage 4½% Income Bonds, Series A		2,042,800
General Mortgage 4½% Convertible Income Bonds, Series B		2,184,400
Chicago, Terre Haute and Southeastern Ry. Co. Income Mortgage Bonds		357,000
Payments of Equipment Trust Certificates		7,077,000
Payments of Conditional Sale Agreements covering purchase of equipment		2,209,603
Total Decrease		$16,250,203
Net Decrease		$ 6,170,203

REPARATION CASES

Annual Reports for 1948 and 1949 referred to certain cases before the Interstate Commerce Commission, brought by the Reconstruction Finance Corporation, and a larger number of cases brought by the United States, in which it was claimed that freight charges on certain Government freight, which moved during World War II, were excessive and unreasonable, and in which reparation was sought. One of the two cases brought by the Reconstruction Finance Corporation has been tried and a decision rendered in favor of the railroads. The other case is still pending before the Commission.

There were seventeen cases brought by the United States, in five of which, all of the evidence is still to be introduced, and in the remaining twelve of which rebuttal evidence is still to be introduced by the Government. Briefs will then have to be prepared and filed. It is expected that these cases will be concluded and submitted to the Commission for decision sometime late in the year 1951. Those in charge of the cases for the railroads feel that the showing made by them at the hearings has been wholly satisfactory.

REDUCTION OF MORTGAGE BONDS

In 1950, mortgage bonds in the principal amount of $6,963,600 were acquired and cancelled or are held in the Treasury.

As will be seen from the following statement, in the period December 1, 1945 to December 31, 1950, mortgage bonds in the principal amount of $28,290,300 were acquired and cancelled or are held in the Treasury. This reduced the annual interest requirements in the amount of $1,256,092.

Item	Cancelled Through Sinking Funds	Surrendered to Trustees for Cancellation	Held in Treasury	Total	Interest Rate	Decrease in Annual Interest
Chicago, Milwaukee, St. Paul & Pacific R.R. Co.						
First Mortgage 4% Bonds, Series A..	$ 977,200	$ 1,809,200	$ 259,300	$ 3,045,700	4%	$ 121,828
General Mortgage 4½% Income Bonds, Series A..............	5,933,800	610,000	2,042,800	8,586,600	4½	386,397
General Mortgage 4½% Convertible Income Bonds, Series B........	1,965,400	....	13,995,600	15,961,000	4½	718,245
The Bedford Belt Ry. Co.						
First Mortgage Bonds...........	....	15,000	....	15,000	4¼	637
The Southern Indiana Ry. Co.						
First Mortgage Bonds...........	....	8,000	....	8,000	4¼	340
Chicago, Terre Haute & Southeastern Ry. Co.						
Income Mortgage Bonds........	....	....	674,000	674,000	4¼	28,645
Totals....................	$8,876,400	$ 2,442,200	$16,971,700	$28,290,300		$1,256,092

EQUIPMENT OBLIGATIONS

In 1950, equipment obligations were increased in the net amount of $793,397.

As between December 1, 1945 and December 31, 1950, there was a net increase in equipment obligations of $37,391,185. This increased the annual interest requirements in the amount of $656,131.

These equipment obligations are principally in the form of Equipment Trust Certificates which mature serially and are paid from funds provided through charges made against income for equipment depreciation and amortization.

MAIL PAY CASE

Progress was made in the protracted railway mail pay proceedings. On October 11, 1950 the railroads and the Postmaster General signed an agreement specifying, among other things, the amount of additional pay due the railroads for transporting the mails during the period February 19, 1947 to December 31, 1950. The agreement, approved by the Interstate Commerce Commission on December 4, 1950, provided for a settlement that is equivalent to an average increase in mail pay rates of approximately 48% over rates in effect prior to February 19, 1947.

The amount accruing to the Milwaukee Road is $4,258,600 which is reflected in its revenues for 1950.

The agreement also provided for a new basis of mail pay rates, to become effective January 1, 1951. Determination of the level of rates under this new basis was left in the hands of the Commission. Hearings on the subject were in progress at the end of the year.

EXPRESS RATES

In Ex Parte No. 169, decided March 6, 1950, the Commission authorized the Railway Express Agency to increase rates on first and second class l.c.l. express shipments by 10%.

ANTI-TRUST CASE

During the past year, little progress has been made in this case, pending at Lincoln, Nebraska, and brought against the Association of American Railroads and certain western railroads, including the Milwaukee. This is the case in which the Government seeks to enjoin certain operating and rate-making practices, alleged to have been followed by the Association and the railroad companies. As pointed out in our 1949 report, trial of the case had been postponed, pending the final decisions upon certain applications to the Interstate Commerce Commission for the approval of agreements between or among carriers, relating to the making of rates, fares, classifications, divisions, allowances and charges, and regulations pertaining thereto, and procedures for the joint consideration, initiation and establishment thereof, which applications were filed pursuant to the so-called Reed-Bulwinkle Act, enacted by Congress in the summer of 1948. Several of these agreements have now been approved by the Commission and the Attorney General has announced that he will bring court action to set aside the Commission's orders of approval. Trial of the case has again been postponed, pending the final determination of these court proceedings.

In this connection, it is interesting to note that the so-called "Georgia Case," in which the State of Georgia brought proceedings against the Association of American Railroads and various railroads operating in the South and East, and made charges similar to those of the Government in the Lincoln case, was recently dismissed on motion of the State of Georgia.

UNPROFITABLE PASSENGER SERVICE

Since the early part of 1949 a determined effort has been made to eliminate unprofitable passenger train service. During that year 605,799 miles of steam, motor car, mixed train and bus service, on an annual basis, were discontinued. In 1950 an additional 732,009 miles of steam and motor car service were taken off. The estimated annual out-of-pocket cost of operating the total of 1,337,808 miles eliminated was $1,806,000. At the end of 1950 applications were pending, or studies were being made, in connection with possible elimination of twenty additional trains, aggregating approximately 1,277,000 miles annually, of which 621,000 miles were taken off in the first two months of 1951.

GROSS CAPITAL EXPENDITURES—1950

During the year 1950 charges aggregating $22,423,212 were made to Investment Account for road property and equipment, as follows:

New equipment	$14,052,830	
Improvements to existing equipment	1,227,788	$15,280,618
Improvements to road property		7,142,594

Equipment purchased and delivered during the year:

19—1000	H.P.	Diesel-electric		switching	locomotives
8—1200	"	"	"	"	"
1—2400	"	"	"	transfer	"
13—4500	"	"	"	freight	"
6—4500	"	"	"	passenger	"
10—5100	"	Electric		freight	"
2—5100	"	"		passenger	"
2—Used Steel barges					

Equipment on order December 31, 1950:

10—1000	H.P.	Diesel-electric		switching	locomotives
21—1200	"	"	"	"	"
3—1500	"	"	"	freight	"
5—2400	"	"	"	transfer	"
2—3200	"	"	"	"	"
4—4500	"	"	"	freight	"
6—4800	"	"	"	"	"

600—50 ton R. B. type refrigerator cars
250—70 ton covered hopper cars
30—70 ton gondola cars
50—All steel cabooses

GROSS CAPITAL EXPENDITURES—1945—1950

Gross capital expenditures in the period December 1, 1945 to December 31, 1950 totaled $145,073,960.

The source of funds for these capital expenditures was:

Equipment obligations issued	$ 67,243,999
Depreciation, amortization and retirement charges	50,135,640
Salvage from road and equipment retired	11,011,667
Donations and grants	1,684,305
Appropriated from income	7,619,597
Transfers from unappropriated surplus	7,378,752
TOTAL	$145,073,960

DEFENSE PRODUCTION ACT

This Act, enacted during the year, established a system of priorities and allocations for materials and for price and wage stabilization, among other matters. Restrictions issued under the authority of that Act on the acquisition and use of various materials probably has affected and will continue to increasingly affect the operations of your company as the restrictions become more widespread.

SAFETY AWARD

In August the National Safety Council conferred a special award of honor for exceptional service to safety on The Milwaukee Road. The citation states:

> "The Chicago, Milwaukee, St. Paul and Pacific Railroad Company has made the safety of its employes and passengers a primary goal since its founding 100 years ago. Its continuing efforts along this line have resulted in an outstanding record and consistent improvement in that record.
>
> "In every year since 1928 the employee casualty rate of The Milwaukee Road has been substantially below the average rate of all Class I railroads. And in 1949 its rate not only was 26 per cent better than in 1948 and 34 per cent better than in 1946, but was 23 per cent better than the average for all Class I railroads. This is an outstanding achievement in an industry that is conspicuously safety conscious."

BUDGET OF CAPITAL EXPENDITURES

The budget for 1951 provides for capital expenditures in the sum of $25,872,396.

Of this amount $9,143,071 is to cover expenditures for improvements to road property and existing equipment. (Major improvements are estimated at $4,920,504, including $1,390,000 for the rail program and $1,230,000 for the bridge program.) Ordinary improvements to road and existing equipment are estimated at $4,222,567.

The budget includes $16,729,325 for new equipment. The equipment consists of 51 diesel-electric locomotives, 930 freight train cars to be constructed in company shops, and 1 wrecking crane. All of the new equipment, except the wrecking crane, will be subjected to equipment trusts, with initial payments of 25% of the cost. The initial outlay will be $4,310,075.

CONCLUSION

The beginning of the second half of the twentieth century finds the railroads faced with many problems, including those of meeting the potential requirements of an economy expanding in the interest of national security. The critical international situation that unfolded throughout 1950 was accentuated by the outbreak of fighting in Korea in June.

In the defense of our national security our Government is mobilizing the energies and resources of the country. And the Milwaukee Road will do its part in meeting whatever requirements may be made of it.

Leo T. Crowley
Chairman of the Board

J. P. Kiley
President

By order of the Board of Directors
March 31, 1951

ACCOUNTANTS' REPORT

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

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

We have examined the financial statements of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY as of December 31, 1950, or 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 D and H 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, 1950, 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, 1950, in conformity with the provisions of the First Mortgage and General Mortgage indentures.

ERNST & ERNST
Certified Public Accountants.

Chicago, Illinois,
March 7, 1951.

STATEMENT OF INCOME FOR THE YEARS 1950-1946

	1950	1949	1948	1947	1946
RAILWAY OPERATING REVENUES:					
Freight	$209,924,036	$195,728,630	$208,721,239	$187,064,309	$152,186,983
Passenger	17,538,857	19,420,606	21,650,584	21,327,973	28,313,790
Mail—Note G	10,656,139	6,538,810	5,685,278	4,912,808	3,644,524
Express	2,980,957	3,187,827	4,257,147	4,500,133	4,836,305
Switching	5,997,655	5,272,931	5,781,015	4,857,905	3,950,919
All other	8,324,005	7,872,456	8,887,447	8,815,440	8,247,590
TOTAL	255,421,649	238,021,260	254,982,710	231,478,568	201,180,111
RAILWAY OPERATING EXPENSES:					
Maintenance of way and structures	33,428,159	38,107,287	39,233,215	37,772,609	33,314,918
Maintenance of equipment	45,904,853	44,941,984	45,070,232	36,963,419	35,725,718
Traffic	5,034,361	5,085,731	4,856,384	4,643,072	4,022,296
Transportation	104,527,622	103,069,696	109,827,088	96,469,711	88,671,807
Miscellaneous	3,152,269	3,160,729	3,324,018	3,212,970	3,289,054
General	7,603,692	7,746,400	7,965,650	7,073,387	6,799,470
TOTAL	199,650,956	202,111,827	210,276,587	186,135,168	171,823,263
NET REVENUE FROM RAILWAY OPERATIONS	55,770,693	35,909,433	44,706,123	45,343,400	29,356,848
TAXES AND RENTS:					
Federal taxes on income—Note D	11,538,000	2,887,000	4,444,000	3,165,000	*3,459,813*
Other taxes	16,563,000	16,737,000	16,821,000	18,007,000	14,461,813
Equipment rents—net charge	3,235,712	2,847,204	5,548,644	4,844,578	2,733,040
Joint facility rents—net charge	2,493,937	2,498,943	2,378,064	2,514,646	2,275,210
TOTAL	33,830,649	24,970,147	29,191,708	28,531,224	16,010,250
NET RAILWAY OPERATING INCOME	21,940,044	10,939,286	15,514,415	16,812,176	13,346,598
OTHER INCOME, LESS DEDUCTIONS	1,603,954	2,136,133	1,184,423	1,537,468	1,709,605
INCOME AVAILABLE FOR FIXED CHARGES	23,543,998	13,075,419	16,698,838	18,349,644	15,056,203
FIXED CHARGES:					
Rent for leased roads and equipment	708	708	614,826	616,277	615,804
Interest on funded debt—fixed	4,116,466	4,081,249	3,154,667	2,899,249	2,882,981
Interest on unfunded debt	22,475	19,814	36,237	18,927	11,050
Amortization of discount on funded debt	78,782	74,704	48,424	26,065	14,333
TOTAL	4,218,431	4,176,475	3,854,154	3,560,518	3,524,168
INCOME AFTER FIXED CHARGES	19,325,567	8,898,944	12,844,684	14,789,126	11,532,035
CONTINGENT CHARGES:					
Interest on general mortgage income bonds	3,836,767	4,100,125	4,386,262	4,586,100	4,832,174
Interest on modified Terre Haute bonds	317,607	321,837	....	....	....
Rent for leased road and equipment (contingent interest on Chicago, Terre Haute and Southeastern Railway Company bonds)	....	....	328,932	328,932	328,932
TOTAL	4,154,374	4,421,962	4,715,194	4,915,032	5,161,106
NET INCOME	$ 15,171,193	$ 4,476,982	$ 8,129,490	$ 9,874,094	$ 6,370,929
DISPOSITION OF NET INCOME					
Appropriated for additions and betterments fund	....	....	$ 2,500,000	$ 2,500,000	$ 2,500,000
Appropriated for sinking funds	$ 731,269	$ 723,982	717,141	718,821	694,861
Transferred to unappropriated surplus	14,439,924	3,753,000	4,912,349	6,655,273	3,176,068
TOTAL	$ 15,171,193	$ 4,476,982	$ 8,129,490	$ 9,874,094	$ 6,370,929

Italics denote credits.
See notes to the financial statements.

COMPARATIVE GENERAL BALANCE SHEET AS OF DECEMBER 31, 1950 AND DECEMBER 31, 1949

Assets	December 31, 1950	December 31, 1949	Net Change During Year + Increase — Decrease
Investments:			
Road and equipment property—Note A:			
Road	$604,695,628.20	$601,204,800.56	+$ 3,490,827.64
Equipment	279,230,289.68	267,147,912.56	+ 12,082,377.12
General expenditures	40,553,067.42	40,795,462.21	— 242,394.79
Improvements on leased property	632,012.17	631,121.91	+ 890.26
Total	925,110,997.47	909,779,297.24	+ 15,331,700.23
Less:			
Acquisition adjustment	*165,604,179.01*	*167,656,386.00*	— *2,052,206.99*
Donations and grants	*1,123,929.84*	*1,114,400.37*	+ *9,529.47*
Investment in Transportation Property	758,382,888.62	741,008,510.87	+ 17,374,377.75
Accrued depreciation—road property	*74,206,298.06*	*70,924,796 39*	+ *3,281,501.67*
Accrued depreciation—equipment	*127,748,338.41*	*121,623,987.54*	+ *6,124,350.87*
Accrued amortization of defense projects—road property	*2,263,752.45*	*2,210,366.04*	+ *53,386.41*
Accrued amortization of defense projects—equipment	*20,627,718.80*	*20,383,995.48*	+ *243,723.32*
Investment in Transportation Property Less Recorded Depreciation and Amortization	533,536,780.90	525,865,365.42	+ 7,671,415.48
Capital, sinking, and other reserve funds—Note B	7,372,152.52	8,260,575.96	— 888,423.44
Miscellaneous physical property (less accrued depreciation at December 31, 1950—$2,045,071.10; at December 31, 1949—$1,974,607.76)	6,839,159.53	6,614,604.28	+ 224,555.25
Investments in affiliated companies—Note C:			
Stocks (less reserve for adjustment of investment—$64,458.94)	4,894,917.36	4,894,917.36	....
Unsecured notes and investment advances	9,740,674.87	9,574,384.20	+ 166,290.67
Other investments:			
Stocks	7,787.00	7,785.00	+ 2.00
Other secured obligation and advance	690,000.00	720,500.00	— 30,500.00
Total Investments	563,081,472.18	555,938,132.22	+ 7,143,339.96
Current Assets:			
Cash	33,670,066.47	24,502,546.99	+ 9,167,519.48
Temporary cash investments (United States Government obligations)—at cost	17,614,397.79	29,051,362.31	— 11,436,964.52
Special deposits (cash reserved for payment of specific current liabilities)	4,116,394.88	3,895,377.28	+ 221,017.60
Net balance receivable from agents and conductors	5,605,635.40	3,939,408.15	+ 1,666,227.25
Miscellaneous accounts receivable	10,997,728.29	4,994,770.35	+ 6,002,957.94
Material and supplies inventories—at cost	23,876,738.57	22,820,062.85	+ 1,056,675.72
Interest and dividends receivable	573,411.33	451,511.76	+ 121,899.57
Accrued accounts receivable	5,085,105.80	4,007,856.77	+ 1,077,249.03
Claims for refund of federal taxes on income—Note D	8,669,324.42	8,335,200.90	+ 334,123.52
Other current assets	518,738.53	178,301.00	+ 340,437.53
Total Current Assets	110,727,541.48	102,176,398.36	+ 8,551,143.12
Deferred Assets:			
Working fund advances	602,806.47	805,597.41	— 202,790.94
Other deferred assets	1,685,105.69	1,767,096.16	— 81,990.47
Total Deferred Assets	2,287,912.16	2,572,693.57	— 284,781.41
Unadjusted Debits:			
Prepayments	242,826.56	268,336.19	— 25,509.63
Discount on funded debt	710,864.76	736,554.04	— 25,689.28
Other unadjusted debits	1,152,071.41	1,230,048.91	— 77,977.50
Total Unadjusted Debits	2,105,762.73	2,234,939.14	— 129,176.41
	$678,202,688.55	$662,922,163.29	+$15,280,525.26

Italics denote deductions.
See notes to the financial statements.

COMPARATIVE GENERAL BALANCE SHEET AS OF DECEMBER 31, 1950 AND DECEMBER 31, 1949

LIABILITIES	DECEMBER 31, 1950	DECEMBER 31, 1949	NET CHANGE DURING YEAR +INCREASE — DECREASE
CAPITAL STOCK:			
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 (5% participating—Note E):			
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):			
Chicago, Milwaukee, St. Paul and Pacific Railroad Company:			
First Mortgage 4% Bonds, Series A, due January 1, 1994	56,469,400.00	57,265,100.00	— 795,700.00
General Mortgage 4½% Income Bonds, Series A, due January 1, 2019	48,670,000.00	52,277,500.00	— 3,607,500.00
General Mortgage 4½% Convertible Income Bonds, Series B, due January 1, 2044	35,405,700.00	37,590,100.00	— 2,184,400.00
The Bedford Belt Railway Company First Mortgage Bonds, due January 1, 1994	235,000.00	246,000.00	— 11,000.00
The Southern Indiana Railway Company First Mortgage Bonds, due January 1, 1994	7,279,000.00	7,287,000.00	— 8,000.00
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	5,661,800.00	6,018,800.00	— 357,000.00
Equipment obligations (maturities due in 1951—$7,644,356.78 against which special reserve funds in the amount of $936,000.00 are available)	60,912,513.43	60,119,115.65	+ 793,397.78
TOTAL LONG-TERM DEBT	222,689,413.43	228,859,615.65	— 6,170,202.22
CURRENT LIABILITIES:			
Traffic and car-service balances—net payable	6,021,113.06	5,044,527.59	+ 976,585.47
Audited accounts and wages payable	15,589,942.40	12,479,663.50	+ 3,110,278.90
Miscellaneous accounts payable	4,286,595.74	3,878,313.99	+ 408,281.75
Interest matured unpaid	1,800,173.72	1,911,217.58	— 111,043.86
Dividends matured unpaid	566,674.57	393,579.50	+ 173,095.07
Unmatured interest accrued	4,354,841.74	4,622,275.38	— 267,433.64
Accrued accounts payable	4,858,476.67	3,227,484.88	+ 1,630,991.79
Taxes accrued (including for federal taxes on income—at December 31, 1950—$11,847,062.40; at December 31, 1949—$3,221,464.48)	19,993,313.84	11,047,203.89	+ 8,946,109.95
Other current liabilities	3,545,325.54	2,404,876.21	+ 1,140,449.33
TOTAL CURRENT LIABILITIES	61,016,457.28	45,009,142.52	+ 16,007,314.76
DEFERRED LIABILITIES	704,909.94	725,363.72	— 20,453.78
UNADJUSTED CREDITS:			
Premium on funded debt	1,392.37	3,467.81	— 2,075.44
Accrued depreciation on leased property	251,850.47	236,740.90	+ 15,109.57
Accruals and reserves for claims	4,028,445.77	3,001,277.07	+ 1,027,168.70
Other unadjusted credits	630,166.51	1,180,696.36	— 550,529.85
TOTAL UNADJUSTED CREDITS	4,911,855.12	4,422,182.14	+ 489,672.98
EARNED SURPLUS (SINCE JANUARY 1, 1944)—Note E:			
Appropriated surplus	26,931,798.65	19,545,578.43	+ 7,386,220.22
Unappropriated surplus	37,452,854.13	39,864,880.83	— 2,412,026.70
TOTAL EARNED SURPLUS	64,384,652.78	59,410,459.26	+ 4,974,193.52
	$ 678,202,688.55	$662,922,163.29	+$15,280,525.26

See notes to the financial statements.

EARNED SURPLUS FOR THE YEARS 1950 AND 1949

ITEM	YEAR 1950	YEAR 1949
Balance at January 1	$59,410,459.26	$55,594,439.39
ADDITIONS:		
Net income for the year	15,171,193.32	4,476,981.74
Discount on bonds acquired:		
First Mortgage Bonds	....	8,195.00
General Mortgage Bonds	1,822,842.16	3,159,630.00
Chicago, Terre Haute and Southeastern Railway Company Income Bonds	77,502.50	96,468.75
Profits, less losses derived from sales or retirements of land and nonoperating properties	37,893.39	518,924.93
Miscellaneous credits, less charges	....	46,079.45
	76,519,890.63	63,900,719.26
DEDUCTIONS:		
Dividends paid on Preferred Stock—		
March 15, 1950—$3.25 per share; November 20, 1950—$3.75 per share; March 15, 1949—$4.00 per share	7,852,180.00	4,486,960.00
Dividends paid on Common Stock—		
December 9, 1950—$2.00 per share	4,246,428.00	....
Premium on First Mortgage Bonds acquired	26,117.63	3,300.00
Miscellaneous charges, less credits	10,512.22	....
	12,135,237.85	4,490,260.00
BALANCE AT DECEMBER 31	$64,384,652.78	$59,410,459.26
The status of earned surplus at December 31, was as follows:		
APPROPRIATED:		
For investments in physical properties:		
Prior years' appropriations of income for Additions and Betterments Fund	$18,820,728.18	$18,820,728.18
Transfers from unappropriated surplus	7,378,752.42	....
	26,199,480.60	18,820,728.18
For sinking fund—First Mortgage Bonds	188,835.50	181,455.25
For sinking funds—General Mortgage Bonds	543,482.55	543,395.00
	26,931,798.65	19,545,578.43
UNAPPROPRIATED	37,452,854.13	39,864,880.83
TOTAL	$64,384,652.78	$59,410,459.26

AVAILABLE NET INCOME AND APPLICATION THEREOF FOR THE YEARS 1950 AND 1949

ITEM	YEAR 1950	YEAR 1949
Income available for fixed charges	$23,543,998.30	$13,075,419.01
FIXED CHARGES:		
Rent for leased roads and equipment	708.00	708.00
Interest on funded debt:		
On First Mortgage 4% Bonds, Series A	2,280,020.85	2,300,761.78
On modified Terre Haute Bonds	589,412.54	598,197.73
On equipment obligations	1,247,032.66	1,182,289.71
Interest on unfunded debt	22,475.48	19,814.04
Amortization of discount on funded debt	78,781.79	74,703.72
TOTAL FIXED CHARGES	4,218,431.32	4,176,474.98
INCOME AFTER FIXED CHARGES	19,325,566.98	8,898,944.03
ADD: Charges to operating expenses representing the service value of non-depreciable roadway property retired and not replaced	454,132.02	224,930.96
AVAILABLE NET INCOME	19,779,699.00	9,123,874.99
APPLICATION OF AVAILABLE NET INCOME:		
Appropriated for sinking fund for retirement of First Mortgage 4% Bonds, Series A	187,875.75	180,587.75
Contingent interest on General Mortgage 4½% Income Bonds, Series A	2,248,067.84	2,368,807.57
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	317,607.00	321,837.00
Contingent interest on General Mortgage 4½% Convertible Income Bonds, Series B	1,588,698.82	1,731,317.72
Appropriated for sinking fund for retirement of General Mortgage 4½% Income Bonds, Series A and Series B	543,393.50	543,393.50
	4,885,642.91	5,145,943.54
REMAINING AVAILABLE NET INCOME	14,894,056.09	3,977,931.45
DEDUCT: Charges to operating expenses representing the service value of non-depreciable roadway property retired and not replaced	454,132.02	224,930.96
REMAINDER TRANSFERRED TO EARNED SURPLUS—UNAPPROPRIATED	$14,439,924.07	$ 3,753,000.49

See notes to the financial statements.

Notes to the Financial Statements

Note A—Investment in Transportation Property:

The investment in road and equipment property ($925,110,997.47) is stated at estimated original cost as determined by the Interstate Commerce Commission as of June 30, 1918, plus subsequent additions and betterments at cost, less retirements since that date.

The credit balance in the acquisition adjustment account represents the excess of the aggregate of Company assets over amounts ascribed to capital stocks, bonds and other liabilities of the Company as of the date of reorganization, January 1, 1944, together with subsequent adjustments thereto. During the year 1950 this account was reduced by net charges aggregating $2,052,207.00, resulting principally from abandonments of certain properties, and accruals for personal injury claims applicable to periods prior to the date of reorganization.

The provisions for depreciation of equipment and road property have been made on a group basis at composite rates. Provisions for depreciation of road property classified as depreciable by the Interstate Commerce Commission were begun as of January 1, 1942, and as of January 1, 1944, past accrued depreciation was recorded at 30% of original cost. Charges for depreciation, amortization, and property retirement included in railway operating expenses for the year ended December 31, 1950, aggregated $14,888,398.54.

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

Capital, sinking, and other reserve funds consisted of cash deposits and United States Government obligations which, under the provisions of the mortgage indentures, are restricted for use in payment of certain equipment obligations (including maturities of principal aggregating $936,000.00 due in 1951), 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, 1950, and the equity in underlying net assets as recorded on their books aggregated approximately $5,073,000.00 at that date. The remaining investments are carried at cost less a valuation reserve, and represent interests in various terminal and switching companies, etc., owned jointly with other transportation companies. With the exception of stocks carried at $351,363.00 and certain directors' qualifying shares, all investments in stocks of affiliated companies are pledged as collateral to the First Mortgage.

Note D—Federal Taxes on Income:

The claims for refund of federal taxes on income of $8,669,324.42 have arisen from carry-back of unused excess profits credits and other retroactive income adjustments applicable to calendar years extending back to 1942.

Agents of the Bureau of Internal Revenue are continuing their examination of federal income tax returns for the years 1942 to 1947, inclusive. During the course of this examination the agents have proposed certain adjustments which have been reflected in the financial statements. Certain other tentative proposals for adjustment which would increase the tax liability of the Company for those years are being resisted by the Company, and no provision therefor has been made in the financial statements.

The provision for federal income taxes for the year 1950 ($11,538,000.00) reflected in the income statement represents the estimated liability for taxes on income for the year of $11,847,062.40, less adjustments of provision for income taxes relating to prior years of $309,062.40.

Note E—Dividends:

Dividend privileges of preferred shares are designated as being noncumulative; however, no dividends may be paid on common shares unless the full $5.00 preferred dividend shall have been paid or set apart for payment on each share of preferred stock in respect of the three immediately preceding years. During the three years ended December 31, 1950, the Company has paid dividends aggregating $5.00 per share on outstanding preferred stock in respect of each of the calendar years 1947, 1948, and 1949.

Note F—Contingent Liabilities with Respect to Securities of Other Companies:

The Company, jointly with other railroad companies, has various contingent liabilities, assumed by agreement and/or otherwise, in respect of the principal of obligations of affiliated companies. The details of these contingent liabilities as of December 31, 1950, are set forth in an accompanying schedule.

Note G—Retroactive Adjustment of Mail Revenue:

In October, 1950, the railroads obtained retroactive definitive rates for transportation of United States mail in lieu of temporary rates which had been in effect since February, 1947. As a result, the Company became entitled to additional mail compensation in the amount of $4,258,600.00, which is included in railway operating revenues for 1950. Of this sum, the following portions relate to mail transported in prior years:

1947	$ 825,824.00
1948	1,079,900.00
1949	1,188,864.00
	$3,094,588.00

Note H—U. S. Government Reparation Claims:

The Company is a defendant, along with the other principal railroads, in a number of so-called "Reparation Cases" now pending before the Interstate Commerce Commission. In these cases, the Federal Government is seeking a reparation on transportation charges relating to the movement of government freight, most of which occurred during World War II. This Company and the other railroads have joined in defense of their rates as charged. Until a decision is obtained, the amount of reparation liability, if any, cannot be determined, and no provision therefor has been made in the financial statements.

CONTINGENT LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES AS OF DECEMBER 31, 1950

Items	Principal Amount Outstanding Dec. 31, 1950
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 Notes, 1.85% to 2.05%, due semi-annually July 1, 1951 to July 1, 1954	2,950,000
	$56,750,000
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 Item 3.	
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	535,700
4. Conditional Sale Agreement, 2.48%, due quarterly to November 1, 1956	1,391,040
5. Equipment Trust Certificates, 2⅜%, due annually May 1, 1951 to May 1, 1959	1,845,000
6. Equipment Trust Certificates, 2⅜%, due annually September 15, 1951 to September 15, 1964	2,772,000
7. Equipment Trust Certificates, 2¼%, due annually February 15, 1951 to February 15, 1965	1,800,000
	$17,468,740
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 or dividends on equipment oligations, Items 3 to 7.	
Kansas City Terminal Railway Company:	
1. First Mortgage Serial Bonds, due October 1, 1951 to October 1, 1974	$45,302,000
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	$ 1,741,000
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	$13,297,000
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.	

INVESTMENT IN ROAD AND EQUIPMENT DURING YEAR

Account	Gross Expenditures	Net Charges
Engineering	$ 103,007.81	$ *4,654.01*
Land for transportation purposes	127,696.78	105,124.32
Other right-of-way expenditures	*19,501.46*	*22,341.12*
Grading	243,636.92	*12,009.92*
Tunnels and subways	17,487.59	14,748.59
Bridges, trestles, and culverts	864,937.21	643,715.19
Ties	108,522.66	*106,595.53*
Rails	711,234.86	238,115.69
Other track material	1,188,789.73	1,001,974.23
Ballast	50,511.13	*227,564.17*
Track laying and surfacing	282,081.13	92,149.80
Fences, snowsheds, and signs	8,146.72	7,872.76
Station and office buildings	359,339.95	143,919.40
Roadway buildings	136,645.39	12,139.14
Water stations	94,657.22	55,019.36
Fuel stations	74,609.54	55,063.54
Shops and enginehouses	889,618.78	696,378.85
Storage warehouse	831.78	10,059.58
Wharves and docks	2,192.80	2,192.80
Telegraph and telephone lines	167,403.33	142,155.12
Signals and interlockers	627,216.50	538,176.03
Power plants	8,464.21	*2,196.22*
Power-transmission systems	121,705.65	116,965.11
Miscellaneous structures	14,652.38	6,055.67
Roadway machines	185,079.43	100,655.71
Roadway small tools	5,672.43	*11,286.57*
Public improvements—Construction	222,160.57	204,101.35
Other expenditures—Road	....	147.55
Shop machinery	99,264.93	*353,825.64*
Power-plant machinery	35,624.52	*3,407.05*
Total Expenditures for Road	6,731,690.49	3,442,849.56
Steam locomotives	32,586.76	*2,184,949.82*
Other locomotives	13,596,643.04	13,269,751.81
Freight-train cars	729,956.42	*1,080,798.13*
Passenger-train cars	158,907.06	*157,532.32*
Floating equipment	178,607.25	89,182.61
Work equipment	472,924.68	389,343.65
Miscellaneous equipment	110,992.39	59,928.29
Total Expenditures for Equipment	15,280,617.60	10,384,926.09
General Expenditures	16,160.92	*234,549.24*
Grand Total	$22,028,469.01	$13,593,226.41

Note: The net change in Road and Equipment Property per Balance Sheet ($15,331,700.23) includes the charges for Additions and Betterments, less credits for property retired, above, ($13,593,226.41), certain adjustments of original cost of Road and Equipment Property of the reorganized company ($118,331.29), certain adjustments of the original cost of properties of Chicago, Terre Haute and Southeastern Railway Company acquired December 31, 1948 (*$76,190.14*), and amount of unapplied material and supplies for use in construction of new equipment ($1,696,332.67).

INVESTMENT IN MISCELLANEOUS PHYSICAL PROPERTY DURING YEAR

Account	Gross Expenditures	Net Charges
Non-operating property	$ 394,743.05	$ 308,023.76
Track material loaned	....	*15,631.43*
Total	$ 394,743.05	$ 292,392.33

Italics denote credits.

SECURITIES OWNED, DECEMBER 31, 1950

Description		Number of Shares	Par Value	Book Value
Stocks:				
Affiliated companies:				
Chicago, Terre Haute & Southeastern Ry. Co.		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			9,247.00	7,787.00
Notes:				
Affiliated companies:				
Kansas City Terminal Ry. Co.	A		45,164.31	45,164.31
Milwaukee Land Co.	A		2,652,000.00	2,652,000.00
Other Secured Obligations:				
Nonaffiliated companies:				
Cargill, Incorporated—Agreement dated Aug. 1, 1949			690,000.00	690,000.00
Total			$12,637,012.67	$ 8,354,327.61

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, 1950

Description	Date of Issue	Date of Maturity	Amount Originally Issued or Assumed	Amount as of Dec. 31, 1950	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	$ 56,728,700.00	$ 259,300.00	$ 56,469,400.00	4	J. & J.	$ 2,280,020.85
General mortgage income bonds, Series A....................	Jan. 1, 1944	Jan. 1, 2019	57,256,600.00	50,712,800.00	2,042,800.00	48,670,000.00	4½	April	2,248,067.84
General mortgage convertible income bonds, Series B..........	Jan. 1, 1944	Jan. 1, 2044	51,422,100.00	49,401,300.00	13,995,600.00	35,405,700.00	4½	April	1,588,698.82
The Bedford Belt Ry. Co. first mortgage bonds.............	Jan. 1, 1946	Jan. 1, 1994	350,000.00	335,000.00	*100,000.00	235,000.00	4¼	J.A.& J.	9,822.50
The Southern Indiana Ry. Co. first mortgage bonds.............	Jan. 1, 1946	Jan. 1, 1994	7,287,000.00	7,279,000.00	....	7,279,000.00	4¼	J.A.& J.	309,251.18
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	674,000.00	5,661,800.00	4¼	J.A.& J.	245,565.86
Equipment obligations (See details below).................			93,371,250.00	60,912,513.43	....	60,912,513.43			1,247,032.66
Total long-term debt......			$ 285,108,850.00	$ 241,276,113.43	$ 18,586,700.00	$ 222,689,413.43			$ 8,270,839.71

*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.

EQUIPMENT OBLIGATIONS, DECEMBER 31, 1950

Description	Date of Lease or Agreement	Date of Final Maturity	Original Cost of Equipment	Amount Originally Issued	Amount Outstanding Dec. 31, 1950	Principal Payable During 1951	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	$ 424,000.00	$ 212,000.00	3½	J. & J.	$ 14,840.00
Series Q....................	Mar. 1, 1937	Mar. 1, 1952	3,561,722.09	2,655,000.00	354,000.00	177,000.00	3¼	M. & S.	12,463.75
Series R....................	Aug. 1, 1937	Aug. 1, 1952	2,564,053.90	1,920,000.00	256,000.00	128,000.00	3¾	F. & A.	12,400.00
Series S....................	Apr. 1, 1938	Apr. 1, 1953	3,220,834.35	2,235,000.00	447,000.00	149,000.00	3¾	A. & O.	18,159.39
Series T....................	Apr. 1, 1939	Apr. 1, 1954	2,770,164.86	1,920,000.00	512,000.00	128,000.00	3	A. & O.	16,320.00
Series V....................	Apr. 1, 1941	Apr. 1, 1951	4,358,045.34	3,120,000.00	156,000.00	156,000.00	2⅛	A. & O.	6,630.00
Series X....................	Mar. 1, 1944	Mar. 1, 1954	9,700,062.91	7,260,000.00	2,541,000.00	726,000.00	1⅞	M. & S.	53,316.24
Series Y....................	Apr. 1, 1945	Apr. 1, 1955	2,800,092.41	2,100,000.00	945,000.00	210,000.00	1¾	A. & O.	18,375.02
Series Z....................	July 1, 1947	July 1, 1957	8,190,966.80	6,000,000.00	4,200,000.00	600,000.00	1⅞	J. & J.	81,561.00
Series AA...................	Oct. 1, 1947	Oct. 1, 1957	3,065,949.00	2,240,000.00	1,568,000.00	224,000.00	1⅞	A. & O.	31,500.00
Series BB...................	Apr. 1, 1948	Apr. 1, 1958	3,530,422.00	2,640,000.00	1,980,000.00	264,000.00	2⅛	A. & O.	44,880.00
Series CC...................	Feb. 1, 1948	Feb. 1, 1958	6,798,971.00	5,040,000.00	3,780,000.00	504,000.00	2¼	F. & A.	88,830.00
Series DD...................	June 1, 1948	June 1, 1958	9,514,365.00	7,120,000.00	5,340,000.00	712,000.00	2	J. & D.	116,293.33
Series EE...................	July 1, 1948	July 1, 1958	5,361,470.78	3,820,000.00	3,056,000.00	382,000.00	2	J. & J.	63,030.00
Series FF...................	Oct. 1, 1948	Oct. 1, 1958	8,936,780.55	6,600,000.00	5,280,000.00	660,000.00	2¼	A. & O.	126,225.00
Series GG...................	Jan. 1, 1949	Jan. 1, 1959	6,094,320.64	4,540,000.00	3,859,000.00	454,000.00	2⅛	J. & J.	84,416.76
Series HH...................	Apr. 1, 1949	Apr. 1, 1964	8,112,741.52	6,060,000.00	5,454,000.00	404,000.00	2⅜	A. & O.	134,330.00
Series JJ...................	Sept. 1, 1949	Sept. 1, 1964	7,604,383.93	5,640,000.00	5,264,000.00	376,000.00	2⅛	M. & S.	115,188.86
Series KK...................	Oct. 1, 1949	Oct. 1, 1964	6,026,867.72	4,500,000.00	4,200,000.00	300,000.00	2¼	A. & O.	97,875.00
Series LL...................	June 1, 1950	June 1, 1965	6,289,514.21	4,650,000.00	4,495,000.00	310,000.00	2¼	J. & D.	58,706.25
Series MM...................	Nov. 1, 1950	Nov. 1, 1965	7,242,067.47	5,430,000.00	5,430,000.00	362,000.00	2½	M. & N.	19,608.33
Equipment Lease Agreement:									
General American Transportation Corporation............	Apr. 27, 1940	Aug. 1, 1955	129,500.00	129,500.00	46,386.41	9,468.91	3	Monthly	1,541.60
Conditional Sale Agreements:									
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	1,325,127.02	196,887.87	1.55		21,669.94
American Locomotive Company...............	Aug. 1, 1946	July 1, 1957	2,190,542.00	1,640,500.00	....	....	1.55	Quarterly	5,429.00
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	....	....	1.85	Jan. Apr. July Oct.	2,165.24
American Locomotive Company...............	Sept. 10, 1947	Jan. 1, 1958	192,177.00	135,700.00	....	....	1.85		511.18
General Motors Corporation (Electro-Motive Division)..	Sept. 10, 1947	Jan. 1, 1958	287,659.50	203,550.00	....	....	1.85		766.77
Total equipment obligations..			$ 126,195,211.18	$ 93,371,250.00	$ 60,912,513.43	$ 7,644,356.78			$ 1,247,032.66

Payments Maturing in Years Ending:

December 31, 1951	$7,644,356.78	December 31, 1956	$5,764,721.68	December 31, 1961	$1,752,000.00
December 31, 1952	7,491,714.31	December 31, 1957	5,648,788.35	December 31, 1962	1,752,000.00
December 31, 1953	6,978,128.44	December 31, 1958	3,988,000.00	December 31, 1963	1,752,000.00
December 31, 1954	6,469,600.28	December 31, 1959	1,979,000.00	December 31, 1964	1,550,000.00
December 31, 1955	5,873,203.59	December 31, 1960	1,752,000.00	December 31, 1965	517,000.00
				Total	$60,912,513.43

MILES OF ROAD BY STATES, DECEMBER 31, 1950

State	Road Operated						
	Owned Solely		Owned Jointly		Leased	Trackage Rights	Total
	Main Line	Branch Line	Main Line	Branch Line			
Idaho	112.75	111.80	....	....	....	8.11	232.66
Illinois	448.12	120.65	2.40	.14	....	132.31	703.62
Indiana	156.57	40.02	....	....	....	....	196.59
Iowa	#1,199.68	535.56	.05	.04	.10	66.53	1,801.96
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	....	9.44	....	....	15.10	154.56
Montana	747.86	473.33	....	29.99	....	....	1,251.18
Nebraska	....	....	....	....	....	5.62	5.62
North Dakota	102.50	263.29	....	1.10	....	....	366.89
South Dakota	1,039.43	695.26	....	....	....	....	1,734.69
Washington	314.69	489.97	26.88	50.02	....	201.10	1,082.66
Wisconsin	1,039.37	499.34	....	16.34	....	32.98	1,588.03
Total	6,113.33	3,730.13	43.80	120.58	.10	663.36	10,671.30

#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, 1950

Items	Owned Solely	Owned Jointly	Leased	Trackage Rights	Total
Miles of Road (First Main Track):					
Operated	*9,843.46	164.38	.10	663.36	10,671.30
Not operated	12.20	....	....	....	12.20
Additional Main Tracks:					
Operated	831.49	14.17	.41	275.83	1,121.90
Not operated	15.32	.70	....	....	16.02
Yard Tracks and Sidings:					
Operated	*3,332,52	260.28	2.19	505.53	4,100.52
Not operated	5.98	34.83	....	....	40.81
Total operated	14,007.47	438.83	2.70	1,444.72	15,893.72
Total not operated	33.50	35.53	....	....	69.03
Grand Total	14,040.97	474.36	2.70	1,444.72	15,962.75

*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, 1950 AND 1949

RAILWAY OPERATING REVENUES

	1950	1949	Increase	Decrease
Transportation				
Freight	$209,924,035.96	$195,728,630.22	$ 14,195,405.74	
Passenger	17,538,857.47	19,420,606.37		$ 1,881,748.90
Baggage	53,043.65	52,006.86	1,036.79	
Sleeping car	555,330.80	565,513.80		10,183.00
Parlor and chair car	209,200.95	239,445.20		30,244.25
Mail	*10,656,138.77	6,538,810.00	4,117,328.77	
Express	2,980,956.83	3,187,826.96		206,870.13
Other passenger-train	159,857.76	127,282.64	32,575.12	
Milk	136,703.72	146,180.63		9,476.91
Switching	5,997,654.96	5,272,929.81	724,725.15	
Total transportation revenue	248,211,780.87	231,279,232.49	16,932,548.38	
Incidental				
Dining and buffet	1,947,782.41	2,011,892.52		64,110.11
Hotel and restaurant		25,211.56		25,211.56
Station, train, and boat privileges	40,113.06	43,125.48		3,012.42
Parcel room	88.95	288.80		199.85
Storage—Freight	25,728.97	54,353.84		28,624.87
Storage—Baggage	6,643.68	8,718.37		2,074.69
Demurrage	1,176,808.66	699,446.93	477,361.73	
Telegraph and telephone	114,384.65	137,356.28		22,971.63
Rents of buildings and other property	291,426.68	292,552.44		1,125.76
Miscellaneous	983,523.05	1,028,404.11		44,881.06
Total incidental operating revenue	4,586,500.11	4,301,350.33	285,149.78	
Joint Facility				
Joint facility—Credit	2,635,745.40	2,452,104.21	183,641.19	
Joint facility—Debit	*12,377.35*	*11,427.26*	*950.09*	
Total joint facility operating revenue	2,623,368.05	2,440,676.95	182,691.10	
Total railway operating revenues	$255,421,649.03	$238,021,259.77	$ 17,400,389.26	

Italics denote debits.
*Includes accrual of additional mail pay applicable to period February 19, 1947 to December 31, 1949, inclusive, $3,094,588.15.

RAILWAY OPERATING EXPENSES

	1950	1949	Increase	Decrease
Maintenance of Way and Structures				
Superintendence	$ 2,404,662.32	$ 2,631,577.43		$ 226,915.11
Roadway maintenance	2,483,612.03	3,097,298.93		613,686.90
Tunnels and subways	18,255.18	25,143.69		6,888.51
Bridges, trestles, and culverts	1,770,093.85	1,886,669.24		116,575.39
Ties	1,098,779.39	2,653,885.54		1,555,106.15
Rails	1,748,354.44	1,380,773.38	$ 367,581.06	
Other track material	2,070,137.80	1,957,647.27	112,490.53	
Ballast	254,056.07	307,106.84		53,050.77
Track laying and surfacing	6,252,711.11	7,260,243.22		1,007,532.11
Fences, snowsheds, and signs	308,128.97	522,284.34		214,155.37
Station and office buildings	1,088,020.08	1,414,788.08		326,768.00
Roadway buildings	123,081.45	124,302.51		1,221.06
Water stations	224,452.08	282,633.07		58,180.99
Fuel stations	219,898.98	246,216.42		26,317.44
Shops and enginehouses	1,048,261.43	1,247,807.16		199,545.73
Storage warehouses	78.26	26.43	51.83	

RAILWAY OPERATING REVENUES AND EXPENSES—CONTINUED
RAILWAY OPERATING EXPENSES—CONTINUED

	1950	1949	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES				
Wharves and docks	$ 29,080.92	$ 22,844.98	$ 6,235.94	
Telegraph and telephone lines	627,751.79	663,452.98		$ 35,701.19
Signals and interlockers	1,246,722.01	1,290,827.05		44,105.04
Power plants	33,636.75	42,562.26		8,925.51
Power-transmission systems	213,085.40	229,632.13		16,546.73
Miscellaneous structures	5,921.97	8,308.86		2,386.89
Road property—Depreciation	4,265,569.67	4,183,290.40	82,279.27	
Retirements—Road	549,562.40	321,496.58	228,065.82	
Roadway machines	513,942.68	608,043.64		94,100.96
Dismantling retired road property	224,826.19	201,213.62	23,612.57	
Road—Amortization of defense projects	53,489.55	59,441.48		5,951.93
Small tools and supplies	574,643.92	656,316.25		81,672.33
Removing snow, ice, and sand	1,076,745.47	1,075,642.11	1,103.36	
Public improvements—Maintenance	600,374.55	611,385.71		11,011.16
Injuries to persons	257,592.37	210,457.22	47,135.15	
Insurance	40,187.04	35,329.41	4,857.63	
Stationery and printing	47,034.12	55,303.48		8,269.36
Other expenses	73,090.94	45,074.84	28,016.10	
Right-of-way expenses	31,207.66	30,054.20	1,153.46	
Maintaining joint tracks, yards, and other facilities—Debit	2,598,029.87	3,431,911.93		833,882.06
Maintaining joint tracks, yards, and other facilities—Credit	*746,919.67*	*713,706.23*	*33,213.44*	
Total maintenance of way and structures	33,428,159.04	38,107,286.45		4,679,127.41
MAINTENANCE OF EQUIPMENT				
Superintendence	1,445,840.02	1,557,569.38		111,729.36
Shop machinery	862,635.39	1,086,298.07		223,662.68
Power-plant machinery	174,278.27	218,606.87		44,328.60
Shop and power-plant machinery—Depreciation	289,373.98	283,262.77	6,111.21	
Dismantling retired shop and power-plant machinery	2,472.23	2,269.15	203.08	
Steam locomotives—Repairs	8,350,002.02	10,130,739.07		1,780,737.05
Other locomotives—Repairs	6,239,215.97	5,093,079.72	1,146,136.25	
Freight-train cars—Repairs	11,012,205.94	10,031,110.47	981,095.47	
Passenger-train cars—Repairs	5,751,917.24	5,602,652.76	149,264.48	
Floating equipment—Repairs	28,358.85	52,766.06		24,407.21
Work equipment—Repairs	782,815.46	782,622.45	193.01	
Miscellaneous equipment—Repairs	141,516.26	145,090.29		3,574.03
Dismantling retired equipment	90,144.70	69,673.53	20,471.17	
Retirements—Equipment	*9,282.39*	*14,643.77*		*5,361.38*
Equipment—Depreciation	9,401,177.38	8,733,428.32	667,749.06	
Equipment—Amortization of defense projects	338,507.95	377,572.68		39,064.73
Injuries to persons	382,374.78	296,081.70	86,293.08	
Insurance	69,888.68	71,724.01		1,835.33
Stationery and printing	45,916.03	43,289.68	2,626.35	
Other expenses	261,809.78	139,475.84	122,333.94	
Joint maintenance of equipment expenses—Debit	273,103.08	268,726.66	4,376.42	
Joint maintenance of equipment expenses—Credit	*29,418.19*	*29,411.81*	*6.38*	
Total maintenance of equipment	45,904,853.43	44,941,983.90	962,869.53	
TRAFFIC				
Superintendence	1,186,852.97	1,206,632.66		19,779.69
Outside agencies	2,587,434.66	2,553,165.12	34,269.54	
Advertising	804,014.34	821,825.81		17,811.47
Traffic associations	157,798.19	174,092.74		16,294.55
Industrial and immigration bureaus	92,101.86	91,839.52	262.34	
Insurance	741.33	730.23	11.10	
Stationery and printing	204,582.61	237,146.80		32,564.19
Other expenses	835.00	298.00	537.00	
Total traffic expenses	$ 5,034,360.96	$ 5,085,730.88		$ 51,369.92

Italics denote credits.

RAILWAY OPERATING REVENUES AND EXPENSES—CONCLUDED
RAILWAY OPERATING EXPENSES—CONCLUDED

	1950	1949	INCREASE	DECREASE
TRANSPORTATION				
Superintendence	$ 2,237,187.60	$ 2,360,519.55		$ 123,331.95
Dispatching trains	946,970.95	1,037,457.12		90,486.17
Station employees	14,398,794.05	14,360,687.91	$ 38,106.14	
Weighing, inspection, and demurrage bureaus	257,547.91	294,105.16		36,557.25
Station supplies and expenses	901,442.78	936,356.54		34,913.76
Yardmasters and yard clerks	3,079,510.06	2,909,222.30	170,287.76	
Yard conductors and brakemen	8,752,513.90	8,144,495.17	608,018.73	
Yard switch and signal tenders	613,600.17	585,338.09	28,262.08	
Yard enginemen	2,901,087.36	3,062,128.60		161,041.24
Yard motormen	3,050,500.70	2,442,502.73	607,997.97	
Yard switching fuel	2,305,369.22	2,212,793.84	92,575.38	
Yard switching power purchased	26,131.38	30,189.54		4,058.16
Water for yard locomotives	177,102.34	189,271.16		12,168.82
Lubricants for yard locomotives	95,575.26	90,934.48	4,640.78	
Other supplies for yard locomotives	84,623.25	71,214.46	13,408.79	
Enginehouse expenses—Yard	1,836,072.84	1,651,397.67	184,675.17	
Yard supplies and expenses	200,917.46	183,980.52	16,936.94	
Operating joint yards and terminals—Debit	4,270,678.35	3,976,132.94	294,545.41	
Operating joint yards and terminals—Credit	*429,465.67*	*396,825.97*	*32,639.70*	
Train enginemen	6,164,375.60	7,074,218.00		909,842.40
Train motormen	4,246,092.32	3,403,661.50	842,430.82	
Train fuel	13,527,558.23	13,302,013.24	225,544.99	
Train power purchased	1,324,456.43	1,190,588.59	133,867.84	
Water for train locomotives	646,701.25	712,416.93		65,715.68
Lubricants for train locomotives	625,090.60	533,111.55	91,979.05	
Other supplies for train locomotives	307,204.84	230,072.53	77,132.31	
Enginehouse expenses—Train	3,264,873.60	3,290,226.24		25,352.64
Trainmen	12,582,186.33	12,728,819.47		146,633.14
Train supplies and expenses	7,036,989.03	6,898,878.08	138,110.95	
Operating sleeping cars	497,544.17	482,293.45	15,250.72	
Signal and interlocker operation	829,039.44	768,182.79	60,856.65	
Crossing protection	921,085.37	946,984.89		25,899.52
Drawbridge operation	174,502.69	171,237.50	3,265.19	
Telegraph and telephone operation	751,977.64	625,595.93	126,381.71	
Operating floating equipment	346,411.88	264,749.88	81,662.00	
Stationery and printing	298,749.01	336,668.84		37,919.83
Other expenses	132,854.84	148,100.46		15,245.62
Operating joint tracks and facilities—Debit	1,256,122.90	1,091,102.95	165,019.95	
Operating joint tracks and facilities—Credit	*592,790.62*	*539,601.18*	*53,189.44*	
Insurance	39,166.16	38,358.41	807.75	
Clearing wrecks	296,359.15	151,385.69	144,973.46	
Damage to property	129,727.60	170,707.23		40,979.63
Damage to live stock on right-of-way	87,300.95	104,516.35		17,215.40
Loss and damage—Freight	2,352,042.40	3,021,270.59		669,228.19
Loss and damage—Baggage	7,205.26	7,223.42		18.16
Injuries to persons	1,568,634.74	1,775,011.24		206,376.50
Total transportation expenses	104,527,621.72	103,069,696.38	1,457,925.34	
MISCELLANEOUS OPERATIONS				
Dining and buffet service	2,995,813.65	2,982,143.76	13,669.89	
Hotels and restaurants	2,214.01	27,856.25		25,642.24
Operating joint miscellaneous facilities—Debit	154,241.03	150,729.34	3,511.69	
Total miscellaneous operations	3,152,268.69	3,160,729.35		8,460.66
GENERAL				
Salaries and expenses of general officers	715,073.47	699,410.09	15,663.38	
Salaries and expenses of clerks and attendants	5,098,974.77	5,278,870.60		179,895.83
General office supplies and expenses	341,120.09	328,142.09	12,978.00	
Law expenses	503,329.50	518,691.54		15,362.04
Insurance	2,627.68	2,086.42	541.26	
Pensions and gratuities	242,283.46	185,804.28	56,479.18	
Stationery and printing	217,766.28	243,629.25		25,862.97
Valuation expenses	42,608.64	37,556.94	5,051.70	
Other expenses	262,969.58	264,006.49		1,036.91
General joint facilities—Debit	183,363.88	199,634.94		16,271.06
General joint facilities—Credit	*6,425.64*	*11,432.58*		*5,006.94*
Total general expenses	7,603,691.71	7,746,400.06		142,708.35
Grand total railway operating expenses	$199,650,955.55	$202,111,827.02		$ 2,460,871.47

Italics denote credits.

NET RAILWAY OPERATING INCOME ITEMS—1950, 1949 AND 1948 SHOWING PERCENTAGES OF RAILWAY OPERATING REVENUES

Items	1950 Amount	1950 Per Cent Ry. Opr. Revs.	1949 Amount	1949 Per Cent Ry. Opr. Revs.	1948 Amount	1948 Per Cent Ry. Opr. Revs.
Railway Operating Revenues:						
Freight	$209,924,036	82.19	$195,728,630	82.23	$208,721,239	81.86
Passenger	17,538,857	6.87	19,420,606	8.16	21,650,584	8.49
Mail—Note G	10,656,139	4.17	6,538,810	2.75	5,685,278	2.23
Express	2,980,957	1.17	3,187,827	1.34	4,257,147	1.67
Switching	5,997,655	2.35	5,272,930	2.21	5,781,015	2.27
All other transportation	1,114,137	.43	1,130,430	.47	1,309,210	.51
Incidental	4,586,500	1.79	4,301,350	1.81	4,950,181	1.94
Joint facility—Net Cr.	2,623,368	1.03	2,440,677	1.03	2,628,056	1.03
Total	255,421,649	100.00	238,021,260	100.00	254,982,710	100.00
Railway Operating Expenses:						
*Maintenance of way and structures	33,428,159	13.09	38,107,287	16.01	39,233,215	15.39
#Maintenance of equipment	45,904,853	17.97	44,941,984	18.88	45,070,232	17.68
Traffic expenses	5,034,361	1.97	5,085,731	2.14	4,856,384	1.91
Transportation expenses	104,527,622	40.92	103,069,696	43.30	109,827,088	43.07
Miscellaneous operations	3,152,269	1.24	3,160,729	1.33	3,324,018	1.30
General expenses	7,603,692	2.98	7,746,400	3.25	7,965,650	3.12
Total	199,650,956	78.17	202,111,827	84.91	210,276,587	82.47
Net Revenue From Railway Operations	55,770,693	21.83	35,909,433	15.09	44,706,123	17.53
Railway Tax Accruals:						
Federal income	11,538,000	4.52	2,887,000	1.21	4,444,000	1.75
Property, payroll and other	16,563,000	6.48	16,737,000	7.03	16,821,000	6.60
Total	28,101,000	11.00	19,624,000	8.24	21,265,000	8.35
Equipment Rents—Net Dr.	3,235,712	1.27	2,847,204	1.20	5,548,644	2.17
Joint Facility Rents—Net Dr.	2,493,937	.97	2,498,943	1.05	2,378,064	.93
Net Railway Operating Income	$ 21,940,044	8.59	$ 10,939,286	4.60	$ 15,514,415	6.08
*Includes for depreciation, amortization and retirement charges—Road	$ 4,868,622	1.91	$ 4,564,228	1.92	$ 4,406,538	1.73
#Includes for depreciation, amortization and retirement charges—Equipment	$ 10,019,777	3.92	$ 9,379,620	3.94	$ 8,358,539	3.28

RAILWAY OPERATING REVENUES, EXPENSES, TAXES AND INCOME BY MONTHS FOR THE YEAR ENDED DECEMBER 31, 1950

1950	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	$ 16,682,703.70	$ 15,981,563.06	$ 701,140.64	$ 1,340,000.00	$ *638,859.36*	$ 252,636.18	$ 191,561.67	$ *1,083,057.21*
February	15,890,390.42	15,040,561.58	849,828.84	1,289,000.00	*439,171.16*	305,303.39	197,069.45	*941,544.00*
March	19,353,687.07	16,549,964.16	2,803,722.91	1,366,000.00	1,437,722.91	198,189.73	196,550.18	1,042,983.00
April	18,407,326.17	15,752,993.94	2,654,332.23	1,323,000.00	1,331,332.23	123,406.80	193,352.87	1,014,572.56
May	19,844,128.42	16,544,572.58	3,299,555.84	1,323,000.00	1,976,555.84	112,625.53	212,036.06	1,651,894.25
June	20,608,496.90	16,476,160.14	4,132,336.76	1,635,000.00	2,497,336.76	204,230.09	213,571.34	2,079,535.33
July	21,259,831.16	16,953,213.56	4,306,617.60	2,253,000.00	2,053,617.60	271,478.15	212,551.09	1,569,588.36
August	25,720,151.63	18,092,381.89	7,627,769.74	3,593,000.00	4,034,769.74	383,426.32	210,008.87	3,441,334.55
September	24,062,451.76	16,965,238.38	7,097,213.38	3,347,000.00	3,750,213.38	383,689.78	209,578.40	3,156,945.20
October	25,265,612.42	16,824,018.77	8,441,593.65	3,806,000.00	4,635,593.65	640,889.95	225,563.84	3,769,139.86
November	22,898,349.90	16,896,827.70	6,001,522.20	2,843,000.00	3,158,522.20	289,337.81	224,854.26	2,644,330.13
December #	25,428,519.48	17,573,459.79	7,855,059.69	3,983,000.00	3,872,059.69	70,497.98	207,239.58	3,594,322.13
Total	$255,421,649.03	$199,650,955.55	$55,770,693.48	$28,101,000.00	$27,669,693.48	$3,235,711.71	$2,493,937.61	$21,940,044.16

Italics denote reverse items.
#See Note G to the financial statments.

REVENUE FREIGHT TRAFFIC STATISTICS—EXCLUDING TRUCK SERVICE—TEN YEARS, 1941-1950

Year	Tons Carried	Ton Miles	Average Haul—Miles	Freight Revenue		
				Total	Per Ton	Per Ton Mile (Cents)
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
1949	46,245,916	14,774,758,916	319.48	195,932,011	4.24	1.326
1950	50,164,902	16,258,839,967	324.11	210,127,019	4.19	1.292

REVENUE PASSENGER STATISTICS—EXCLUDING BUS SERVICE—TEN YEARS, 1941-1950

Year	Passengers Carried	Passenger Miles	Average Distance Traveled—Miles	Passenger Revenue		
				Total	Per Passenger	Per Passenger Mile (Cents)
Other Than Commutation						
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
1949	4,030,290	782,128,618	194.06	18,273,709	4.53	2.336
1950	3,289,193	696,081,090	211.63	16,418,071	4.99	2.359
Commutation						
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
1949	4,071,987	92,315,906	22.67	1,154,033	.28	1.250
1950	4,020,414	91,075,288	22.65	1,136,257	.28	1.248
Total						
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
1949	8,102,277	874,444,524	107.93	19,427,742	2.40	2.222
1950	7,309,607	787,156,378	107.69	17,554,328	2.40	2.230

STATISTICS OF RAIL-LINE OPERATIONS

Items	Freight Trains		Passenger Trains		Total Transportation Service	
	1950	1949	1950	1949	1950	1949
Average miles of road operated	10,663	10,663	6,603	6,890	10,671	10,671
Train Miles						
Ordinary (with locomotives)	15,120,814	15,719,398	10,447,019	11,201,124	25,567,833	26,920,522
Light (with locomotives)	137,795	142,856	—	—	137,795	142,856
Total (with locomotives)	15,258,609	15,862,254	10,447,019	11,201,124	25,705,628	27,063,378
Motor car trains	—	—	776,010	888,067	776,010	888,067
Total train miles	15,258,609	15,862,254	11,223,029	12,089,191	26,481,638	27,951,445
Locomotive Miles						
Principal	15,269,608	15,875,408	10,447,019	11,201,124	25,716,627	27,076,532
Helper	618,301	673,932	120,377	121,930	738,678	795,862
Light	602,050	623,351	142,044	149,163	744,094	772,514
Train switching	1,331,605	1,389,074	—	—	1,331,605	1,389,074
Yard switching	9,087,552	8,903,417	623,020	636,864	9,710,572	9,540,281
Total locomotive miles	26,909,116	27,465,182	11,332,460	12,109,081	38,241,576	39,574,263
Car Miles						
Loaded freight cars	576,987,956	531,825,732	493,672	537,254	577,481,628	532,362,986
Empty freight cars	291,506,721	302,367,067	10,195	14,424	291,516,916	302,381,491
Total loaded and empty freight cars	868,494,677	834,192,799	503,867	551,678	868,998,544	834,744,477
Caboose	14,721,710	15,416,767	44,703	28,663	14,766,413	15,445,430
Total freight car miles	883,216,387	849,609,566	548,570	580,341	883,764,957	850,189,907
Passenger coaches	430,988	582,122	25,885,611	28,524,648	26,316,599	29,106,770
Sleeping and parlor cars (Company)	51,897	44,034	11,494,081	12,394,699	11,545,978	12,438,733
Sleeping cars (Pullman)	134,751	69,412	12,046,975	11,644,979	12,181,726	11,714,391
Club, lounge, dining and observation cars	481	2,244	8,283,933	8,463,989	8,284,414	8,466,233
Combination passenger and head end cars	776,256	843,064	1,366,510	1,522,310	2,142,766	2,365,374
Mail, express and baggage cars	1,948,443	2,738,921	34,367,270	34,374,707	36,315,713	37,113,628
Business cars	23,673	40,602	190,792	187,564	214,465	228,166
Crew cars (other than cabooses)	—	—	18,775	20,108	18,775	20,108
Total passenger car miles	3,366,489	4,320,399	93,653,947	97,133,004	97,020,436	101,453,403
Grand total car miles	886,582,876	853,929,965	94,202,517	97,713,345	980,785,393	951,643,310
Gross Ton Miles						
Locomotives and tenders (thousands)	4,571,432	4,584,296	2,756,926	2,937,983	7,328,358	7,522,279
Freight cars, contents, cabooses (thousands)	38,488,222	36,223,224	21,197	22,148	38,509,419	36,245,372
Passenger cars, contents (thousands)	191,057	243,633	6,502,747	6,711,513	6,693,804	6,955,146
Total freight and passenger (thousands)	38,679,279	36,466,857	6,523,944	6,733,661	45,203,223	43,200,518
Train Hours						
Train hours in road service	952,249	984,159	288,457	313,664	1,240,706	1,297,823
Revenue and Nonrevenue Freight Traffic						
Tons of revenue freight	—	—	—	—	50,164,902	46,245,916
Tons of nonrevenue freight	—	—	—	—	3,923,326	4,219,396
Total tons of freight	—	—	—	—	54,088,228	50,465,312
Net ton miles revenue freight (thousands)	—	—	—	—	16,258,840	14,774,759
Net ton miles nonrevenue freight (thousands)	—	—	—	—	1,257,902	1,333,223
Total net ton miles of freight (thousands)	17,501,540	16,087,945	15,202	20,037	17,516,742	16,107,982
Revenue Passenger Traffic						
Passengers carried	—	—	—	—	7,309,607	8,102,277
Passenger miles	—	—	—	—	787,156,378	874,444,524
Motor Vehicle Operations Excluded Above						
Net ton miles revenue freight (thousands)	—	—	—	—	2,870	3,132
Passengers carried	—	—	—	—	16,180	22,689
Passenger miles	—	—	—	—	902,015	1,056,168

STATISTICS OF RAIL-LINE OPERATIONS—CONCLUDED

ITEMS	1950	1949	1948	1947	1946	1945
FREIGHT TRAIN STATISTICS AND AVERAGES						
Gross ton miles, trailing (thousands)	38,679,279	36,466,857	39,002,160	40,437,522	37,916,053	42,197,413
Eastbound	20,225,498	19,083,191	20,292,893	21,364,432	19,786,782	21,375,175
Westbound	18,453,781	17,383,666	18,709,267	19,073,090	18,129,271	20,822,238
Steam	18,935,455	22,758,261	28,582,299	30,196,364	27,637,569	32,571,005
Diesel-electric	16,288,873	10,525,207	7,064,928	6,944,710	7,054,874	5,374,213
Electric	3,454,951	3,183,389	3,354,933	3,296,448	3,223,610	4,252,195
Per cent steam	49.0%	62.4%	73.3%	74.7%	72.9%	77.2%
Per cent Diesel-electric	42.1%	28.9%	18.1%	17.2%	18.6%	12.7%
Per cent electric	8.9%	8.7%	8.6%	8.1%	8.5%	10.1%
Loaded freight cars per train	38.1	33.8	33.0	33.4	34.1	35.2
Empty freight cars per train	19.3	19.3	17.2	16.6	16.7	16.9
Total freight cars per train	57.4	53.1	50.2	50.0	50.8	52.1
Gross tons per train	2,558	2,320	2,255	2,251	2,265	2,361
Net tons per train	1,157	1,023	1,034	1,036	1,043	1,117
Net tons per loaded car	30.3	30.3	31.3	31.1	30.5	31.8
Miles per car per day (serviceable freight)	38.1	37.9	38.6	40.1	40.1	47.0
Net ton miles per freight car-day	748	717	780	818	809	988
Train speed (train miles per train hour)	16.0	16.1	15.5	15.5	15.6	15.8
Gross ton miles (trailing) per train hour	40,619	37,054	34,645	34,474	35,015	36,928
PASSENGER TRAIN STATISTICS AND AVERAGES						
Passenger car miles (excluding motor)	92,495,023	95,774,326	99,967,909	97,025,664	113,391,203	124,537,654
Steam	30,215,086	41,966,851	50,498,490	54,425,701	81,567,665	98,897,068
Diesel-electric	52,477,403	47,824,847	44,086,524	36,725,143	18,344,567	9,963,551
Electric	9,802,534	5,982,628	5,382,895	5,874,820	13,478,971	15,677,035
Per cent steam	32.7%	43.8%	50.5%	56.1%	71.9%	79.4%
Per cent Diesel-electric	56.7%	49.9%	44.1%	37.9%	16.2%	8.0%
Per cent electric	10.6%	6.3%	5.4%	6.0%	11.9%	12.6%
Cars per train (excluding motor)	8.85	8.55	8.56	8.55	8.85	9.23
Revenue passengers per train	70.2	72.4	77.9	85.7	117.6	153.1
Revenue passengers per car	15.4	16.1	16.9	18.1	22.0	26.5
Train speed (train miles per train hour)	38.9	38.5	38.2	37.3	36.9	36.6
YARD SWITCHING STATISTICS						
Yard switching hours	1,618,429	1,590,047	1,755,206	1,779,147	1,618,272	1,589,606
Steam	755,336	850,971	1,127,647	1,177,775	1,022,185	1,089,434
Diesel-electric	841,812	716,800	605,658	578,563	577,165	481,951
Electric	21,281	22,276	21,901	22,809	18,922	18,221
Per cent steam	46.7%	53.5%	64.2%	66.2%	63.2%	68.5%
Per cent Diesel-electric	52.0%	45.1%	34.5%	32.5%	35.7%	30.3%
Per cent electric	1.3%	1.4%	1.3%	1.3%	1.1%	1.2%
DENSITY STATISTICS						
Per mile of road per day (freight service):						
Train miles, ordinary	3.9	4.0	4.4	4.6	4.3	4.6
Net ton miles	4,497	4,134	4,583	4,762	4,458	5,103
Per mile of road per day (passenger service):						
Train miles	4.7	4.8	4.9	4.7	5.3	5.6
Car miles	39.1	38.8	39.4	38.2	44.6	49.5

REVENUE FREIGHT BY PRINCIPAL COMMODITIES—1950 AND 1949

Commodities	1950 Tons Carried	1950 Percent of Total	1949 Tons Carried	1949 Percent of Total	Increase + or Decrease −	Tons	Percent
Products of Agriculture							
Wheat	1,708,181	3.4	2,191,418	4.7	−	483,237	22.1
Corn	1,370,174	2.7	1,580,802	3.4	−	210,628	13.3
Barley and rye	759,741	1.5	940,489	2.0	−	180,748	19.2
Oats	345,007	.7	486,000	1.1	−	140,993	29.0
Flour, meal and mill products	1,233,338	2.5	1,369,112	3.0	−	135,774	9.9
Citrus fruits	76,767	.2	67,231	.1	+	9,536	14.2
Other fruits, fresh and frozen	134,219	.3	147,819	.3	−	13,600	9.2
Potatoes, other than sweet	242,871	.5	275,483	.6	−	32,612	11.8
Other vegetables, fresh and frozen	118,446	.2	130,407	.3	−	11,961	9.2
Sugar beets	215,187	.4	142,881	.3	+	72,306	50.6
Other products of agriculture	1,372,382	2.7	1,389,870	3.0	−	17,488	1.3
Total	7,576,313	15.1	8,721,512	18.8	−	1,145,199	13.1
Animals and Products							
Cattle, calves, sheep and goats	332,005	.7	426,246	.9	−	94,241	22.1
Swine	176,959	.4	215,301	.5	−	38,342	17.8
Fresh meats	562,915	1.1	569,312	1.2	−	6,397	1.1
Poultry, eggs, butter and cheese	117,912	.2	135,352	.3	−	17,440	12.9
Wool, hides and leather	166,688	.3	161,023	.4	+	5,665	3.5
Other animals and products	350,024	.7	326,314	.7	+	23,710	7.3
Total	1,706,503	3.4	1,833,548	4.0	−	127,045	6.9
Products of Mines							
Bituminous coal	9,191,560	18.3	8,179,572	17.7	+	1,011,988	12.4
Coke	523,363	1.1	439,550	1.0	+	83,813	19.1
Ores and concentrates	723,013	1.4	176,117	.4	+	546,896	310.5
Gravel and sand	1,847,318	3.7	1,677,052	3.6	+	170,266	10.2
Stone, broken, ground or crushed	1,181,265	2.4	1,084,754	2.3	+	96,511	8.9
Stone, rough and finished	251,113	.5	234,228	.5	+	16,885	7.2
Asphalt	231,314	.5	211,577	.5	+	19,737	9.3
Salt	171,722	.3	172,960	.4	−	1,238	.7
Other products of mines	1,270,892	2.5	1,176,993	2.5	+	93,899	8.0
Total	15,391,560	30.7	13,352,803	28.9	+	2,038,757	15.3
Products of Forests							
Logs, posts, poles and cordwood	3,042,968	6.1	2,697,557	5.8	+	345,411	12.8
Pulpwood	533,606	1.1	480,095	1.0	+	53,511	11.1
Lumber and mill products	2,531,778	5.0	1,995,960	4.3	+	535,818	26.8
Veneer and built-up wood	308,004	.6	240,848	.5	+	67,156	27.9
Other products of forests	191,952	.4	205,232	.5	−	13,280	6.5
Total	6,608,308	13.2	5,619,692	12.1	+	988,616	17.6
Manufactures and Miscellaneous							
Refined petroleum and products	1,912,864	3.8	1,843,098	4.0	+	69,766	3.8
Sugar, table sirups and molasses	321,974	.6	316,410	.7	+	5,564	1.8
Iron and steel products	3,370,932	6.7	2,839,928	6.2	+	531,004	18.7
Machinery and boilers	250,642	.5	262,570	.6	−	11,928	4.5
Cement	1,227,901	2.5	1,026,718	2.2	+	201,183	19.6
Brick, building tile and artificial stone	298,474	.6	269,044	.6	+	29,430	10.9
Lime and plaster	162,323	.3	128,445	.3	+	33,878	26.4
Agricultural implements, tractors and parts	441,161	.9	472,813	1.0	−	31,652	6.7
Autos, trucks, parts and tires	767,921	1.5	660,758	1.4	+	107,163	16.2
Beverages	1,271,728	2.5	1,215,255	2.6	+	56,473	4.6
Ice	98,151	.2	88,474	.2	+	9,677	10.9
Fertilizers	382,744	.8	380,510	.8	+	2,234	.6
Paper and paper products	885,192	1.8	755,507	1.6	+	129,685	17.2
Canned food products	835,322	1.7	734,519	1.6	+	100,803	13.7
Scrap iron and scrap steel	720,855	1.4	487,794	1.1	+	233,061	47.8
Building paper, roofing and woodwork	400,080	.8	335,209	.7	+	64,871	19.4
Other manufactures and miscellaneous	5,067,819	10.1	4,357,166	9.4	+	710,653	16.3
Total	18,416,083	36.7	16,174,218	35.0	+	2,241,865	13.9
Grand Total, Carload Traffic	49,698,767	99.1	45,701,773	98.8	+	3,996,994	8.7
All L.C.L. Freight	466,135	.9	544,143	1.2	−	78,008	14.3
Grand Total, Carload and L.C.L. Traffic	50,164,902	100.0	46,245,916	100.0	+	3,918,986	8.5

NUMBER OF EMPLOYEES AND COMPENSATION 1928–1950 INCLUSIVE

Year	Regular Employees			Part Time Employees: Compensation (Not Subject to Continuing Authority of Railroad)	Total Compensation All Employees		
	Average No. of Employees (Middle of Month Count)	Compensation	Average Compensation Per Employee		Total Compensation	Charged To	
						Operating Expenses	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
1949	35,131	133,117,567	3,789	330,744	133,448,311	123,623,335	9,824,976
1950	33,668	128,201,025	3,808	397,584	128,598,609	121,457,026	7,141,583

*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—1950

State	Regular Employees			Part Time Employees Total Compensation	Total Compensation All Employees
	Average Number	Total Compensation	Average Compensation Per Employee		
Illinois	8,314	$31,274,022	$3,762	$109,816	$31,383,838
Iowa	3,787	13,616,121	3,595	34,436	13,650,557
Wisconsin	8,571	32,922,426	3,841	91,507	33,013,933
Minnesota	3,920	14,791,281	3,773	28,340	14,819,621
Michigan	227	808,712	3,563	4,830	813,542
Missouri	581	2,169,303	3,734	12,023	2,181,326
Indiana	822	3,232,390	3,932	11,568	3,243,958
South Dakota	1,985	7,231,688	3,643	12,553	7,244,241
North Dakota	235	782,509	3,330	1,375	783,884
Montana	2,300	9,385,595	4,081	25,845	9,411,440
Idaho	257	941,066	3,662	147	941,213
Washington	2,509	10,305,997	4,108	28,880	10,334,877
All other	160	739,915	4,624	36,264	776,179
Total	33,668	$128,201,025	$3,808	$397,584	$128,598,609

EQUIPMENT OWNED END OF YEARS 1949–1950

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	1949	505	126	271	8	910	43,285,010	47,566	120,345	132.25	97.65
	1950	483	111	236	8	838	40,132,623	47,891	111,816	133.43	98.26
Electric	1949	30	13	6	....	49	6,355,250	129,699	15,950	325.51	259.40
	1950	40	14	6	....	60	7,480,450	124,674	18,940	315.67	249.35
Diesel-electric	1949	52	21	110	2	185	14,888,588	80,479	32,304	174.62	160.97
	1950	63	30	139	0	232	20,091,868	86,603	42,711	184.10	173.21
Total	1949	587	160	387	10	1,144	64,528,848	56,406	168,599	147.38	114.83
	1950	586	155	381	8	1,130	67,704,941	59,916	173,467	153.51	121.67

#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
1949	25,686	4,018	2,372	11,482	4,296	988	800	3,746	5,326	808	59,522
1950	25,476	4,001	2,071	11,338	4,294	988	800	3,737	5,296	786	58,787

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
1949	386	87	30	13	48	3	3	446	59	11	1,086
1950	386	87	30	13	48	3	3	481	58	10	1,119

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			
1949	3	2	9	1	2	17
1950	2	2	6	1	2	13

FLOATING EQUIPMENT

Year	Tugboats	Car Barges	Total
1949	1	4	5
1950	1	5	6

HIGHWAY VEHICLES

Year	Revenue Service					Nonrevenue Service						
	Buses	Trucks	Tractors	Semi-Trailers	Trailers	Passenger Automobiles	Buses	Trucks	Tractors	Semi-Trailers	Trailers	Misc. Equip.
1949	4	1	6	2	10	209	8	192	6	2	15	4
1950	4	0	6	1	5	222	7	198	5	3	14	9

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
1949	12	20	1	2,016	263	240	188	483	3,223
1950	15	20	1	2,097	329	233	188	492	3,375

MILWAUKEE LAND COMPANY INCOME ACCOUNT FOR THE YEARS 1950 AND 1949

INCOME	1950	1949	INCREASE	DECREASE
TOWNSITE DIVISION:				
SALES:				
Real estate sales	$ 7,189.82	$ 12,697.00		$ 5,507.18
Book value of lots and acreage sold	*6,673.70*	*3,276.79*	$ *3,396.91*	
Spokane, Wash.—Industrial tract		14,525.37		14,525.37
Book value of Spokane property sold		*5,770.99*		*5,770.99*
GROSS PROFIT FROM SALES	516.12	18,174.59		17,658.47
OTHER INCOME:				
Rents	3,905.47	1,593.90	2,311.57	
Interest and discount	1,192.98	65.46	1,127.52	
Miscellaneous income	382.52	168.75	213.77	
TOTAL OTHER INCOME	5,480.97	1,828.11	3,652.86	
TOTAL INCOME—TOWNSITE DIVISION	5,997.09	20,002.70		14,005.61
TIMBER DIVISION:				
SALES:				
Stumpage sales	951,439.35	581,866.55	369,572.80	
Acreage sales	639.00	7,050.00		6,411.00
Sale of timber	87,812.41	42,074.26	45,738.15	
Cost of land and timber sold	*106,164.10*	*66,279.90*	*39,884.20*	
GROSS PROFIT FROM SALES	933,726.66	564,710.91	369,015.75	
OTHER INCOME:				
Rents	5,027.00	4,323.10	703.90	
Trespass	376.47	1,669.34		1,292.87
Coal mine royalties	555.67	1,084.44		528.77
Oil lease royalties	360.83	6,510.09		6,149.26
Other royalties		200.83		200.83
Interest on securities owned	51,144.96	49,774.42	1,370.54	
Interest on notes receivable	3,515.29	3,538.19		22.90
Interest on miscellaneous bills and other accounts	16,071.55	12,412.02	3,659.53	
Discount on U. S. Treasury notes	849.49		849.49	
TOTAL OTHER INCOME	77,901.26	79,512.43		1,611.17
TOTAL INCOME—TIMBER DIVISION	1,011,627.92	644,223.34	367,404.58	
TOTAL INCOME—TOWNSITE AND TIMBER DIVISIONS	1,017,625.01	664,226.04	353,398.97	
EXPENSES				
TOWNSITE DIVISION:				
Salaries	3,119.84	2,912.41	207.43	
Salaries and expenses—Real estate department	628.69	1,099.45		470.76
General office supplies and expenses	17.63	104.35		86.72
Spokane East Side Syndicate Addition expense		280.63		280.63
Taxes accrued	727.41	1,226.72		499.31
Interest on note payable	64,043.76	64,043.76		
Miscellaneous expenses	53.76	38.00	15.76	
TOTAL EXPENSES—TOWNSITE DIVISION	68,591.09	69,705.32		1,114.23
TIMBER DIVISION:				
Fire protection	17,135.66	18,464.56		1,328.90
Office expense	19,128.72	21,498.34		2,369.62
Officers' salaries	16,571.96	15,863.96	708.00	
Real estate expense	37,534.18	20,706.20	16,827.98	
Timber cutting contracts expense	14,985.34	32,146.40		17,161.06
Taxes accrued	3,357.73	184,529.35		181,171.62
Interest on note payable	95,076.24	95,076.24		
Pension account	4,800.00	4,800.00		
Depreciation on automobiles, furniture and fixtures	1,794.95	2,064.52		269.57
South Olympic Tree Farm Co. expense	387.58	289.24	98.34	
Amortization of premium paid on U. S. savings bonds	2,564.04	13,124.96		10,560.92
TOTAL EXPENSES—TIMBER DIVISION	213,336.40	408,563.77		195,227.37
TOTAL EXPENSES—TOWNSITE AND TIMBER DIVISIONS	281,927.49	478,269.09		196,341.60
NET INCOME	$ 735,697.52	$ 185,956.95	$ 549,740.57	

MILWAUKEE LAND COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEARS 1950 AND 1949

	1950	1949	INCREASE	DECREASE
CREDITS:				
Credit balance transferred from income	$ 735,697.52	$ 185,956.95	$ 549,740.57	
Miscellaneous credits	161.25		161.25	
	735,858.77	185,956.95	549,901.82	
DEBITS:				
Debit balance at beginning of year	2,502,033.83	2,687,990.78		$ 185,956.95
Debit balance, December 31, carried to General Balance Sheet	*$1,766,175.06*	*$2,502,033.83*		$ *735,858.77*

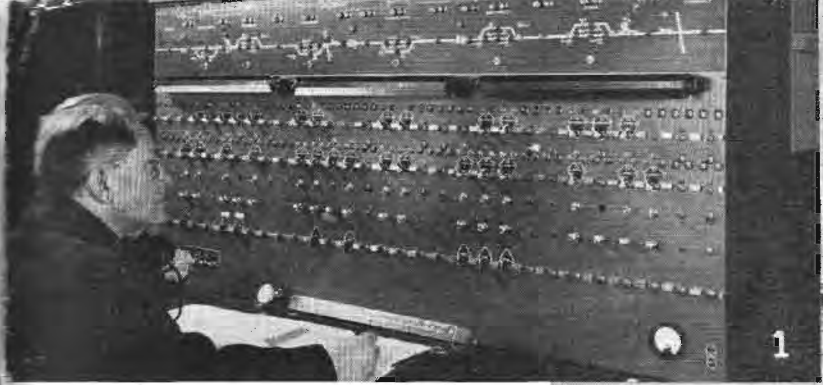
Italics denote reverse items.

MILWAUKEE LAND COMPANY—GENERAL BALANCE SHEET

DECEMBER 31, 1950 AND DECEMBER 31, 1949

ASSET SIDE	1950	1949	INCREASE	DECREASE
CURRENT ASSETS:				
Cash	$ 615,964.69	$ 529,067.36	$ 86,897.33	
Notes receivable	57,690.14	58,540.14		$ 850.00
Interest accrued on notes receivable	9,653.28	6,199.23	3,454.05	
Interest accrued on timber sales contracts	560.82	6,878.94		6,318.12
Interest accrued on securities owned	33,018.53	22,478.10	10,540.43	
Purchase contracts—Town lots and acreage	1,590.00	9,390.00		7,800.00
Contracts uncompleted—Farm land sales	3,937.50	5,250.00		1,312.50
Audited bills	53,013.54	29,906.07	23,107.47	
Deposit under Escrow Agreement—First National Bank in Miles City	40,000.00		40,000.00	
TOTAL CURRENT ASSETS	815,428.50	667,709.84	147,718.66	
INVESTMENT SECURITIES:				
Ozette Timber Company—Capital stock	138,065.19	138,065.19		
Rainier Forest Association Inc.—Capital stock	1,600.00	1,600.00		
South Olympic Tree Farm Co.—Capital stock	370.00	370.00		
Puget Sound Log Scaling and Grading Bureau—Capital stock	100.00	100.00		
Farmers Equity Union of Rhame—Capital stock	25.00	25.00		
United States savings bonds	4,600,000.00	3,505,640.60	1,094,359.40	
Reserve for adjustment of investment in securities		*3,044.60*		*3,044.60*
TOTAL INVESTMENT SECURITIES	4,740,160.19	3,642,756.19	1,097,404.00	
DEFERRED ASSETS:				
Rent accrued	2.00	4.00		2.00
Rayonier, Inc. timber sale contracts		401,907.59		401,907.59
E. C. Miller Cedar Lumber Co. and E. K. Bishop Lumber Co. timber sale contract	80,000.00		80,000.00	
Miles City Sales Yards Co.—Certificate of Indebtedness	10,000.00		10,000.00	
TOTAL DEFERRED ASSETS	90,002.00	401,911.59		311,909.59
CAPITAL ASSETS:				
Land and timber	1,909,749.26	2,008,903.00		99,153.74
Real estate—Town lots and acreage	42,518.77	49,041.20		6,522.43
St. Joe, Idaho, powersite lands	48,308.02	48,308.02		
Spokane, Wash.—Industrial tract	25,195.28	24,499.56	695.72	
Reforestation lands purchased—Idaho	22,790.17	22,800.53		10.36
Reforestation lands purchased—Washington	676.67	587.67	89.00	
Automobiles, less accrued depreciation	4,017.54	5,750.46		1,732.92
Furniture and fixtures, less accrued depreciation		72.03		72.03
Government land scrip	1.00	1.00		
South Olympic Tree Farm improvements	6,008.31	6,008.31		
TOTAL CAPITAL ASSETS	2,059,265.02	2,165,971.78		106,706.76
GRAND TOTAL	$7,704,855.71	$6,878,349.40	$ 826,506.31	
LIABILITY SIDE				
CURRENT LIABILITIES:				
Audited vouchers and payrolls	$ 8,175.97	$ 14,116.24		$ 5,940.27
U. S. Government Internal Revenue Code—Employees' taxes withheld	533.17	32.37	$ 500.80	
Taxes accrued not yet payable	186,507.61	258,365.61		71,858.00
TOTAL CURRENT LIABILITIES	195,216.75	272,514.22		77,297.47
DEFERRED LIABILITIES:				
Advances received on coal leases	6,009.53	5,565.30	444.23	
Advances received on cutting contracts	152,856.42	142,831.62	10,024.80	
Interest accrued on advances—C. M. St. P. & P. R. R. Co.	54,887.96	54,887.96		
Interest accrued on note payable—C. M. St. P. & P. R. R. Co.	5,907,332.26	5,748,212.26	159,120.00	
Timber, rock and pumice stone royalties	1,510.00		1,510.00	
TOTAL DEFERRED LIABILITIES	6,122,596.17	5,951,497.14	171,099.03	
UNADJUSTED CREDITS:				
Suspense accounts	1,190.68	4,350.87		3,160.19
Advances billed on cutting contracts	27.17	21.00	6.17	
TOTAL UNADJUSTED CREDITS	1,217.85	4,371.87		3,154.02
CAPITAL LIABILITIES:				
Capital stock	500,000.00	500,000.00		
Note payable—C. M. St. P. & P. R. R. Co.	2,652,000.00	2,652,000.00		
TOTAL CURRENT LIABILITIES	3,152,000.00	3,152,000.00		
PROFIT AND LOSS:				
Profit and Loss—Debit balance	*1,766,175.06*	*2,502,033.83*		*735,858.77*
GRAND TOTAL	$7,704,855.71	$6,878,349.40	$ 826,506.31	

Italics denote reverse items.



1. Dispatcher at centralized traffic control board. CTC accelerates train movements on high traffic density lines.

2. Olympian Hiawatha leaving Chicago for Seattle-Tacoma.

3. One of 12 big new electric locomotives recently put in service on Rocky Mountain Division.

4. Typical diesel-electric switcher in yard service.

5. Twin Cities Hiawatha near Red Wing, Minnesota.

6. New freight cars coming off the line at Milwaukee shops.

7. Diesel powered log train near Mt. Rainier, Washington.

8. Diesel engineer talks to conductor in caboose over two-way radio. End-to-end radio communication on freight trains facilitates train movements.


GOING PLACES!
CHICAGO
MILWAUKEE
ST. PAUL
AND PACIFIC