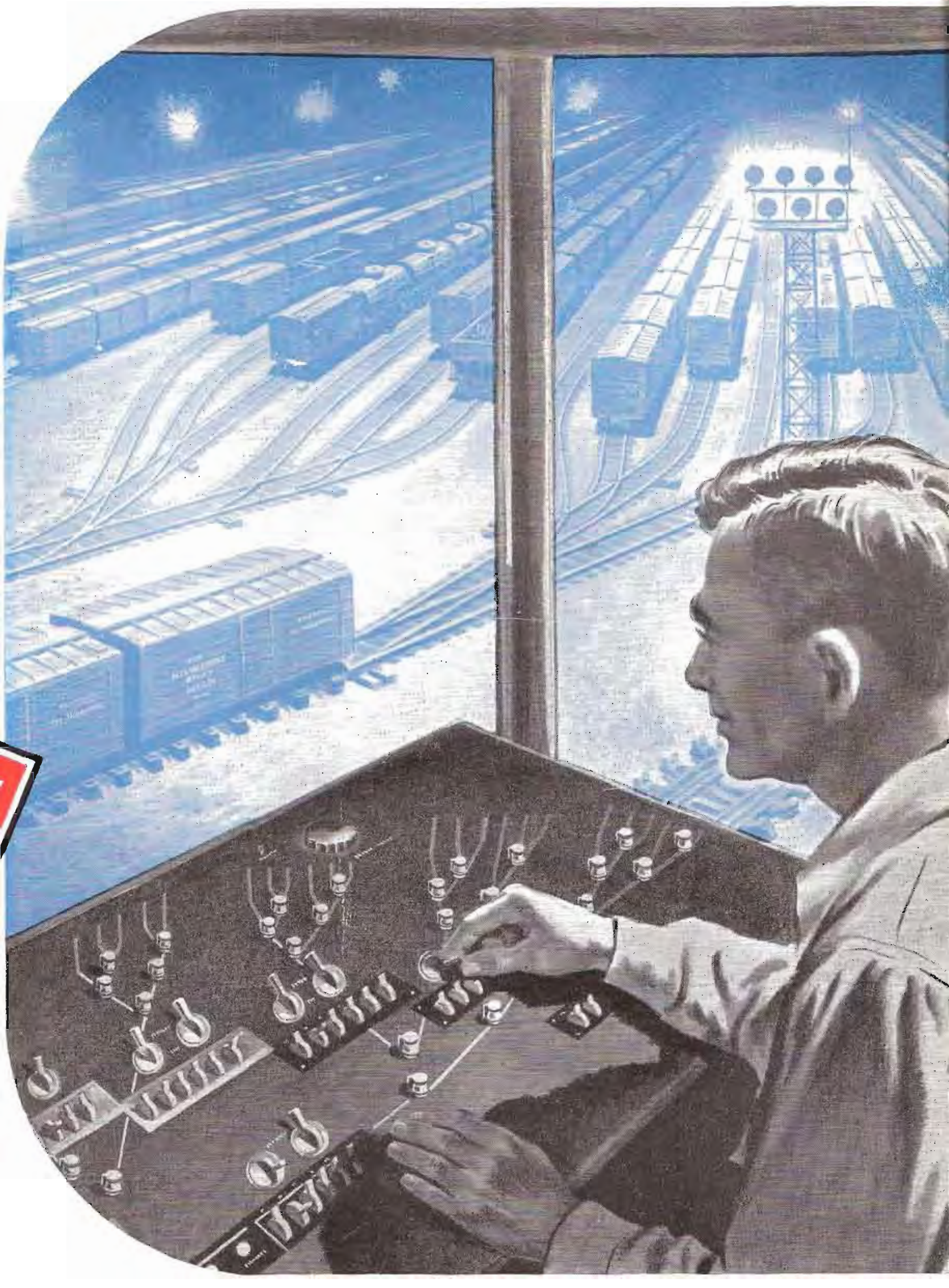
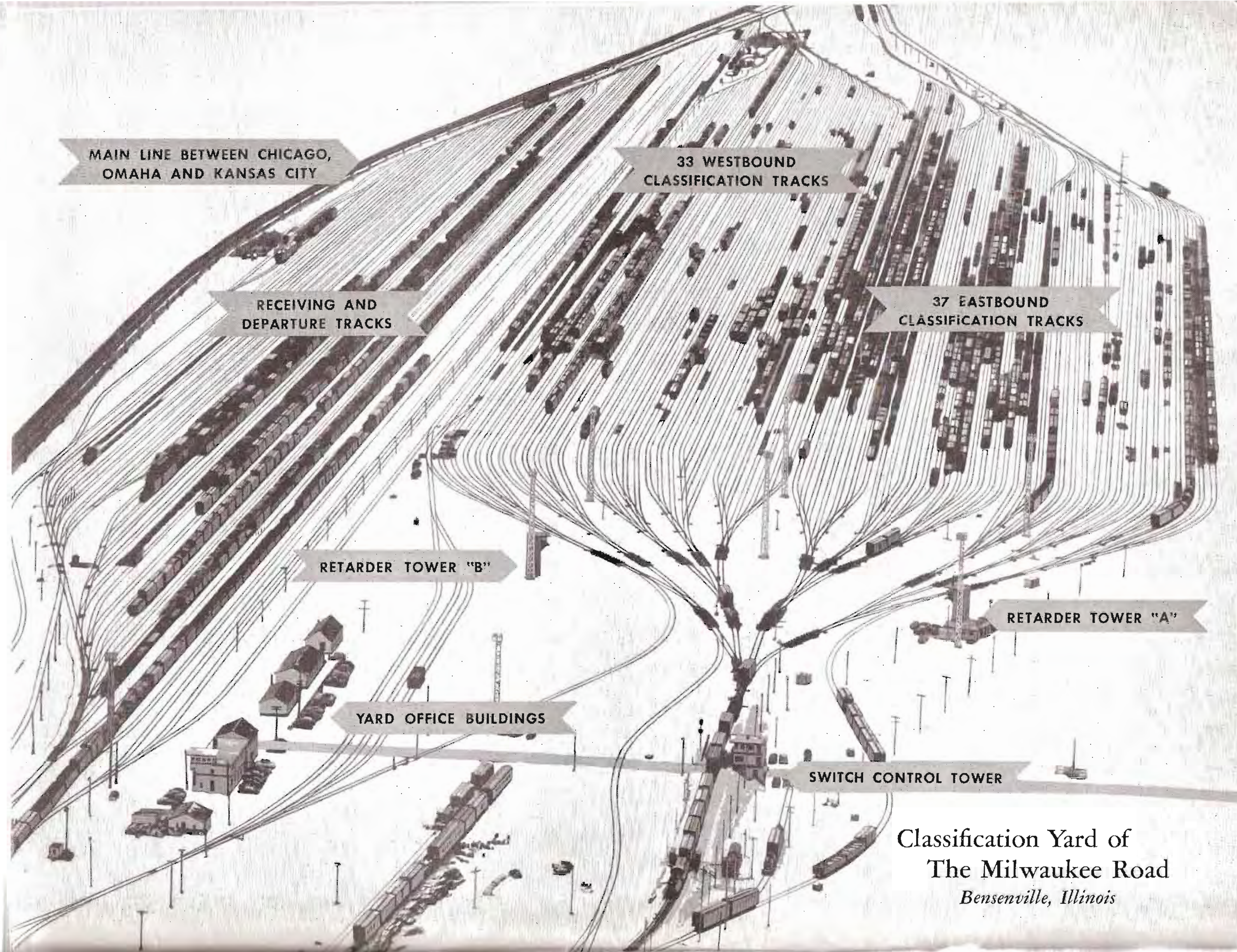
1953 ANNUAL REPORT

THE MILWAUKEE ROAD



CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY



Classification Yard of
The Milwaukee Road
Bensenville, Illinois

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

BOARD OF DIRECTORS

Terms Expiring:

1954	1955	1956
John D. Allen	Judson Large	John B. Gallagher
James M. Barker	Robert J. Marony	Joshua Green
Leo T. Crowley	William L. O'Brien	Arnold B. Keller
Walter J. Cummings	Philip W. Pillsbury	Walter T. Mahoney
William J. Froelich	John W. Severs	Louis Quarles
John P. Kiley	John P. Wagner	William J. Sinek
Elmer Rich		

EXECUTIVE COMMITTEE

John D. Allen, *Chairman*

Leo T. Crowley	William J. Froelich	John P. Kiley
John B. Gallagher	Arnold B. Keller	Elmer Rich
		William J. Sinek

FINANCE COMMITTEE

Walter J. Cummings, *Chairman*

John D. Allen	Leo T. Crowley	John B. Gallagher*
James M. Barker	William J. Froelich*	Elmer Rich
		Louis Quarles*

*Alternate Members

OFFICERS

L. T. Crowley	Chairman of the Board	Chicago
J. P. Kiley	President	Chicago
J. W. Severs	Vice President—Finance and Accounting	Chicago
M. L. Bluhm	Vice President and General Counsel	Chicago
L. F. Donald	Vice President—Operation	Chicago
P. H. Draver	Vice President—Traffic	Chicago
L. H. Dugan	Vice President and Western Counsel	Seattle
J. B. Murray	Vice President	New York
C. L. Taylor	General Solicitor	Chicago
R. S. Stephenson	Comptroller	Chicago
J. J. Roche	Secretary	Chicago
F. H. Jeffrey	Treasurer	Chicago

STOCK TRANSFER OFFICES

52 Wall Street, New York 5, New York
Room 732 Union Station, Chicago 6, Illinois

REGISTRARS

The National City Bank of New York, New York, New York
Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois

ANNUAL MEETING

May 11, 1954, in Room 220 Union Station, Chicago, Illinois

This Annual Report, containing financial statements, is not and must not be considered as proxy soliciting material or as a report or document filed pursuant to the Securities Exchange Act, or any rule or regulation thereunder.

RESULTS OF OPERATION

	1953	1952
Railway operating revenues	$259,860,191	$269,465,584
Railway operating expenses	218,183,759	222,122,738
Net revenue from railway operations	41,676,432	47,342,846
Railway tax accruals	17,972,000	22,905,000
Equipment rents—net charge	6,444,879	4,435,473
Joint facility rents—net charge	2,595,865	2,572,765
Net railway operating income	14,663,688	17,429,608
Other income—net	3,723,374	2,351,083
Income available for fixed charges	18,387,062	19,780,691
Total fixed charges	4,415,366	4,492,459
Times fixed charges earned	4.16	4.40
Income after fixed charges	13,971,696	15,288,232
Total other deductions (contingent charges)	3,958,678	4,025,539
Net income	10,013,018	11,262,693
Appropriations of income for sinking funds	755,005	746,425
Transferred to retained earnings—unappropriated	$ 9,258,013	$ 10,516,268
Earnings per share—Preferred	$ 8.28	$ 9.40
Earnings per share—Common	$ 1.73	$ 2.32

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.

TO THE SHAREHOLDERS OF CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

Gross operating revenues of the Milwaukee Road amounted to $259,860,191, a decline of $9,605,393, or 3.56%, compared with 1952. Revenue freight net ton miles declined 3.7%, and revenue passenger miles 9.7%.

During the first half of the year freight traffic loading was higher than it was in the corresponding 1952 period, but it began to fall off in the third quarter, and the decline continued through the closing months of the year.

Freight revenue was appreciably affected by the strike in the brewing industry at Milwaukee, which lasted from May 14 to July 29. The loss of freight revenue on shipments of beer, and the materials used in the manufacture and distribution of it, are estimated at over $4,000,000. The lesser movement of grain and livestock and, because of the decline in farm prices, of agricultural implements and other goods consumed by the farming industry, further affected freight revenue.

Passenger traffic was the lowest in any year since the end of World War II, due principally to the decline in military travel, extended use of private automobiles, and greater diversion of passenger traffic to other forms of transportation.

Despite the decrease in operating revenues, and increases in wage rates and continuing high prices of material and supplies, railway operating expenses of $218,183,759 showed a reduction of $3,938,979, or 1.77%, compared with 1952.

The transportation ratio of 39.9% in 1953 was the lowest since 1945. Gross ton miles per train hour increased from 46,186, in 1952, to 50,439 in 1953, 9.2%, and freight revenue per train mile increased from $15.82 to $16.76 or 5.9%.

Net income for the year, after fixed charges and other deductions and appropriations for sinking funds for the retirement of bonds, required by the First and General Mortgages, was $9,258,013, compared with $10,516,268 in 1952, a decrease of $1,258,255, or 12%.

The Company's improvement and modernization program continued during the year. The major project was the conversion of the flat switching yard at Bensenville, Illinois, to a 70-track retarder freight classification yard, combining the most modern method of automatic switching and retarder speed control. Construction work commenced in February and the new yard was placed in operation in November. This facility, constructed at a total cost of about $5,500,000, will greatly improve service to shippers and effect savings in freight car rentals and switching costs. The reduction in switching moves, and the faster and better classification as well as minimum detention time of cars, are factors that affect operations in other yards. Cars may be classified not only by the lines receiving them but by various yards of the individual railroads. Certain switching operations, heretofore carried on at Galewood, in Chicago, and at Faithorn and Savanna, Illinois, are being transferred to Bensenville. The switching operations that will remain in Galewood will be greatly facilitated, with consequent improvement in the service in Chicago.

As an indication of the capacity of the new yard, 3256 cars were classified in a single 24-hour period ended 7:00 P.M. on January 16, a record for switching cars over a single retarder yard lead track.

DIVIDENDS DECLARED

The Board of Directors, at a meeting on February 10, 1954, declared a dividend of $5.00 per share on the Series A Preferred Stock of the Company, out of 1953 earnings, payable March 12, 1954, to holders of record at the close of business February 20, 1954.

At a meeting on March 10, 1954, the Board of Directors declared a dividend of $1.00 per share on the Common Stock, payable April 9, 1954, to holders of record at the close of business March 20, 1954. Pursuant to the Company's charter, the payment of this dividend required the deposit of 50 cents per share, or $1,061,607, in a sinking fund with the Trustee under the General Mortgage, for the retirement in equal parts of Series A and Series B Bonds.

After the payment of these dividends, the remainder of net income amounting to $479,938, was retained by the Company for other corporate purposes.

SOURCE OF INCOME

Hauling freight	$215,384,759
Carrying passengers	16,672,015
Transporting mail and express	13,184,260
Other passenger train revenue, including dining and buffet car service	3,084,283
Switching	6,247,121
Other operating revenues	5,287,753
Total operating revenues	$259,860,191
Other income—net	3,723,374
TOTAL	$263,583,565

DISPOSITION OF INCOME

Wages and salaries of employees included in operating expenses	$131,304,863	
Payroll taxes for benefit of employees	7,441,326	$138,746,189
Materials, contract work, depreciation, etc.	86,878,896	
Property and other miscellaneous taxes	9,253,674	
Federal income taxes	1,277,000	
Rental of equipment and joint facilities	9,040,744	106,450,314
Interest paid security holders		8,374,044
Payments into sinking funds required by mortgages		755,005
Dividend on preferred stock	5,593,255	
Dividend on common stock, including payment into Contingent Sinking Fund	3,184,820	8,778,075
Remainder for improvements to property and other corporate purposes		479,938
TOTAL		$263,583,565

OPERATING REVENUES

Operating revenues totaled $259,860,191 in 1953, a decrease of $9,605,393, or 3.56%, compared with 1952.

Freight decreased	$7,015,136 or	3.15%
Passenger decreased	2,191,407	11.62%
Mail increased	25,421	.27%
Express decreased	501,764	11.49%
All other increased	77,493	.53%

Revenue per Unit of Traffic

Year	Per ton mile (cents)	Per passenger mile (cents)
1953	1.399	2.235
1952	1.391	2.280
1951	1.302	2.263
1950	1.292	2.230
1949	1.326	2.222
1948	1.278	2.225
1947	1.104	2.072
1946	0.966	1.783
1945	0.928	1.708
1944	0.935	1.734

See pages 33, 34 and 35 for detailed traffic statistics

SOURCES OF REVENUE

Services and Classes of Traffic	Revenue	Percentages of Grand Total
FREIGHT SERVICE		
Freight Traffic		
Manufactured articles	$ 99,135,376	38.2%
Wheat, grain, products of agriculture	37,416,669	14.4
Coal, ore, products of mines	25,995,969	10.0
Lumber, products of forests	27,489,565	10.6
Livestock, products of animals	14,924,607	5.7
L.C.L. traffic	5,580,310	2.1
Forwarder traffic	4,680,292	1.8
Total Freight Traffic	215,222,788	82.8
Other Freight Service		
Switching	6,247,121	2.4
Joint facility—Net Cr.	2,410,581	1.0
Demurrage	793,957	.3
All other	1,311,827	.5
Total Other Freight Service	10,763,486	4.2
Total Freight Service	$225,986,274	87.0
PASSENGER SERVICE		
Passenger Traffic		
Passengers in coaches	$ 11,203,906	4.3
Passengers in parlor and sleeping cars	5,448,567	2.1
Total Passenger Traffic	16,652,473	6.4
Other Passenger Service		
Mail	9,244,578	3.5
Express	3,830,640	1.5
Dining and buffet	2,028,122	.8
All other	2,118,104	.8
Total Other Passenger Service	17,221,444	6.6
Total Passenger Service	$ 33,873,917	13.0
Freight, Passenger & Other Services	$259,860,191	100.0

OPERATING EXPENSES

Operating expenses totaled $218,183,759, a decrease of $3,938,979, or 1.77%, compared with 1952.

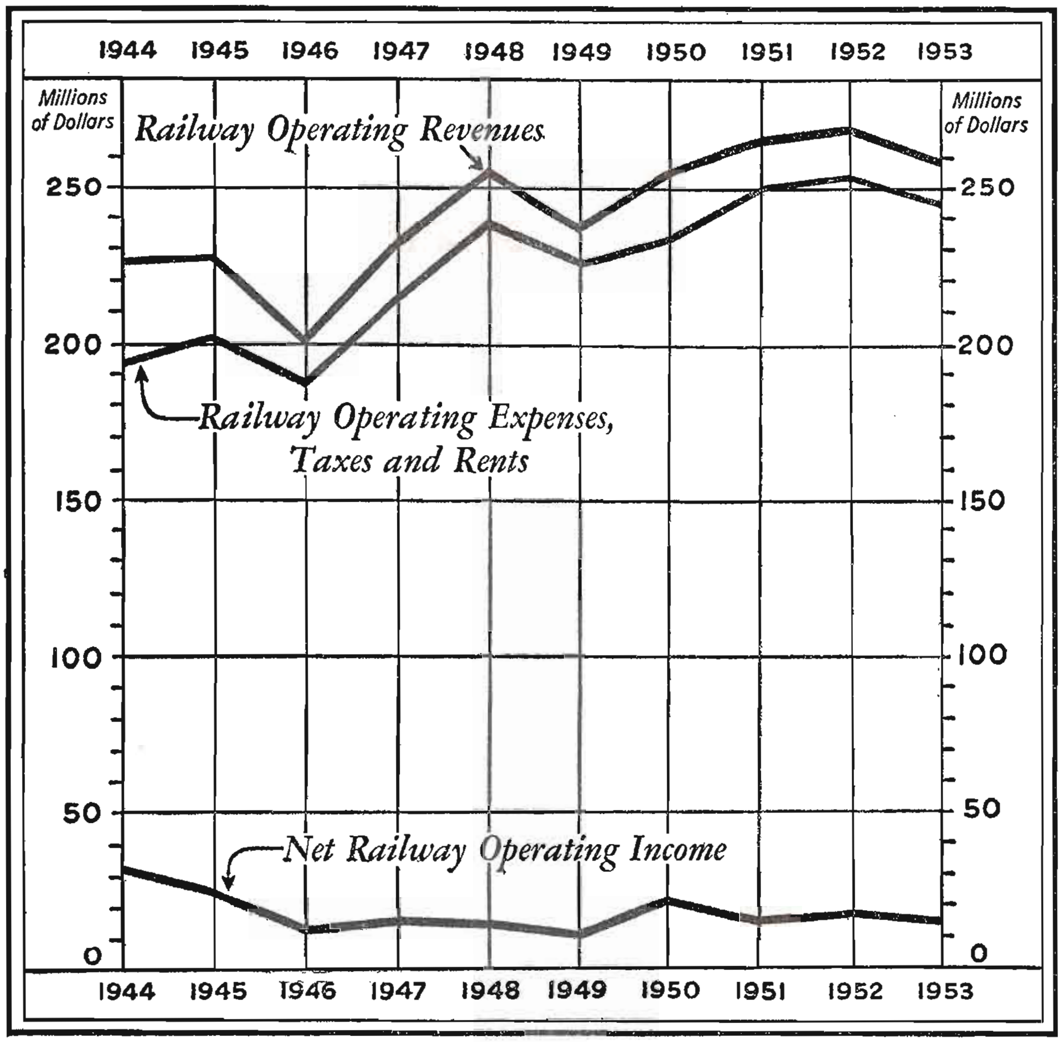
These expenses constituted 84% of the revenues in 1953, compared with 82.4% in 1952.

Maintenance of way and structures	increased	$1,892,641	or 4.63%
Maintenance of equipment	increased	240,744	.45
Transportation	decreased	5,907,826	5.40
All other operating expenses	decreased	164,538	.90

Analysis of Increases and Decreases in Total Railway Operating Expenses 1953 compared with 1952

ITEMS		Maintenance of Way and Structures		Maintenance of Equipment		Transportation		All Other		Total
Labor:										
General wage increases	+	$ 370,467	+	$ 397,035	+	$1,163,980	+	$ 190,949	+	$2,122,431
Straight time worked	+	166,650	—	633,634	—	5,210,258	—	293,365	—	5,970,607
Overtime worked	—	336,082	—	252,881	—	644,586	—	31,296	—	1,264,845
Total Labor	+	201,035	—	489,480	—	4,690,864	—	133,712	—	5,113,021
Fuel:										
Price		....		....	+	167,846		....	+	167,846
Consumption		....		....	—	1,406,537		....	—	1,406,537
Total Fuel		....		....	—	1,238,691		....	—	1,238,691
Electric power		....		....	—	76,520		....	—	76,520
Material—Other than fuel:										
Price	+	286,267	+	4,462	—	88,618	+	50,559	+	252,670
Quantity	+	529,680	+	1,065,566	—	85,209	—	196,400	+	1,313,637
Total Material other than Fuel	+	815,947	+	1,070,028	—	173,827	—	145,841	+	1,566,307
Miscellaneous	+	1,024,236	—	77,343	+	272,076	+	115,015	+	1,333,984
TOTAL LABOR, MATERIAL AND MISCELLANEOUS	+	2,041,218	+	503,205	—	5,907,826	—	164,538	—	3,527,941
Depreciation	+	72,023	—	278,050		....		....	—	206,027
Retirements	—	220,600	+	15,589		....		....	—	205,011
TOTAL DEPRECIATION AND RETIREMENTS	—	148,577	—	262,461		....		....	—	411,038
TOTAL RAILWAY OPERATING EXPENSES	+	$1,892,641	+	$ 240,744	—	$5,907,826	—	$ 164,538	—	$3,938,979

REVENUES, EXPENSES AND NET RAILWAY OPERATING INCOME



PAYROLLS AND AVERAGE COMPENSATION

Year	Total Payrolls—Regular Employees	Company Contributions—Retirement and Unemployment Taxes	Total	Average Per Employee	Straight Time Rate	
					Average Per Hour	% Inc. Over 1939
1944	$104,576,956	$ 6,606,037	$111,182,993	$2,908	$ .916	26.3
1945	106,425,149	6,326,545	112,751,694	2,922	.919	26.8
1946	116,746,703	7,085,974	123,832,677	3,329	1.111	53.2
1947	124,724,548	10,095,938	134,820,486	3,552	1.166	60.8
1948	138,490,345	7,707,579	146,197,924	3,820	1.297	78.9
1949	133,117,567	7,421,152	140,538,719	4,000	1.442	98.9
1950	128,201,025	7,234,363	135,435,388	4,023	1.580	117.9
1951	143,260,363	7,774,582	151,034,945	4,463	1.754	141.9
1952	145,397,263	7,696,578	153,093,841	4,703	1.852	155.4
1953	138,117,562	7,441,326	145,558,888	4,675	1.895	161.4

WAGES AND LABOR RELATIONS

During 1953 the average number of officers and employees was 31,138, a decrease of 1412 compared with 1952.

Wages and salaries and the payroll taxes paid by the Company for the benefit of the employees, totaled $145,558,888.

Further increases in wages were made in 1953. One of these was the so-called "productivity" increase of 4c per hour, retroactive to December 1, 1952, to operating and non-operating employees as a result of the award of Referee Guthrie.

Pursuant to agreements providing for cost-of-living adjustments, three wage changes were made during the year in the rates of pay of various groups of employees covered by these agreements. The net of the wage changes was a decrease of 1c per hour which was more than offset by the 4c per hour "productivity" increase.

The request of the Brotherhood of Railway Carmen of America, dated July 20, 1950, that the freight carmen's rates be increased so as to equal those paid passenger carmen, was disposed of by an agreement, dated June 4, 1953, providing for an increase of 4c per hour, effective June 1, 1953, in the existing basic hourly rates of pay of employees receiving the freight carmen's rate.

The request of the American Train Dispatchers Association, filed December 17, 1952, for extended fringe benefits, such as additional paid vacations and sickness benefits and an improvement factor wage increase, was disposed of by an agreement dated November 5, 1953, providing for a wage increase of $8.00 per month, effective December 1, 1952. The Association's proposals as to sick leave and vacations, and the carriers' proposal for rule changes, are to be dealt with by the Carriers Conference Committee and the Association's Committee.

The Brotherhood of Railroad Trainmen, October 1, 1953, requested that cost-of-living adjustments in effect as of that date be made a part of the basic rates of pay, and further requested an increase of 37½c per hour, effective November 1, 1953. On December 16, 1953, an agreement was reached providing for the 13c per hour cost-of-living adjustment to be included in the basic rates, a further increase of 5c per hour in the basic rates, effective December 16, 1953, and a vacation of three weeks per year instead of two, effective January 1, 1954, for employees having 15 or more years of continuous service, and the necessary compensated service within that period.

A similar agreement was made with the Brotherhood of Locomotive Firemen and Enginemen, on January 9, 1954, and with the Order of Railway Conductors on February 5, 1954.

There are pending:

Request of the Brotherhood of Locomotive Engineers that the basic daily rates be revised to include the cost-of-living adjustments in effect as of October 1, 1953, and a further increase of 30% in the basic daily rates. The services of the Mediation Board have been jointly invoked by the parties.

Request of the non-operating employees, dated May 22, 1953, for health and welfare benefits, including hospitalization, longer vacations and liberalized free transportation. An Emergency Board, appointed by President Eisenhower, is considering this.

Requests of other groups, including the Railroad Yardmasters of America, Dining Car Cooks and Waiters and the Brotherhood of Sleeping Car Porters are in various stages of negotiation.

FREIGHT RATES AND PASSENGER FARES

In the 1952 Annual Report, we called attention to order issued on April 11, 1952, by the Interstate Commerce Commission in Ex Parte 175 authorizing a further general increase of 9% in freight rates, making a total increase of 15%. The expiration date of February 28, 1954 was, by order of the Commission dated July 29, 1953, extended to December 31, 1955. All of the states in which we handle a substantial amount of intrastate business have authorized corresponding intrastate increases subject to some exceptions, and have also extended the expiration date of the increases to December 31, 1955. The exceptions are Idaho, where we handle a comparatively small amount of intrastate business, North Dakota, and Washington. Idaho denied any increases under Ex Parte 175 and the Union Pacific Railroad, which is the principal Idaho line and represents all railroads in that state, still has the question of a 13th Section petition under advisement. North Dakota and Washington have granted the same increases as those allowed by the Interstate Commerce Commission but have not yet extended the expiration date. It is expected that appropriate extension orders will be issued in both of these states.

The hearings on suburban fare increases and train discontinuances which were mentioned in the 1952 report continued in 1953. An organization formed by commuters vigorously opposed the petition. The matter was finally argued before the Commission on October 28, 1953 and although no decision has yet been rendered it is expected that one will be issued in the near future. The temporary suburban fare increases authorized by order of September 13, 1951, which were extended to June 1, 1953, are now extended to June 1, 1954.

EXPRESS RATES

The Railway Express Agency, on behalf of the railroads, filed petition with the Interstate Commerce Commission for an average increase of approximately 23.5% in its rates and charges. On July 20, 1953, the Commission issued an order approving certain increases averaging approximately 15%, and interstate rates became effective August 25, 1953. Similar applications were submitted to the various States on intrastate traffic, and the majority of them have given their approval.

MAIL PAY

In its order of November 13, 1951, the Interstate Commerce Commission approved a new basis of mail pay, effective January 1, 1951. Because of increases in costs of materials and supplies, wages, etc., the railroads filed a petition on June 24, 1953, for an additional 45% increase in rates to become effective July 1, 1953.

There is a greatly intensified and growing competition by other forms of transportation, which has resulted in diversions of mail from the railroads. Considerable quantities of mail have been diverted to trucks, particularly the shorter hauls, and in recent months there has been a diversion of long-haul first-class mail to the airlines with the threat of substantially greater diversions in the future.

In the light of these conditions it seemed doubtful if the railroads would benefit by the full measure of the increase sought, because of the probability that the revenues from the increased rates would be offset in large part by the loss of revenue from traffic diverted to other forms of transportation, and a compromise was reached with the Postmaster General on a 10% increase, effective October 1, 1953. The approval of the Interstate Commerce Commission has not yet been received.

INCOME AND OTHER TAXES

Tax accruals for 1953 totaled $17,972,000, made up as follows:

Federal income taxes	$ 1,277,000
Payroll taxes	7,441,326
Property and other miscellaneous taxes	9,253,674
Total	$17,972,000

The Federal income tax rate for 1953 was fixed at 52% by the Revenue Act of 1951. In computing Federal income taxes of $1,277,000, effect was given to the deduction of $4,124,000, representing the excess over normal depreciation of amortization on the basis of a 60-month period in respect of equipment and facilities certified by the Defense Production Administration as being necessary for the national defense. The accrual for Federal income taxes was thus reduced and net income for the year increased $2,144,480 above what it would have been if normal depreciation had been used in arriving at taxable income. Such equipment and facilities are being depreciated in the accounts at normal rates under an order of the Interstate Commerce Commission. The difference between the amortization and depreciation allowances of $4,124,000 will have to be charged against income as normal depreciation in years subsequent to the 60-month amortization period without being deductible from taxable income for those years.

REPARATION CASES

In previous reports reference has been made to certain cases before the Interstate Commerce Commission 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. Two of these cases, brought by the Reconstruction Finance Corporation, have been concluded favorably to the railroads and the complaints dismissed. Seventeen cases were brought by the United States and hearings thereon have been concluded. In July, 1953, a proposed report was filed by the Examiners, finding all the issues in favor of the railroads, and recommending the dismissal of all the complaints. The Government has secured various extensions of time for the filing of exceptions to the report of the Examiners, and the exceptions are due on March 20, 1954, with the railroads' reply thereto due on July 20, 1954. While the ultimate outcome will have to await the Commission's action on the exceptions, and possibly subsequent court proceedings, the progress made so far in resisting these claims has been satisfactory.

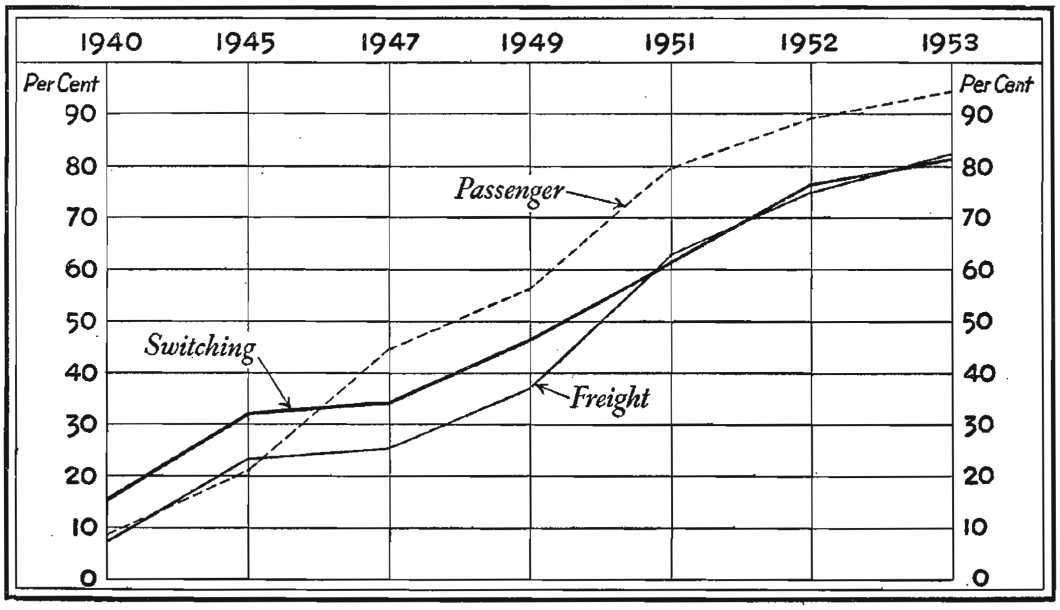
TAX REFUND CLAIMS

The Company has claims for refund of Federal income tax amounting to $8,921,203 arising from the carry-back of unused excess profits credits and other retroactive adjustments applicable to the calendar years 1942 to 1947. Discussions with representatives of the District Director of Internal Revenue in Chicago have been satisfactorily concluded and a supplemental report has been prepared by them and forwarded to the office of the Commissioner of Internal Revenue, Washington, D. C., for review.

DIESEL-ELECTRIC AND ELECTRIC OPERATION

During 1953 the proportion of operation performed by Diesel-electric and electric locomotives was: Freight, 82.1%; Passenger, 93.8%; Yard Switching, 81.6%.

Proportion of Operation Performed by Electric and Diesel-Electric Locomotives—1940—1953



At the close of 1953, the percentages were: Freight, 87%; Passenger, 94%; Yard Switching, 84%.

Diesel-electric locomotives acquired during 1953 are shown on Page 15 of this report. The total ownership of these locomotives, as of December 31, 1953, is shown on Page 38 of this report. 65 additional Diesel-electric locomotives (6 freight, 35 road switching, and 24 switching) have been acquired since January 1, 1954.

INDUSTRIAL DEVELOPMENT

During the year 207 new industries were located on industrial sites along the railroad, from which substantial freight traffic is expected. For prospective industrial need, 170 acres of land at four locations along the railroad were purchased at a total cost of $110,517, and additional strategically located land is in the process of being acquired.

78 parcels of land were acquired for operating purposes, at a cost of $33,099, and 370 parcels of company property were sold for $286,429.

As of December 31, 1953, 9971 leases of company owned land and buildings were in effect, producing a rental income of $1,178,287 annually, or an increase of $17,578 over 1952.

SALE TO CHICAGO TRANSIT AUTHORITY

A portion of the Evanston Division extending from the north line of Montrose Avenue, Chicago, Illinois, to the south line of Linden Avenue, Wilmette, Illinois, was sold to Chicago Transit Authority, as of September 30, 1953, in accordance with Agreement of Sale dated October 16, 1953.

The consideration for the sale of this property was $7,000,000 par value of 4½% revenue bonds of Chicago Transit Authority, series of 1953. The property was released from the First and General Mortgages of the Railroad Company upon the deposit of the bonds with the Trustee of the First Mortgage.

The line had not been operated by the Railroad Company since 1907. In that year an agreement was entered into with the Northwestern Elevated Railroad Company under which, among other things, the Elevated Company took over the passenger business on this line and agreed to perform switching and other freight services for the Railroad.

In 1919 the property was leased to Chicago North Shore and Milwaukee Railroad Company for a period of 25 years, subject to the 1907 agreement with the Elevated Company, and upon the expiration of the lease in 1944, a five-year lease was made with the Trustees of Chicago Rapid Transit Company, which had succeeded the Elevated Company.

In 1949 a lease terminable upon six-months notice, was made with Chicago Transit Authority, which had succeeded the Chicago Rapid Transit Company. Efforts were made to negotiate a long-term lease with the Chicago Transit Authority. These efforts were not successful and, on June 16, 1953, notice of termination of the 1949 lease, effective as of December 31, 1953, was served on the Chicago Transit Authority. Subsequent negotiations resulted in the sale of the property to Chicago Transit Authority as above stated.

Both the Agreement of Sale and the deed conveying the property to Chicago Transit Authority reserved to the Railroad Company the right to conduct or have conducted for it, switching and other freight services such as were then being conducted for it on those portions of the property included in the sale which were necessary for such switching or freight services for as long as the railroad company may be under legal obligation to perform such services.

The interest on the Transit Authority bonds, which is tax free, amounts to $315,000 per annum, or about $114,000 in excess of the rental, after income taxes, under the 1949 lease.

REDUCTION OF MORTGAGE BONDS

In 1953, mortgage bonds in the principal amount of $1,947,000 were acquired and cancelled or are held in the Treasury.

The following table shows that in the period December 1, 1945, to December 31, 1953, mortgage bonds in the principal amount of $32,696,400 were acquired and cancelled or are held in the Treasury. The resulting reduction in annual interest requirements is $1,449,053.

ITEM	Cancelled Through Sinking Funds	Surrendered to Trustee 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....	$ 1,570,600	$ 2,280,100	$ 173,800	$ 4,024,500	4%	$ 160,980
General Mortgage 4½% Income Bonds, Series A..........................	10,877,800	610,000	336,500	11,824,300	4½	532,094
General Mortgage 4½% Convertible Income Bonds, Series B............	5,877,000	....	10,105,600	15,982,600	4½	719,217
The Bedford Belt Ry. Co.						
First Mortgage Bonds.............	....	17,000	....	17,000	4¼	722
The Southern Indiana Ry. Co.						
First Mortgage Bonds.............	....	8,000	2,000	10,000	4¼	425
Chicago, Terre Haute & Southeastern Ry. Co. Income Mortgage Bonds.....	....	....	838,000	838,000	4¼	35,615
Totals......................	$18,325,400	$ 2,915,100	$11,455,900	$32,696,400		$1,449,053

Note: Excluded from the above are C.M.St.P.&P.R.R.Co. General Mortgage 4½% Convertible Income Bonds, Series B, in the principal amount of $55,400 issued in Reorganization but which were not required for exchange of old securities and were surrendered to Mortgage Trustee for cancellation in December 1949.

EQUIPMENT OBLIGATIONS

In 1953, equipment obligations of $4,107,000 were issued, and matured obligations of $8,811,885 were paid, resulting in a net decrease of $4,704,885 for the year. At December 31, 1953, the outstanding equipment obligations, shown in detail on page 27, amounted to $61,311,413, of which $54,415,000 are in the form of equipment trust certificates and $6,896,413 are conditional sale or lease-purchase agreements. Maturities are paid from funds provided through charges made against income for equipment depreciation and amortization.

UNPROFITABLE PASSENGER SERVICE

The unprofitableness of passenger train operation continues to be a difficult problem to contend with. In 1953, our passenger revenue declined 11.62%, and while we were permitted to take off some additional branch line trains, it is impossible to decrease our expenses in line with the decrease in revenue.

For the first two months of 1954, we had a further decrease in passenger train revenues that we were unable to compensate for in the way of reduction in passenger train miles. Our equipment and schedules are comparable to the best of competition of other railroads, but we were unable to prevent further inroads in these revenues by competition from private automobiles and from the subsidized air and highway carriers.

Our suburban service in the Chicago area is also a major problem. Our out-of-pocket loss from this service for the year ended December 31, 1953, was $1,300,000.

Our total deficit resulting from passenger train operation, on the basis of Interstate Commerce Commission formula, was $21,904,389 and, on the basis of approximate out-of-pocket cost, $7,322,000.

The inability to get prompt relief from operation of trains that are unprofitable, which of necessity we have to obtain from State commissions, and adverse decisions that are being made by State courts, as well as the United States Supreme Court, makes the problem much more difficult.

During 1953, a total of 98,550 train miles was discontinued. This makes a total of 3,149,668 train miles discontinued during the past five years, and it is estimated that the out-of-pocket cost of operation was $4,521,000. At the close of the year, two applications were pending, involving 75,364 train miles annually. Applications, with subsequent litigation in higher courts, resulted in denials for discontinuance of two unprofitable trains involving 180,310 train miles annually.

LONG TERM DEBT OUTSTANDING

Long-term debt outstanding in the hands of the public as of December 31, 1953, amounted to $218,682,213 compared with $225,334,098 as of December 31, 1952, a net decrease of $6,651,885.

Decreases:		
Mortgage Bonds:		
Purchased and cancelled during the year through operation of sinking funds—		
First Mortgage 4% Bonds, Series A	$ 214,500	
Less: Bonds held in Treasury at December 31, 1952, delivered or sold to Mortgage Trustee for sinking fund and cancelled during the year	27,400	$ 187,100
General Mortgage 4½% Income Bonds, Series A	$1,365,200	
Less: Bonds held in Treasury at December 31, 1952, sold to Mortgage Trustee for sinking fund and cancelled during the year	122,800	1,242,400
General Mortgage 4½% Convertible Income Bonds, Series B	$1,003,800	
Less: Bonds held in Treasury at December 31, 1952, sold to Mortgage Trustee for sinking fund and cancelled during the year	1,002,200	1,600
Purchased in the open market during the year and held in Treasury—		
First Mortgage 4% Bonds, Series A		173,800
General Mortgage 4½% Income Bonds, Series A		336,500
General Mortgage 4½% Convertible Income Bonds, Series B		3,600
The Southern Indiana Ry. Co. First Mortgage Bonds		2,000
Payments of Equipment Trust Certificates		8,221,000
Payments of Conditional Sale Agreements covering purchase of equipment		590,885
Total Decrease		$10,758,885
Increases:		
Equipment obligations covering purchase of equipment		4,107,000
Net Decrease		$ 6,651,885

CAPITAL EXPENDITURES—1953

The following is a summary of the capital expenditures made during 1953 and the source of funds:

Road property		$ 8,997,397
Improvements on leased property		8,982
New equipment	$ 6,799,408	
Improvements to existing equipment	1,503,388	8,302,796
Total transportation properties		$17,309,175
Miscellaneous physical property		40,374
Total properties		$17,349,549

The principal improvement to road property was the conversion of the flat switching yard at Bensenville, Illinois, to a modern retarder yard. It was originally planned to carry out this project in four stages, requiring two to three years to complete. Construction work commenced in the early part of the year and it was decided to go ahead and complete the entire project. This was done and the completed yard placed in operation in November. The charges to Capital Account in connection with this project amounted to $3,656,550.

Equipment delivered during the year:

3—4500 H.P. Diesel-electric freight locomotives (9 units)
16—1600 H.P. Diesel-electric road switching locomotives
9—1500 H.P. Diesel-electric road switching locomotives
30—50-ton box cars
19—10,000-gallon tank cars (Used)
1—250-ton wrecking derrick
1—Diesel-electric ditcher

The source of funds for these expenditures was:

Funds carried over from the preceding year	$ 1,836,188
Equipment obligations issued for equipment delivered during the year	4,186,461
Depreciation, amortization and retirement charges	7,771,978
Salvage from road and equipment retired	2,950,707
Allocated from unappropriated surplus	2,969,947
Donations and grants	51,447
Total	$19,766,728
The amount of capital expenditures was	17,349,549
Remainder of funds	$ 2,417,179

CAPITAL EXPENDITURES—1954

The 1954 program for improvements to road property involves an estimated expenditure, chargeable to Capital Account, of $5,997,656. Major improvements include the laying of 26,500 net tons of new rail; replacement, renewal or strengthening of certain bridges; construction of a new freight office building at Galewood, Illinois, and the installation of a 3-channel carrier communication system between Miles City, Montana, and Seattle, Washington.

The total investment cost of new equipment and improvements to existing equipment, included in the program, is estimated at $12,630,155. New equipment includes 65 diesel-electric locomotives, 100 70-ton all-steel hopper cars, and two room-sleeping cars. Approximately 75% of the cost of the diesel-electric locomotives and all-steel hopper cars will be financed under an equipment trust.

SHAREHOLDERS OF RECORD

As of April 7, 1953, the record date for the 1953 Annual Meeting, there were 11,408 holders of Series A Preferred Stock and 9,295 holders of Common Stock, who resided in every State of the Union and in U. S. territories and possessions. The distribution, by major classifications, is as follows:

	Series A Preferred		Common	
	Number of Holders	Shares Held	Number of Holders	Shares Held
Men	4,818	318,263	4,421	505,640
Women	4,412	193,933	3,206	249,024
Joint accounts	1,269	65,643	989	78,237
Fiduciaries, institutions and foundations, stock brokers, nominees and others	909	540,813	679	1,290,313
Total	11,408	1,118,652	9,295	2,123,214

Balance sheet, statements of income, retained earnings, railway operating revenues and expenses, and other statistical tables relating to the affairs of the railroad, are appended hereto.

LEO T. CROWLEY
Chairman of the Board

J. P. KILEY
President

By order of the Board of Directors
March 10, 1954

INDEX TO TABLES

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have examined the balance sheet of Chicago, Milwaukee, St. Paul and Pacific Railroad Company as of December 31, 1953, and the related statements of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously had made similar examinations of the financial statements for the preceding four years.

Attention is directed to Notes A and E to the financial statements relative to the status of federal taxes on income and certain claims for reparation on 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 financial statements present fairly the financial position of Chicago, Milwaukee, St. Paul and Pacific Railroad Company at December 31, 1953, 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. We also have examined the statement of available net income and application thereof, and it is our opinion that such statement fairly summarizes the computation of "available net income" for the year ended December 31, 1953, in conformity with the provisions of the First Mortgage and General Mortgage indentures.

ERNST & ERNST
Certified Public Accountants.

Chicago, Illinois,
March 1, 1954.

STATEMENT OF INCOME FOR THE YEARS 1953-1949

	1953	1952	1951	1950	1949
RAILWAY OPERATING REVENUES:					
Freight	$215,384,759	$222,399,895	$217,584,220	$209,924,036	$195,728,630
Passenger	16,672,015	18,863,422	19,713,460	17,538,857	19,420,606
Mail	9,318,408	9,292,987	9,136,878	10,656,139	6,538,810
Express	3,865,852	4,367,616	3,034,600	2,980,957	3,187,827
Switching	6,247,121	6,028,235	6,175,262	5,997,655	5,272,931
Other	8,372,036	8,513,429	9,756,122	8,324,005	7,872,456
TOTAL RAILWAY OPERATING REVENUES	259,860,191	269,465,584	265,400,542	255,421,649	238,021,260
RAILWAY OPERATING EXPENSES:					
Maintenance of way and structures	42,740,944	40,848,303	36,798,659	33,428,159	38,107,287
Maintenance of equipment	53,745,060	53,504,316	52,168,510	45,904,853	44,941,984
Traffic	5,881,112	5,755,326	5,595,241	5,034,361	5,085,731
Transportation	103,575,601	109,483,427	112,463,652	104,527,622	103,069,696
Miscellaneous operations	3,035,009	3,478,955	3,543,110	3,152,269	3,160,729
General	9,206,033	9,052,411	8,885,969	7,603,692	7,746,400
TOTAL RAILWAY OPERATING EXPENSES	218,183,759	222,122,738	219,455,141	199,650,956	202,111,827
NET REVENUE FROM RAILWAY OPERATIONS	41,676,432	47,342,846	45,945,401	55,770,693	35,909,433
TAXES AND RENTS:					
Federal taxes on income—Note A	1,277,000	5,865,000	7,263,000	11,538,000	2,887,000
Other taxes	16,695,000	17,040,000	17,236,000	16,563,000	16,737,000
Equipment rents	6,444,879	4,435,473	3,638,198	3,235,712	2,847,204
Joint facility rents	2,595,865	2,572,765	2,482,197	2,493,937	2,498,943
TOTAL TAXES AND RENTS	27,012,744	29,913,238	30,619,395	33,830,649	24,970,147
NET RAILWAY OPERATING INCOME	14,663,688	17,429,608	15,326,006	21,940,044	10,939,286
OTHER INCOME AND DEDUCTIONS:					
Other income—Note B	3,922,162	2,501,969	3,375,801	1,778,140	2,313,621
Miscellaneous deductions from income	198,788	150,886	221,718	174,186	177,488
OTHER INCOME LESS DEDUCTIONS	3,723,374	2,351,083	3,154,083	1,603,954	2,136,133
INCOME AVAILABLE FOR FIXED CHARGES	18,387,062	19,780,691	18,480,089	23,543,998	13,075,419
FIXED CHARGES:					
Rent for leased roads and equipment	708	708	708	708	708
Interest on long-term debt—fixed	4,336,651	4,403,568	4,225,734	4,116,466	4,081,249
Interest on unfunded debt	117	5,201	2,256	22,475	19,814
Amortization of discount on long-term debt	77,890	82,982	80,985	78,782	74,704
TOTAL FIXED CHARGES	4,415,366	4,492,459	4,309,683	4,218,431	4,176,475
INCOME AFTER FIXED CHARGES	13,971,696	15,288,232	14,170,406	19,325,567	8,898,944
CONTINGENT CHARGES:					
Interest on general mortgage income bonds	3,642,721	3,709,552	3,782,968	3,836,767	4,100,125
Interest on modified Terre Haute bonds	315,957	315,987	318,448	317,607	321,837
TOTAL CONTINGENT CHARGES	3,958,678	4,025,539	4,101,416	4,154,374	4,421,962
NET INCOME	$ 10,013,018	$ 11,262,693	$ 10,068,990	$ 15,171,193	$ 4,476,982
DISPOSITION OF NET INCOME:					
Transferred to retained earnings—appropriated for sinking funds	$ 755,005	$ 746,425	$ 738,493	$ 731,269	$ 723,982
Transferred to retained earnings—unappropriated	9,258,013	10,516,268	9,330,497	14,439,924	3,753,000
TOTAL TRANSFERRED TO RETAINED EARNINGS	$ 10,013,018	$ 11,262,693	$ 10,068,990	$ 15,171,193	$ 4,476,982

See notes to financial statements.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

COMPARATIVE BALANCE SHEET AS OF DECEMBER 31, 1953 AND DECEMBER 31, 1952

ASSETS	DECEMBER 31, 1953	DECEMBER 31, 1952	NET CHANGE DURING YEAR + INCREASE — DECREASE
CURRENT ASSETS:			
Cash	$ 29,797,928	$ 33,949,036	— $4,151,108
United States Government obligations—at cost	8,003,750	4,427,000	+ 3,576,750
Cash reserved for payment of specific current liabilities	2,683,836	2,715,253	— 31,417
Receivables—due from railroads, shippers, and others	14,735,434	18,157,407	— 3,421,973
Claims for refund of federal taxes on income—Note A	8,921,203	8,970,456	— 49,253
Miscellaneous current assets	471,077	382,025	+ 89,052
Material and supplies inventories—at cost	25,483,233	29,357,144	— 3,873,911
TOTAL CURRENT ASSETS	90,096,461	97,958,321	— 7,861,860
RESTRICTED CASH AND SECURITIES (held principally for debt retirement or investment in properties):			
Cash	2,156,259	822,795	+ 1,333,464
United States Government obligations	....	2,033,000	— 2,033,000
Chicago Transit Authority revenue bonds	7,000,000	....	+ 7,000,000
TOTAL RESTRICTED CASH AND SECURITIES	9,156,259	2,855,795	+ 6,300,464
OTHER ASSETS AND DEFERRED CHARGES:			
Working fund advances and prepayments	904,946	760,970	+ 143,976
Discount on long-term debt	613,246	691,940	— 78,694
Other assets and deferred charges	2,741,166	3,161,388	— 420,222
TOTAL OTHER ASSETS AND DEFERRED CHARGES	4,259,358	4,614,298	— 354,940
INVESTMENTS—at cost—Note B:			
Capital stocks ($650,000), notes and accounts of wholly-owned subsidiaries	3,372,000	3,402,000	— 30,000
Investments in jointly-owned terminal, switching, and other companies:			
Capital stocks	4,200,230	4,235,217	— 34,987
Long-term advances and notes	8,338,583	8,204,613	+ 133,970
TOTAL INVESTMENTS	15,910,813	15,841,830	+ 68,983
PROPERTIES—Note C:			
Road and equipment:			
Road	609,327,747	611,993,461	— 2,665,714
Equipment	293,750,773	295,411,306	— 1,660,533
General expenditures	39,666,548	40,261,619	— 595,071
Improvements on leased property	644,372	635,390	+ 8,982
	943,389,440	948,301,776	— 4,912,336
Less:			
Acquisition adjustment	*163,808,928*	*164,841,045*	— *1,032,117*
Donations and grants	*1,171,766*	*1,121,319*	+ *50,447*
	164,980,694	*165,962,364*	— *981,670*
TOTAL TRANSPORTATION PROPERTIES	778,408,746	782,339,412	— 3,930,666
Accrued depreciation—road	*82,126,645*	*80,733,839*	+ *1,392,806*
Accrued depreciation—equipment	*136,674,760*	*134,461,213*	+ *2,213,547*
Accrued amortization of defense projects—road	*2,300,892*	*2,312,596*	— *11,704*
Accrued amortization of defense projects—equipment	*20,586,603*	*20,603,216*	— *16,613*
	241,688,900	*238,110,864*	+ *3,578,036*
TOTAL TRANSPORTATION PROPERTIES LESS RECORDED DEPRECIATION AND AMORTIZATION	536,719,846	544,228,548	— 7,508,702
Miscellaneous physical property (less accrued depreciation: 1953—$2,299,365; 1952—$2,201,985)	6,315,095	6,531,150	— 216,055
TOTAL PROPERTIES	543,034,941	550,759,698	— 7,724,757
	$662,457,832	$672,029,942	— $9,572,110

Italics denote deductions.
See notes to financial statements.

COMPARATIVE BALANCE SHEET AS OF DECEMBER 31, 1953 AND DECEMBER 31, 1952

Liabilities	December 31, 1953	December 31, 1952	Net Change During Year + Increase — Decrease
Current Liabilities:			
Accounts and wages	$ 24,708,202	$ 26,691,945	— $1,983,743
Interest and dividends	6,528,708	6,623,398	— 94,690
Taxes (other than federal taxes on income)	6,908,681	7,041,444	— 132,763
Other current liabilities	2,616,792	2,832,514	— 215,722
Federal taxes on income—Note A	1,936,851	5,641,783	— 3,704,932
Total Current Liabilities	42,699,234	48,831,084	— 6,131,850
Other Liabilities and Deferred Credits:			
Estimated liability for personal injury, loss and damage, and overcharge claims	3,071,728	2,916,143	+ 155,585
Other liabilities and deferred credits	1,583,408	1,500,130	+ 83,278
Total Other Liabilities and Deferred Credits	4,655,136	4,416,273	+ 238,863
Long-Term Debt:			
Mortgage bonds	157,370,800	159,317,800	— 1,947,000
Equipment obligations (maturities due in 1954—$8,698,250, against which restricted cash in the amount of $678,000 is available)	61,311,413	66,016,298	— 4,704,885
Total Long-Term Debt	218,682,213	225,334,098	— 6,651,885
Stockholders' Equity:			
Capital stock:			
Common stock—no par value (stated value—$100 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	212,321,400	....
Preferred stock—par value $100 per share, 5% participating—Note D:			
Authorized—1,150,000 shares			
Issued and outstanding—1,118,652 shares	111,865,200	111,865,200	....
	324,186,600	324,186,600	....
Retained earnings (since January 1, 1944)—Note D:			
Appropriated	34,890,292	31,912,187	+ 2,978,105
Unappropriated	37,344,357	37,349,700	— 5,343
	72,234,649	69,261,887	+ 2,972,762
Total Stockholders' Equity	396,421,249	393,448,487	+ 2,972,762
Contingent Liabilities:			
See Note E to financial statements			
	$662,457,832	$672,029,942	— $9,572,110

See notes to financial statements.

COMPARATIVE BALANCE SHEET AS OF DECEMBER 31, 1953 AND DECEMBER 31, 1952

Assets	December 31, 1953	December 31, 1952	Net Change During Year + Increase — Decrease
Current Assets:			
Cash	$ 29,797,928	$ 33,949,036	— $4,151,108
United States Government obligations—at cost	8,003,750	4,427,000	+ 3,576,750
Cash reserved for payment of specific current liabilities	2,683,836	2,715,253	— 31,417
Receivables—due from railroads, shippers, and others	14,735,434	18,157,407	— 3,421,973
Claims for refund of federal taxes on income—Note A	8,921,203	8,970,456	— 49,253
Miscellaneous current assets	471,077	382,025	+ 89,052
Material and supplies inventories—at cost	25,483,233	29,357,144	— 3,873,911
Total Current Assets	90,096,461	97,958,321	— 7,861,860
Restricted Cash and Securities (held principally for debt retirement or investment in properties):			
Cash	2,156,259	822,795	+ 1,333,464
United States Government obligations	....	2,033,000	— 2,033,000
Chicago Transit Authority revenue bonds	7,000,000	....	+ 7,000,000
Total Restricted Cash and Securities	9,156,259	2,855,795	+ 6,300,464
Other Assets and Deferred Charges:			
Working fund advances and prepayments	904,946	760,970	+ 143,976
Discount on long-term debt	613,246	691,940	— 78,694
Other assets and deferred charges	2,741,166	3,161,388	— 420,222
Total Other Assets and Deferred Charges	4,259,358	4,614,298	— 354,940
Investments—at cost—Note B:			
Capital stocks ($650,000), notes and accounts of wholly-owned subsidiaries	3,372,000	3,402,000	— 30,000
Investments in jointly-owned terminal, switching, and other companies:			
Capital stocks	4,200,230	4,235,217	— 34,987
Long-term advances and notes	8,338,583	8,204,613	+ 133,970
Total Investments	15,910,813	15,841,830	+ 68,983
Properties—Note C:			
Road and equipment:			
Road	609,327,747	611,993,461	— 2,665,714
Equipment	293,750,773	295,411,306	— 1,660,533
General expenditures	39,666,548	40,261,619	— 595,071
Improvements on leased property	644,372	635,390	+ 8,982
	943,389,440	948,301,776	— 4,912,336
Less:			
Acquisition adjustment	*163,808,928*	*164,841,045*	— *1,032,117*
Donations and grants	*1,171,766*	*1,121,319*	+ *50,447*
	164,980,694	*165,962,364*	— *981,670*
Total Transportation Properties	778,408,746	782,339,412	— 3,930,666
Accrued depreciation—road	*82,126,645*	*80,733,839*	+ *1,392,806*
Accrued depreciation—equipment	*136,674,760*	*134,461,213*	+ *2,213,547*
Accrued amortization of defense projects—road	*2,300,892*	*2,312,596*	— *11,704*
Accrued amortization of defense projects—equipment	*20,586,603*	*20,603,216*	— *16,613*
	241,688,900	*238,110,864*	+ *3,578,036*
Total Transportation Properties Less Recorded Depreciation and Amortization	536,719,846	544,228,548	— 7,508,702
Miscellaneous physical property (less accrued depreciation: 1953—$2,299,365; 1952—$2,201,985)	6,315,095	6,531,150	— 216,055
Total Properties	543,034,941	550,759,698	— 7,724,757
	$662,457,832	$672,029,942	— $9,572,110

Italics denote deductions.
See notes to financial statements.

COMPARATIVE BALANCE SHEET AS OF DECEMBER 31, 1953 AND DECEMBER 31, 1952

Liabilities	December 31, 1953	December 31, 1952	Net Change During Year + Increase — Decrease
Current Liabilities:			
Accounts and wages	$ 24,708,202	$ 26,691,945	— $1,983,743
Interest and dividends	6,528,708	6,623,398	— 94,690
Taxes (other than federal taxes on income)	6,908,681	7,041,444	— 132,763
Other current liabilities	2,616,792	2,832,514	— 215,722
Federal taxes on income—Note A	1,936,851	5,641,783	— 3,704,932
Total Current Liabilities	42,699,234	48,831,084	— 6,131,850
Other Liabilities and Deferred Credits:			
Estimated liability for personal injury, loss and damage, and overcharge claims	3,071,728	2,916,143	+ 155,585
Other liabilities and deferred credits	1,583,408	1,500,130	+ 83,278
Total Other Liabilities and Deferred Credits	4,655,136	4,416,273	+ 238,863
Long-Term Debt:			
Mortgage bonds	157,370,800	159,317,800	— 1,947,000
Equipment obligations (maturities due in 1954—$8,698,250, against which restricted cash in the amount of $678,000 is available)	61,311,413	66,016,298	— 4,704,885
Total Long-Term Debt	218,682,213	225,334,098	— 6,651,885
Stockholders' Equity:			
Capital stock:			
Common stock—no par value (stated value—$100 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	212,321,400	....
Preferred stock—par value $100 per share, 5% participating—Note D:			
Authorized—1,150,000 shares			
Issued and outstanding—1,118,652 shares	111,865,200	111,865,200	....
	324,186,600	324,186,600	....
Retained earnings (since January 1, 1944)—Note D:			
Appropriated	34,890,292	31,912,187	+ 2,978,105
Unappropriated	37,344,357	37,349,700	— 5,343
	72,234,649	69,261,887	+ 2,972,762
Total Stockholders' Equity	396,421,249	393,448,487	+ 2,972,762
Contingent Liabilities:			
See Note E to financial statements			
	$662,457,832	$672,029,942	— $9,572,110

See notes to financial statements.

STATEMENT OF RETAINED EARNINGS FOR THE YEARS 1953 AND 1952

ITEM	YEAR 1953	YEAR 1952
Balance at January 1	$69,261,887	$64,800,595
ADDITIONS:		
Net income for the year	10,013,018	11,262,693
Discount on mortgage bonds reacquired	376,127	527,247
Profits, less losses on sales or retirement of land and nonoperating property	256,493	364,605
Dividends on preferred stock declared in prior years canceled in 1952 (See Note E in 1952 annual report)	....	100,360
Miscellaneous credits, less charges	43,592	....
	79,951,117	77,055,500
DEDUCTIONS:		
Dividends paid on preferred stock:		
March 19, 1953—$5.00 per share; March 20, 1952—$5.00 per share	5,593,255	5,593,255
Dividends paid on common stock:		
April 30, 1953—$1.00 per share; April 25, 1952—$1.00 per share	2,123,213	2,123,213
Miscellaneous charges, less credits	....	77,145
	7,716,468	7,793,613
BALANCE AT DECEMBER 31	$72,234,649	$69,261,887
The status of retained earnings at December 31 was as follows:		
APPROPRIATED:		
For investments in properties since January 1, 1944	$34,134,804	$31,164,857
For sinking funds	755,488	747,330
	34,890,292	31,912,187
UNAPPROPRIATED	37,344,357	37,349,700
TOTAL	$72,234,649	$69,261,887

STATEMENT OF AVAILABLE NET INCOME AND APPLICATION THEREOF FOR THE YEARS 1953 AND 1952

ITEM	YEAR 1953	YEAR 1952
Income available for fixed charges	$18,387,062	$19,780,691
FIXED CHARGES:		
Rent for leased roads and equipment	708	708
Interest on long-term debt:		
On First Mortgage 4% Bonds, Series A	2,226,551	2,234,083
On modified Terre Haute bonds	579,306	583,314
On equipment obligations	1,530,794	1,586,171
Interest on unfunded debt	117	5,201
Amortization of discount on long-term debt	77,890	82,982
TOTAL FIXED CHARGES	4,415,366	4,492,459
INCOME AFTER FIXED CHARGES	13,971,696	15,288,232
ADD: Charges to operating expenses representing the service value of nondepreciable roadway property retired and not replaced	152,499	387,331
AVAILABLE NET INCOME	14,124,195	15,675,563
APPLICATION OF AVAILABLE NET INCOME:		
Appropriated for sinking fund for retirement of First Mortgage 4% Bonds, Series A	211,612	203,032
Contingent interest on General Mortgage 4½% Income Bonds, Series A	2,050,398	2,116,959
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	315,957	315,987
Contingent interest on General Mortgage 4½% Convertible Income Bonds, Series B	1,592,323	1,592,593
Appropriated for sinking fund for retirement of General Mortgage 4½% Income Bonds, Series A and Series B	543,393	543,393
	4,713,683	4,771,964
REMAINING AVAILABLE NET INCOME	9,410,512	10,903,599
DEDUCT: Charges to operating expenses representing the service value of nondepreciable roadway property retired and not replaced	152,499	387,331
REMAINDER TRANSFERRED TO RETAINED EARNINGS—UNAPPROPRIATED	$ 9,258,013	$10,516,268

See notes to financial statements.

Notes to Financial Statements

Note A—Federal Taxes on Income:

The claims for refund of federal taxes on income of $8,921,203 at December 31, 1953, are the result of the carry-back of unused excess profits credits and other retroactive adjustments applicable to the years 1942 to 1947. Discussions with representatives of the District Director of Internal Revenue in Chicago have been satisfactorily concluded and a supplemental report has been prepared by them and forwarded to the office of the Commissioner of Internal Revenue, Washington, D. C., for review.

The provision of $1,277,000 for federal taxes on income, as shown in the statement of income for 1953, represents estimated taxes of $1,936,851 for the year, less adjustments of $659,851 applicable to prior years. The interest received from the Milwaukee Land Company (see Note B) was subject to federal taxes on income in prior years. In computing the provisions for federal taxes on income, effect has been given to the deduction of $4,124,000 (1953), $4,618,000 (1952), and $980,000 (1951), representing the excess of amortization over normal depreciation applicable to defense facilities. Without the benefit of such deductions the required provisions for taxes on income would have been greater by $2,144,480 (1953), $2,390,480 (1952), and $497,350 (1951).

Note B—Investments:

Investments of $3,300,700 in wholly-owned subsidiaries, and other investments totaling $3,877,192 are pledged as collateral to mortgage bonds.

The Company's equity in underlying net assets of wholly-owned subsidiaries (Milwaukee Land Company, The Milwaukee Motor Transportation Co., and Republic Coal Co.) as recorded on their books at December 31, 1953, aggregated approximately $3,855,000.

Other income includes interest for certain prior years on a note receivable from the Milwaukee Land Company as follows: 1953—$1,985,836; 1952—$897,078; 1951—$1,521,779 (see Note A).

Note C—Properties:

Road and equipment property ($943,389,440) is stated at original cost or 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, after giving effect to subsequent adjustments.

Provisions for depreciation of road and equipment property have been made on a group basis at composite rates, and amortization of World War II defense facilities has been accumulated over periods of five years or less. Depreciation of defense facilities acquired in 1950 and subsequent years is being provided for at normal rates (see Note A). 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 retirements have been as follows: 1953—$15,031,819; 1952—$15,442,858; 1951—$15,403,338; 1950—$14,888,399; 1949—$13,943,848.

Note D—Dividends:

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. As of December 31, 1953, the Company had paid dividends of $5.00 per share on preferred stock in respect of each of the years 1950, 1951, and 1952.

Note E—Contingent Liabilities:

The Company was contingently liable as guarantor at December 31, 1953, jointly with other railroads, for obligations totaling $125,881,020 of various terminal and switching companies.

The Company is a defendant, along with other principal railroads, in litigation brought by the Federal Government for reparation on transportation charges during World War II. The amount of the Company's liability, if any, cannot be determined, and no provision therefor has been made in the financial statements.

INVESTMENTS—DECEMBER 31, 1953

Description		Number of Shares	Par Value	Book Value
Wholly-Owned Subsidiaries:				
Capital Stocks:				
Milwaukee Land Company	A	5,000	$ 500,000	$ 500,000
Republic Coal Company	A	1,000	100,000	100,000
The Milwaukee Motor Transportation Company	A	500	50,000	50,000
Total Capital Stocks				650,000
Note:				
Milwaukee Land Company	A		2,652,000	2,652,000
Advance:				
The Milwaukee Motor Transportation Company				70,000
Total Investments—Wholly-Owned Subsidiaries				3,372,000
Jointly-Owned Terminal, Switching, and Other Companies:				
Capital Stocks:				
Chicago, Terre Haute & Southeastern Railway Company		40,755.05	4,075,505	1
Chicago Union Station Company	A	7,000	700,000	7,000
Cowlitz, Chehalis & Cascade Railway	A	699.71+	17,493	17,493
Davenport, Rock Island & North Western Railway Company	A	15,000	1,500,000	1,750,000
Des Moines Union Railway Company	A	1,000	100,000	100,000
Des Moines Union Railway Company	B	1,000	100,000	26,000
Indiana Harbor Belt Railroad Company	A	15,200	1,520,000	1,520,000
Kansas City Terminal Railway Company	C	1,833.33	183,333	183,333
Minneapolis Eastern Railway Company	A	625	62,500	15,475
Railway Express Agency, Incorporated		26	None	2,600
The Minnesota Transfer Railway Company	A	913	91,300	91,300
The Pullman Company		9,426	94,260	348,762
The St. Paul Union Depot Company	A	1,036	103,600	130,475
Miscellaneous			7,829	7,791
Total Capital Stocks				4,200,230
Note:				
Kansas City Terminal Railway Company	A		38,007	38,007
Sale Agreements:				
Cargill, Incorporated			600,000	600,000
Escanaba Coal & Dock Company			28,000	28,000
Other companies and individuals			17,668	17,668
Total Sale Agreements				645,668
Advances:				
Chicago Union Station Company				4,349,907
Davenport, Rock Island & North Western Railway Company				1,161,382
Des Moines Union Railway Company				829,493
Kansas City Terminal Railway Company				252,121
Minneapolis Eastern Railway Company				12,500
Railway Express Agency, Incorporated				751,804
The Minnesota Transfer Railway Company				208,879
The St. Paul Union Depot Company				88,822
Total Advances				7,654,908
Total Jointly-Owned Terminal, Switching, and Other Companies				12,538,813
Total Investments				$15,910,813

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.

INVESTMENT IN PROPERTIES DURING YEAR

Account	Gross Expenditures	Net Charges*
Road:		
Engineering	$ 129,130	*$ 391,737*
Land for transportation purposes	37,078	*1,009,238*
Other right-of-way expenditures	5,972	5,903
Grading	348,521	*2,321,827*
Bridges, trestles, and culverts	974,567	*1,231,198*
Elevated structures	....	*8,190*
Ties	127,236	*154,137*
Rails	508,248	*18,696*
Other track material	971,877	740,537
Ballast	85,929	*198,182*
Track laying and surfacing	317,551	*35,373*
Fences, snowsheds, and signs	1,111	*22,925*
Station and office buildings	768,370	*290,485*
Roadway buildings	*7,401*	*95,073*
Water stations	17,207	*164,780*
Fuel stations	51,177	*147,386*
Shops and enginehouses	476,019	80,263
Wharves and docks	5,439	4,034
Communication systems	274,987	250,509
Signals and interlockers	2,445,038	2,207,783
Power plants	4,893	4,361
Power-transmission systems	217,711	206,443
Miscellaneous structures	122,089	120,735
Roadway machines	650,849	548,865
Roadway small tools	8,637	8,637
Public improvements—Construction	159,169	*219,889*
Shop machinery	305,639	*516,617*
Power-plant machinery	*9,050*	*18,051*
Total Road	8,997,993	*2,665,714*
Equipment:		
Steam locomotives	3,899	*6,675,632*
Other locomotives	6,563,730	6,202,714
Freight-train cars	859,710	*1,381,370*
Passenger-train cars	*3,351*	*201,226*
Floating equipment	804	*39,705*
Work equipment	682,949	335,058
Miscellaneous equipment	195,055	99,628
Total Equipment	8,302,796	*1,660,533*
General Expenditures	*596*	*595,071*
Improvements on Leased Property	8,982	8,982
Total Transportation Properties	17,309,175	*4,912,336*
Miscellaneous Physical Property	40,374	*118,675*
Total Properties	$17,349,549	*$5,031,011*

*Gross expenditures less credits for property retired.
Italics denote credits.

CONTINGENT LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES AS OF DECEMBER 31, 1953

Items	Principal Amount Outstanding Dec. 31, 1953
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, 2.05%, due July 1, 1954	450,000
	54,250,000
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	3,225,000
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	243,500
4. Conditional Sale Agreement, 2.48%, due quarterly to November 1, 1956	695,520
5. Equipment Trust Certificates, 2⅝%, due annually May 1, 1954 to May 1, 1959	1,230,000
6. Equipment Trust Certificates, 2⅜%, due annually September 15, 1954 to September 15, 1964	2,178,000
7. Equipment Trust Certificates, 2¼%, due annually February 15, 1954 to February 15, 1965	1,440,000
	13,912,020
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 obligations, Items 3 to 7.	
KANSAS CITY TERMINAL RAILWAY COMPANY:	
1. First Mortgage Serial Bonds, due annually October 1, 1954 to October 1, 1974	43,460,000
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	1,682,000
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	12,577,000
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.	
TOTAL	$125,881,020

LONG-TERM DEBT, DECEMBER 31, 1953

Description	Date of Issue	Date of Maturity	Amount Originally Issued or Assumed	Amount as of Dec. 31, 1953	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	$ 55,664,400	$ 173,800	$ 55,490,600	4	J. & J.	$2,226,551
General mortgage income bonds, Series A	Jan. 1, 1944	Jan. 1, 2019	57,256,600	45,768,800	336,500	45,432,300	4½	April	2,050,398
General mortgage convertible income bonds, Series B	Jan. 1, 1944	Jan. 1, 2044	51,422,100	45,489,700	10,105,600	35,384,100	4½	April	1,592,323
The Bedford Belt Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	350,000	333,000	*100,000	233,000	4¼	J.A. & J.	9,903
The Southern Indiana Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	7,287,000	7,279,000	2,000	7,277,000	4¼	J.A. & J.	309,324
Chicago, Terre Haute and Southeastern Ry. Co.:									
First and refunding mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	9,571,000	9,571,000	**1,515,000	8,056,000	4¼	J.A. & J.	342,380
Income mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	6,335,800	6,335,800	838,000	5,497,800	4¼	J.A. & J.	233,656
Equipment obligations (See details below)			105,939,500	61,311,413	....	61,311,413			1,530,794
Total long-term debt			$297,677,100	$231,753,113	$13,070,900	$218,682,213			$8,295,329

*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, 1953

Description	Date of Lease or Agreement	Date of Final Maturity	Original Cost of Equipment	Amount Originally Issued	Amount Outstanding Dec. 31, 1953	Principal Payable During 1954	Interest: Rate Per Cent	Interest: Payable	Interest: Accrued During Year
Equipment Trust Certificates:									
Series S	Apr. 1, 1938	Apr. 1, 1953	$ 3,220,834	$ 2,235,000	....	....	3¾	A. & O.	$ 1,397
Series T	Apr. 1, 1939	Apr. 1, 1954	2,770,165	1,920,000	$ 128,000	$ 128,000	3	A. & O.	4,800
Series X	Mar. 1, 1944	Mar. 1, 1954	9,700,063	7,260,000	363,000	363,000	1⅞	M. & S.	12,479
Series Y	Apr. 1, 1945	Apr. 1, 1955	2,800,092	2,100,000	315,000	210,000	1¾	A. & O.	7,350
Series Z	July 1, 1947	July 1, 1957	8,190,967	6,000,000	2,400,000	600,000	1⅞	J. & J.	47,811
Series AA	Oct. 1, 1947	Oct. 1, 1957	3,065,949	2,240,000	896,000	224,000	1⅞	A. & O.	18,900
Series BB	Apr. 1, 1948	Apr. 1, 1958	3,530,422	2,640,000	1,188,000	264,000	2⅛	A. & O.	28,050
Series CC	Feb. 1, 1948	Feb. 1, 1958	6,798,971	5,040,000	2,268,000	504,000	2¼	F. & A.	54,810
Series DD	June 1, 1948	June 1, 1958	9,514,365	7,120,000	3,204,000	712,000	2	J. & D.	73,573
Series EE	July 1, 1948	July 1, 1958	5,361,471	3,820,000	1,910,000	382,000	2	J. & J.	40,110
Series FF	Oct. 1, 1948	Oct. 1, 1958	8,936,781	6,600,000	3,300,000	660,000	2¼	A. & O.	81,675
Series GG	Jan. 1, 1949	Jan. 1, 1959	6,094,321	4,540,000	2,497,000	454,000	2⅛	J. & J.	55,474
Series HH	Apr. 1, 1949	Apr. 1, 1964	8,112,742	6,060,000	4,242,000	404,000	2⅜	A. & O.	105,545
Series JJ	Sept. 1, 1949	Sept. 1, 1964	7,604,384	5,640,000	4,136,000	376,000	2⅛	M. & S.	91,219
Series KK	Oct. 1, 1949	Oct. 1, 1964	6,026,868	4,500,000	3,300,000	300,000	2¼	A. & O.	77,625
Series LL	June 1, 1950	June 1, 1965	6,289,514	4,650,000	3,565,000	310,000	2¼	J. & D.	84,863
Series MM	Nov. 1, 1950	Nov. 1, 1965	7,251,863	5,430,000	4,344,000	362,000	2½	M. & N.	113,879
Series NN	June 1, 1951	June 1, 1961	7,254,678	5,300,000	3,975,000	530,000	2⅞	J. & D.	124,439
Series OO	Oct. 1, 1951	Oct. 1, 1966	10,053,530	7,500,000	6,500,000	500,000	2⅞	A. & O.	194,062
Series PP	Mar. 1, 1952	Mar. 1, 1967	3,215,855	2,400,000	2,160,000	160,000	2⅞	M. & S.	64,017
Series QQ	Sept. 1, 1952	Sept. 1, 1967	5,441,323	3,990,000	3,724,000	266,000	3⅛	M. & S.	119,838
Equipment Lease Agreement:									
General American Transportation Corporation	Apr. 27, 1940	Aug. 1, 1955	129,500	129,500	17,107	10,359	3	Monthly	677
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	2,000,000	725,207	206,241	1.55	J.A.J. & O.	12,425
Fairbanks, Morse & Co.	July 1, 1951	Jan. 1, 1960	3,629,985	2,718,000	2,111,480	323,204	3.10	J.A.J. & O.	69,122
First Wisconsin National Bank of Milwaukee and Northwestern National Bank of Minneapolis, Assignees of the Sellers:									
General Motors Corpn. (Electro-Motive Div.)	Feb. 25, 1953	May 1, 1961	1,543,977	1,155,000	1,090,619	131,684	3	F.M.A.&N.	24,270
Fairbanks, Morse & Co.	July 15, 1953	Nov. 1, 1961	531,102	396,000	396,000	44,479	3	F.M.A.&N.	3,531
American Locomotive Co.	July 15, 1953	Nov. 1, 1961	529,935	396,000	396,000	44,479	3	F.M.A.&N.	3,608
Baldwin-Lima-Hamilton Corporation	July 15, 1953	Nov. 1, 1961	357,568	264,000	264,000	29,653	3	F.M.A.&N.	2,706
Seattle-First National Bank, Assignee of the Sellers:									
Baldwin-Lima-Hamilton Corporation	Sept. 1, 1953	Nov. 1, 1961	357,568	264,000	264,000	29,278	3.35	F.M.A.&N.	2,334
General Motors Corpn. (Electro-Motive Div.)	Sept. 1, 1953	Nov. 1, 1961	1,670,914	1,236,000	1,236,000	137,073	3.35	F.M.A.&N.	8,141
American Locomotive Co.	Sept. 1, 1953	Feb. 1, 1962	529,935	396,000	396,000	32,800	3.35	F.M.A.&N.	2,064
Total equipment obligations			$143,190,642	$105,939,500	$61,311,413	$8,698,250			$1,530,794

Payments Maturing in Years Ending:

December 31, 1954	$8,698,250
December 31, 1955	8,137,455
December 31, 1956	8,054,616
December 31, 1957	7,965,136
December 31, 1958	6,331,646
December 31, 1959	$4,350,808
December 31, 1960	3,777,575
December 31, 1961	3,434,886
December 31, 1962	2,692,041
December 31, 1963	2,678,000
December 31, 1964	$ 2,476,000
December 31, 1965	1,443,000
December 31, 1966	926,000
December 31, 1967	346,000
Total	$61,311,413

MILES OF ROAD BY STATES, DECEMBER 31, 1953

State	Road Operated						
	Owned Solely		Owned Jointly		Leased	Trackage Rights	Total
	Main Line	Branch Line	Main Line	Branch Line			
Idaho	112.76	110.75	....	....	....	9.11	232.62
Illinois	432.99	118.62	2.40	.14	....	132.31	686.46
Indiana	156.57	36.79	....	....	....	....	193.36
Iowa	#1,199.85	526.32	.08	.04	.10	66.51	1,792.90
Kansas	....	....	....	....	....	7.05	7.05
Michigan	57.82	121.35	....	.25	....	.98	180.40
Minnesota	764.52	360.58	5.03	22.70	....	194.10	1,346.93
Missouri	130.02	....	9.44	....	....	15.10	154.56
Montana	747.86	473.29	....	29.99	....	....	1,251.14
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	472.43	26.88	50.02	....	201.10	1,065.12
Wisconsin	1,039.31	494.73	....	16.34	....	70.51	1,620.89
Total	6,098.32	3,673.41	43.83	120.58	.10	702.39	10,638.63

#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, 1953

Items	Owned Solely	Owned Jointly	Leased	Trackage Rights	Total
Miles of Road (First Main Track):					
Operated	*9,771.73	164.41	.10	702.39	10,638.63
Not operated	3.62	....	....	....	3.62
Additional Main Tracks:					
Operated	764.96	14.17	.41	312.72	1,092.26
Not operated	....	....	....	....	....
Yard Tracks and Sidings:					
Operated	*3,344.84	260.20	2.19	500.53	4,107.76
Not operated	3.03	32.93	....	....	35.96
Total operated	13,881.53	438.78	2.70	1,515.64	15,838.65
Total not operated	6.65	32.93	....	....	39.58
Grand Total	13,888.18	471.71	2.70	1,515.64	15,878.23

*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, 1953 AND 1952

RAILWAY OPERATING REVENUES

	1953	1952	Increase	Decrease
Transportation				
Freight	$215,384,759	$222,399,895		$7,015,136
Passenger	16,672,015	18,863,422		2,191,407
Baggage	34,540	41,622		7,082
Sleeping car	536,381	586,332		49,951
Parlor and chair car	224,796	245,750		20,954
Mail	9,318,408	9,292,987	$ 25,421	
Express	3,865,852	4,367,616		501,764
Other passenger-train	155,429	142,604	12,825	
Milk	105,015	133,926		28,911
Switching	6,247,121	6,028,235	218,886	
Total Transportation Revenue	252,544,316	262,102,389		9,558,073
Incidental				
Dining and buffet	2,028,122	2,210,870		182,748
Station, train, and boat privileges	44,453	43,085	1,368	
Parcel room	57	41	16	
Storage—Freight	26,345	35,835		9,490
Storage—Baggage	6,575	8,241		1,666
Demurrage	793,957	850,530		56,573
Communication	109,026	106,057	2,969	
Rents of buildings and other property	228,189	245,904		17,715
Miscellaneous	1,009,136	1,164,669		155,533
Total Incidental Operating Revenue	4,245,860	4,665,232		419,372
Joint Facility				
Joint facility—Credit	3,086,411	2,713,204	373,207	
Joint facility—Debit	*16,396*	*15,241*	*1,155*	
Total Joint Facility Operating Revenue	3,070,015	2,697,963	372,052	
Total Railway Operating Revenues	$259,860,191	$269,465,584		$ 9,605,393

Italics denote debits.

RAILWAY OPERATING EXPENSES

	1953	1952	Increase	Decrease
Maintenance of Way and Structures				
Superintendence	$2,620,839	$2,578,696	$ 42,143	
Roadway maintenance	3,395,428	3,434,449		$ 39,021
Tunnels and subways	214,313	278,241		63,928
Bridges, trestles, and culverts	2,227,749	2,034,109	193,640	
Ties	2,915,919	2,429,086	486,833	
Rails	1,357,138	1,462,704		105,566
Other track material	2,443,371	2,019,812	423,559	
Ballast	374,619	327,450	47,169	
Track laying and surfacing	9,133,410	8,430,721	702,689	
Fences, snowsheds, and signs	422,423	366,351	56,072	
Station and office buildings	1,601,422	1,477,193	124,229	
Roadway buildings	267,949	184,039	83,910	
Water stations	142,505	213,784		71,279
Fuel stations	110,013	158,926		48,913
Shops and enginehouses	1,217,895	1,394,535		176,640
Storage warehouses	1,824	497	1,327	

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

	1953	1952	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES				
Wharves and docks	$ 54,515	$ 67,562		$ 13,047
Communication systems	713,903	748,940		35,037
Signals and interlockers	1,485,549	1,460,786	$ 24,763	
Power plants	43,580	39,076	4,504	
Power-transmission systems	304,880	332,350		27,470
Miscellaneous structures	31,509	14,425	17,084	
Road property—Depreciation	4,507,369	4,435,346	72,023	
Retirements—Road	241,215	461,815		220,600
Roadway machines	758,027	756,124	1,903	
Dismantling retired road property	343,873	308,891	34,982	
Small tools and supplies	662,835	702,549		39,714
Removing snow, ice, and sand	553,046	1,096,366		543,320
Public improvements—Maintenance	873,805	845,754	28,051	
Injuries to persons	425,133	253,319	171,814	
Insurance	67,971	65,862	2,109	
Stationery and printing	47,565	46,473	1,092	
Other expenses	75,409	47,468	27,941	
Right-of-way expenses	39,521	37,966	1,555	
Maintaining joint tracks, yards, and other facilities—Debit	3,586,657	3,435,397	151,260	
Maintaining joint tracks, yards, and other facilities—Credit	*522,235*	*1,098,759*		*576,524*
TOTAL MAINTENANCE OF WAY AND STRUCTURES	42,740,944	40,848,303	1,892,641	
MAINTENANCE OF EQUIPMENT				
Superintendence	1,588,215	1,589,103		888
Shop machinery	848,278	838,703	9,575	
Power-plant machinery	200,672	206,824		6,152
Shop and power-plant machinery—Depreciation	286,955	289,307		2,352
Dismantling retired shop and power-plant machinery	16,665	10,689	5,976	
Steam locomotives—Repairs	4,469,992	6,992,287		2,522,295
Other locomotives—Repairs	9,835,935	8,622,186	1,213,749	
Freight-train cars—Repairs	18,533,774	15,916,847	2,616,927	
Passenger-train cars—Repairs	5,710,824	6,705,313		994,489
Floating equipment—Repairs	96,307	71,532	24,775	
Work equipment—Repairs	760,278	707,528	52,750	
Miscellaneous equipment—Repairs	129,009	137,435		8,426
Dismantling retired equipment	74,397	110,107		35,710
Retirements—Equipment	*13,571*	*29,160*		*15,589*
Equipment—Depreciation	10,009,851	10,285,549		275,698
Injuries to persons	406,468	398,459	8,009	
Insurance	87,834	79,086	8,748	
Stationery and printing	48,093	48,681		588
Other expenses	275,997	138,770	137,227	
Joint maintenance of equipment expenses—Debit	401,874	417,979		16,105
Joint maintenance of equipment expenses—Credit	*22,787*	*32,909*		*10,122*
TOTAL MAINTENANCE OF EQUIPMENT	53,745,060	53,504,316	240,744	
TRAFFIC				
Superintendence	1,384,883	1,352,527	32,356	
Outside agencies	3,006,408	2,913,261	93,147	
Advertising	997,129	984,836	12,293	
Traffic associations	210,344	217,202		6,858
Industrial and immigration bureaus	66,186	67,974		1,788
Insurance	899	391	508	
Stationery and printing	214,011	216,223		2,212
Other expenses	1,252	2,912		1,660
TOTAL TRAFFIC EXPENSES	$ 5,881,112	$ 5,755,326	$ 125,786	

Italics denote credits.

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

	1953	1952	INCREASE	DECREASE
TRANSPORTATION				
Superintendence	$ 2,475,305	$ 2,488,158		$ 12,853
Dispatching trains	920,914	997,692		76,778
Station employees	15,118,209	15,895,266		777,057
Weighing, inspection, and demurrage bureaus	300,176	290,325	$ 9,851	
Station supplies and expenses	969,046	1,004,048		35,002
Yardmasters and yard clerks	3,637,735	3,624,701	13,034	
Yard conductors and brakemen	9,537,244	10,052,757		515,513
Yard switch and signal tenders	676,991	687,877		10,886
Yard enginemen	6,349,935	6,835,833		485,898
Yard switching fuel	1,337,768	1,597,898		260,130
Yard switching power purchased	20,798	23,599		2,801
Water for yard locomotives	116,972	164,092		47,120
Lubricants for yard locomotives	92,156	91,947	209	
Other supplies for yard locomotives	62,626	82,758		20,132
Enginehouse expenses—Yard	1,216,692	1,586,467		369,775
Yard supplies and expenses	309,213	262,707	46,506	
Operating joint yards and terminals—Debit	4,883,358	5,124,005		240,647
Operating joint yards and terminals—Credit	*515,797*	*494,397*	*21,400*	
Train enginemen	10,015,793	10,674,617		658,824
Train fuel	10,310,008	11,288,568		978,560
Train power purchased	1,209,061	1,282,780		73,719
Water for train locomotives	403,323	593,636		190,313
Lubricants for train locomotives	609,628	636,307		26,679
Other supplies for train locomotives	243,991	289,829		45,838
Enginehouse expenses—Train	2,608,869	3,210,921		602,052
Trainmen	12,398,616	13,111,231		712,615
Train supplies and expenses	7,395,131	8,035,774		640,643
Operating sleeping cars	721,304	778,436		57,132
Signal and interlocker operation	901,543	893,729	7,814	
Crossing protection	972,757	979,690		6,933
Drawbridge operation	202,769	195,525	7,244	
Communication system operation	897,345	869,940	27,405	
Operating floating equipment	406,742	372,244	34,498	
Stationery and printing	345,446	359,403		13,957
Other expenses	135,654	126,351	9,303	
Operating joint tracks and facilities—Debit	1,276,602	1,355,903		79,301
Operating joint tracks and facilities—Credit	*662,453*	*657,398*	*5,055*	
Insurance	88,797	74,252	14,545	
Clearing wrecks	283,873	348,740		64,867
Damage to property	533,632	171,658	361,974	
Damage to live stock on right-of-way	84,573	136,420		51,847
Loss and damage—Freight	2,958,409	2,405,774	552,635	
Loss and damage—Baggage	7,935	9,077		1,142
Injuries to persons	1,716,912	1,624,287	92,625	
TOTAL TRANSPORTATION EXPENSES	103,575,601	109,483,427		5,907,826
MISCELLANEOUS OPERATIONS				
Dining and buffet service	2,866,826	3,314,401		447,575
Hotels and restaurants	2,242		2,242	
Operating joint miscellaneous facilities—Debit	165,941	164,554	1,387	
TOTAL MISCELLANEOUS OPERATIONS	3,035,009	3,478,955		443,946
GENERAL				
Salaries and expenses of general officers	861,145	871,297		10,152
Salaries and expenses of clerks and attendants	6,057,885	5,965,321	92,564	
General office supplies and expenses	449,332	449,056	276	
Law expenses	563,311	569,684		6,373
Insurance	3,065	2,510	555	
Pensions and gratuities	440,748	375,084	65,664	
Stationery and printing	302,119	303,270		1,151
Valuation expenses	32,421	29,792	2,629	
Other expenses	298,223	289,666	8,557	
General joint facilities—Debit	205,248	216,996		11,748
General joint facilities—Credit	*7,464*	*20,265*		*12,801*
TOTAL GENERAL EXPENSES	9,206,033	9,052,411	153,622	
GRAND TOTAL RAILWAY OPERATING EXPENSES	$218,183,759	$222,122,738		$3,938,979

Italics denote credits.

NET RAILWAY OPERATING INCOME ITEMS—1953, 1952, AND 1951 SHOWING PERCENTAGES OF RAILWAY OPERATING REVENUES

Items	1953 Amount	1953 Per Cent Ry. Opr. Revs.	1952 Amount	1952 Per Cent Ry. Opr. Revs.	1951 Amount	1951 Per Cent Ry. Opr. Revs.
Railway Operating Revenues:						
Freight	$215,384,759	82.88	$222,399,895	82.53	$217,584,220	81.98
Passenger	16,672,015	6.42	18,863,422	7.00	19,713,460	7.43
Mail	9,318,408	3.59	9,292,987	3.45	9,136,878	3.44
Express	3,865,852	1.49	4,367,616	1.62	3,034,600	1.14
Switching	6,247,121	2.40	6,028,235	2.24	6,175,262	2.33
All other transportation	1,056,161	.41	1,150,234	.43	1,220,643	.46
Incidental	4,245,860	1.63	4,665,232	1.73	5,547,187	2.09
Joint facility—Net Cr.	3,070,015	1.18	2,697,963	1.00	2,988,292	1.13
Total	259,860,191	100.00	269,465,584	100.00	265,400,542	100.00
Railway Operating Expenses:						
*Maintenance of way and structures	42,740,944	16.45	40,848,303	15.16	36,798,659	13.87
#Maintenance of equipment	53,745,060	20.68	53,504,316	19.85	52,168,510	19.66
Traffic expenses	5,881,112	2.26	5,755,326	2.14	5,595,241	2.11
Transportation expenses	103,575,601	39.86	109,483,427	40.63	112,463,652	42.37
Miscellaneous operations	3,035,009	1.17	3,478,955	1.29	3,543,110	1.33
General expenses	9,206,033	3.54	9,052,411	3.36	8,885,969	3.35
Total	218,183,759	83.96	222,122,738	82.43	219,455,141	82.69
Net Revenue From Railway Operations	41,676,432	16.04	47,342,846	17.57	45,945,401	17.31
Railway Tax Accruals:						
Federal income	1,277,000	.49	5,865,000	2.18	7,263,000	2.74
Property, payroll and other	16,695,000	6.43	17,040,000	6.32	17,236,000	6.49
Total	17,972,000	6.92	22,905,000	8.50	24,499,000	9.23
Equipment Rents—Net Dr.	6,444,879	2.48	4,435,473	1.65	3,638,198	1.37
Joint Facility Rents—Net Dr.	2,595,865	1.00	2,572,765	.95	2,482,197	.94
Net Railway Operating Income	$ 14,663,688	5.64	$ 17,429,608	6.47	$ 15,326,006	5.77
*Includes for depreciation, amortization and retirement charges—Road	$ 4,748,584	1.83	$ 4,897,161	1.82	$ 4,663,376	1.76
#Includes for depreciation, amortization and retirement charges—Equipment	$ 10,283,235	3.96	$ 10,545,697	3.91	$ 10,739,962	4.05

RAILWAY OPERATING REVENUES, EXPENSES, TAXES AND INCOME BY MONTHS FOR THE YEAR ENDED DECEMBER 31, 1953

1953	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	$ 20,646,916	$ 16,963,898	$ 3,683,018	$ 1,798,000	$ 1,885,018	$ 464,918	$ 195,337	$ 1,224,763
February	20,356,840	16,138,915	4,217,925	2,016,000	2,201,925	473,530	203,488	1,524,907
March	21,958,248	17,901,083	4,057,165	1,931,000	2,126,165	504,908	209,259	1,411,998
April	21,364,745	18,274,735	3,090,010	1,494,000	1,596,010	414,372	229,604	952,034
May	20,644,950	19,056,151	1,588,799	674,000	914,799	543,442	227,199	144,158
June	21,931,130	19,376,896	2,554,234	1,165,000	1,389,234	542,791	229,371	617,072
July	21,805,139	19,222,722	2,582,417	1,168,000	1,414,417	618,226	228,236	567,955
August	22,577,471	18,872,955	3,704,516	1,636,000	2,068,516	836,593	199,071	1,032,852
September	23,439,646	18,842,752	4,596,894	1,983,000	2,613,894	755,781	213,689	1,644,424
October	23,762,061	18,072,322	5,689,739	2,574,000	3,115,739	435,178	208,238	2,472,323
November	21,014,248	17,763,595	3,250,653	1,372,000	1,878,653	486,000	213,227	1,179,426
December	20,358,797	17,697,735	2,661,062	161,000	2,500,062	369,140	239,146	1,891,776
Total	$259,860,191	$218,183,759	$41,676,432	$17,972,000	$23,704,432	$6,444,879	$2,595,865	$14,663,688

REVENUE FREIGHT TRAFFIC STATISTICS—EXCLUDING TRUCK SERVICE—TEN YEARS, 1944-1953

Year	Tons Carried	Ton Miles	Average Haul—Miles	Freight Revenue		
				Total	Per Ton	Per Ton Mile (Cents)
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
1951	51,740,580	16,732,323,827	323.39	217,832,219	4.21	1.302
1952	49,522,089	16,005,309,995	323.20	222,648,097	4.50	1.391
1953	46,810,989	15,413,226,569	329.27	215,622,726	4.61	1.399

REVENUE PASSENGER STATISTICS—EXCLUDING BUS SERVICE—TEN YEARS, 1944-1953

Year	Passengers Carried	Passenger Miles	Average Distance Traveled —Miles	Passenger Revenue		
				Total	Per Passenger	Per Passenger Mile (Cents)
Other Than Commutation						
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
1951	3,341,410	776,958,568	232.52	18,484,470	5.53	2.379
1952	3,346,346	739,380,708	220.95	17,569,369	5.25	2.376
1953	3,158,639	658,842,799	208.58	15,396,026	4.87	2.337
Commutation						
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
1951	4,186,842	94,960,045	22.68	1,251,058	.30	1.317
1952	3,899,249	89,299,292	22.90	1,325,955	.34	1.485
1953	3,823,231	88,929,041	23.26	1,316,554	.34	1.480
Total						
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
1951	7,528,252	871,918,613	115.82	19,735,528	2.62	2.263
1952	7,245,595	828,680,000	114.37	18,895,324	2.61	2.280
1953	6,981,870	747,771,840	107.10	16,712,580	2.39	2.235

STATISTICS OF OPERATIONS

Items	Freight Trains		Passenger Trains		Total Transportation Service	
	1953	1952	1953	1952	1953	1952
Rail-Line						
Average miles of road operated	10,657	10,660	5,132	5,480	10,665	10,668
Train Miles						
Ordinary (with locomotives)	12,795,597	13,977,802	9,135,139	9,432,231	21,930,736	23,410,033
Light (with locomotives)	70,237	94,867	—	—	70,237	94,867
Total (with locomotives)	12,865,834	14,072,669	9,135,139	9,432,231	22,000,973	23,504,900
Motor car trains	—	—	252,090	307,302	252,090	307,302
Total train miles	12,865,834	14,072,669	9,387,229	9,739,533	22,253,063	23,812,202
Locomotive Miles						
Principal	12,869,068	14,074,601	9,135,139	9,432,231	22,004,207	23,506,832
Helper	297,645	414,241	27,674	44,158	325,319	458,399
Light	417,267	517,486	84,106	97,828	501,373	615,314
Train switching	1,189,086	1,305,756	—	—	1,189,086	1,305,756
Yard switching	7,927,349	8,666,219	568,022	581,640	8,495,371	9,247,859
Total locomotive miles	22,700,415	24,978,303	9,814,941	10,155,857	32,515,356	35,134,160
Car Miles						
Loaded freight cars	538,623,400	550,420,307	501,163	996,496	539,124,563	551,416,803
Empty freight cars	295,354,888	307,815,226	135,435	52,093	295,490,323	307,867,319
Total loaded and empty freight cars	833,978,288	858,235,533	636,598	1,048,589	834,614,886	859,284,122
Caboose	12,725,190	13,771,405	38,966	41,206	12,764,156	13,812,611
Total freight car miles	846,703,478	872,006,938	675,564	1,089,795	847,379,042	873,096,733
Passenger coaches	276,699	330,281	24,884,131	26,044,692	25,160,830	26,374,973
Sleeping and parlor cars (Company)	18,920	27,760	8,954,876	9,422,483	8,973,796	9,450,243
Sleeping cars (Pullman)	72,201	99,024	10,099,033	11,926,090	10,171,234	12,025,114
Club, lounge, dining and observation cars	3,458	1,419	7,737,422	7,766,918	7,740,880	7,768,337
Combination passenger and head end cars	884,681	845,357	898,243	1,026,943	1,782,924	1,872,300
Mail, express and baggage cars	3,174,040	3,246,883	32,316,502	32,271,043	35,490,542	35,517,926
Business cars	10,339	18,598	171,834	174,915	182,173	193,513
Crew cars (other than cabooses)	—	—	43,441	5,460	43,441	5,460
Total passenger car miles	4,440,338	4,569,322	85,105,482	88,638,544	89,545,820	93,207,866
Grand total car miles	851,143,816	876,576,260	85,781,046	89,728,339	936,924,862	966,304,599
Gross Ton Miles						
Locomotives and tenders (thousands)	4,150,163	4,461,118	2,428,887	2,513,570	6,579,050	6,974,688
Freight cars, contents, and cabooses (thousands)	36,485,444	37,723,294	27,169	41,815	36,512,613	37,765,109
Passenger cars, and contents (thousands)	245,319	257,418	5,864,293	6,139,682	6,109,612	6,397,100
Total freight and passenger (thousands)	36,730,763	37,980,712	5,891,462	6,181,497	42,622,225	44,162,209
Train Hours						
Train hours in road service	728,214	822,342	228,803	242,076	957,017	1,064,418
Revenue and Nonrevenue Freight Traffic						
Tons of revenue freight	—	—	—	—	46,810,989	49,522,089
Tons of nonrevenue freight	—	—	—	—	2,301,372	2,790,284
Total tons of freight	—	—	—	—	49,112,361	52,312,373
Net ton miles revenue freight (thousands)	—	—	—	—	15,413,226	16,005,310
Net ton miles nonrevenue freight (thousands)	—	—	—	—	924,573	1,054,244
Total net ton miles of freight (thousands)	16,326,171	17,035,563	11,628	23,991	16,337,799	17,059,554
Revenue Passenger Traffic						
Passengers carried	—	—	—	—	6,981,870	7,245,595
Passenger miles	—	—	—	—	747,771,840	828,680,000
Motor Vehicle Operations Excluded Above						
Net ton miles revenue freight (thousands)	—	—	—	—	2,594	2,815
Passengers carried	—	—	—	—	8,985	6,596
Passenger miles	—	—	—	—	1,626,485	1,476,305

STATISTICS OF OPERATIONS—CONCLUDED

ITEMS	1953	1952	1951	1950	1949	1948
FREIGHT TRAIN STATISTICS AND AVERAGES						
Gross ton miles, trailing (thousands)	36,730,763	37,980,712	38,801,906	38,679,279	36,466,857	39,002,160
Eastbound	19,663,555	20,120,294	20,553,344	20,225,498	19,083,191	20,292,893
Westbound	17,067,208	17,860,418	18,248,562	18,453,781	17,383,666	18,709,267
Steam	6,576,168	9,403,255	14,552,224	18,935,455	22,758,261	28,582,299
Diesel-electric	26,994,636	25,214,256	20,961,092	16,288,873	10,525,207	7,064,928
Electric	3,159,959	3,363,201	3,288,590	3,454,951	3,183,389	3,354,933
Per cent steam	17.9%	24.8%	37.5%	49.0%	62.4%	73.3%
Per cent Diesel-electric	73.5%	66.4%	54.0%	42.1%	28.9%	18.1%
Per cent electric	8.6%	8.8%	8.5%	8.9%	8.7%	8.6%
Loaded freight cars per train	42.1	39.4	38.7	38.1	33.8	33.0
Empty freight cars per train	23.1	22.0	19.9	19.3	19.3	17.2
Total freight cars per train	65.2	61.4	58.6	57.4	53.1	50.2
Gross tons per train	2,871	2,717	2,644	2,558	2,320	2,255
Net tons per train	1,276	1,219	1,218	1,157	1,023	1,034
Net tons per loaded car	30.3	31.0	31.5	30.3	30.3	31.3
Miles per car per day (serviceable freight)	36.3	37.4	36.3	38.1	37.9	38.6
Net ton miles per freight car-day	675	713	731	748	717	780
Train speed (train miles per train hour)	17.7	17.1	16.4	16.0	16.1	15.5
Gross ton miles (trailing) per train hour	50,439	46,186	43,015	40,619	37,054	34,645
PASSENGER TRAIN STATISTICS AND AVERAGES						
Passenger car miles (excluding motor)	85,057,114	88,925,558	91,674,778	92,495,023	95,774,326	99,967,909
Steam	5,271,801	9,619,474	18,647,747	30,215,086	41,966,851	50,498,490
Diesel-electric	69,859,772	69,000,345	62,605,038	52,477,403	47,824,847	44,086,524
Electric	9,925,541	10,305,739	10,421,993	9,802,534	5,982,628	5,382,895
Per cent steam	6.2%	10.8%	20.3%	32.7%	43.8%	50.5%
Per cent Diesel-electric	82.1%	77.6%	68.3%	56.7%	49.9%	44.1%
Per cent electric	11.7%	11.6%	11.4%	10.6%	6.3%	5.4%
Cars per train (excluding motor)	9.31	9.43	9.31	8.85	8.55	8.56
Revenue passengers per train	79.8	85.2	84.4	70.2	72.4	77.9
Revenue passengers per car	16.6	17.0	17.0	15.4	16.1	16.9
Train speed (train miles per train hour)	41.0	40.2	39.3	38.9	38.5	38.2
YARD SWITCHING STATISTICS						
Yard switching hours	1,415,895	1,541,310	1,596,488	1,618,429	1,590,047	1,755,206
Steam	260,762	365,274	615,944	755,336	850,971	1,127,647
Diesel-electric	1,139,343	1,157,667	961,876	841,812	716,800	605,658
Electric	15,790	18,369	18,668	21,281	22,276	21,901
Per cent steam	18.4%	23.7%	38.6%	46.7%	53.5%	64.2%
Per cent Diesel-electric	80.5%	75.1%	60.2%	52.0%	45.1%	34.5%
Per cent electric	1.1%	1.2%	1.2%	1.3%	1.4%	1.3%
DENSITY STATISTICS						
Per mile of road per day (freight service):						
Train miles, ordinary	3.3	3.6	3.8	3.9	4.0	4.4
Net ton miles	4,197	4,366	4,593	4,497	4,134	4,583
Per mile of road per day (passenger service):						
Train miles	5.0	4.9	4.7	4.7	4.8	4.9
Car miles	45.8	44.7	42.0	39.1	38.8	39.4

REVENUE FREIGHT BY PRINCIPAL COMMODITIES—1953 AND 1952

Commodities	1953		1952		Increase + or Decrease —		
	Tons Carried	Percent of Total	Tons Carried	Percent of Total		Tons	Percent
Products of Agriculture:							
Wheat	1,768,629	3.8	2,100,839	4.2	—	332,210	15.8
Corn	1,777,763	3.8	1,673,605	3.4	+	104,158	6.2
Barley and rye	632,557	1.3	793,815	1.6	—	161,258	20.3
Oats	460,787	1.0	450,039	.9	+	10,748	2.4
Flour, meal and mill products	1,240,754	2.6	1,233,566	2.5	+	7,188	.6
Citrus fruits	90,226	.2	79,231	.2	+	10,995	13.9
Other fruits, fresh and frozen	153,219	.3	135,828	.3	+	17,391	12.8
Potatoes, other than sweet	276,863	.6	252,512	.5	+	24,351	9.6
Other vegetables, fresh and frozen	125,393	.3	133,302	.3	—	7,909	5.9
Sugar beets	139,338	.3	115,352	.2	+	23,986	20.8
Other products of agriculture	1,622,223	3.5	1,653,556	3.3	—	31,333	1.9
Total	8,287,752	17.7	8,621,645	17.4	—	333,893	3.9
Animals and Products:							
Cattle, calves, sheep and goats	286,623	.6	304,881	.6	—	18,258	6.0
Swine	100,166	.2	156,181	.3	—	56,015	35.9
Fresh meats	571,118	1.2	550,687	1.1	+	20,431	3.7
Poultry, eggs, butter and cheese	151,965	.3	142,526	.3	+	9,439	6.6
Wool, hides and leather	163,802	.4	160,809	.4	+	2,993	1.9
Other animals and products	332,876	.7	350,928	.7	—	18,052	5.1
Total	1,606,550	3.4	1,666,012	3.4	—	59,462	3.6
Products of Mines:							
Bituminous coal	6,852,078	14.6	7,342,342	14.8	—	490,264	6.7
Coke	390,919	.8	429,488	.9	—	38,569	9.0
Ores and concentrates	534,020	1.2	1,000,165	2.0	—	466,145	46.6
Gravel and sand	1,670,153	3.6	1,863,222	3.8	—	193,069	10.4
Stone, broken, ground, or crushed	1,171,595	2.5	1,319,707	2.6	—	148,112	11.2
Stone, rough and finished	227,849	.5	163,634	.3	+	64,215	39.2
Asphalt	265,974	.6	283,290	.6	—	17,316	6.1
Salt	179,276	.4	191,081	.4	—	11,805	6.2
Other products of mines	1,516,563	3.2	1,410,531	2.8	+	106,032	7.5
Total	12,808,427	27.4	14,003,460	28.2	—	1,195,033	8.5
Products of Forests:							
Logs, posts, poles and cordwood	3,072,277	6.6	3,172,206	6.4	—	99,929	3.2
Pulpwood	689,965	1.5	841,153	1.7	—	151,188	18.0
Lumber and mill products	2,269,606	4.8	2,355,036	4.8	—	85,430	3.6
Veneer and built-up wood	345,325	.7	314,045	.6	+	31,280	10.0
Other products of forests	289,395	.6	346,678	.7	—	57,283	16.5
Total	6,666,568	14.2	7,029,118	14.2	—	362,550	5.2
Manufactures and Miscellaneous:							
Refined petroleum and products	1,437,536	3.1	1,613,759	3.3	—	176,223	10.9
Sugar, table sirups and molasses	252,905	.5	268,308	.5	—	15,403	5.7
Iron and steel products	2,944,340	6.3	2,847,487	5.8	+	96,853	3.4
Machinery and boilers	283,582	.6	308,203	.6	—	24,621	8.0
Cement	1,115,773	2.4	1,251,260	2.5	—	135,487	10.8
Brick, building tile and artificial stone	237,748	.5	255,933	.5	—	18,185	7.1
Lime and plaster	119,570	.3	123,669	.2	—	4,099	3.3
Agricultural implements, tractors and parts	344,647	.7	394,256	.8	—	49,609	12.6
Autos, trucks, parts and tires	663,589	1.4	552,641	1.1	+	110,948	20.1
Beverages	1,089,862	2.3	1,563,996	3.2	—	474,134	30.3
Ice	26,521	.1	35,755	.1	—	9,234	25.8
Fertilizers	404,507	.9	420,417	.8	—	15,910	3.8
Paper and paper products	991,702	2.1	974,675	2.0	+	17,027	1.7
Canned food products	865,597	1.8	888,564	1.8	—	22,967	2.6
Scrap iron and scrap steel	777,304	1.7	820,098	1.7	—	42,794	5.2
Building paper, roofing and woodwork	335,983	.7	316,767	.6	+	19,216	6.1
Other manufactures and miscellaneous	5,226,810	11.2	5,182,993	10.5	+	43,817	.8
Total	17,117,976	36.6	17,818,781	36.0	—	700,805	3.9
Grand Total Carload Traffic	46,487,273	99.3	49,139,016	99.2	—	2,651,743	5.4
All L.C.L. Freight	323,716	.7	383,073	.8	—	59,357	15.5
Grand Total, Carload and L.C.L. Traffic	46,810,989	100.0	49,522,089	100.0	—	2,711,100	5.5

NUMBER OF EMPLOYEES AND COMPENSATION 1928-1953 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	93,681	48,492,046	44,742,422	3,749,624
1936	32,178	54,061,839	1,680	103,723	54,165,562	49,427,401	4,738,161
1937	32,784	56,372,965	1,720	104,064	56,477,029	51,054,608	5,422,421
1938	28,988	52,830,262	1,822	100,092	52,930,354	48,224,635	4,705,719
1939	30,224	55,042,582	1,821	99,912	55,142,494	50,442,260	4,700,234
1940	29,674	55,664,577	1,876	107,047	55,771,624	50,924,885	4,846,739
1941	31,583	63,000,300	1,995	135,795	63,136,095	57,763,314	5,372,781
1942	33,253	74,673,850	2,246	137,691	74,811,541	68,123,406	6,688,135
1943	35,377	90,305,409	2,553	145,093	90,450,502	84,109,945	6,340,557
1944	38,230	104,576,956	2,735	172,451	104,749,407	96,584,193	8,165,214
1945	38,589	106,425,149	2,758	179,825	106,604,974	98,318,215	8,286,759
1946	37,203	116,746,703	3,138	180,159	116,926,862	107,484,522	9,442,340
1947	37,955	124,724,548	3,286	170,860	124,895,408	114,042,873	10,852,535
1948	38,268	138,490,345	3,619	172,016	138,662,361	126,543,269	12,119,092
1949	35,131	133,117,567	3,789	158,275	133,275,842	123,450,866	9,824,976
1950	33,668	128,201,025	3,808	167,342	128,368,367	121,226,784	7,141,583
1951	33,846	143,260,363	4,233	219,693	143,480,056	134,493,624	8,986,432
1952	32,550	145,397,263	4,467	149,515	145,546,778	138,390,501	7,156,277
1953	31,138	138,117,562	4,436	145,500	138,263,062	131,304,863	6,958,199

NUMBER OF EMPLOYEES AND COMPENSATION BY STATES—1953

State	Regular Employees			Part Time Employees Total Compensation	Total Compensation All Employees
	Average Number	Total Compensation	Average Compensation Per Employee		
Illinois	8,053	$ 36,237,350	$4,500	$ 15,889	$ 36,253,239
Iowa	3,117	13,665,100	4,384	16,377	13,681,477
Wisconsin	7,876	34,488,425	4,379	50,079	34,538,504
Minnesota	3,932	16,795,501	4,271	13,811	16,809,312
Michigan	218	951,050	4,363	1,874	952,924
Missouri	558	2,430,648	4,356	7,193	2,437,841
Indiana	760	3,441,823	4,529	7,912	3,449,735
South Dakota	1,548	6,706,339	4,332	6,333	6,712,672
North Dakota	190	682,159	3,590	699	682,858
Montana	1,983	9,407,847	4,744	20,147	9,427,994
Idaho	272	1,084,504	3,987	0	1,084,504
Washington	2,468	11,362,513	4,604	5,062	11,367,575
All other	163	864,303	5,302	124	864,427
Total	31,138	$138,117,562	$4,436	$145,500	$138,263,062

EQUIPMENT OWNED END OF YEARS 1952-1953

LOCOMOTIVES

Kind	Year	Number by Services as Assigned					Tractive Power (Pounds)		Weight (Tons)		
									Excl. of Tender		On Driver
		Frt.	Passenger	Yard	Other #	Total	Total	Av. Per Loco.	Total	Av. Per Loco.	Average Per Loco.
Steam	1952	371	58	166	5	600	29,030,193	48,384	81,666	136.11	99.42
	1953	254	43	114	7	418	20,077,779	48,033	57,835	138.36	99.09
Electric	1952	35	13	6	0	54	7,108,950	131,647	17,941	332.25	263.27
	1953	33	15	6	0	54	7,145,222	132,319	18,025	333.79	264.61
Diesel-electric	1952	104	36	206	3	349	30,915,230	88,582	64,285	184.20	177.16
	1953	136	36	203	4	379	33,374,626	88,060	69,284	182.81	176.12
Total	1952	510	107	378	8	1,003	67,054,373	66,854	163,892	163.40	135.29
	1953	423	94	323	11	851	60,597,627	71,208	145,144	170.56	143.90

#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
1952	#24,426	3,966	2,008	11,249	4,519	986	800	3,725	5,344	757	57,780
1953	*24,121	3,953	1,996	11,188	4,514	986	798	3,404	5,346	694	57,000

#Includes 598 Refrigerator cars.
*Includes 594 Refrigerator cars.

PASSENGER-TRAIN CARS

Year	Coaches	Company Sleepers	Parlor	Parlor Cafe	Dining	Tap Lounge Observation	Baggage Express Mail	Passenger and Baggage	Passenger Mail and Baggage	Total
1952	320	68	19	8	38	12	452	44	10	971
1953	325	68	19	8	37	12	450	44	10	973

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 and Baggage	Mail and Express			
1952	1	2	1	2	6
1953	1	0	0	2	3

FLOATING EQUIPMENT

Year	Tugboats	Car Barges	Total
1952	1	5	6
1953	1	4	5

HIGHWAY VEHICLES

Year	Revenue Service				Nonrevenue Service						
	Buses	Tractors	Trucks	Trailers	Passenger Automobiles	Buses	Trucks	Tractors	Semi-Trailers	Trailers	Misc. Equip.
1952	2	5	0	5	201	6	230	4	3	14	9
1953	2	4	1	5	210	3	251	4	3	14	15

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
1952	14	21	1	1,958	285	216	189	484	3,168
1953	13	21	0	1,683	180	224	185	551	2,857

MILWAUKEE LAND COMPANY INCOME ACCOUNT FOR THE YEARS 1953 AND 1952

INCOME	1953	1952	INCREASE	DECREASE
TOWNSITE DIVISION:				
SALES:				
Real estate	$ 43,479	$ 42,000	$ 1,479	
Cost of real estate sold	*20,617*	*2,152*	*18,465*	
GROSS PROFIT FROM SALES	22,862	39,848		$ 16,986
OTHER INCOME:				
Rents	6,815	3,490	3,325	
Interest	6,331	2,541	3,790	
All other	695	325	370	
TOTAL OTHER INCOME	13,841	6,356	7,485	
TOTAL INCOME—TOWNSITE DIVISION	36,703	46,204		9,501
TIMBER DIVISION:				
SALES:				
Timber land and timber	2,043,663	2,000,279	43,384	
Cost of land and timber sold	*148,295*	*181,877*		*33,582*
GROSS PROFIT FROM SALES	1,895,368	1,818,402	76,966	
OTHER INCOME:				
Rents and royalties	7,092	9,666		2,574
Interest	139,269	101,963	37,306	
All other		9		9
TOTAL OTHER INCOME	146,361	111,638	34,723	
TOTAL INCOME—TIMBER DIVISION	2,041,729	1,930,040	111,689	
TOTAL INCOME—TOWNSITE AND TIMBER DIVISIONS	2,078,432	1,976,244	102,188	
EXPENSES				
TOWNSITE DIVISION:				
Salaries and office expenses	5,021	4,810	211	
Taxes	4,268	6,270		2,002
Interest	64,044	64,044		
All other	1,052	283	769	
TOTAL EXPENSES—TOWNSITE DIVISION	74,385	75,407		1,022
TIMBER DIVISION:				
Salaries and office expenses	43,749	47,443		3,694
Real estate expense	35,770	38,084		2,314
Timber cutting contracts expense	38,046	35,005	3,041	
Fire protection	21,737	18,803	2,934	
Taxes	596,279	495,687	100,592	
Interest	95,076	95,076		
All other	13,230	5,035	8,195	
TOTAL EXPENSES—TIMBER DIVISION	843,887	735,133	108,754	
TOTAL EXPENSES—TOWNSITE AND TIMBER DIVISIONS	918,272	810,540	107,732	
NET INCOME	$1,160,160	$1,165,704		$ 5,544

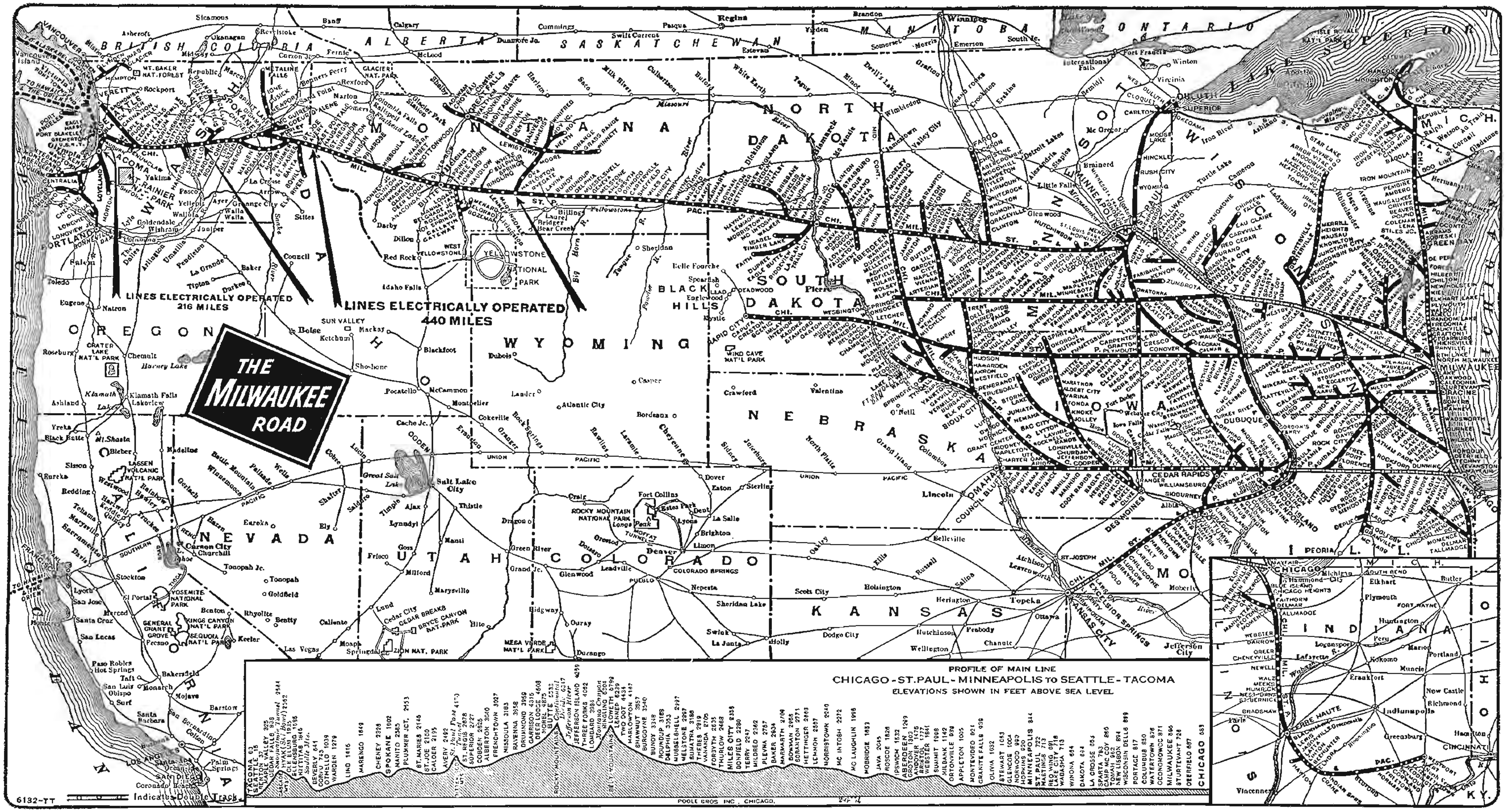
MILWAUKEE LAND COMPANY STATEMENT OF RETAINED EARNINGS FOR THE YEARS 1953 AND 1952

	1953	1952	INCREASE	DECREASE
Balance at January 1	$ 472,791	$ *701,038*	$1,173,829	
ADDITIONS:				
Net income for the year	1,160,160	1,165,704		$ 5,544
Miscellaneous credits	5,693	8,125		2,432
BALANCE AT DECEMBER 31	$1,638,644	$ 472,791	$1,165,853	

Italics denote reverse items.

MILWAUKEE LAND COMPANY—BALANCE SHEET
DECEMBER 31, 1953, AND DECEMBER 31, 1952

	December 31, 1953	December 31, 1952	Net Change During Year + Increase — Decrease
Assets			
Current Assets:			
Cash	$ 652,648	$1,110,622	— $ 457,974
Accounts receivable	88,855	160,826	— 71,971
Notes and purchase contracts	377,577	137,528	+ 240,049
Interest receivable	71,566	48,908	+ 22,658
Total Current Assets	1,190,646	1,457,884	— 267,238
Investments:			
Capital stocks	214,412	140,160	+ 74,252
United States Government obligations	2,355,000	4,113,658	— 1,758,658
C. M. St. P. & P. R. R. Co. mortgage bonds	995,312	775,213	+ 220,099
Other investments	34,500	45,000	— 10,500
Total Investments	3,599,224	5,074,031	— 1,474,807
Other Assets:			
Timber sale contracts	93,500	119,000	— 25,500
Other assets	1	1	....
Total Other Assets	93,501	119,001	— 25,500
Properties:			
Timber land and timber	1,454,886	1,584,756	— 129,870
Real estate	492,854	363,775	+ 129,079
Automobiles less accrued depreciation	6,212	8,187	— 1,975
Furniture and fixtures less accrued depreciation	820	523	+ 297
Total Properties	1,954,772	1,957,241	— 2,469
	$6,838,143	$8,608,157	— $1,770,014
Liabilities			
Current Liabilities:			
Accounts payable	$ 8,090	$ 935,549	— $ 927,459
Taxes (Other than federal taxes on income)	64,797	67,040	— 2,243
Federal taxes on income	456,787	381,200	+ 75,587
Total Current Liabilities	529,674	1,383,789	— 854,115
Other Liabilities:			
Note payable—C. M. St. P. & P. R. R. Co.	2,652,000	2,652,000	....
Interest payable	1,332,108	3,317,944	— 1,985,836
Advances on coal leases and cutting contracts	180,059	278,639	— 98,580
Other liabilities	5,658	2,994	+ 2,664
Total Other Liabilities	4,169,825	6,251,577	— 2,081,752
Stockholders' Equity:			
Capital stock:			
Common stock—par value $100 per share:			
Authorized—5,000 shares			
Issued and outstanding—5,000 shares	500,000	500,000	....
Retained earnings	1,638,644	472,791	+ 1,165,853
Total Stockholders' Equity	2,138,644	972,791	+ 1,165,853
	$6,838,143	$8,608,157	— $1,770,014



CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

THE MILWAUKEE ROAD

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