
The Milwaukee Road is electrified over the Belt, Rocky, Bitter Root and Cascade Mountains.

Annual Report 1957

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

THE MILWAUKEE ROAD

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

General Offices—516 W. Jackson Boulevard, Chicago 6, Illinois

BOARD OF DIRECTORS

January 1, 1958

Terms Expiring:

1958	1959	1960
J. PATRICK LANNAN	JOHN B. GALLAGHER	JOHN D. ALLEN
WILLIAM L. O'BRIEN	JOSHUA GREEN	JAMES M. BARKER
PHILIP W. PILLSBURY	ARNOLD B. KELLER	LEO T. CROWLEY
WILLIAM J. QUINN	WALTER T. MAHONEY	WALTER J. CUMMINGS
FRANKLIN B. SCHMICK	LOUIS QUARLES	WILLIAM J. FROELICH
JOHN W. SEVERS	WILLIAM J. SINEK	ARTHUR M. WIRTZ
JOHN P. WAGNER		

EXECUTIVE COMMITTEE

J. PATRICK LANNAN, *Chairman*

JOHN D. ALLEN	JOHN B. GALLAGHER	WILLIAM J. SINEK
LEO T. CROWLEY	WILLIAM J. QUINN	ARTHUR M. WIRTZ
WILLIAM J. FROELICH		

FINANCE COMMITTEE

WALTER J. CUMMINGS, *Chairman*

JOHN D. ALLEN	LEO T. CROWLEY	JOHN B. GALLAGHER*
JAMES M. BARKER	WILLIAM J. FROELICH*	ARNOLD B. KELLER
*Alternate Members		LOUIS QUARLES*

OFFICERS

L. T. CROWLEY	Chairman of the Board	CHICAGO
W. J. QUINN	President	CHICAGO
W. J. WHALEN	Vice President—Operation	CHICAGO
E. R. ECKERSALL	Vice President and General Counsel	CHICAGO
P. H. DRAVER	Vice President—Traffic	CHICAGO
R. S. STEPHENSON	Vice President and Comptroller	CHICAGO
L. H. DUGAN	Vice President and Western Counsel	SEATTLE
E. O. SCHIEWE	General Solicitor	CHICAGO
J. J. ROCHE	Secretary	CHICAGO
C. T. LANNON	Treasurer	CHICAGO

STOCK TRANSFER OFFICES

The Chase Manhattan Bank, New York 15, N.Y.
Room 732 Union Station, Chicago 6, Ill.

REGISTRARS

The First National City Bank of New York, New York 15, N.Y.
Continental Illinois National Bank and Trust Company of Chicago, Chicago 90, Ill.

ANNUAL MEETING

May 13, 1958, 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.

HIGHLIGHTS OF OPERATION

	1957	1956
Operating revenues	$254,027,186	$253,860,566
Operating expenses	208,178,811	210,746,299
Taxes, Federal, State and Local	20,065,000	18,287,000
Net railway operating income	16,418,693	17,344,934
Other income—Net	2,790,440	2,533,394
Income available for fixed charges	19,209,133	19,878,328
Fixed charges	4,731,197	4,716,551
Contingent charges	6,561,588	6,675,863
Net income	$ 7,916,348	$ 8,485,914
Net income per share—Series A Preferred	15.26	16.36
—Common	2.51	2.78
Times fixed charges earned	4.06	4.21
Dividends paid:		
Series A Preferred—$5.00 per share*	$ 2,593,255	$ 2,593,255
Common—$1.50 per share*	3,184,869	3,184,820
Total dividends paid	5,778,124	5,778,075
Number of stockholders at December 31:		
Series A Preferred	5,109	5,118
Common	9,562	8,837

*Out of earnings of the prior year.

	1957	1956
Gross capital expenditures:		
For road property improvements	$ 7,057,703	$ 20,707,967
For equipment	15,898,563	16,207,873
Total	22,956,266	36,915,840
Debt reduction—Principal amount:		
Mortgage bonds and debentures	$ 3,794,200	$ 2,259,700
Equipment obligations	1,431,441	919,427
Total	5,225,641	3,179,127
Total amount of payroll	$133,357,333	$134,657,974
Average number of employees	26,007	27,408
Gross ton-miles per train-hour	59,780	58,328
Gross tons per train	44.04 3,117	44.6 3,070
Net ton-miles per train-hour	26,330 44.04	26,029 44.63
Net tons per train	1,373	1,370
(Indices of freight-train performance)		

The ratios on the side prove the confusion of statistics. These are not 4 meaningful figures but two.

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

Operating revenues of your Company for the year 1957 amounted to $254,027,186, slightly more than the total of $253,860,566 in 1956. They were favorably affected by the increased movement in the first half of the year of products of agriculture, particularly corn, which the Commodity Credit Corporation, in its reconcentration movement, shipped from Iowa, Illinois, Indiana and Minnesota to the Southwest for storage, to terminal markets, and for export to make room for new loan grain expected from the fall crops. Early snowfall and frost made corn harvesting difficult with the result that there was considerable high moisture corn, providing a heavier than usual movement to markets at the end of the year.

Operating expenses were $208,178,811, a decrease of $2,567,488, or 1.2%, despite the impact of increased wage costs together with higher prices of materials and supplies. If it had not been for increases in wages and in employee fringe benefits, operating expenses would have been about $10,690,000 less than in 1956. While maintenance expenses, road and equipment, were reduced, the physical property was adequately maintained during the year. Economies realized from increased use of modern machinery in track maintenance, and from increased efficiency in shop procedures, contributed to the reductions. Transportation expenses were $76,473 less than in 1956, and the Transportation ratio was 39.97% of revenues as compared with 40.02% in 1956. The operating ratio for all expenses was 81.95% of revenues, the lowest since the year 1950.

Net income for the year 1957 was $7,916,348, compared with $8,485,914 for the year 1956. Earnings per share for 1957 on the 518,652 shares of Series A Preferred Stock outstanding were $15.26, compared with $16.36 for 1956. Earnings per share on the 2,123,214 shares of Common Stock outstanding were $2.51 and $2.78, respectively. Sinking funds required by the Company's mortgages and the indenture under which the income debentures were issued are equal to $1.85 per share on the Series A Preferred Stock and $.46 per share on the Common Stock.

On February 20, 1958, the Board of Directors declared a dividend of $5.00 per share on the Series A Preferred Stock of the Company out of 1957 earnings, payable in four installments of $1.25 per share each on March 27, June 26, September 25 and November 26, 1958, to holders of record at the close of business on March 7, June 6, September 5 and November 7, 1958, respectively. The aggregate amount of $5.00 per share has been set apart in a trust fund for the payment of such dividends in full.

On March 20, 1958, the Board of Directors declared a dividend of $1.50 per share on the Common Stock out of 1957 earnings, payable at the rate of 37½ cents per share on April 23, July 31, October 23 and December 18, in 1958, to holders of record at the close of business on April 3, July 11, October 3 and November 28, 1958, respectively. Pursuant to the Company's charter, the payment of this dividend required the deposit of 75 cents per share, or $1,592,410, in a sinking fund with the Trustee under the General Mortgage for the retirement in equal parts of Series A and Series B bonds.

During the year gross capital expenditures of $22,956,266 were made, of which $7,057,703 was for road property improvements and $15,898,563 for new equipment and improvements to existing equipment. The 1958 budget contemplates expenditures of $6,358,000 for road property improvements and $9,677,000 for new equipment and improvements to existing equipment, of which $5,400,000 will be provided through the issuance of equipment trust certificates and the remainder from funds derived from depreciation and retirement charges to income and salvage recovered from property retired.

Worthy of note is the amount of debt reduction during the year 1957, consisting of mortgage bonds and debentures in the amount of $3,794,200 and equipment obligations of $1,431,441, totaling $5,225,641. During the period from the consummation of the plan of reorganization on December 1, 1945, to December 31, 1957, $42,969,700 of mortgage bonds have been reacquired, which is more than 22% of the original issue. In addition, $1,200,000 of Five Per Cent Income Debentures have been reacquired.

With respect to equipment obligations, the amount outstanding at the end of 1957 was $63,009,839, a reduction of $6,288,118 from the largest amount at any one time outstanding—$69,297,957 at November 30, 1951.

At December 31, 1957, net current assets (working capital) were $33,197,983.

As has been pointed out in previous annual reports, governmental regulations and policies have increasingly handicapped the railroads in competing on an equitable basis with other modes of transportation. This is particularly true in the difficulties experienced by the railroads in making competitive adjustments of their prices. All forms of transportation for hire are burdened by continued imposition of outmoded wartime excise taxes on freight traffic and passenger fares. In addition, railroads, as fully regulated common carriers, are subject to undue regulatory controls which their competitors largely or wholly escape. National policy continues to favor other modes of transportation in additional respects, including providing, at taxpayers' expense, highways, waterways and airport facilities for the use of which railroad competitors pay inadequate compensation or none at all.

More and more the public, and particularly persons and agencies in government, are becoming aware that the railroads are indispensable to a healthy economy and that a governmental policy which prevents the railroads from doing their job is not in the public interest. There are many signs that opinion is crystallizing along these lines. The report of the President's Cabinet Committee in 1955 spelled out very clearly the need for a new transportation policy. A comprehensive program of regulatory changes was recommended and the necessity for greater competitive freedom was stressed. While the bills introduced in Congress, designed to put the recommendations into effect, have not yet been passed, the report has served a useful purpose in promoting public discussion of the railroads' problems.

Another reason for having an optimistic attitude toward the future lies in the inevitable growth of our population and, therefore, of our entire economy, which naturally means increased production and consumption of everything, including transportation.

During the first quarter of 1958, traffic volume has declined on your railroad, but to a lesser extent than is being experienced by all Class I railroads in the United States. The decline in volume has necessitated certain retrenchments which we expect will be of a temporary nature. As general business activity rises, a corresponding increase in traffic volume and net income is to be expected.

Chairman of the Board

President

By order of the Board of Directors
March 20, 1958.

The 49.0% for wages is not a true picture of Milw operations. Actually the Milw spent 53.49% of revenues for wages, and at this publication has spent 3.57% of the remainder for debt reduction, whereas this report shows it had only 3.1% to spend. I am sure that the Payroll taxes and H+W benefits are paid on the total wages paid employees and not on the part allocated to operating expenses.

SOURCE OF INCOME

		%
Hauling freight	$212,469,079	82.7
Carrying passengers	15,415,391	6.0
Transporting mail and express	12,065,787	4.7
Other passenger train revenue, including dining and buffet car service	2,136,790	.8
Switching	6,678,131	2.6
Other operating revenues	5,262,008	2.1
Total operating revenues	$254,027,186	98.9
Other income—net	2,790,440	1.1
TOTAL	$256,817,626	100.0

DISPOSITION OF INCOME

			%
Wages and salaries of employees charged to operating expenses	$125,938,377		49.0
Payroll taxes for benefit of employees	8,692,650		3.4
Health and welfare benefits for employees	2,106,181		0.8
Total		$136,737,208	53.2
Materials, contract work, depreciation, etc.	80,134,253		31.2
Rental of equipment and joint facilities	9,364,682		3.7
Total		89,498,935	34.9
Property and other miscellaneous taxes	10,110,350		3.9
Federal income taxes	1,262,000		.5
Total		11,372,350	4.4
Interest paid security holders		11,292,785	4.4
Remainder for debt reduction, dividends, improvements to property and other corporate purposes		7,916,348	3.1
TOTAL		$256,817,626	100.0

OPERATING REVENUES

Operating revenues for the year amounted to $254,027,186, an increase of $166,620, or .1%, compared with 1956.

Freight revenue	increased	$2,749,384	or 1.3%
Passenger revenue	decreased	1,758,318	10.2%
Mail revenue	increased	179,079	2.1%
Express revenue	decreased	548,695	13.8%
All other operating revenues	decreased	454,830	3.1%

Revenue ton miles aggregated 14,615,943,279, compared with 15,614,298,411 in 1956, a decrease of 6.4%.

OPERATING EXPENSES

Operating expenses totaled $208,178,811, a decrease of $2,567,488, or 1.2%, compared with 1956.

These expenses constituted 82.0% of the revenues in 1957, compared with 83.0% in 1956.

Maintenance of way and structures	decreased	$2,214,313	or 5.2%
Maintenance of equipment	decreased	711,529	1.5
Transportation	decreased	76,473	.1
General	increased	525,217	5.1
Traffic	increased	274,797	4.4
Miscellaneous operations	decreased	365,187	9.3

Analysis of Increases and Decreases in Total Railway Operating Expenses 1957 compared with 1956

ITEMS	Maintenance of Way and Structures	Maintenance of Equipment	Transportation	All Other	Total
Labor:					
General wage increases.........	+ $1,165,556	+ $1,081,020	+ $4,377,278	+ $796,233	+ $7,420,087
Straight time worked...........	− 2,089,312	− 1,000,975	− 4,127,357	− 353,500	− 7,571,144
Overtime worked.............	− 287,770	− 52,455	− 577,195	− 293	− 917,713
Time paid for not worked (incl. vacations and holidays).......	− 269,686	+ 97,659	+ 126,921	− 12,741	− 57,847
Total Labor............	− 1,481,212	+ 125,249	− 200,353	+ 429,699	− 1,126,617
Fuel:					
Price........................	....	....	+ 293,711	....	+ 293,711
Consumption................	....	....	− 454,000	....	− 454,000
Total Fuel.............	....	....	− 160,289	....	− 160,289
Electric power..................	....	....	− 131,277	....	− 131,277
Material—Other than fuel:					
Price........................	+ 823,415	+ 200,599	+ 93,115	+ 90,558	+ 1,207,687
Quantity....................	− 1,575,970	+ 1,979,149	+ 267,884	− 287,935	+ 383,128
Total Material other than Fuel................	− 752,555	+ 2,179,748	+ 360,999	− 197,377	+ 1,590,815
Miscellaneous:					
Health and welfare benefits......	+ 182,990	+ 213,639	+ 228,209	+ 77,894	+ 702,732
Other miscellaneous............	− 489,170	− 3,705,042	− 173,762	+ 124,611	− 4,243,363
Total Miscellaneous......	− 306,180	− 3,491,403	+ 54,447	+ 202,505	− 3,540,631
TOTAL LABOR, MATERIAL AND MISCELLANEOUS..........	− 2,539,947	− 1,186,406	− 76,473	+ 434,827	− 3,367,999
Depreciation...................	+ 227,030	+ 354,647	....	....	+ 581,677
Retirements....................	+ 98,604	+ 120,230	....	....	+ 218,834
TOTAL DEPRECIATION AND RETIREMENTS............	+ 325,634	+ 474,877	....	....	+ 800,511
TOTAL RAILWAY OPERATING EXPENSES................	− $2,214,313	− $ 711,529	− $ 76,473	+ $ 434,827	− $2,567,488

PAYROLLS AND AVERAGE COMPENSATION

Year	Total Payrolls—Regular Employees	Company Contributions		Total	Average Per Employee	Straight Time Rate	
		Retirement and Unemployment Taxes	Health and Welfare Benefits			Average Per Hour	% Inc. Over 1939
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
1954......	126,272,397	7,035,232	....	133,307,629	4,768	1.945	168.3
1955......	126,447,937	7,276,300	$ 624,381	134,348,618	4,809	1.959	170.2
1956......	134,534,522	8,581,092	1,403,449	144,519,063	5,273	2.130	193.8
1957......	133,239,878	8,692,650	2,106,181	144,038,709	5,538	2.290	215.9

WAGE AND LABOR RELATIONS

In the 1956 report, it was stated that settlement was reached with the Non-Operating employees (clerks, signalmen, shop craft employees, telegraphers, maintenance of way employees, carmen, and dining car employees except stewards), effective November 1, 1956, providing for a first year increase of 10 cents per hour in basic rates; a carrier-financed hospital-medical-surgical insurance plan for dependents of employees, the cost of which is not to exceed $4.25 per month per employee, equivalent to 2½ cents per hour; second and third year increases of 7 cents per hour, effective November 1, 1957, and November 1, 1958; a cost of living adjustment to be made May 1, 1957, and every six months thereafter, which will adjust the basic rates 1 cent per hour for each one-half point change in the Bureau of Labor Statistics Consumers' Price Index, using as a base the September, 1956, index of 117.1. The settlement included a three-year moratorium on requests for increases in compensation and fringe benefits.

It was also stated that a generally similar agreement was reached with the Firemen effective November 1, 1956, but it provided for a first-year increase of 80 cents per basic day for all Firemen except those on a five-day work week and for an increase of $1.28 per basic day for those on a five-day week, with further increases of 56 cents per basic day effective November 1, 1957, and November 1, 1958, together with a cost of living adjustment similar to that described for the Non-Operating employees. It contains a further provision that the organization may elect prior to November 1, 1957, to adopt a hospital-medical-surgical plan which would be financed within the limits of the second-year pay increase which becomes effective on that date.

During 1957, settlement was reached with the Engineers effective November 1, 1956, providing for a first-year increase of 6 per cent, second and third year increases of 3½ per cent effective November 1, 1957, and November 1, 1958; a cost of living adjustment to be made commencing May 1, 1957, and every six months thereafter, which will adjust basic rate 1 cent per hour or 8 cents per basic day for each one-half point change in the Consumers' Price Index, similar to that described for the Non-Operating employees; and certain options relating to paid holidays for Yard Engineers and working rules.

Settlements were also reached with other Operating employees, which are generally similar except as to the changes in rates of pay. The Conductors and Trainmen are to receive 12½ cents per hour for the first year, and 7 cents per hour for the second and third years, with certain options relating to paid holidays for yard service employees. Yardmasters not on a five-day week are to receive a $14.00 per month increase effective August 1, 1956, and all are to receive an increase of $25.00 per month on November 1, 1956, with second and third year increases of $14.00 per month effective November 1, 1957, and November 1, 1958. Dining Car Stewards and Parlor Car Conductors are to receive an increase of $35.00, $15.00 and $15.00 per month in the first, second and third years, respectively. Train Dispatchers are to receive $25.00, $14.00 and $14.00 per month in the first, second and third years, respectively, with $11.05 of the second year increase per month being applied toward a hospital-medical-surgical plan. Certain Supervisors in the Mechanical Department were granted an increase of $17.03 per month effective November 1, 1957, with provision for cost of living adjustments of $2.00 per month for each one-half point change in the Index. All the foregoing agreements include a three-year moratorium on requests for increases in compensation and fringe benefits, with certain exceptions.

Cost of Living Adjustments

The Bureau of Labor Statistics Consumers' Price Index as of March, 1957, reached 118.9 and as of September, 1957, rose to 121.1. Consequently, rates of pay were increased 3 cents per hour on May 1, 1957, and 5 cents per hour on November 1, 1957, for those employees whose agreements provided for an increase of 1 cent per hour for each one-half point change in the Index, and $6.00 per month on May 1, 1957, and $10.00 per month on November 1, 1957, for those employees whose agreements provided for an increase of $2.00 per month for each one-half point change in the Index.

Payroll Taxes

On January 1, 1957, the Unemployment Insurance Tax, which is based upon the taxable payroll and is paid wholly by the employer, was increased from 1½% to 2%. On January 1, 1958, the rate went to 2½%. The determination of the effective rate, which can range from ½% to 3%, is dependent on the amount in the national reserve account for railroad unemployment insurance purposes, and the latest increase is imposed under the law because the balance in the reserve declined to a figure below $300 million in 1957.

Effect of Increases

Altogether, wage increases, health and welfare programs, payroll taxes on account of wage increases, and the increase in the tax rate for unemployment compensation insurance increased costs in 1957 approximately $8,809,000.

RATES AND FARES

In an effort to offset the upward spiral of operating expenses, it has been necessary to seek and apply additional general increases in freight rates. On December 28, 1956, an additional emergency increase of 7% in Eastern Territory and 5% in Western Territory, and for traffic moving between Eastern, Western and Southern Territories, became effective. A corresponding increase of 5% became effective February 23, 1957, within

Southern Territory. These increases were subject to certain limitations and exceptions covering particular commodities. The relief afforded by these increases fell far short of providing the industry with an adequate rate of return on investment and failed to keep step with increasing costs of operation. As a result, the Eastern and Western railroads petitioned the Interstate Commerce Commission on January 11, 1957, asking an increase of 22% including the emergency increases mentioned above which became effective December 28, 1956.

Effective August 26, 1957, the Interstate Commerce Commission in Ex Parte 206A authorized additional increases in freight rates—7% within Western Territory and between Eastern and Southern Territories and 4% between Western and Southern Territories. It is estimated that the additional increases, based upon 1957 traffic, will produce additional revenue to your Company of $9,955,000 on an annual basis.

In its report granting the increases the Commission noted that the Railroads would face additional costs by the end of 1957 for which further rate increases could be sought. Accordingly, the Railroads filed tariffs providing for selective freight rate increases. Effective February 15, 1958, in Ex Parte 212 the Interstate Commerce Commission authorized further rate increases which will produce additional revenues to your Company of approximately $4,600,000 on an annual basis on interstate traffic and, if all states authorize similar increases on intrastate traffic, there will be an additional annual revenue of $500,000.

Further hearings were held in 1957 before the Interstate Commerce Commission in proceedings involving divisions of joint rates between Mountain Pacific and other territories. Further hearings are scheduled in March, 1958 and, although hearings may be completed during the current year, the final decision is not expected until later.

The Supreme Court on January 13, 1958, remanded the Commuter Fare Case to the Interstate Commerce Commission for further finding of the contribution by the Company's other Illinois intrastate traffic, freight and passenger. The Court held that since the Commission takes the passenger deficit into consideration in fixing freight rates it should also consider revenue earned from freight rates in fixing passenger fares.

The Railroads in Western Territory reached an agreement with the United States Post Office Department for an increase in Mail Pay rates of approximately 7½%, which the Interstate Commerce Commission approved on December 30, 1957, effective July 1, 1957. Because of increased expenses, the Railway Express Agency, with the approval of the railroads, filed petition with the Interstate Commerce Commission for a 15% increase in all basic rates. Hearings were held at various points in the country with a final hearing in Washington, D. C., in December, 1957. At the time of writing this report, no decision had been handed down.

SPOKANE GATEWAY CASE

The Interstate Commerce Commission dismissed the complaint filed by your Company seeking the establishment of joint through rates between it and the Spokane, Portland and Seattle Railway Company and its subsidiaries via Spokane, Washington, on the same level and to and from the same territory as those now enjoyed by the Northern Pacific Railway Company and the Great Northern Railway Company.

Suit is being brought in a Federal Court to set aside the order of the Commission in further effort to obtain this relief.

INCOME AND OTHER TAXES

Tax accruals for 1957 were as follows:

Federal income taxes applicable to 1957	$ 1,262,000
Payroll taxes	8,692,650
Property and other miscellaneous taxes	10,110,350
Total	$20,065,000

In computing Federal taxable income, effect was given to the deduction of $4,511,000, 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. Provision for Federal income taxes was thus reduced and net income for the year increased $2,345,720 above what it would have been if normal depreciation had been used in determining taxable net income. Such equipment and facilities are being depreciated in the accounts at normal rates under the straight-line method under an order of the Interstate Commerce Commission. The excess of amortization over normal depreciation of $4,511,000 will have to be charged against income as normal depreciation in subsequent years without being deducted from taxable income for those years.

INDUSTRIAL DEVELOPMENT

Industrial development in the territory served by your Company continued at a good pace in 1957. An extensive organization is maintained to work with all the communities along the Milwaukee Road to create an environment attractive to new industries and the expansion or relocation of other industries. There were 177 new industries located on your railroad during 1957 which will produce expected freight revenue of $6,000,000 annually. The first industries have been located in the industrial areas acquired a few years ago at Freeport, Illinois, and Great Falls, Montana. Additional improvements of tracks, roadways and other utilities have been provided in railroad-owned districts at Franklin Park and Freeport, Illinois, Cedar Rapids, Iowa, Great Falls, Montana, Othello and Moses Lake, Washington.

During the year industrial property belonging to the Company has been plotted and, in addition, accurate detailed information has been compiled on privately-owned sites located on its tracks. Hundreds of aerial photos in color and in black-and-white were taken of existing and potential industrial sites all over the system, which go far beyond the usual statistical data. Such visualization of a site frequently gives a far more comprehensive knowledge of the ground than an actual tour on foot.

One of the most constructive methods of securing more traffic for a railroad is helping to create it, and an intensive program is being undertaken to co-operate not only with industries but with communities along the railroad which are showing an increasing interest in industrial development.

LEGISLATION

The Senate Interstate and Foreign Commerce Committee appointed a Subcommittee on Surface Transportation to recommend remedial legislation on the part of Congress in connection with certain factors which have been working to the detriment of the railroad industry.

In hearings which started on January 13, 1958, chief executives of more than 20 railroads and the President of the Association of American Railroads testified in detail before the subcommittee and gave their views on what legislation is necessary for the welfare of the railroad industry.

Testimony was presented on behalf of your Company urging legislation which will (1) narrow the scope of the exempt agricultural commodity clause of the Interstate Commerce Act; (2) give the Interstate Commerce Commission jurisdiction on appeal from the failure of state commissions to grant authority to discontinue train service when in the public interest; and (3) repeal the transportation tax.

REDUCTION OF MORTGAGE BONDS

In 1957, mortgage bonds and debentures in the principal amount of $3,794,200 were acquired and cancelled or are held in the Treasury.

The following table shows that in the period from the consummation of the Plan of Reorganization on December 1, 1945, to December 31, 1957, $42,969,700 of mortgage bonds were acquired and cancelled or are held in the Treasury. This amount is more than 22% of the original issue. In addition, $1,200,000 of Five Per Cent Income Debentures have been acquired and cancelled or are held in the Treasury. The resulting reduction in annual interest requirements is $1,962,343.

ITEM	Cancelled Through Sinking Fund	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	$ 2,495,500	$2,280,100	$ 600,100	$ 5,375,700	4%	$ 215,028
General Mortgage 4½% Income Bonds, Series A	17,788,800	610,000	1,436,000	19,834,800	4½	892,566
General Mortgage 4½% Convertible Income Bonds, Series B	12,412,600	....	3,580,600	15,993,200	4½	719,694
Five Per Cent Income Debentures, Series A	600,000	....	600,000	1,200,000	5	60,000
The Bedford Belt Ry. Co. First Mortgage Bonds	....	17,000	7,000	24,000	4¼	1,020
The Southern Indiana Ry. Co. First Mortgage Bonds	....	34,000	94,000	128,000	4¼	5,440
The Chicago, Terre Haute & Southeastern Ry. Co. First and Refunding Mortgage Bonds	....	....	127,000	127,000	4¼	5,397
Income Mortgage Bonds	....	....	1,487,000	1,487,000	4¼	63,198
Totals	$33,296,900	$2,941,100	$7,931,700	$44,169,700	....	$1,962,343

Note: Excluded from the above are C.M.ST.P. & P.R.R.Co. General Mortgage 4½% Convertible Income Bonds 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.

LONG-TERM DEBT OUTSTANDING

Long-term debt outstanding in the hands of the public as of December 31, 1957, amounted to $268,907,339 compared with $274,132,980 as of December 31, 1956, a net decrease of $5,225,641.

Increases:		
Equipment obligations covering purchase of equipment		$ 9,000,000
Decreases:		
Mortgage Bonds and Debentures:		
Purchased and cancelled during the year through operation of sinking funds—		
First Mortgage 4% Bonds, Series A	$ 251,600	
Less: Bonds held in Treasury at December 31, 1956, delivered to Mortgage Trustee for sinking fund and cancelled during the year	251,600	....
General Mortgage 4½% Income Bonds, Series A	$1,660,600	
Less: Bonds held in Treasury at December 31, 1956, sold to Mortgage Trustee for sinking fund and cancelled during the year	405,600	1,255,000
General Mortgage 4½% Convertible Income Bonds, Series B	$1,508,800	
Less: Bonds held in Treasury at December 31, 1956, sold to Mortgage Trustee for sinking fund and cancelled during the year	1,508,600	200
Five Per Cent Income Debentures, Series A	$ 300,000	
Less: Debentures held in Treasury at December 31, 1956, deposited with Trustee for sinking fund and cancelled during the year	300,000	....
Acquired through dividend in kind paid by the Milwaukee Land Company and held in Treasury—		
General Mortgage 4½% Income Bonds, Series A		$ 1,384,000
Purchased in the open market during the year and held in Treasury—		
First Mortgage 4% Bonds, Series A		336,000
General Mortgage 4½% Income Bonds, Series A		52,000
General Mortgage 4½% Convertible Income Bonds, Series B		2,000
Five Per Cent Income Debentures, Series A		600,000
The Bedford Belt Ry. Co. First Mortgage Bonds		5,000
The Southern Indiana Ry. Co. First Mortgage Bonds		38,000
C.T.H. & S.E. Ry. Co. First and Refunding Mortgage Bonds		63,000
C.T.H. & S.E. Ry. Co. Income Mortgage Bonds		59,000
Equipment Obligations:		
Payments of Equipment Trust Certificates		9,318,000
Payments of Conditional Sale Agreements covering purchase of equipment		1,113,441
Total Decrease		$14,225,641
Net Decrease		$ 5,225,641

SHAREHOLDERS OF RECORD

As of April 5, 1957, the record date for the 1957 Annual Meeting, there were 5,144 holders of Series A Preferred Stock and 8971 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	2,088	149,976	3,953	525,686
Women	1,916	84,169	2,925	226,452
Joint accounts	634	33,286	1,450	121,109
Fiduciaries, institutions and foundations, stock brokers, nominees and others	506	251,221	643	1,249,967
Total	5,144	518,652	8,971	2,123,214

CAPITAL EXPENDITURES—1957

The following is a summary of the capital expenditures made during 1957:

Road property		$ 6,828,289
Improvements on leased property		2,295
New equipment	$13,389,843	
Improvements to existing equipment	2,508,720	15,898,563
Total transportation properties		$22,729,147
Miscellaneous physical property		227,119
Total properties		$22,956,266

Equipment delivered during the year:

1000—50-ton steel box cars
100—70-ton steel covered hopper cars
35—50-ton airslide steel covered hopper cars
15—70-ton airslide steel covered hopper cars
2—Diesel-electric pile driving locomotive cranes

CAPITAL EXPENDITURES—1958

The 1958 budget for improvements to road property contemplates an estimated expenditure, chargeable to Capital Account, of $6,358,000. The major improvements include: Laying of 102 track miles of new rail and 73 track miles of secondhand rail; installation of power operated switches between Collins and Madrid, Iowa, and purchase of power operated roadway machinery.

The budget provides for new equipment and improvements to existing equipment, the estimated cost of which, chargeable to Capital Account, is $9,677,000. New equipment includes:

10—1750 H.P. Diesel-electric road switching units
200—70-ton steel covered hopper cars
100—50-ton steel box compartmentizer equipped cars
50—70-ton flat cars
55—70-ton steel gondola cars
50—70-ton airslide steel covered hopper cars

MANAGEMENT

Mr. John P. Kiley, who served as President and as a member of the Board of Directors of the Company since September 1, 1950, retired from active service on December 31, 1957 under the provisions of the Company's pension plan. Mr. Kiley was in continuous service of the Company since July, 1915, and served with distinction in various capacities, including those of Auditor of Investment and Joint Facility Accounts, Assistant General Manager—Lines East, Assistant to President, and later Vice President, Seattle, and Vice President—Operation.

Mr. William J. Quinn, Vice President and General Counsel, was elected President and a member of the Board of Directors to succeed Mr. Kiley, effective January 1, 1958.

Mr. Edwin R. Eckersall, General Solicitor, was elected Vice President and General Counsel, to succeed Mr. Quinn; and Mr. Edwin O. Schiewe, Asst. General Counsel, was elected General Solicitor to succeed Mr. Eckersall, effective January 1, 1958.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have examined the financial statements of Chicago, Milwaukee, St. Paul and Pacific Railroad Company for the year ended December 31, 1957. 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 made similar examinations of the financial statements for the preceding four years.

In our opinion, the accompanying balance sheet and statements of income and retained income present fairly the financial position of Chicago, Milwaukee, St. Paul and Pacific Railroad Company at December 31, 1957, and the results of its operations for the year then ended, in conformity with accounting principles and classifications prescribed or authorized by the Interstate Commerce Commission (before giving effect to the modifications referred to in Note E), applied on a basis consistent with that followed during the prior periods covered by the financial statements submitted herewith except as to the matters referred to in the last paragraphs of Notes A and C to the financial statements.

We also have examined the statement of available net income and application thereof, and it is our opinion that such statement summarizes fairly the computations of "available net income" for the year ended December 31, 1957, in conformity with the provisions of the indentures identified therein.

ERNST & ERNST
Certified Public Accountants

Chicago, Illinois
February 28, 1958

STATEMENT OF INCOME

	1957	1956	1955	1954	1953
Railway Operating Revenues					
Freight	$212,469,079	$209,719,695	$205,818,267	$197,504,960	$215,384,759
Passenger	15,415,391	17,173,709	13,837,923	14,916,558	16,672,015
Mail	8,646,395	8,467,316	8,289,542	8,370,709	9,318,408
Express	3,419,392	3,968,087	3,821,639	3,641,119	3,865,852
Switching	6,678,131	6,423,837	6,295,810	5,741,531	6,247,121
Other	7,398,798	8,107,922	7,435,029	7,569,762	8,372,036
Total Railway Operating Revenues	254,027,186	253,860,566	245,498,210	237,744,639	259,860,191
Railway Operating Expenses					
Maintenance of way and structures	40,492,308	42,706,621	44,254,660	38,683,912	42,740,944
Maintenance of equipment	45,259,541	45,971,070	47,944,552	46,884,289	53,745,060
Traffic	6,461,372	6,186,575	5,813,700	5,827,880	5,881,112
Transportation	101,532,378	101,608,851	94,144,231	95,735,292	103,575,601
Miscellaneous operations	3,559,189	3,924,376	2,901,528	3,093,724	3,035,009
General	10,874,023	10,348,806	9,582,671	9,185,507	9,206,033
Total Railway Operating Expenses	208,178,811	210,746,299	204,641,342	199,410,604	218,183,759
Net Revenue from Railway Operations	45,848,375	43,114,267	40,856,868	38,334,035	41,676,432
Taxes and Rents					
Federal taxes on income (credit)—Note A	1,262,000	(51,000)	1,425,000	(1,133,219)	1,277,000
Other taxes	18,803,000	18,338,000	16,971,000	16,462,219	16,695,000
Equipment rents	6,699,509	4,839,601	4,176,312	5,873,693	6,444,879
Joint facility rents	2,665,173	2,642,732	2,504,031	2,562,824	2,595,865
Total Taxes and Rents	29,429,682	25,769,333	25,076,343	23,765,517	27,012,744
Net Railway Operating Income	16,418,693	17,344,934	15,780,525	14,568,518	14,663,688
Other Income and Deductions					
Other income—Note B	3,030,728	2,841,508	5,405,438	3,997,305	3,922,162
Miscellaneous deductions from income	240,288	308,114	199,121	169,170	198,788
Other Income Less Deductions	2,790,440	2,533,394	5,206,317	3,828,135	3,723,374
Income Available for Fixed Charges	19,209,133	19,878,328	20,986,842	18,396,653	18,387,062
Fixed Charges					
Interest on long-term debt—fixed	4,644,500	4,637,955	4,615,909	4,515,839	4,336,651
Amortization of discount on long-term debt	85,629	77,791	79,090	75,239	77,890
Other fixed charges	1,068	805	1,192	1,770	825
Total Fixed Charges	4,731,197	4,716,551	4,696,191	4,592,848	4,415,366
Income After Fixed Charges	14,477,936	15,161,777	16,290,651	13,803,805	13,971,696
Contingent Charges					
Interest on mortgage bonds—contingent	3,629,088	3,713,363	3,773,369	3,899,346	3,958,678
Interest on income debentures	2,932,500	2,962,500	2,985,000	....	....
Total Contingent Charges	6,561,588	6,675,863	6,758,369	3,899,346	3,958,678
Net Income	$ 7,916,348	$ 8,485,914	$ 9,532,282	$ 9,904,459	$ 10,013,018
Earnings Applicable to Common Stock					
Net income	$ 7,916,348	$ 8,485,914	$ 9,532,282	$ 9,904,459	$ 10,013,018
Less dividend requirements on Preferred Stock	2,593,255	2,593,255	2,593,255	5,593,255	5,593,255
Earnings Applicable to Common Stock	$ 5,323,093	$ 5,892,659	$ 6,939,027	$ 4,311,204	$ 4,419,763
Per share	$ 2.51	$ 2.78	$ 3.27	$ 2.03	$ 2.08

See notes to financial statements.

BALANCE SHEET

ASSETS	December 31, 1957	December 31, 1956	Change During Year
Current Assets			
Cash—Note E	$ 16,951,302	$ 37,907,995	− $20,956,693
United States Government securities—at cost (approximately market)	17,582,144	5,350,000	+ 12,232,144
Cash and securities reserved for payment of specific current liabilities	3,834,510	1,247,903	+ 2,586,607
Chicago Transit Authority revenue bonds—at cost less, in 1957, allowance of $131,587 to reduce to market	825,413	957,000	− 131,587
Receivables—due from railroads, shippers, and others	19,210,926	17,683,531	+ 1,527,395
Working fund advances and prepayments	840,592	864,820	− 24,228
Material and supplies inventories—at cost	24,237,468	23,420,254	+ 817,214
Other current assets	603,426	404,182	+ 199,244
Total Current Assets	84,085,781	87,835,685	− 3,749,904
Special Funds—Cash held principally for debt retirement or investment in properties	1,375,658	882,896	+ 492,762
Investments—at cost—Note B			
Capital stocks ($550,000), notes and accounts of wholly-owned subsidiaries	3,292,000	3,242,000	+ 50,000
Investments in jointly-owned terminal, switching, and other companies:			
Capital stocks	4,185,976	4,189,511	− 3,535
Bonds, notes and long-term advances	9,637,394	9,122,819	+ 514,575
Total Investments	17,115,370	16,554,330	+ 561,040
Properties—Note C			
Road and equipment:			
Road	627,129,316	626,549,451	+ 579,865
Equipment	320,426,578	309,914,603	+ 10,511,975
General expenditures	38,573,132	38,890,316	− 317,184
Improvements on leased property	619,412	635,567	− 16,155
	986,748,438	975,989,937	+ 10,758,501
Less:			
Acquisition adjustment	160,211,945	161,498,649	− 1,286,704
Donations and grants	9,384,820	9,382,820	+ 2,000
Total Transportation Properties	817,151,673	805,108,468	+ 12,043,205
Less:			
Accrued depreciation—road	86,595,183	84,850,563	+ 1,744,620
Accrued depreciation—equipment	148,508,334	141,726,321	+ 6,782,013
Accrued amortization of World War II defense projects—road	2,191,052	2,219,760	− 28,708
Accrued amortization of World War II defense projects—equipment	17,771,353	17,811,216	− 39,863
	255,065,922	246,607,860	+ 8,458,062
Total Transportation Properties Less Recorded Depreciation and Amortization	562,085,751	558,500,608	+ 3,585,143
Miscellaneous physical property (less accrued depreciation: 1957—$2,725,890; 1956—$2,631,980)	5,915,655	5,896,796	+ 18,859
Total Properties	568,001,406	564,397,404	+ 3,604,002
Other Assets and Deferred Charges			
Receivables (noncurrent)	1,669,520	1,847,644	− 178,124
Discount on long-term debt	967,330	894,274	+ 73,056
Miscellaneous other assets and deferred charges	935,817	1,526,067	− 590,250
Total Other Assets and Deferred Charges	3,572,667	4,267,985	− 695,318
	$674,150,882	$673,938,300	+ $ 212,582

See notes to financial statements.

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 1957	December 31, 1956	Change During Year
Current Liabilities			
Accounts and wages—Note E	$ 31,113,859	$ 29,954,144	+ $1,159,715
Interest and dividends	9,063,666	9,291,181	− 227,515
Taxes (other than federal taxes on income)	7,928,893	7,319,102	+ 609,791
Federal taxes on income—Note A	701,793	819,100	− 117,307
Other current liabilities	2,079,587	861,078	+ 1,218,509
Total Current Liabilities	50,887,798	48,244,605	+ 2,643,193
Long-Term Debt			
Mortgage bonds	147,097,500	150,291,700	− 3,194,200
Five Per Cent Income Debentures, Series A, due January 1, 2055	58,800,000	59,400,000	− 600,000
Equipment obligations (maturities due within one year: 1957—$9,104,216; 1956—$10,131,441)	63,009,839	64,441,280	− 1,431,441
Total Long-Term Debt	268,907,339	274,132,980	− 5,225,641
Reserves			
For personal injury, loss and damage, and overcharge claims	5,086,553	4,709,715	+ 376,838
For vacation pay	5,781,832	5,968,397	− 186,565
Total Reserves	10,868,385	10,678,112	+ 190,273
Other Liabilities and Deferred Credits	2,052,794	2,497,896	− 445,102
Shareholders' Equity			
Capital stock:			
Common Stock—no par value (stated value—$100.00 per share):			
Authorized (including 514,221 shares reserved for conversion of General Mortgage Bonds, Series B)—2,637,450 shares			
Issued and outstanding—2,123,214 shares	212,321,400	212,321,400	....
Preferred Stock—par value $100.00 per share, 5% participating—Note D:			
Authorized—1,150,000 shares			
Issued and outstanding—518,652 shares	51,865,200	51,865,200	....
	264,186,600	264,186,600	....
Retained income—Note D:			
Appropriated	43,983,450	39,850,188	+ 4,133,262
Unappropriated	33,264,516	34,347,919	− 1,083,403
	77,247,966	74,198,107	+ 3,049,859
Total Shareholders' Equity	341,434,566	338,384,707	+ 3,049,859
Contingent Liabilities			
As guarantor at December 31, 1957, jointly with other railroads, for obligations totaling $117,355,400 of various terminal and switching companies.			
	$674,150,882	$673,938,300	+ $ 212,582

See notes to financial statements.

STATEMENT OF RETAINED INCOME

	1957	1956	1955	1954	1953
Balance at January 1	$74,198,107	$70,501,975	$70,318,150	$72,234,649	$69,261,887
ADDITIONS					
Net income for the year	7,916,348	8,485,914	9,532,282	9,904,459	10,013,018
Discount, less premium, on mortgage bonds and debentures reacquired	1,100,917	379,563	535,976	356,871	376,127
Profits, less losses, on sales and retirements of land and nonoperating property	640,153	692,935	682,581	297,616	256,493
Liability for vacation pay at January 1, 1944, charged to acquisition adjustment	....	....	....	974,362	....
	83,855,525	80,060,387	81,068,989	83,767,957	79,907,525
DEDUCTIONS					
Dividends paid on Preferred Stock: $5.00 per share each year	2,593,255	2,593,255	5,593,255	5,593,255	5,593,255
Dividends paid on Common Stock: 1957—$1.50; 1956—$1.50; 1955—$2.50; 1954—$1.00; 1953—$1.00 per share	3,184,869	3,184,820	5,308,033	2,123,213	2,123,213
Provision for estimated liability for vacation pay earned in 1954 and payable in 1955 (credit)	....	....	(357,515)	5,767,162	....
Provision for claims by United States Government for land grant repayments, less related reduction of $788,983 in income taxes	728,291	....	....	....	....
Miscellaneous charges, less credits (credits, less charges)	101,144	84,205	23,241	(33,823)	(43,592)
	6,607,559	5,862,280	10,567,014	13,449,807	7,672,876
BALANCE AT DECEMBER 31	$77,247,966	$74,198,107	$70,501,975	$70,318,150	$72,234,649
Status of retained income at December 31:					
APPROPRIATED					
For investments in properties since January 1, 1944	$42,889,900	$38,767,663	$34,134,804	$34,134,804	$34,134,804
For sinking funds	1,093,550	1,082,525	981,552	764,212	755,488
	43,983,450	39,850,188	35,116,356	34,899,016	34,890,292
UNAPPROPRIATED	33,264,516	34,347,919	35,385,619	35,419,134	37,344,357
TOTAL	$77,247,966	$74,198,107	$70,501,975	$70,318,150	$72,234,649

STATEMENT OF AVAILABLE NET INCOME AND APPLICATION THEREOF

	1957	1956	1955	1954	1953
Income available for fixed charges	$19,209,133	$19,878,328	$20,986,842	$18,396,653	$18,387,062
FIXED CHARGES					
Rent for leased roads and equipment	708	708	708	708	708
Interest on long-term debt:					
On First Mortgage 4% Bonds, Series A	2,175,858	2,197,322	2,211,230	2,218,280	2,226,551
On modified Terre Haute bonds	557,785	564,872	569,613	575,071	579,306
On equipment obligations	1,910,857	1,875,761	1,835,066	1,722,488	1,530,794
Interest on unfunded debt	360	97	484	1,062	117
Amortization of discount on long-term debt	85,629	77,791	79,090	75,239	77,890
TOTAL FIXED CHARGES	4,731,197	4,716,551	4,696,191	4,592,848	4,415,366
INCOME AFTER FIXED CHARGES	14,477,936	15,161,777	16,290,651	13,803,805	13,971,696
Add charges to operating expenses representing the service value of nondepreciable roadway property retired and not replaced	384,491	385,633	395,919	438,544	152,499
AVAILABLE NET INCOME—as defined in the First Mortgage and General Mortgage indentures	14,862,427	15,547,410	16,686,570	14,242,349	14,124,195
APPLICATION OF SUCH AVAILABLE NET INCOME					
Appropriated for sinking fund for retirement of First Mortgage 4% Bonds, Series A	248,608	238,544	229,364	220,268	211,612
Contingent interest on General Mortgage 4½% Income Bonds, Series A	1,734,894	1,817,684	1,873,445	1,996,239	2,050,398
Contingent interest on modified Terre Haute bonds	302,367	303,747	307,902	310,932	315,957
Contingent interest on General Mortgage 4½% Convertible Income Bonds, Series B	1,591,827	1,591,932	1,592,022	1,592,175	1,592,323
Appropriated for sinking fund for retirement of General Mortgage 4½% Income Bonds, Series A and Series B	543,393	543,393	543,393	543,393	543,393
	4,421,089	4,495,300	4,546,126	4,663,007	4,713,683
REMAINING AVAILABLE NET INCOME	10,441,338	11,052,110	12,140,444	9,579,342	9,410,512
Deduct charges to operating expenses representing the service value of nondepreciable roadway property retired and not replaced	384,491	385,633	395,919	438,544	152,499
AVAILABLE NET INCOME—as defined in the Indenture relating to Five Per Cent Income Debentures, Series A	10,056,847	10,666,477	11,744,525	9,140,798	9,258,013
APPLICATION OF SUCH AVAILABLE NET INCOME					
Contingent interest on Five Per Cent Income Debentures, Series A	2,932,500	2,962,500	2,985,000	....	....
Appropriated for sinking fund for retirement of Five Per Cent Income Debentures, Series A	171,750	189,869	207,140	....	....
	3,104,250	3,152,369	3,192,140	....	....
REMAINDER TRANSFERRED TO RETAINED INCOME—UNAPPROPRIATED	$ 6,952,597	$ 7,514,108	$ 8,552,385	$ 9,140,798	$ 9,258,013

See notes to financial statements.

Notes to Financial Statements

Note A—Federal Taxes on Income:

In computing the provisions for federal taxes on income, effect has been given to the additional deductions resulting from amortization applicable to defense facilities. Such deductions exceeded the corresponding normal provisions for depreciation included in the statement of income, and had the effect of reducing the provisions for federal taxes on income, as follows:

	1957	1956	1955	1954	1953	Total 1951 to 1957
Additional deductions.....	$4,511,000	$5,568,000	$7,587,000	$5,939,000	$4,124,000	$33,327,000
Tax reduction.............	2,345,720	2,895,360	3,945,240	3,088,280	2,144,480	17,306,910

Provisions totaling $1,989,254 for land grant repayment claims by the United States Government were recorded in the accounts during 1957. Of this amount, $1,517,274 (less the related reduction of $788,983 in taxes on income) was charged to retained income and $471,980 applicable to the years 1941, 1942, and 1943 (prior to reorganization) was charged to the acquisition adjustment account without reduction for the related income tax benefit of $245,430 which was reflected in income. Under the accounting practices followed prior to 1957, land grant repayment claims were charged to income. This change was approved by the Interstate Commerce Commission.

Note B—Investments:

Investments of $3,201,000 in wholly-owned subsidiaries, and other investments totaling $3,860,017 are pledged as collateral to mortgage bonds.

The Company's equity in net assets of the wholly-owned subsidiaries (Milwaukee Land Company and The Milwaukee Motor Transportation Company) as recorded on their books at December 31, 1957, exceeded the cost of the investments by $1,331,630.

Other income includes dividends of $1,000,113 in 1957 and $1,000,000 in each of the years 1956, 1955, and 1954 from Milwaukee Land Company, and interest for certain prior years on a note receivable from that company as follows: 1954—$1,184,400; 1953—$1,985,836. Financial statements (without audit) of the Milwaukee Land Company for the years ended December 31, 1957, and December 31, 1956, are included herein on pages 35 and 36.

Note C—Properties:

Road and equipment property ($986,748,438) 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 property classified as depreciable were begun as of January 1, 1942, and as of January 1, 1944, a provision for past depreciation was recorded at 30% of original cost. Depreciation of defense facilities acquired in 1950 and subsequent years is being provided for at normal rates (see Note A). Charges for depreciation and property retirements have been as follows: 1957—$15,792,379; 1956—$14,991,868; 1955—$15,817,033; 1954—$15,257,374; 1953—$15,031,819.

Effective January 1, 1956, the Company discontinued making provisions for depreciation of certain sub-classes of freight-train cars with respect to which the accrued depreciation, based upon the composite rates used, exceeded the cost of the respective assets. Interstate Commerce Commission approval of this action has been withheld pending a general review of all depreciation rates prescribed for the Company's equipment. The discontinuance, and the resultant change in the provisions for federal taxes on income, had the effect of increasing net income for 1957 and 1956 by approximately $495,000 and $522,000, respectively.

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 for each of the three immediately preceding years.

Note E—Modifications of Uniform System of Accounts:

The Uniform System of Accounts for Railroad Companies was modified by order of the Interstate Commerce Commission effective January 1, 1958. Had such modifications been in effect, the changes in the accompanying financial statements would have been as follows:

1. Cash and accounts and wages payable would have been reduced at December 31, 1957, and December 31, 1956, by $6,815,705 and $6,111,999, respectively, representing the amounts at those dates of checks and drafts issued but not presented for payment.
2. Current liabilities would have been increased and reserves would have been reduced at December 31, 1957, and December 31, 1956, by $3,463,712 and $3,636,815, respectively, representing the amounts at those dates of claims payable within one year.
3. Long-term debt due within one year would have been displayed as a separate balance sheet category following current liabilities.
4. Net income and "available net income" would have been increased by transfer to the statement of income from the statement of retained income of net profits on sales or retirements of land and nonoperating property and miscellaneous credits and charges, as follows: 1957—$539,009; 1956—$608,730; 1955—$659,340; 1954—$331,439; 1953—$300,085.

INVESTMENTS—DECEMBER 31, 1957

Description	Number of Shares	Par Value	Ledger Amount
Wholly-Owned Subsidiaries:			
Capital Stocks:			
Milwaukee Land Company .....A	5,000	$ 500,000	$ 500,000
The Milwaukee Motor Transportation Company .....A	500	50,000	50,000
Total Capital Stocks			550,000
Note:			
Milwaukee Land Company .....A		2,652,000	2,652,000
Advance:			
The Milwaukee Motor Transportation Company			90,000
Total Investments—Wholly-Owned Subsidiaries			3,292,000
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
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
Packers Car Line Company	306	3,060	3,060
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		8,016	7,970
Total Capital Stocks			4,185,976
Note:			
Kansas City Terminal Railway Company .....A		38,007	38,007
Sale Agreements:			
Best Built Company		55,250	55,250
Cargill, Incorporated		480,000	480,000
General Warehouse & Transportation Company		30,000	30,000
J. Lentin Lumber Company		59,850	59,850
Monarch Warehouses, Incorporated		36,480	36,480
Steven J. Kipper, Jr.		40,700	40,700
Thisted Motor Company		28,800	28,800
Other companies and individuals		55,325	55,325
Total Sale Agreements			786,405
Advances:			
Chicago Union Station Company			4,789,647
Davenport, Rock Island & North Western Railway Company			1,304,674
Des Moines Union Railway Company			850,715
Kansas City Terminal Railway Company			499,145
Packers Car Line Company			115,484
Railway Express Agency, Incorporated			751,804
The Minnesota Transfer Railway Company			315,062
The St. Paul Union Depot Company			186,451
Total Advances			8,812,982
Total Jointly-Owned Terminal, Switching, and Other Companies			13,823,370
Total Investments			$17,115,370

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	$ 68,377	$ (99,179)
Land for transportation purposes	149,582	(237,968)
Other right-of-way expenditures	5,845	5,511
Grading	121,285	(430,315)
Tunnels and subways		(1,638)
Bridges, trestles, and culverts	981,863	476,777
Elevated structures		(781)
Ties	148,280	(138,063)
Rails	264,300	(108,200)
Other track material	610,897	433,273
Ballast	42,717	(95,251)
Track laying and surfacing	206,953	(30,370)
Fences, snowsheds, and signs	10,636	(9,822)
Station and office buildings	751,966	115,111
Roadway buildings	34,500	(35,512)
Water stations	21,997	(307,103)
Fuel stations	67,134	(41,841)
Shops and enginehouses	449,934	(155,248)
Storage warehouses	724	(262)
Wharves and docks		(24,582)
Communication systems	452,798	403,538
Signals and interlockers	884,353	367,600
Power plants	(3,318)	(38,444)
Power-transmission systems	424,140	60,263
Miscellaneous structures	2,950	(4,246)
Roadway machines	681,798	531,265
Roadway small tools		(7,289)
Public improvements—Construction	177,692	145,900
Shop machinery	173,906	(144,301)
Power-plant machinery	96,980	(48,958)
Total Road	6,828,289	579,865
Equipment:		
Steam locomotives		(869,541)
Other locomotives	178,475	(210,379)
Freight-train cars	13,892,215	11,093,041
Passenger-train cars	128,398	(522,126)
Work equipment	1,084,023	514,503
Miscellaneous equipment	615,452	506,477
Total Equipment	15,898,563	10,511,975
General Expenditures		(317,184)
Improvements on Leased Property	2,295	(16,155)
Total Transportation Properties	22,729,147	10,758,501
Miscellaneous Physical Property	227,119	94,069
Total Properties	$22,956,266	$10,852,570

*Gross expenditures less credits for property retired.

( ) Denotes credits.

CONTINGENT LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES AS OF DECEMBER 31, 1957

Items	Principal Amount Outstanding Dec. 31, 1957
Chicago Union Station Company:	
1. First Mortgage Bonds, 3⅛%, Series F, due July 1, 1963	$ 14,818,000
2. First Mortgage Bonds, 2⅞%, Series G, due July 1, 1963	35,292,000
3. Note 4¾%, due October 1, 1959	2,500,000
	52,610,000
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. First Mortgage Bonds, 5⅛%, due June 1, 1982	8,025,000
2. Equipment Trust Certificates, 2⅜%, due annually May 1, 1958 to May 1, 1959	410,000
3. Equipment Trust Certificates, 2⅜%, due annually September 15, 1958 to September 15, 1964	1,386,000
4. Equipment Trust Certificates, 2¼%, due annually February 15, 1958 to February 15, 1965	960,000
	10,781,000
Principal and interest on the 5⅛% Bonds is guaranteed jointly and severally by the Railroad Company and 3 other proprietors. 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 dividends on equipment obligations, Items 2 to 4.	
Kansas City Terminal Railway Company:	
1. First Mortgage Serial Bonds, due annually October 1, 1958 to October 1, 1974	40,780,000
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. 3¾% Sinking Fund Promissory Notes, due June 1, 1976	1,583,400
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) an annual sinking fund for these Notes equal to $41,412 payable on or before May 20 of each year and (b) semi-annual installments of interest on the Notes.	
The St. Paul Union Depot Company:	
1. First and Refunding Mortgage Bonds, 3⅛%, Series B, due October 1, 1971	11,601,000
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	$117,355,400

LONG-TERM DEBT, DECEMBER 31, 1957

Description	Date of Issue	Date of Maturity	Amount Originally Issued or Assumed	Amount as of Dec. 31, 1957	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	$ 54,739,500	$ 600,100	$ 54,139,400	4	J. & J.	$ 2,175,858
General mortgage income bonds, Series A	Jan. 1, 1944	Jan. 1, 2019	57,256,600	38,857,800	1,436,000	37,421,800	4½	April	1,734,894
General mortgage convertible income bonds, Series B	Jan. 1, 1944	Jan. 1, 2044	51,422,100	38,954,100	3,580,600	35,373,500	4½	April	1,591,827
Five per cent income debentures, Series A	Jan. 1, 1955	Jan. 1, 2055	60,000,000	59,400,000	600,000	58,800,000	5	M. & S.	2,932,500
The Bedford Belt Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	350,000	333,000	* 107,000	226,000	4¼	J.A. & J.	9,531
The Southern Indiana Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	7,287,000	7,253,000	94,000	7,159,000	4¼	J.A. & J.	304,786
Chicago, Terre Haute and Southeastern Ry. Co.:									
First and refunding mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	9,571,000	9,571,000	**1,642,000	7,929,000	4¼	J.A. & J.	338,287
Income mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	6,335,800	6,335,800	1,487,000	4,848,800	4¼	J.A. & J.	207,548
Equipment obligations (See details below)			132,873,400	63,009,839	....	63,009,839			1,910,857
Total long-term debt			$384,611,000	$278,454,039	$9,546,700	$268,907,339			$11,206,088

*$100,000 pledged under Chicago, Terre Haute and Southeastern Railway Company First and refunding mortgage.
**$1,515,000 pledged under Chicago, Milwaukee, St. Paul and Pacific Railroad Company First mortgage.

EQUIPMENT OBLIGATIONS, DECEMBER 31, 1957

Description	Date of Lease or Agreement	Date of Final Maturity	Original Cost of Equipment	Amount Originally Issued	Amount Outstanding Dec. 31, 1957	Principal Payable During 1958	Interest: Rate Per Cent	Interest: Payable	Interest: Accrued During Year
Equipment Trust Certificates:									
Series Z	July 1, 1947	July 1, 1957	$ 8,190,967	$ 6,000,000	....	....	1⅞	J. & J.	$ 2,811
Series AA	Oct. 1, 1947	Oct. 1, 1957	3,065,949	2,240,000	....	....	1⅞	A. & O.	2,100
Series BB	Apr. 1, 1948	Apr. 1, 1958	3,530,422	2,640,000	$ 132,000	$ 132,000	2⅛	A. & O.	5,610
Series CC	Feb. 1, 1948	Feb. 1, 1958	6,798,971	5,040,000	252,000	252,000	2¼	F. & A.	9,450
Series DD	June 1, 1948	June 1, 1958	9,514,365	7,120,000	356,000	356,000	2	J. & D.	16,613
Series EE	July 1, 1948	July 1, 1958	5,361,471	3,820,000	382,000	382,000	2	J. & J.	9,550
Series FF	Oct. 1, 1948	Oct. 1, 1958	8,936,781	6,600,000	660,000	660,000	2¼	A. & O.	22,275
Series GG	Jan. 1, 1949	Jan. 1, 1959	6,094,321	4,540,000	681,000	454,000	2⅛	J. & J.	16,884
Series HH	Apr. 1, 1949	Apr. 1, 1964	8,112,742	6,060,000	2,626,000	404,000	2⅜	A. & O.	67,165
Series JJ	Sept. 1, 1949	Sept. 1, 1964	7,604,384	5,640,000	2,632,000	376,000	2⅛	M. & S.	59,259
Series KK	Oct. 1, 1949	Oct. 1, 1964	6,026,868	4,500,000	2,100,000	300,000	2¼	A. & O.	50,625
Series LL	June 1, 1950	June 1, 1965	6,289,514	4,650,000	2,325,000	310,000	2¼	J. & D.	56,963
Series MM	Nov. 1, 1950	Nov. 1, 1965	7,251,863	5,430,000	2,896,000	362,000	2½	M. & N.	77,679
Series NN	June 1, 1951	June 1, 1961	7,254,678	5,300,000	1,855,000	530,000	2⅞	J. & D.	63,489
Series OO	Oct. 1, 1951	Oct. 1, 1966	10,053,530	7,500,000	4,500,000	500,000	2⅞	A. & O.	136,562
Series PP	Mar. 1, 1952	Mar. 1, 1967	3,215,855	2,400,000	1,520,000	160,000	2⅞	M. & S.	45,617
Series QQ	Sept. 1, 1952	Sept. 1, 1967	5,441,323	3,990,000	2,660,000	266,000	3⅛	M. & S.	86,588
Series RR	Jan. 1, 1954	Jan. 1, 1969	10,379,112	7,650,000	5,865,000	510,000	3⅛	J. & J.	187,267
Series SS	July 1, 1954	July 1, 1969	9,931,620	7,800,000	6,240,000	520,000	2¾	J. & J.	175,175
Series TT	Nov. 1, 1954	Nov. 1, 1969	9,141,903	7,200,000	5,760,000	480,000	2⅞	M. & N.	173,650
Series UU	Jan. 1, 1956	Jan. 1, 1971	9,655,380	7,500,000	6,750,000	500,000	3⅜	J. & J.	232,033
Series VV (1st Install.)	Feb. 1, 1957	Feb. 1, 1972	11,846,123	3,000,000	2,900,000	200,000	4	F. & A.	104,000
Series VV (2nd Install.)	Feb. 1, 1957	Feb. 1, 1972		6,000,000	5,800,000	400,000	4⅜	F. & A.	155,318
Conditional Sale Agreements:									
The First National Bank of Chicago, Assignee of the Sellers:									
Fairbanks, Morse & Co.	July 1, 1946	Apr. 1, 1957	2,675,000	2,000,000	....	....	1.55	J.A.J.&O.	167
Fairbanks, Morse & Co.	July 1, 1951	Jan. 1, 1960	3,629,985	2,718,000	756,564	365,697	3.10	J.A.J.&O.	27,602
Pacific Car & Foundry Co.	May 1, 1956	Nov. 1, 1964	1,843,205	1,428,400	1,238,884	162,571	3.95	F.M.A.&N.	51,785
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	539,423	148,407	3	F.M.A.&N.	18,173
Fairbanks, Morse & Co.	July 15, 1953	Nov. 1, 1961	531,102	396,000	209,821	50,128	3	F.M.A.&N.	6,967
American Locomotive Co.	July 15, 1953	Nov. 1, 1961	529,935	396,000	209,821	50,128	3	F.M.A.&N.	6,967
Baldwin-Lima-Hamilton Corporation	July 15, 1953	Nov. 1, 1961	357,568	264,000	139,880	33,418	3	F.M.A.&N.	4,645
Seattle-First National Bank, Assignee of the Sellers:									
Baldwin-Lima-Hamilton Corporation	Sept. 1, 1953	Nov. 1, 1961	357,568	264,000	140,795	33,457	3.35	F.M.A.&N.	5,216
General Motors Corpn. (Electro-Motive Div.)	Sept. 1, 1953	Nov. 1, 1961	1,670,914	1,236,000	659,173	156,641	3.35	F.M.A.&N.	24,422
American Locomotive Co.	Sept. 1, 1953	Feb. 1, 1962	529,935	396,000	223,478	49,769	3.35	F.M.A.&N.	8,230
Total equipment obligations			$177,367,331	$132,873,400	$ 63,009,839	$ 9,104,216			$1,910,857

Payments Maturing in Years Ending:

December 31, 1958	$ 9,104,216	December 31, 1963	$ 5,485,877	December 31, 1968	$ 2,610,000
December 31, 1959	7,129,898	December 31, 1964	5,246,315	December 31, 1969	2,355,000
December 31, 1960	6,563,442	December 31, 1965	4,053,000	December 31, 1970	1,100,000
December 31, 1961	6,227,801	December 31, 1966	3,536,000	December 31, 1971	850,000
December 31, 1962	5,492,290	December 31, 1967	2,956,000	December 31, 1972	300,000

Total $63,009,839

MILES OF ROAD BY STATES, DECEMBER 31, 1957

State	Road Operated						
	Owned Solely		Owned Jointly		Leased	Trackage Rights	Total
	Main Line	Branch Line	Main Line	Branch Line			
Idaho	112.76	110.83	...	...	...	9.11	232.70
Illinois	432.99	117.55	2.40	.14	...	132.31	685.39
Indiana	156.57	36.79	...	...	...	...	193.36
Iowa	#1,199.93	515.22	.08	.04	.10	66.51	1,781.88
Kansas	...	...	...	...	...	7.05	7.05
Michigan	57.82	121.16	...	.25	...	.98	180.21
Minnesota	757.56	351.59	5.03	22.70	...	194.10	1,330.98
Missouri	130.02	...	9.44	...	...	15.10	154.56
Montana	747.53	473.28	...	29.99	...	.46	1,251.26
Nebraska	...	...	...	...	...	5.62	5.62
North Dakota	102.50	263.29	...	1.10	...	...	366.89
South Dakota	1,039.09	695.29	...	...	...	...	1,734.38
Washington	314.69	474.25	26.88	50.02	...	201.10	1,066.94
Wisconsin	1,039.31	473.04	...	16.34	...	70.51	1,599.20
Total	6,090.77	3,632.29	43.83	120.58	.10	702.85	10,590.42

#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, 1957

Items	Owned Solely	Owned Jointly	Leased	Trackage Rights	Total
Miles of Road (First Main Track):					
Operated	9,723.06	164.41	.10	702.85	10,590.42
Not operated	3.62	...	...	...	3.62
Additional Main Tracks:					
Operated	734.79	14.17	.41	312.72	1,062.09
Not operated	...	...	...	...	...
Yard Tracks and Sidings:					
Operated	*3,296.37	259.01	2.19	491.97	4,049.54
Not operated	3.03	32.93	...	...	35.96
Total operated	13,754.22	437.59	2.70	1,507.54	15,702.05
Total not operated	6.65	32.93	...	...	39.58
Grand Total	13,760.87	470.52	2.70	1,507.54	15,741.63

*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

RAILWAY OPERATING REVENUES

Transportation	1957	1956	Increase	Decrease
Freight	$212,469,079	$209,719,695	$2,749,384	....
Passenger	15,415,391	17,173,709	....	$1,758,318
Baggage	28,568	35,652	....	7,084
Sleeping car	0	493	....	493
Parlor and chair car	128,070	169,597	....	41,527
Mail	8,646,395	8,467,316	179,079	....
Express	3,419,392	3,968,087	....	548,695
Other passenger-train	109,509	115,818	....	6,309
Milk	69,630	73,970	....	4,340
Switching	6,678,131	6,423,837	254,294	....
Total Transportation Revenue	246,964,165	246,148,174	815,991	....
Incidental				
Dining and buffet	1,801,013	2,220,675	....	419,662
Station, train, and boat privileges	59,605	67,285	....	7,680
Storage—Freight	11,973	12,259	....	286
Storage—Baggage	4,977	5,653	....	676
Demurrage	1,037,003	895,244	141,759	....
Communication	91,453	94,481	....	3,028
Rents of buildings and other property	226,271	230,420	....	4,149
Miscellaneous	558,154	1,263,480	....	705,326
Total Incidental Operating Revenue	3,790,449	4,789,497	....	999,048
Joint Facility				
Joint facility—Credit	3,288,320	2,937,730	350,590	....
Joint facility—Debit	(15,748)	(14,835)	(913)	....
Total Joint Facility Operating Revenue	3,272,572	2,922,895	349,677	....
Total Railway Operating Revenues	$254,027,186	$253,860,566	$ 166,620	....

( ) Denotes contra items.

RAILWAY OPERATING EXPENSES

Maintenance of Way and Structures	1957	1956	Increase	Decrease
Superintendence	$ 3,161,681	$ 3,012,933	$ 148.748	....
Roadway maintenance	3,151,687	3,294,310	....	$ 142,623
Tunnels and subways	58,638	36,154	22,484	....
Bridges, trestles, and culverts	1,706,908	1,685,014	21,894	....
Ties	2,609,947	3,313,146	....	703,199
Rails	576,493	632,412	....	55,919
Other track material	2,107,392	2,327,417	....	220,025
Ballast	375,840	448,609	....	72,769
Track laying and surfacing	8,110,315	9,570,067	....	1,459,752
Fences, snowsheds, and signs	530,550	636,616	....	106,066
Station and office buildings	1,408,536	1,507,077	....	98,541
Roadway buildings	112,628	171,597	....	58,969
Water stations	35,978	45,643	....	9,665
Fuel stations	36,906	42,892	....	5,986
Shops and enginehouses	869,931	857,105	12,826	....
Storage warehouses	5,181	1,206	3,975	....

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

	1957	1956	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES				
Wharves and docks	$ 19,147	$ 34,935		$ 15.788
Communication systems	1,000,909	963,930	$ 36,979	
Signals and interlockers	2,044,137	1,753,785	290,352	
Power plants	39,505	27,262	12,243	
Power-transmission systems	358,730	345,310	13,420	
Miscellaneous structures	8,837	11,943		3,106
Road property—Depreciation	4,770,131	4,543,101	227,030	
Retirements—Road	600,511	501,907	98,604	
Roadway machines	755,618	732,626	22,992	
Dismantling retired road property	333,419	473,421		140,002
Small tools and supplies	815,492	820,955		5,463
Removing snow, ice and sand	532,811	665,709		132,898
Public improvements—Maintenance	781,438	868,771		87,333
Injuries to persons	415,611	419,269		3,658
Insurance	46,004	59,547		13,543
Stationery and printing	81,735	77,048	4,687	
Other expenses	603,210	435,040	168,170	
Right-of-way expenses	38,779	42,484		3,705
Maintaining joint tracks, yards, and other facilities—Debit	2,924,920	3,034,999		110,079
Maintaining joint tracks, yards, and other facilities—Credit	(537,247)	(687,619)		(150,372)
TOTAL MAINTENANCE OF WAY AND STRUCTURES	40,492,308	42,706,621		2,214,313
MAINTENANCE OF EQUIPMENT				
Superintendence	1,682,728	1,625,300	57,428	
Shop machinery	603,602	607,035		3,433
Power-plant machinery	172,788	152,144	20,644	
Shop and power-plant machinery—Depreciation	286,587	282,157	4,430	
Dismantling retired shop and plower-plant machinery	4,516	6,785		2,269
Steam locomotives—Repairs	93	2,915		2,822
Other locomotives—Repairs	13,703,693	12,652,948	1,050,745	
Freight-train cars—Repairs	12,109,560	13,882,128		1,772,568
Passenger-train cars—Repairs	4,334,514	5,102,479		767,965
Floating equipment—Repairs	(297)	(1,229)		(932)
Work equipment—Repairs	472,284	510,719		38,435
Miscellaneous equipment—Repairs	130,254	131,337		1,083
Dismantling retired equipment	93,944	70,754	23,190	
Retirements—Equipment	(36,098)	(156,328)		(120,230)
Equipment—Depreciation	10,171,247	9,821,031	350,216	
Injuries to persons	442,561	374,411	68,150	
Insurance	65,466	112,830		47,364
Stationery and printing	50,723	41,820	8,903	
Other expenses	681,499	460,534	220,965	
Joint maintenance of equipment expenses—Debit	324,818	321,200	3,618	
Joint maintenance of equipment expenses—Credit	(34,941)	(29,900)	(5,041)	
TOTAL MAINTENANCE OF EQUIPMENT	45,259,541	45,971,070		711,529
TRAFFIC				
Superintendence	1,541,935	1,457,638	84,297	
Outside agencies	3,570,329	3,428,925	141,404	
Advertising	752,973	728,395	24,578	
Traffic associations	266,537	244,622	21,915	
Industrial and immigration bureaus	74,010	71,194	2,816	
Insurance	811	825		14
Stationery and printing	217,397	224,271		6,874
Other expenses	37,380	30,705	6,675	
TOTAL TRAFFIC EXPENSES	$ 6,461,372	$ 6,186,575	$ 274,797	

( ) Denotes contra items.

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

	1957	1956	INCREASE	DECREASE
TRANSPORTATION				
Superintendence	$ 2,695,402	$ 2,634,183	$ 61,219	....
Dispatching trains	936,915	981,722	....	$ 44,807
Station employees	14,325,469	14,925,804	....	600,335
Weighing, inspection, and demurrage bureaus	338,813	318,825	19,988	....
Station supplies and expenses	1,148,975	1,144,378	4,597	....
Yardmasters and yard clerks	4,074,934	3,843,295	231,639	....
Yard conductors and brakemen	9,901,060	10,110,660	....	209,600
Yard switch and signal tenders	686,909	711,932	....	25,023
Yard enginemen	6,470,473	6,517,905	....	47,432
Yard switching fuel	1,011,333	967,703	43,630	....
Yard switching power purchased	12,503	24,157	....	11,654
Water for yard locomotives	12,278	14,585	....	2,307
Lubricants for yard locomotives	104,874	95,825	9,049	....
Other supplies for yard locomotives	55,398	53,138	2,260	....
Enginehouse expenses—Yard	614,556	651,044	....	36,488
Yard supplies and expenses	412,540	365,973	46,567	....
Operating joint yards and terminals—Debit	5,554,800	5,426,025	128,775	....
Operating joint yards and terminals—Credit	(676,468)	(627,290)	(49,178)	....
Train enginemen	10,042,657	10,183,706	....	141,049
Train fuel	8,501,211	8,709,302	....	208,091
Train power purchased	1,107,307	1,226,931	....	119,624
Water for train locomotives	136,186	151,209	....	15,023
Lubricants for train locomotives	1,121,105	1,041,953	79,152	....
Other supplies for train locomotives	220,533	182,497	38,036	....
Enginehouse expenses—Train	1,443,725	1,484,894	....	41,169
Trainmen	13,014,887	13,186,388	....	171,501
Train supplies and expenses	7,073,398	6,825,858	247,540	....
Operating sleeping cars	596,147	414,438	181,709	....
Signal and interlocker operation	972,834	919,515	53,319	....
Crossing protection	825,487	854,075	....	28,588
Drawbridge operation	240,474	224,267	16,207	....
Communication system operation	1,013,520	992,714	20,806	....
Operating floating equipment	9,953	14,414	....	4,461
Stationery and printing	374,641	385,877	....	11,236
Other expenses	878,693	667,336	211,357	....
Operating joint tracks and facilities—Debit	1,273,172	1,235,286	37,886	....
Operating joint tracks and facilities—Credit	(704,041)	(697,445)	(6,596)	....
Insurance	91,589	95,153	....	3,564
Clearing wrecks	223,332	289,467	....	66,135
Damage to property	129,017	129,325	....	308
Damage to live stock on right-of-way	71,306	64,793	6,513	....
Loss and damage—Freight	3,141,385	2,607,495	533,890	....
Loss and damage—Baggage	5,819	5,119	700	....
Injuries to persons	2,047,277	2,254,420	....	207,143
TOTAL TRANSPORTATION EXPENSES	101,532,378	101,608,851	....	76,473
MISCELLANEOUS OPERATIONS				
Dining and buffet service	3,368,213	3,746,903	....	378,690
Operating joint miscellaneous facilities—Debit	190,976	177,473	13,503	....
TOTAL MISCELLANEOUS OPERATIONS	3,559,189	3,924,376	....	365,187
GENERAL				
Salaries and expenses of general officers	923,391	916,346	7,045	....
Salaries and expenses of clerks and attendants	6,778,372	6,473,151	305,221	....
General office supplies and expenses	679,003	648,167	30,836	....
Law expenses	721,461	657,634	63,827	....
Insurance	2,696	2,084	612	....
Pensions and gratuities	705,231	658,633	46,598	....
Stationery and printing	299,335	312,446	....	13,111
Valuation expenses	38,747	44,961	....	6,214
Other expenses	495,861	433,519	62,342	....
General joint facilities—Debit	237,989	209,140	28,849	....
General joint facilities—Credit	(8,063)	(7,275)	(788)	....
TOTAL GENERAL EXPENSES	10,874,023	10,348,806	525,217	....
GRAND TOTAL RAILWAY OPERATING EXPENSES	$208,178,811	$210,746,299	....	$2,567,488

( ) Denotes contra items.

NET RAILWAY OPERATING INCOME ITEMS—SHOWING PERCENTAGES OF RAILWAY OPERATING REVENUES

Items	1957 Amount	1957 Per Cent Ry. Oper. Revs.	1956 Amount	1956 Per Cent Ry. Oper. Revs.	1955 Amount	1955 Per Cent Ry. Oper. Revs.
Railway Operating Revenues:						
Freight	$212,469,079	83.64	$209,719,695	82.61	$205,818,267	83.84
Passenger	15,415,391	6.07	17,173,709	6.76	13,837,923	5.64
Mail	8,646,395	3.40	8,467,316	3.34	8,289,542	3.38
Express	3,419,392	1.35	3,968,087	1.56	3,821,639	1.56
Switching	6,678,131	2.63	6,423,837	2.53	6,295,810	2.56
All other transportation	335,777	.13	395,530	.16	476,895	.19
Incidental	3,790,449	1.49	4,789,497	1.89	4,012,793	1.63
Joint facility—Net Cr.	3,272,572	1.29	2,922,895	1.15	2.945,341	1.20
Total	254,027,186	100.00	253,860,566	100.00	245,498,210	100.00
Railway Operating Expenses:						
*Maintenance of way and structures	40,492,308	15.94	42,706,621	16.82	44,254,660	18.03
#Maintenance of equipment	45,259,541	17.82	45,971,070	18.11	47,944,552	19.53
Traffic expenses	6,461,372	2.54	6,186,575	2.44	5,813,700	2.37
Transportation expenses	101,532,378	39.97	101,608,851	40.02	94,144,231	38.35
Miscellaneous operations	3,559,189	1.40	3,924,376	1.55	2,901,528	1.18
General expenses	10,874,023	4.28	10,348,806	4.08	9,582,671	3.90
Total	208,178,811	81.95	210,746,299	83.02	204,641,342	83.36
Net Revenue From Railway Operations	45,848,375	18.05	43,114,267	16.98	40,856,868	16.64
Railway Tax Accruals:						
Federal income	1,262,000	.50	(51,000)	(.02)	1,425,000	.58
Property, payroll and other	18,803,000	7.40	18,338,000	7.22	16,971,000	6.91
Total	20,065,000	7.90	18,287,000	7.20	18,396,000	7.49
Equipment Rents—Net Dr.	6,699,509	2.64	4,839,601	1.91	4,176,312	1.70
Joint Facility Rents—Net Dr.	2,665,173	1.05	2,642,732	1.04	2,504,031	1.02
Net Railway Operating Income	$ 16,418,693	6.46	$ 17,344,934	6.83	$ 15,780,525	6.43
*Includes for depreciation, amortization and retirement charges—Road	$ 5,370,642	2.11	$ 5,045,008	1.99	$ 5,052,828	2.06
#Includes for depreciation, amortization and retirement charges—Equipment	$ 10,421,737	4.10	$ 9,946,860	3.92	$ 10,764,205	4.38

RAILWAY OPERATING REVENUES, EXPENSES, TAXES AND INCOME BY MONTHS FOR THE YEAR ENDED DECEMBER 31, 1957

1957	Railway Operating Revenues	Railway Operating Expenses	Net Revenue from Railway Operations	Railway Tax Accruals	Railway Operating Income	Equipment Rents-Net Dr.	Joint Facility Rents-Net Dr.	Net Railway Operating Income
January	$ 19,803,221	$ 17,643,872	$ 2,159,349	$ 1,550,000	$ 609,349	$ 358,981	$ 178,446	$ 71,922
February	19,108,747	16,294,368	2,814,379	1,437,000	1,377,379	312,233	229,253	835,893
March	20,660,558	17,117,971	3,542,587	1,529,000	2,013,587	248,157	221,106	1,544,324
April	20,932,408	17,386,834	3,545,574	1,572,000	1,973,574	407,286	176,076	1,390,212
May	21,389,681	18,717,014	2,672,667	1,630,000	1,042,667	464,236	188,509	389,922
June	20,099,046	18,224,330	1,874,716	1,600,000	274,716	405,586	221,691	(352,561)
July	21,282,156	18,170,271	3,111,885	1,591,000	1,520,885	659,094	243,097	618,694
August	24,550,782	17,541,567	7,009,215	1,607,000	5,402,215	1,278,122	225,318	3,898,775
September	22,939,739	16,804,463	6,135,276	1,670,000	4,465,276	892,423	247,783	3,325,070
October	23,001,233	17,275,062	5,726,171	2,673,000	3,053,171	550,110	240,414	2,262,647
November	19,538,257	16,462,067	3,076,190	1,459,000	1,617,190	532,994	260,973	823,223
December	20,721,358	16,540,992	4,180,366	1,747,000	2,433,366	590,287	232,507	1,610,572
Total	$254,027,186	$208,178,811	$ 45,848,375	$ 20,065,000	$ 25,783,375	$ 6,699,509	$ 2,665,173	$ 16,418,693

( )Denotes contra items.

REVENUE FREIGHT TRAFFIC STATISTICS—EXCLUDING TRUCK SERVICE

Year	Tons Carried	Ton Miles	Average Haul—Miles	Freight Revenue		
				Total	Per Ton	Per Ton Mile (Cents)
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
1954	43,123,214	14,178,678,856	328.79	197,712,105	4.58	1.394
1955	45,481,060	15,561,748,530	342.16	205,993,029	4.53	1.324
1956	45,351,213	15,612,344,863	344.25	209,886,542	4.63	1.344
1957	42,951,573	14,614,118,553	340.25	212,631,339	4.95	1.455

REVENUE PASSENGER STATISTICS—EXCLUDING BUS SERVICE

Year	Passengers Carried	Passenger Miles	Average Distance Traveled —Miles	Passenger Revenue		
				Total	Per Passenger	Per Passenger Mile (Cents)
Other Than Commutation						
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
1954	3,057,733	599,281,006	195.99	13,582,309	4.44	2.266
1955	3,003,108	571,128,913	190.18	12,413,340	4.13	2.173
1956	3,266,663	696,906,549	213.34	15,758,692	4.82	2.261
1957	2,943,819	587,947,230	199.72	14,064,509	4.78	2.392
Commutation						
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
1954	3,920,824	93,543,801	23.86	1,374,494	.35	1.469
1955	4,176,751	98,901,556	23.68	1,463,125	.35	1.479
1956	4,150,616	100,135,407	24.13	1,474,073	.36	1.472
1957	4,074,228	98,630,820	24.21	1,463,767	.36	1.484
Total						
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
1954	6,978,557	692,824,807	99.28	14,956,803	2.14	2.159
1955	7,179,859	670,030,469	93.32	13,876,465	1.93	2.071
1956	7,417,279	797,041,956	107.46	17,232,765	2.32	2.162
1957	7,018,047	686,578,050	97.83	15,528,276	2.21	2.262

STATISTICS OF OPERATIONS

Items	Freight Trains		Passenger Trains		Total Transportation Service	
	1957	1956	1957	1956	1957	1956
Rail-Line						
Average miles of road operated	10,603	10,629	4,606	4,607	10,611	10,637
Train Miles						
Ordinary (with locomotives)	10,983,872	11,793,447	7,838,826	8,804,608	18,822,698	20,598,055
Light (with locomotives)	36,914	36,323	...	...	36,914	36,323
Total (with locomotives)	11,020,786	11,829,770	7,838,826	8,804,608	18,859,612	20,634,378
Motor car trains	...	...	115,457	120,093	115,457	120,093
Total train miles	11,020,786	11,829,770	7,954,283	8,924,701	18,975,069	20,754,471
Locomotive Miles						
Principal	11,022,680	11,833,102	7,838,826	8,804,608	18,861,506	20,637,710
Helper	163,966	188,706	1,961	4,536	165,927	193,242
Light	207,013	226,174	53,925	63,018	260,938	289,192
Train switching	940,735	1,025,818	...	...	940,735	1,025,818
Yard switching	6,638,216	6,993,626	466,568	516,095	7,104,784	7,509,721
Total locomotive miles	18,972,610	20,267,426	8,361,280	9,388,257	27,333,890	29,655,683
Car Miles						
Loaded freight cars	486,133,817	525,494,673	96,985	90,944	486,230,802	525,585,617
Empty freight cars	293,519,292	291,457,875	1,683	2,760	293,520,975	291,460,635
Total loaded and empty freight cars	779,653,109	816,952,548	98,668	93,704	779,751,777	817,046,252
Caboose	11,194,501	11,729,774	24,027	18,106	11,218,528	11,747,880
Total freight car miles	790,847,610	828,682,322	122,695	111,810	790,970,305	828,794,132
Passenger coaches	23,070	70,750	25,561,413	27,630,104	25,584,483	27,700,854
Sleeping and parlor cars (Company)	...	...	2,034,787	1,892,136	2,034,787	1,892,136
Sleeping cars (Pullman)	52,501	68,560	14,889,463	17,069,103	14,941,964	17,137,663
Club, lounge, dining and observation cars	5,412	2,637	6,334,947	10,937,684	6,340,359	10,940,321
Combination passenger and head end cars	856,865	1,000,685	143,309	408,936	1,000,174	1,409,621
Mail, express and baggage cars	1,657,221	2,467,546	26,383,724	28,825,292	28,040,945	31,292,838
Business cars	34,478	36,794	146,871	160,866	181,349	197,660
Crew cars (other than caboose)	...	...	5,912	163,081	5,912	163,081
Total passenger car miles	2,629,547	3,646,972	75,500,426	87,087,202	78,129,973	90,734,174
Grand total car miles	793,477,157	832,329,294	75,623,121	87,199,012	869,100,278	919,528,306
Gross Ton Miles						
Locomotives and tenders (thousands)	3,556,985	3,699,028	2,518,748	2,737,697	6,075,733	6,436,725
Freight cars, contents, and cabooses (thousands)	34,097,105	36,007,910	4,550	4,232	34,101,655	36,012,142
Passenger cars, and contents (thousands)	139,642	195,745	4,652,140	5,373,120	4,791,782	5,568,865
Total freight and passenger (thousands)	34,236,747	36,203,655	4,656,690	5,377,352	38,893,437	41,581,007
Train Hours						
Train hours in road service	572,708	620,692	181,107	199,810	753,815	820,502
Revenue and Nonrevenue Freight Traffic						
Tons of revenue freight	...	...	...	...	42,951,573	45,351,213
Tons of nonrevenue freight	...	...	...	...	1,178,848	1,470,325
Total tons of freight	...	...	...	...	44,130,421	46,821,538
Net ton miles revenue freight (thousands)	...	...	...	...	14,614,118	15,612,345
Net ton miles nonrevenue freight (thousands)	...	...	...	...	466,991	545,927
Total net ton miles of freight (thousands)	15,079,235	16,155,912	1,874	2,360	15,081,109	16,158,272
Revenue Passenger Traffic						
Passengers carried	...	...	...	...	7,018,047	7,417,279
Passenger miles	...	...	...	...	686,578,050	797,041,956
Motor Vehicle Operations Excluded Above						
Net ton miles revenue freight (thousands)	...	...	...	...	1,825	1,953
Passengers carried	...	...	...	...	8,476	6,370
Passenger miles	...	...	...	...	1,373,594	1,130,766

STATISTICS OF OPERATIONS—Concluded

Items	1957	1956	1955	1954	1953	1952
Freight Train Statistics and Averages						
Gross ton miles, trailing (thousands)	34,236,747	36,203,655	36,228,284	33,951,476	36,730,763	37,980,712
Eastbound	18,805,435	19,734,331	19,787,705	18,518,625	19,663,555	20,120,294
Westbound	15,431,312	16,469,324	16,440,579	15,432,851	17,067,208	17,860,418
Steam	....	135	133,258	1,630,515	6,502,008	9,403,255
Diesel-electric	31,129,417	32,597,742	32,536,016	29,179,033	26,994,636	25,214,256
Electric	3,107,330	3,605,778	3,559,010	3,141,928	3,234,119	3,363,201
Per cent steam	....	....	.4%	4.8%	17.7%	24.8%
Per cent Diesel-electric	90.9%	90.0%	89.8%	85.9%	73.5%	66.4%
Per cent electric	9.1%	10.0%	9.8%	9.3%	8.8%	8.8%
Loaded freight cars per train	44.3	44.6	43.4	42.2	42.1	39.4
Empty freight cars per train	26.7	24.7	23.5	24.6	23.1	22.0
Total freight cars per train	71.0	69.3	66.9	66.8	65.2	61.4
Gross tons per train	3,117	3,070	2,969	2,903	2,871	2,717
Net tons per train	1,373	1,370	1,323	1,269	1,276	1,219
Net tons per loaded car	31.0	30.7	30.5	30.1	30.3	31.0
Miles per car per day (serviceable freight)	37.0	38.7	37.7	34.9	36.3	37.4
Net ton miles per freight car-day	673	715	702	620	675	713
Train speed (train miles per train hour)	19.2	19.1	19.0	18.3	17.7	17.1
Gross ton miles (trailing) per train hour	59,780	58,328	56,315	53,014	50,439	46,186
Passenger Train Statistics and Averages						
Passenger car miles (excluding motor)	75,256,765	86,613,202	72,582,117	79,508,739	85,057,114	88,925,558
Steam	....	13,184	16,967	1,851,183	5,271,801	9,619,474
Diesel-electric	71,665,998	81,157,901	66,905,429	69,380,723	69,859,772	69,000,345
Electric	3,590,767	5,442,117	5,659,721	8,276,833	9,925,541	10,305,739
Per cent steam	....	....	....	2.3%	6.2%	10.8%
Per cent Diesel-electric	95.2%	93.7%	92.2%	87.3%	82.1%	77.6%
Per cent electric	4.8%	6.3%	7.8%	10.4%	11.7%	11.6%
Cars per train (excluding motor)	9.60	9.84	8.91	8.83	9.31	9.43
Revenue passengers per train	86.5	89.4	81.2	75.6	79.8	85.2
Revenue passengers per car	16.0	16.8	17.5	16.2	16.6	17.0
Train speed (train miles per train hour)	43.9	44.7	42.9	41.5	41.0	40.2
Yard Switching Statistics						
Yard switching hours	1,184,130	1,251,620	1,274,248	1,278,517	1,415,895	1,541,310
Steam	....	7	11,279	113,008	260,762	365,274
Diesel-electric	1,174,874	1,235,025	1,246,748	1,149,502	1,139,343	1,157,667
Electric	9,256	16,588	16,221	16,007	15,790	18,369
Per cent steam	....	....	.9%	8.8%	18.4%	23.7%
Per cent Diesel-electric	99.2%	98.7%	97.8%	89.9%	80.5%	75.1%
Per cent electric	.8%	1.3%	1.3%	1.3%	1.1%	1.2%
Density Statistics						
Per mile of road per day (freight service):						
Train miles, ordinary	2.8	3.0	3.1	3.0	3.3	3.6
Net ton miles	3,896	4,153	4,161	3,824	4,197	4,366
Per mile of road per day (passenger service):						
Train miles	4.7	5.3	4.8	5.1	5.0	4.9
Car miles	45.0	51.7	42.5	44.9	45.8	44.7

REVENUE FREIGHT BY PRINCIPAL COMMODITIES—1957 AND 1956

Commodities	1957 Tons Carried	1957 Percent of Total	1956 Tons Carried	1956 Percent of Total	Increase + or Decrease −	Tons	Percent
Products of Agriculture:							
Wheat	1,805,349	4.2	1,732,882	3.8	+	72,467	4.2
Corn	2,052,830	4.8	1,157,066	2.6	+	895,764	77.4
Barley and rye	673,843	1.6	864,942	1.9	−	191,099	22.1
Oats	310,372	.7	244,674	.5	+	65,698	26.9
Flour, meal and mill products	1,245,674	2.9	1,197,272	2.6	+	48,402	4.0
Citrus fruits	59,779	.1	58,032	.1	+	1,747	3.0
Other fruits, fresh and frozen	137,230	.3	139,515	.3	−	2,285	1.6
Potatoes, other than sweet	289,828	.7	314,324	.7	−	24,496	7.8
Other vegetables, fresh and frozen	120,201	.3	138,830	.3	−	18,629	13.4
Sugar beets	164,468	.3	127,177	.3	+	37,291	29.3
Other products of agriculture	1,535,561	3.6	1,569,537	3.5	−	33,976	2.2
Total	8,395,135	19.5	7,544,251	16.6	+	850,884	11.3
Animals and Products:							
Cattle, calves, sheep and goats	225,506	.5	295,025	.7	−	69,519	23.6
Swine	43,662	.1	65,543	.2	−	21,881	33.4
Fresh meats	444,333	1.1	510,294	1.1	−	65,961	12.9
Poultry, eggs, butter and cheese	138,905	.3	147,144	.3	−	8,239	5.6
Wool, hides and leather	157,002	.4	165,712	.4	−	8,710	5.3
Other animals and products	256,571	.6	288,146	.6	−	31,575	11.0
Total	1,265,979	3.0	1,471,864	3.3	−	205,885	14.0
Products of Mines:							
Bituminous coal	6,151,718	14.3	6,857,663	15.1	−	705,945	10.3
Coke	339,952	.8	369,585	.8	−	29,633	8.0
Ores and concentrates	448,257	1.1	417,429	.9	+	30,828	7.4
Gravel and sand	1,584,175	3.7	1,919,418	4.3	−	335,243	17.5
Stone, broken, ground or crushed	1,026,360	2.4	963,494	2.1	+	62,866	6.5
Stone, rough and finished	146,941	.3	99,056	.2	+	47,885	48.3
Asphalt	243,540	.6	282,230	.6	−	38,690	13.7
Salt	179,599	.4	188,636	.4	−	9,037	4.8
Other products of mines	1,040,483	2.4	1,166,381	2.6	−	125,898	10.8
Total	11,161,025	26.0	12,263,892	27.0	−	1,102,867	9.0
Products of Forests:							
Logs, posts, poles and cordwood	1,451,390	3.4	2,671,580	5.8	−	1,220,190	45.7
Pulpwood	1,064,382	2.5	1,044,766	2.3	+	19,616	1.9
Lumber and mill products	2,258,323	5.2	2,338,078	5.2	−	79,755	3.4
Veneer and built-up wood	398,734	.9	410,623	.9	−	11,889	2.9
Other products of forests	297,858	.7	306,252	.7	−	8,394	2.7
Total	5,470,687	12.7	6,771,299	14.9	−	1,300,612	19.2
Manufacturers and Miscellaneous:							
Refined petroleum and products	1,253,556	2.9	1,384,967	3.0	−	131,411	9.5
Sugar, table syrups and molasses	274,795	.6	270,679	.6	+	4,116	1.5
Iron and steel products	2,918,961	6.8	2,646,207	5.8	+	272,754	10.3
Machinery and boilers	320,158	.8	315,953	.7	+	4,205	1.3
Cement	1,064,324	2.5	1,195,770	2.6	−	131,446	11.0
Brick, building tile and artificial stone	217,715	.5	253,274	.6	−	35,559	14.0
Lime and plaster	102,924	.2	130,159	.3	−	27,235	20.9
Agricultural implements, tractors and parts	204,018	.5	213,557	.5	−	9,539	4.5
Autos, trucks, parts and tires	644,949	1.5	583,865	1.3	+	61,084	10.5
Beverages	869,211	2.0	955,894	2.1	−	86,683	9.1
Ice	37,032	.1	39,998	.1	−	2,966	7.4
Fertilizers	461,350	1.1	390,039	.9	+	71,311	18.3
Paper and paper products	1,175,177	2.7	1,223,492	2.7	−	48,315	3.9
Canned food products	975,210	2.3	914,308	2.0	+	60,902	6.7
Scrap iron and scrap steel	823,385	1.9	890,698	2.0	−	67,313	7.6
Building paper, roofing and woodwork	383,032	.9	445,897	1.0	−	62,865	14.1
Other manufactures and miscellaneous	4,695,610	10.9	5,186,210	11.4	−	490,600	9.5
Total	16,421,407	38.2	17,040,967	37.6	−	619,560	3.6
Grand Total Carload Traffic	42,714,233	99.4	45,092,273	99.4	−	2,378,040	5.3
All L.C.L. Freight	237,340	.6	258,940	.6	−	21,600	8.3
Grand Total, Carload and L.C.L. Traffic	42,951,573	100.0	45,351,213	100.0	−	2,399,640	5.3

NUMBER OF EMPLOYEES AND COMPENSATION

Year	Regular Employees: Average No. of Employees (Middle of Month Count)	Regular Employees: Compensation	Regular Employees: Average Compensation Per Employee	Part Time Employees: Compensation (Not Subject to Continuing Authority of Railroad)	Total Compensation All Employees: Total Compensation	Charged To: Operating Expenses	Charged To: Additions and Betterments and Other Accounts
1928	48,129	$ 81,744,769	$1,698	$135,855	$ 81,880,624	$ 75,548,543	$ 6,332,081
1929	47,995	83,540,420	1,741	137,631	83,678,051	76,795,279	6,882,772
1930	42,326	71,198,791	1,682	149,072	71,347,863	65,531,534	5,816,329
1931	34,569	56,871,675	1,645	150,722	57,022,397	52,891,878	4,130,519
1932	28,827	43,014,585	1,492	135,511	43,150,096	40,271,832	2,878,264
1933	26,493	39,042,823	1,474	129,469	39,172,292	36,740,362	2,431,930
1934	28,065	42,385,752	1,510	130,799	42,516,551	39,186,108	3,330,443
1935	30,109	48,398,365	1,607	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
1954	27,961	126,272,397	4,516	143,400	126,415,797	120,564,532	5,851,265
1955	27,936	126,447,937	4,526	139,330	126,587,267	120,732,130	5,855,137
1956	27,408	134,534,522	4,909	123,452	134,657,974	126,936,601	7,721,373
1957	26,007	133,239,878	5,123	117,455	133,357,333	125,221,025	8,136,308

NUMBER OF EMPLOYEES AND COMPENSATION BY STATES 1957

State	Regular Employees: Average Number	Regular Employees: Total Compensation	Regular Employees: Average Compensation Per Employee	Part Time Employees Total Compensation	Total Compensation All Employees
Illinois	7,053	$ 36,711,405	$ 5,205	$ 23,784	$ 36,735,189
Iowa	2,514	12,977,542	5,162	11,505	12,989,047
Wisconsin	7,006	34,225,576	4,885	27,736	34,253,312
Minnesota	3,217	16,293,001	5,065	9,781	16,302,782
Michigan	167	903,828	5,412	326	904,154
Missouri	414	2,120,209	5,121	9,570	2,129,779
Indiana	358	1,958,778	5,471	8,130	1,966,908
South Dakota	1,170	5,786,801	4,946	2,910	5,789,711
North Dakota	144	605,997	4,208	2,932	608,929
Montana	1,708	9,278,293	5,432	20,660	9,298,953
Idaho	168	782,180	4,656	0	782,180
Washington	1,922	10,551,259	5,490	121	10,551,380
All other	166	1,045,009	6,295	0	1,045,009
Total	26,007	$133,239,878	$5,123	$117,455	$133,357,333

EQUIPMENT OWNED

	Jan. 1, 1957 Number	Added (New)	Retired	All Other Including Reclassifications	December 31, 1957 Number	December 31, 1957 Capacity
Locomotives						Tractive Pwr. (Pounds)
Diesel-Electric (Units):						
Freight	212			+ 1	213	12,783,007
Passenger	88			− 1	87	5,150,348
Multiple purpose	221				221	13,662,315
Switching	286				286	16,967,617
Electric (Units):						
Freight	83				83	5,172,875
Passenger	14		2		12	1,112,972
Switching	3				3	123,000
Steam:						
Freight	1		1			
Passenger						
Switching						
Total	908		3		905	54,972,134
Freight Cars						Tons
Box	28,361	1,000	540	+ 71	28,892	1,347,690
Gondola	9,569		43	+ 3	9,529	534,810
Hopper	4,622	150	109		4,663	266,250
Ballast	870		81	+ 62	851	59,570
Ore	794				794	55,580
Stock	3,355		10		3,345	133,790
Flat	4,650		192	+ 1	4,459	217,794
Refrigerator	643		5		638	28,497
Tank	33		16		17	850
Caboose	555	35	67	+ 1	524	
Total	53,452	1,185	1,063	+ 138	53,712	2,644,831
Passenger Cars						Passengers
Coaches	320		8		312	22,776
Sleepers	60				60	1,437
Parlor	14				14	530
Parlor cafe	6				6	240
Dining	33			− 1	32	1,517
Tap, lounge & observation	12				12	1,064
Baggage, express and mail	378		79	+ 5	304	
Passenger and baggage	25		4	− 4	17	496
Passenger, mail and baggage	8		2		6	144
Rail motor cars	2				2	
Total	858		93		765	28,204
Company Service Equipment						
Business cars	11				11	
Ballast and dump cars	79		1	+ 8	86	
Derrick cars	18				18	
Boarding outfit cars	189		97	+ 295	387	
Snow removing cars	172		42	+ 20	150	
Other company service equipment	1,839	2	359	− 125	1,357	
Total	2,308	2	499	+ 198	2,009	
Floating Equipment						
Car floats	4				4	
Highway Vehicles						
Passenger automobiles	226	15	31		210	
Trucks	319	62	24		357	
Other	79	70	3		146	
Total	624	147	58		713	

	Ledger Value December 31, 1957	Ledger Value December 31, 1956	Increase or Decrease
Locomotives	$120,621,593	$121,701,513	Dec. $ 1,079,920
Freight cars	158,846,826	147,753,785	Inc. 11,093,041
Passenger cars	31,734,445	32,272,413	Dec. 537,968
Work equipment	6,968,415	6,453,912	Inc. 514,503
Floating equipment	278,731	278,731	—
Miscellaneous equipment	1,976,568	1,470,091	Inc. 506,477
Total	$320,426,578	$309,930,445	Inc. $10,496,133

MILWAUKEE LAND COMPANY INCOME ACCOUNT

Income	1957	1956	Increase	Decrease
Townsite Division				
Sales:				
Real estate	$ 188,490	$ 381,805	....	$193,315
Cost of real estate sold	(139,976)	(207,401)	....	(67,425)
Gross Profit from Sales	48,514	174,404	....	125,890
Other Income				
Rents	10,206	26,001	....	15,795
Interest	57,547	46,840	$ 10,707	....
All other	250	692	....	442
Total Other Income	68,003	73,533	....	5,530
Total Income—Townsite Division	116,517	247,937	....	131,420
Timber Division				
Sales:				
Timber land and timber	1,172,861	1,705,101	....	532,240
Cost of land and timber sold	(68,877)	(67,144)	(1,733)	....
Gross Profit from Sales	1,103,984	1,637,957	....	533,973
Other Income				
Rents and royalties	8,574	7,150	1,424	....
Interest	63,472	58,866	4,606	....
Total Other Income	72,046	66,016	6,030	....
Total Income—Timber Division	1,176,030	1,703,973	....	527,943
Total Income—Townsite and Timber Divisions	1,292,547	1,951,910	....	659,363
Expenses				
Townsite Division				
Salaries and office expenses	5,637	5,949	....	312
Taxes	8,646	13,970	....	5,324
Interest	64,044	64,044	....	....
All other	3,793	3,989	....	196
Total Expenses—Townsite Division	82,120	87,952	....	5,832
Timber Division				
Salaries and office expenses	50,969	48,229	2,740	....
Real estate expense	81,147	77,414	3,733	....
Timber cutting contracts expense	37,831	38,876	....	1,045
Fire protection	20,499	19,341	1,158	....
Taxes	359,842	432,249	....	72,407
Interest	95,076	95,076	....	....
All other	4,628	5,670	....	1,042
Total Expenses—Timber Division	649,992	716,855	....	66,863
Total Expenses—Townsite and Timber Divisions	732,112	804,807	....	72,695
Net Income	$ 560,435	$1,147,103	....	$586,668

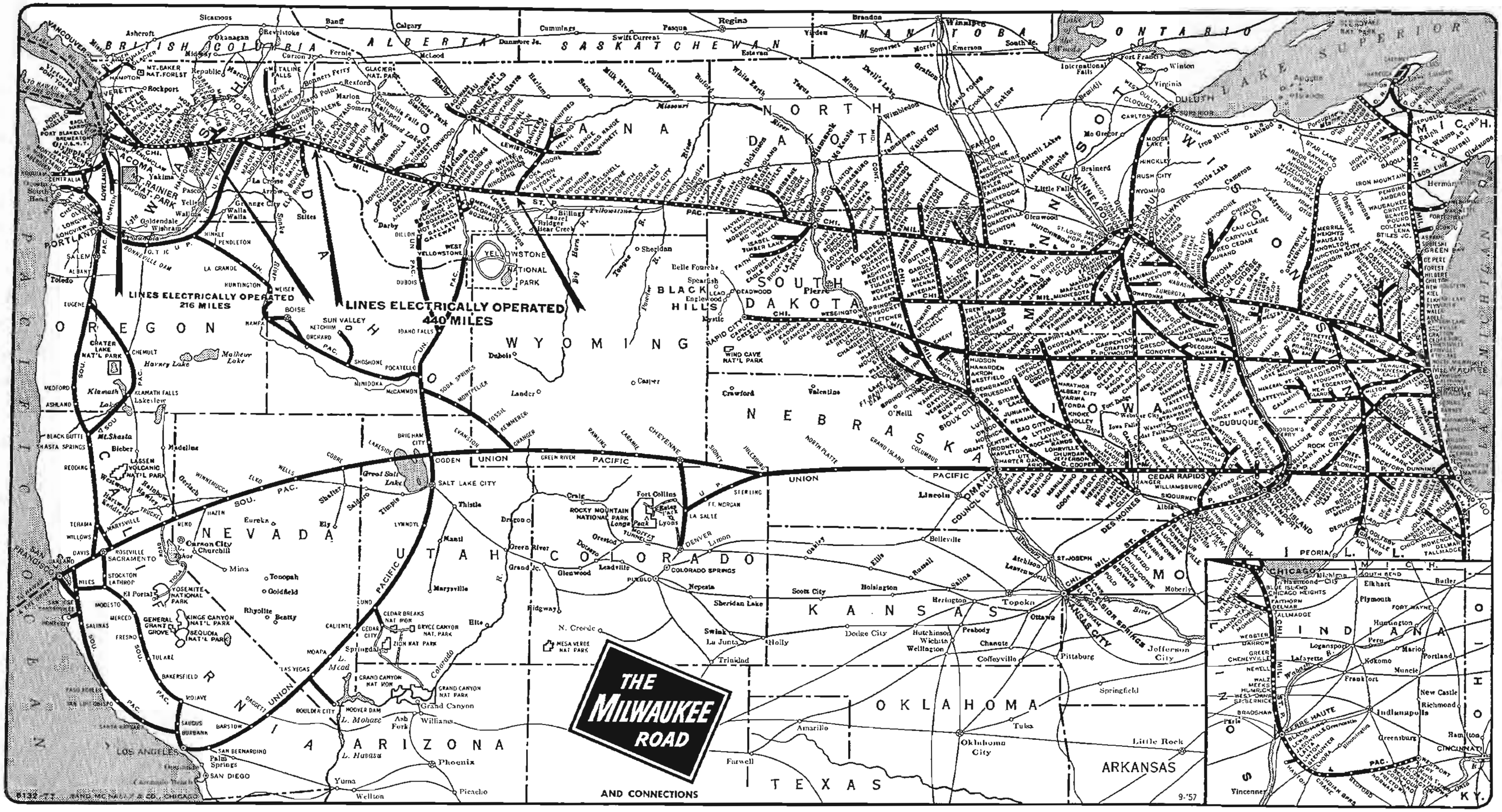
MILWAUKEE LAND COMPANY STATEMENT OF RETAINED INCOME

	1957	1956	Increase	Decrease
Balance at January 1	$2,024,274	$1,877,171	$147,103	....
Additions:				
Net income for the year	560,435	1,147,103	....	$586,668
	2,584,709	3,024,274	....	439,565
Deductions:				
Dividends paid	1,000,113	1,000,000	113	....
Miscellaneous debits	252,966	....	252,966	....
	1,253,079	1,000,000	253,079	....
Balance at December 31	$1,331,630	$2,024,274	....	$692,644

( ) Denotes reverse items.

MILWAUKEE LAND COMPANY—BALANCE SHEET

	December 31, 1957	December 31, 1956	Change During Year
Assets			
Current Assets:			
Cash	$ 596,913	$ 654,264	− $ 57,351
United States Government securities	295,981	....	+ 295,981
Accounts receivable	140,206	52,702	+ 87,504
Notes and purchase contracts	1,205,250	1,182,663	+ 22,587
Interest receivable	50,952	73,921	− 22,969
Total Current Assets	2,289,302	1,963,550	+ 325,752
Investments:			
Capital stocks	1,725	1,725	....
C. M. St. P. & P. R. R. Co. mortgage bonds	103,139	1,159,454	− 1,056,315
Total Investments	104,864	1,161,179	− 1,056,315
Other Assets and Deferred Charges:			
Timber sale contracts	1,904	262,500	− 260,596
Other assets	1	1	....
Total Other Assets and Deferred Charges	1,905	262,501	− 260,596
Properties:			
Timber land and timber	1,665,987	1,686,851	− 20,864
Real estate	1,079,743	881,831	+ 197,912
Automobiles less accrued depreciation	7,245	7,540	− 295
Furniture and fixtures less accrued depreciation	1,109	1,280	− 171
Total Properties	2,754,084	2,577,502	+ 176,582
Total Assets	$5,150,155	$5,964,732	− $ 814,577
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable	$ 31,086	$ 29,355	+ $ 1,731
Interest payable	92,820	92,820	....
Taxes (other than federal taxes on income)	72,519	81,276	− 8,757
Federal taxes on income	191,100	329,000	− 137,900
Total Current Liabilities	387,525	532,451	− 144,926
Other Liabilities and Deferred Credits:			
Note payable—C. M. St. P. & P. R. R. Co.	2,652,000	2,652,000	....
Advances on coal leases and cutting contracts	263,198	251,953	+ 11,245
Other liabilities	15,802	4,054	+ 11,748
Total Other Liabilities and Deferred Credits	2,931,000	2,908,007	+ 22,993
Shareholders' 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 income	1,331,630	2,024,274	− 692,644
Total Shareholders' Equity	1,831,630	2,524,274	− 692,644
Total Liabilities and Shareholders' Equity	$5,150,155	$5,964,732	− $ 814,577



CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

THE MILWAUKEE ROAD

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