1958 ANNUAL REPORT

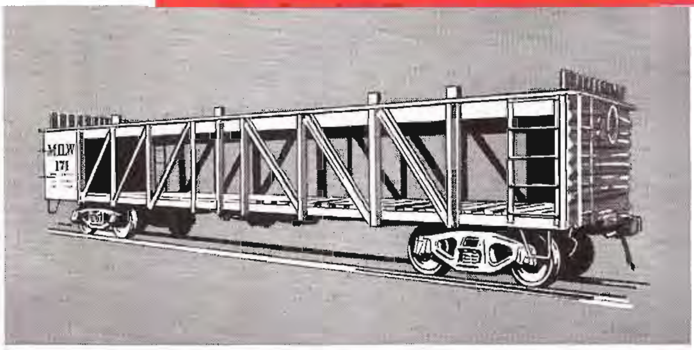
THE MILWAUKEE ROAD

NEW FLEXI-VAN SERVICE

Illustrations from top to bottom show how full-width doors permit mechanical loading . . . tractor picks up van at loading dock for trip to railroad . . . van body slides off wheels onto special roller bearing freight car . . . one man places van in just four minutes . . . loaded cars travel across country on fast Milwaukee Road freight trains.

Insulated compartmentizer car

7-ft. plug door and 8-ft. sliding door provide 15-ft. opening

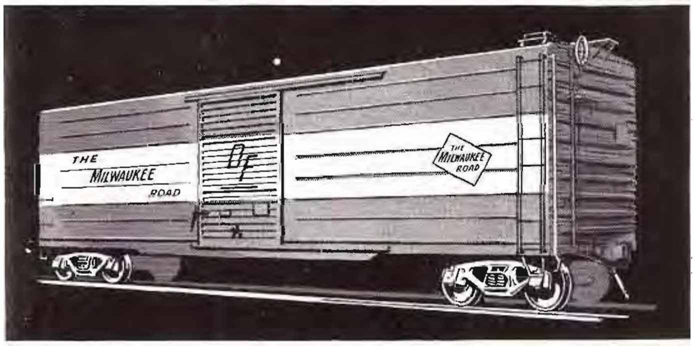


Peek-a-boo gondola car

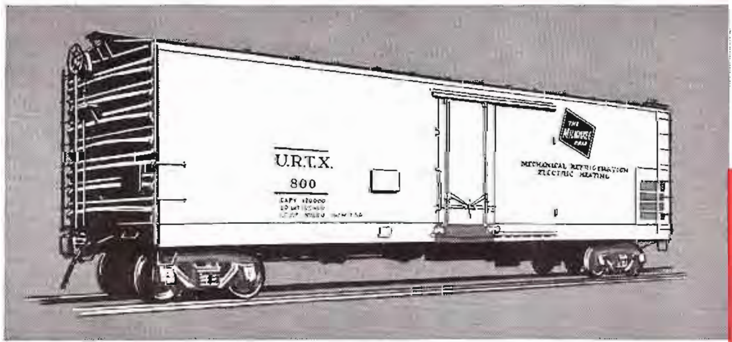
New, modern special-purpose freight cars

During 1958 The Milwaukee Road invested about \$18½ million in new equipment that included over 1,600 cars and 10 diesel-electric road switching locomotives. Largest investment was in 1,000 plug door cars illustrated at upper left. In addition, 100 freight cars were rebuilt with damage-prevention equipment.

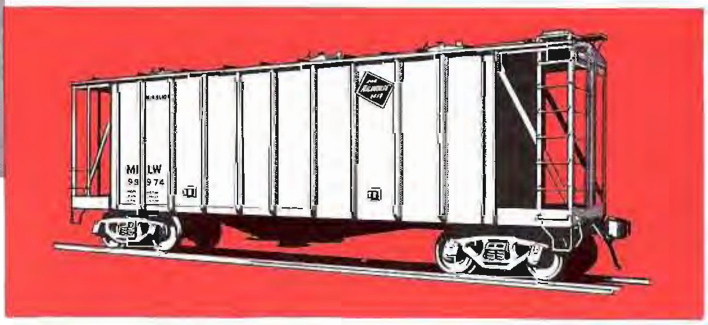
Special-purpose cars are designed to meet the requirements of modern industry. They enable The Milwaukee Road to offer more satisfactory—and therefore more saleable—freight service to its customers and prospects.



Damage-free box car



Roller bearing, mechanical refrigerator



Air slide, steel covered hopper

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

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

Board of Directors

Terms Expiring:

1959	1960	1961
John B. Gallagher	John D. Allen	J. Patrick Lannan
Joshua Green	James M. Barker	James D. Norris
Arnold B. Keller	Leo T. Crowley	William L. O'Brien
Walter T. Mahoney	Walter J. Cummings	Philip W. Pillsbury
Louis Quarles	William J. Froelich	Franklin B. Schmick
William J. Sinek	William J. Quinn	John P. Wagner
	Arthur M. Wirtz	

Executive Committee

J. Patrick Lannan, *Chairman*

John D. Allen	William J. Froelich	William J. Quinn
Leo T. Crowley	John B. Gallagher	William J. Sinek
Walter J. Cummings		Arthur M. Wirtz

Finance Committee

Walter J. Cummings, *Chairman*

John D. Allen*	William J. Froelich*	J. Patrick Lannan
James M. Barker	John B. Gallagher*	Louis Quarles*
Leo T. Crowley	Arnold B. Keller*	Arthur M. Wirtz

*Alternate Members

Officers

L. T. Crowley	Chairman of the Board	Chicago
W. J. Quinn	President	Chicago
W. W. Kremer	Vice President—Traffic	Chicago
E. R. Eckersall	Vice President and General Counsel	Chicago
F. G. McGinn	Vice President—Operation	Chicago
P. H. Draver	Vice President—Industrial Development	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 12, 1959, Chicago, Illinois

This Annual Report 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

	1958	1957
Operating revenues	$244,262,808	$254,027,186
Operating expenses	199,411,847	208,178,811
Taxes, Federal, State and Local	19,186,000	20,065,000
Net railway operating income	16,870,993	16,418,693
Other income—Net	2,888,174	2,790,440
Income available for fixed charges	19,759,167	19,209,133
Fixed charges	4,883,706	4,731,197
Contingent charges	6,496,404	6,561,588
Net income	$ 8,379,057	$ 7,916,348
Net income per share—Series A Preferred	16.16	15.26
—Common	2.73	2.51
Times fixed charges earned	4.05	4.06
Dividends paid:		
Series A Preferred—$5.00 per share*	$ 2,593,260	$ 2,593,255
Common—$1.50 per share*	3,184,870	3,184,869
Total dividends paid	5,778,130	5,778,124
Number of stockholders at December 31:		
Series A Preferred	4,989	5,109
Common	9,298	9,562

*Out of earnings of the prior year.

	1958	1957
Gross capital expenditures:		
For road property improvements	$ 6,020,760	$ 7,057,703
For equipment	19,958,842	15,898,563
Total	25,979,602	22,956,266
Traffic statistics:		
Net ton-miles of revenue freight (thousands)	13,886,035	14,615,943
Freight revenue	$205,329,657	$212,469,079
Passengers carried one mile	653,633,480	687,951,644
Passenger revenue	$ 14,475,155	$ 15,415,391
Total amount of payroll	$128,356,603	$133,357,333
Average number of employees	23,402	26,007
Gross ton-miles per train-hour	61,714	59,780
Gross tons per train	3,157	3,117
Net ton-miles per train-hour	27,169	26,330
Net tons per train	1,390	1,373
(Indices of freight-train performance)		

To the Shareholders:

The year 1958 was a critical one for the railroad industry. Considering the depth and length of the recession in general business activity, however, it was a fairly good year for The Milwaukee Road. Despite a decrease of $9,764,378 in total operating revenues, net income reached $8,379,057, compared with $7,916,348 for the year 1957. Comparative earnings per share appear in the "Highlights" tabulation on the opposite page.

This showing was made possible by searching out and putting into effect operating economies which would not jeopardize the quality of the railroad's service.

The Milwaukee Road's ability to ride out the recession was also due to the fact that its traffic has always been fairly well diversified, and that its volume tends to parallel the country's general business activity. The notable exception is that The Milwaukee Road realizes relatively greater revenue increases when grain and other agricultural products move in considerable volume, as they did in 1958.

The stability of Milwaukee Road net income is demonstrated by the following record of earnings per share of Common Stock over the past eight years:

1958	$2.73	1954	$2.03
1957	2.51	1953	2.08
1956	2.78	1952	2.67
1955	3.27	1951	2.10

Regular dividends of $1.50 per Common share have been maintained since 1955, in which year an extra dividend of $1.50 was paid out of retained income. A $2.00 dividend was paid in 1951, and in each of the intervening years up to 1955 the yearly dividend was $1.00.

Sinking fund requirements under the indentures relating to the Company's mortgages and income debentures are equal to $1.82 per share on the Series A Preferred Stock and $.44 per share on the Common Stock.

On February 19, 1959, the Board of Directors declared a dividend of $5.00 per share on the Series A Preferred Stock of the Company out of 1958 earnings, payable in four installments of $1.25 per share each on March 26, June 25, September 24 and November 25, 1959, to holders of record at the close of business March 6, June 5, September 4 and November 6, 1959, respectively. The aggregate amount of $5.00 per share has been set apart in a trust fund for the payment of this dividend.

On March 19, 1959, the Board of Directors declared a dividend of $1.50 per share on the Common Stock out of 1958 earnings, payable at the rate of 37½ cents per share on April 23, July 23, October 22 and December 17, 1959, to holders of record at the close of business on April 3, July 3, October 2 and November 27, 1959, 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.

One of the most serious problems facing The Milwaukee Road, and other railroads as well, is that of passenger train losses, which have been mounting in recent years. A number of difficulties have been encountered by the railroads in their efforts to reduce or alleviate these losses and at the same time provide service which is required in the public interest. The Milwaukee Road is continuing to attack this problem in two ways—by the steady reduction of train miles where lack of patronage indicates that service is no longer required; and by an aggressive effort to increase patronage on remaining trains through fare adjustments and careful attention to service.

During the past ten years annual passenger train miles have been reduced 4,812,000 miles, despite the fact that an additional 1,800,000 train miles per year were assumed in October, 1955, when The Milwaukee Road joined the Union Pacific and Southern Pacific Railroads in the operation of the "City" Streamliners and Domeliners. During 1958 reductions of 678,000 train miles were made, and applications for reduction of an additional 244,000 passenger train miles per year are pending before the proper commissions. Plans for further reduction of unprofitable passenger train miles are being studied.

The Interstate Commerce Commission, following further hearings in the Commuter Fare Case, upon remand by the United States Supreme Court, ordered that Milwaukee Road suburban fares in the Chicago area be increased an average of 42% instead of the 21% previously authorized. These fares were approved by the Illinois Commerce Commission and became effective February 6, 1959. They are expected to produce estimated additional annual revenue of approximately $798,000.

Among the avenues for improvement in railroad earnings, one of the most promising is the accelerated program of traffic research looking toward rate adjustments and service changes. In addition to work being done in this field by railroad rate organizations, The Milwaukee Road in 1958 initiated a traffic research program of its own, aimed toward this company's particular problems and toward more effective participation in the benefits expected from the larger program of the industry rate organizations. Freight schedules have been stepped up, and the various departments responsible for providing and helping to maintain service have continued their program of modernization.

The Milwaukee Road's new Flexi-Van equipment is featured on the cover page of this report. This equipment consists of specially designed railway flatcars, light weight highway trailer units, and highway wheel and axle assemblies known as "bogies". Its use differs radically from earlier types of rail-highway equipment in that the special highway trailer units slide from their wheels onto the railway flatcars in but four minutes, the operation being simplified by hydraulic lift tables on the railway cars. The lift tables are powered from the highway tractor battery. The system requires no unusual terminal facilities and permits simultaneous loading or unloading of any number of Flexi-Vans.

This new service was started between Chicago and St. Paul-Minneapolis in mid-December, and shortly thereafter was expanded to include Milwaukee, Kansas City and Omaha. In March, 1959, it became the first trailer-on-flatcar service provided by any railroad between the Midwest and Pacific Northwest when it was extended to Seattle, Tacoma and Spokane.

Flexi-Van service is proving to be especially advantageous to shippers and consignees who are off rail sidings or whose warehousing practices require expedited delivery of merchandise.

During the year Mr. Frederick L. Schuster joined our organization as the economist for your company. Your management is keenly aware of the need to keep abreast of current developments in the general economy as well as to undertake long range planning for your railroad. Among the matters being explored is the possibility of the use of your company's right of way by product pipelines for gas and petroleum. In our long range planning we are fully cognizant of the dynamics of the service sector of our economy, and we are directing our efforts toward studying the growth potentials inherent in such related lines.

Large movements of grain and other agricultural products, as well as livestock, are expected in 1959. Barring unforeseen moisture shortages or other adverse growing conditions, crop production throughout Milwaukee Road territory should continue at a high level. With the release of crop land previously in the Soil Bank reserve, material increases can be expected in small grains, and as a result of the abolishment of corn acreage allotments, corn acreage will probably be increased. Cattle and hog numbers may be expected to increase if prices remain favorable to the feeders, and there should be a good movement from the Road's range states to the Corn Belt area. With the increases in manufactures and miscellaneous commodities now being offered for movement, the outlook for 1959 is for greater revenues and, despite increased payroll and other costs, for improvement in net earnings.

Leo T. Crowley
Chairman of the Board

William J. Quinn
President

By order of the Board of Directors
March 19, 1959

Source of Income

		%
Hauling freight	$205,329,657	83.1
Carrying passengers	14,475,155	5.8
Transporting mail and express	11,461,513	4.6
Other passenger train revenue, including dining and buffet car service	1,904,880	.8
Switching	6,381,289	2.6
Other operating revenues	4,710,314	1.9
Total operating revenues	$244,262,808	98.8
Other income—net	2,888,174	1.2
TOTAL	$247,150,982	100.0

Disposition of Income

			%
Wages and salaries of employees charged to operating expenses	$123,103,272		49.8
Payroll taxes for benefit of employees	8,420,346		3.4
Health and welfare benefits for employees	1,934,613		.8
Total		$133,458,231	54.0
Materials, contract work, depreciation, etc.	74,373,962		30.1
Rental of equipment and joint facilities	8,793,968		3.6
Total		83,167,930	33.7
Property and other miscellaneous taxes	9,929,654		4.0
Federal income taxes	836,000		.3
Total		10,765,654	4.3
Interest paid security holders		11,380,110	4.6
Remainder for debt reduction, dividends, improvements to property and other corporate purposes		8,379,057	3.4
TOTAL		$247,150,982	100.0

Operating Revenues

Operating revenues for the year amounted to $244,262,808, a decrease of $9,764,378, or 3.8%, compared with 1957.

Freight revenue	decreased	$7,139,422 or	3.4%
Passenger revenue	decreased	940,236	6.1%
Mail revenue	decreased	236,323	2.7%
Express revenue	decreased	367,951	10.8%
All other operating revenues	decreased	1,080,446	7.7%

Revenue ton miles aggregated 13,886,035,243, compared with 14,615,943,279 in 1957, a decrease of 5.0%.

Operating Expenses

Operating expenses totaled $199,411,847, a decrease of $8,766,964, or 4.2%, compared with 1957.

These expenses constituted 81.6% of the revenues in 1958, compared with 82.0% in 1957.

Maintenance of way and structures	decreased	$2,152,813	or 5.3%
Maintenance of equipment	decreased	3,317,346	7.3
Transportation	decreased	3,321,539	3.3
General	increased	565,265	5.2
Traffic	decreased	124,802	1.9
Miscellaneous operations	decreased	415,729	11.7

Analysis of Increases and Decreases in Total Railway Operating Expenses 1958 compared with 1957

ITEMS		Maintenance of Way and Structures		Maintenance of Equipment		Trans-portation		All Other		Total
Labor:										
General wage increases	+	$1,259,626	+	$1,150,775	+	$4,282,727	+	$ 900,897	+	$7,594,025
Straight time worked	–	1,736,098	–	1,938,701	–	5,339,973	–	639,396	–	9,654,168
Overtime worked	–	217,894	–	52,194	–	520,957	–	24,126	–	815,171
Time paid for not worked (incl. vacations and holidays)	+	71,173	–	34,055	–	166,823	–	2,387	–	132,092
Total Labor	–	623,193	–	874,175	–	1,745,026	+	234,988	–	3,007,406
Fuel:										
Price		....		....	–	607,309		....	–	607,309
Consumption		....		....	–	525,366		....	–	525,366
Total Fuel		....		....	–	1,132,675		....	–	1,132,675
Electric power		....		....	–	128,340		....	–	128,340
Material—Other than fuel:										
Price	+	313,194	+	17,366	+	43,973	+	35,336	+	409,869
Quantity	–	658,062	–	2,323,233	–	41,910	–	218,942	–	3,242,147
Total Material other than Fuel	–	344,868	–	2,305,867	+	2,063	–	183,606	–	2,832,278
Miscellaneous:										
Health and welfare benefits	–	77,372	–	53,777	–	24,751	–	15,668	–	171,568
Other miscellaneous	–	922,238	–	304,281	–	292,810	–	10,980	–	1,530,309
Total Miscellaneous	–	999,610	–	358,058	–	317,561	–	26,648	–	1,701,877
TOTAL LABOR, MATERIAL AND MISCELLANEOUS	–	1,967,671	–	3,538,100	–	3,321,539	+	24,734	–	8,802,576
Depreciation	+	97,846	+	279,605		....		....	+	377,451
Retirements	–	282,988	–	58,851		....		....	–	341,839
TOTAL DEPRECIATION AND RETIREMENTS	–	185,142	+	220,754		....		....	+	35,612
TOTAL RAILWAY OPERATING EXPENSES	–	$2,152,813	–	$3,317,346	–	$3,321,539	+	$ 24,734	–	$8,766,964

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
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
1958......	128,237,334	8,420,346	1,934,613	138,592,293	5,922	2.465	240.0

Wages and Labor Relations

Wage Agreements

No national agreements such as those described in the 1956 and 1957 reports were entered into in 1958 with labor organizations holding representation on The Milwaukee Road. Under those agreements, however, there were increases in rates of pay, effective November 1, 1958, as follows: Non-Operating employees (clerks, signalmen, shop craft employees, telegraphers, maintenance of way employees, carmen, and dining car employees except stewards), 7 cents per hour; Firemen, 56 cents per basic day; Engineers, 3½ per cent; Conductors and Trainmen, 7 cents per hour; Yardmasters, $14.00 per month; Dining Car Stewards, $15.00 per month; Train Dispatchers, $14.00 per month; and supervisors in the Mechanical Department, $17.03 per month.

The 3-year moratorium on requests for increases in compensation and fringe benefits will terminate on November 1, 1959.

Cost of Living Adjustments

Rates of pay were increased on May 1, 1958, and again on November 1, 1958, in accordance with agreements providing for semiannual adjustments of 1 cent per hour or $2.00 per month for each one-half point in the Bureau of Labor Statistics Consumers' Price Index. The May increases amounted to 4 cents per hour or $8.00 per month, while the November increases were 1 cent per hour or $2.00 per month.

Payroll Taxes

On January 1, 1958, the Unemployment Insurance Tax, which is paid wholly by the employer, was increased from 2% to 2½%. On January 1, 1959, the rate went to 3%. 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 $250 million in 1958.

Effect of Increases

In the aggregate, costs were increased approximately $8,230,000 in 1958 as a result of the wage increase of November 1, 1957, the cost-of-living increase of May 1, 1958, the increases of November 1, 1958, health and welfare programs, payroll taxes on account of wage increases, and change in the tax rate for unemployment compensation insurance.

Rates and Fares

Freight Rates

In authorizing increases in freight rates effective August 26, 1957, the Interstate Commerce Commission noted in its report 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 which the Interstate Commerce Commission authorized in Ex Parte 212, effective February 15, 1958, with certain exceptions. The increases will produce additional revenues to The Milwaukee Road of approximately $4,600,000 on an annual basis.

Divisions Case

Hearings were continued in 1958 before the Interstate Commerce Commission in proceedings involving divisions of joint rates of railroads between Mountain Pacific territory on the one hand and Mid-Western and Eastern territories on the other. Further hearings were scheduled for March, 1959. Although hearings are to be completed during the current year, the final decision is not expected until much later.

Suburban Fares

The Interstate Commerce Commission, following further hearings in the Commuter Fare Case, upon remand by the United States Supreme Court, ordered that The Milwaukee Road's suburban fares in the Chicago area be increased an average of 42% instead of the 21% previously authorized. These fares were approved by the Illinois Commerce Commission and became effective February 6, 1959. They are expected to produce estimated additional annual revenue of approximately $798,000.

Mail and Express

The railroads in western territory have completed cost studies dealing with the effect of the November 1, 1958, wage increases in the handling of United States Mail. The matter of an increase in Mail Pay rates is to be discussed with the United States Post Office Department.

The Interstate Commerce Commission in November, 1958, authorized increases in express rates in response to the Railway Express Agency's petition for a 15% increase in all basic rates, which will increase the express revenue of the Company in excess of $300,000 annually.

Spokane Gateway Case

Suit has been filed in the United States District Court at Milwaukee, Wisconsin, to set aside the Interstate Commerce Commission's order of May 10, 1957, dismissing the complaint filed by The Milwaukee Road 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 rates now enjoyed by the Northern Pacific Railway Company and the Great Northern Railway Company. A decision is expected during 1959.

Legislation

Passage by the 85th Congress of the Transportation Act of 1958 and repeal of the federal excise tax of 3 per cent on freight charges provided the railroads with a degree of relief from competitive handicaps.

Following are the principal provisions of the Transportation Act:

1. Establishment of a program of Government-guaranteed loans to aid railroads unable to borrow needed funds on reasonable terms.
2. More effective authority for the Interstate Commerce Commission to order prompt adjustment of intrastate rates found to be unduly low.
3. New authority for the ICC over discontinuance of money-losing trains.
4. A new rule of rate-making stating, in effect, that no form of transportation shall be required to maintain rates higher than necessary in order to protect the traffic of other modes of transportation.
5. Restriction on further expansion of the list of commodities exempt from regulation, and restoration of some commodities to regulation.
6. Redefinition of contract carriage and removal of certain competitive handicaps on common carriers.
7. All for-hire transportation, except that specifically exempt, made subject to regulation.

In addition to the above, the passage of Senate Resolution 303 set up a transportation policy study group which is expected to focus needed attention on many situations still working to the railroads' disadvantage.

Although the railroad industry welcomed the legislative actions of 1958 as steps in the right direction, those actions did not solve all, or even the most serious, of the railroads' problems. Further Congressional action bearing on at least some of the more urgent of these is anticipated in 1959.

Industrial Development

Industrial development in the territory served by your Company showed some effects of the general business recession in early 1958; however, an increase in industrial activity was evident in the latter part of the year. A total of 143 new industrial facilities were located on The Milwaukee Road in 1958, and 86 plants were enlarged.

The aerial survey and inventory of potential industrial sites in progress in 1957 was continued during 1958. More than 500 aerial pictures are now available for use in development work. Additional acreage was acquired to be developed as industrial districts.

Continued co-operation and consultation with community, state and national development agencies is resulting in increased interest in locations on the railroad. The Atomic Energy Commission has announced the release of an additional 72,000 acres from the Hanford Project tributary to our line near Othello, Washington. The Bureau of Reclamation is expediting plans for bringing this land under irrigation, which will increase potential agricultural traffic from the Columbia Basin.

The Priest Rapids Dam on the Columbia River is scheduled to begin production of electrical power late in 1959. Construction is expected to start during 1959 on the Wanapum Power Dam on the Columbia River about six miles from Beverly, Washington. The availability of additional power from these two dams will encourage the development of produce processing facilities in the Columbia Basin adjacent to The Milwaukee Road.

Income and Other Taxes

Tax accruals for 1958 were as follows:

Federal income taxes applicable to 1958	$ 836,000
Payroll taxes	8,420,346
Property and other miscellaneous taxes	9,929,654
Total	$19,186,000

In computing the provision for Federal income taxes, effect was given to the additional deductions for tax purposes resulting from amortization of defense facilities, use of the declining-balance method of calculating depreciation provisions, and various differences in depreciation bases and rates. The resultant tax deductions exceeded the corresponding normal provisions for depreciation by use of the straight-line method included in the statement of income, reducing the provisions for Federal income taxes as follows:

Tax reduction resulting from:	
Amortization of defense facilities	$2,247,960
Declining-balance method	621,400
Other depreciation differences	554,320

Reduction of Mortgage Bonds

In 1958, mortgage bonds and debentures in the principal amount of $1,124,800 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, 1958, $44,094,500 of mortgage bonds were acquired and cancelled or are held in the Treasury. This amount is more than 23% 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 $2,011,595.

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	$ 2,772,600	$2,280,100	$ 374,400	$ 5,427,100	4%	$ 217,084
General Mortgage 4½% Income Bonds, Series A	19,570,300	610,000	283,000	20,463,300	4½	920,849
General Mortgage 4½% Convertible Income Bonds, Series B	13,921,400	....	2,073,700	15,995,100	4½	719,779
Five Per Cent Income Debentures, Series A	900,000	....	300,000	1,200,000	5	60,000
The Bedford Belt Ry. Co. First Mortgage Bonds	....	17,000	20,000	37,000	4¼	1,573
The Southern Indiana Ry. Co. First Mortgage Bonds	....	39,000	189,000	228,000	4¼	9,690
The Chicago, Terre Haute & Southeastern Ry. Co. First and Refunding Mortgage Bonds	....	....	428,000	428,000	4¼	18,190
Income Mortgage Bonds	....	....	1,516,000	1,516,000	4¼	64,430
Totals	$37,164,300	$2,946,100	$5,184,100	$45,294,500	....	$2,011,595

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 and equipment obligations due within one year, outstanding in the hands of the public as of December 31, 1958, amounted to $274,373,767 compared with $268,907,339 as of December 31, 1957, a net increase of $5,466,428.

Increases:		
Equipment obligations covering purchase of equipment		$15,875,444
Decreases:		
Mortgage Bonds and Debentures:		
Purchased and cancelled during the year through operation of sinking funds—		
First Mortgage 4% Bonds, Series A	$ 277,100	
Less: Bonds held in Treasury at December 31, 1957, delivered to Mortgage Trustee for sinking fund and cancelled during the year	277,100	....
General Mortgage 4½% Income Bonds, Series A	$1,781,500	
Less: Bonds held in Treasury at December 31, 1957, sold to Mortgage Trustee for sinking fund and cancelled during the year	1,153,500	628,000
General Mortgage 4½% Convertible Income Bonds, Series B	$1,508,800	
Less: Bonds held in Treasury at December 31, 1957, 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, 1957, deposited with Trustee for sinking fund and cancelled during the year	300,000	....
Purchased in the open market, by Mortgage Trustee for cancellation, and cancelled during the year—		
The Southern Indiana Ry. Co. First Mortgage Bonds		5,000
Purchased in the open market during the year and held in Treasury—		
First Mortgage 4% Bonds, Series A		51,400
General Mortgage 4½% Income Bonds, Series A		500
General Mortgage 4½% Convertible Income Bonds, Series B		1,700
The Bedford Belt Ry. Co. First Mortgage Bonds		13,000
The Southern Indiana Ry. Co. First Mortgage Bonds		95,000
C.T.H. & S.E. Ry. Co. First and Refunding Mortgage Bonds		301,000
C.T.H. & S.E. Ry. Co. Income Mortgage Bonds		29,000
Equipment Obligations:		
Payments of Equipment Trust Certificates		8,234,000
Payments of Conditional Sale Agreements covering purchase of equipment		1,050,216
Total Decrease		$10,409,016
Net Increase		$ 5,466,428

Shareholders of Record

As of April 3, 1958, the record date for the 1958 Annual Meeting, there were 5,090 holders of Series A Preferred Stock and 9,646 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	2,003	138,128	4,120	544,139
Women	1,894	83,587	3,084	252,553
Joint accounts	691	35,444	1,774	156,868
Fiduciaries, institutions and foundations, stock brokers, nominees and others	502	261,493	668	1,169,654
Total	5,090	518,652	9,646	2,123,214

Capital Expenditures—1958

The following is a summary of the capital expenditures made during 1958:

Road property		$ 5,806,738
New equipment	$18,226,342	
Improvements to existing equipment	1,732,500	19,958,842
Total transportation properties		$25,765,580
Miscellaneous physical property		214,022
Total properties		$25,979,602

Equipment delivered during the year:

10—1750 H.P. Diesel-electric road switching units
50—70-ton flat cars
100—50-ton steel box compartmentizer equipped cars
1000—50-ton steel box cars
55—70-ton steel gondola cars
211—70-ton steel covered hopper cars
50—70-ton airslide steel covered hopper cars
88—50-ton airslide steel covered hopper cars
105—70-ton ballast cars (rebuilt)

The source of funds for these expenditures was:

Equipment obligations issued for equipment delivered during the year	$15,830,597
Depreciation, amortization and retirement charges	5,429,721
Salvage from road and equipment retired	3,350,907
Donations and grants	28,114
Withdrawals of moneys from property sales deposited with Mortgage Trustee	2,011,959
Total	$26,651,298
The amount of capital expenditures was	25,979,602
Remainder of funds	$ 671,696

Capital Expenditures—1959

The 1959 budget for improvements to road property contemplates an estimated expenditure, chargeable to Capital Account, of $7,060,000. The major improvements include: Laying of 99 track miles of new rail and 54 track miles of secondhand rail; replace, renew and strengthen bridges; installation of power operated switches in the vicinity of Morgan Street; installation of automatic crossing protection from Clinton to Racine Streets, Chicago, Illinois, 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 $20,939,840. New equipment includes:

52—1750 H.P. Diesel-electric road switching units
500—50-ton steel box cars
100—50-ton steel box cars with roller bearings
100—70-ton steel insulated D.F. box cars with roller bearings
50—70-ton 60′0″ flat cars
39—60-ton 80′1″ Flexi-Van rail cars

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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, 1958. 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, 1958, 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. Such accounting principles and classifications were applied for the year ended December 31, 1958, on a basis consistent with that followed during the prior periods covered by the financial statements submitted herewith except as to the matters (with which we concur) referred to in the last paragraphs of Notes A, C, and D 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, 1958, in conformity with the provisions of the indentures identified therein.

ERNST & ERNST
Certified Public Accountants

Chicago, Illinois
February 28, 1959

STATEMENT OF INCOME

	1958	1957	1956	1955	1954
RAILWAY OPERATING REVENUES					
Freight	$205,329,657	$212,469,079	$209,719,695	$205,818,267	$197,504,960
Passenger	14,475,155	15,415,391	17,173,709	13,837,923	14,916,558
Mail	8,410,072	8,646,395	8,467,316	8,289,542	8,370,709
Express	3,051,441	3,419,392	3,968,087	3,821,639	3,641,119
Switching	6,381,289	6,678,131	6,423,837	6,295,810	5,741,531
Other	6,615,194	7,398,798	8,107,922	7,435,029	7,569,762
TOTAL RAILWAY OPERATING REVENUES	244,262,808	254,027,186	253,860,566	245,498,210	237,744,639
RAILWAY OPERATING EXPENSES					
Maintenance of way and structures	38,339,495	40,492,308	42,706,621	44,254,660	38,683,912
Maintenance of equipment	41,942,195	45,259,541	45,971,070	47,944,552	46,884,289
Traffic	6,336,570	6,461,372	6,186,575	5,813,700	5,827,880
Transportation	98,210,839	101,532,378	101,608,851	94,144,231	95,735,292
Miscellaneous operations	3,143,460	3,559,189	3,924,376	2,901,528	3,093,724
General	11,439,288	10,874,023	10,348,806	9,582,671	9,185,507
TOTAL RAILWAY OPERATING EXPENSES	199,411,847	208,178,811	210,746,299	204,641,342	199,410,604
NET REVENUE FROM RAILWAY OPERATIONS	44,850,961	45,848,375	43,114,267	40,856,868	38,334,035
TAXES AND RENTS					
Federal income taxes (credit)—Note A	836,000	1,262,000	(51,000)	1,425,000	(1,133,219)
Other taxes	18,350,000	18,803,000	18,338,000	16,971,000	16,462,219
Equipment rents	6,155,763	6,699,509	4,839,601	4,176,312	5,873,693
Joint facility rents	2,638,205	2,665,173	2,642,732	2,504,031	2,562,824
TOTAL TAXES AND RENTS	27,979,968	29,429,682	25,769,333	25,076,343	23,765,517
NET RAILWAY OPERATING INCOME	16,870,993	16,418,693	17,344,934	15,780,525	14,568,518
OTHER INCOME AND DEDUCTIONS					
Other income—Note B	3,194,466	3,030,728	2,841,508	5,405,438	3,997,305
Miscellaneous deductions from income	306,292	240,288	308,114	199,121	169,170
OTHER INCOME LESS DEDUCTIONS	2,888,174	2,790,440	2,533,394	5,206,317	3,828,135
INCOME AVAILABLE FOR FIXED CHARGES	19,759,167	19,209,133	19,878,328	20,986,842	18,396,653
FIXED CHARGES					
Interest on long-term debt—fixed	4,795,555	4,644,500	4,637,955	4,615,909	4,515,839
Amortization of discount on long-term debt	87,579	85,629	77,791	79,090	75,239
Other fixed charges	572	1,068	805	1,192	1,770
TOTAL FIXED CHARGES	4,883,706	4,731,197	4,716,551	4,696,191	4,592,848
INCOME AFTER FIXED CHARGES	14,875,461	14,477,936	15,161,777	16,290,651	13,803,805
CONTINGENT CHARGES					
Interest on mortgage bonds—contingent	3,556,404	3,629,088	3,713,363	3,773,369	3,899,346
Interest on income debentures	2,940,000	2,932,500	2,962,500	2,985,000	....
TOTAL CONTINGENT CHARGES	6,496,404	6,561,588	6,675,863	6,758,369	3,899,346
NET INCOME–NOTE C	$ 8,379,057	$ 7,916,348	$ 8,485,914	$ 9,532,282	$ 9,904,459
EARNINGS APPLICABLE TO COMMON STOCK					
Net income	$ 8,379,057	$ 7,916,348	$ 8,485,914	$ 9,532,282	$ 9,904,459
Less dividend requirements on Preferred Stock	2,593,260	2,593,255	2,593,255	2,593,255	5,593,255
EARNINGS APPLICABLE TO COMMON STOCK–NOTE C	$ 5,785,797	$ 5,323,093	$ 5,892,659	$ 6,939,027	$ 4,311,204
Per share	$ 2.73	$ 2.51	$ 2.78	$ 3.27	$ 2.03

See notes to financial statements.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

BALANCE SHEET

ASSETS	DECEMBER 31, 1958	DECEMBER 31, 1957 (NOTE C)	CHANGE DURING YEAR
CURRENT ASSETS			
Cash	$ 14,284,229	$ 10,135,597	+ $4,148,632
United States Government securities—at cost (approximately market)	18,582,500	17,582,144	+ 1,000,356
Cash and securities reserved for payment of specific current liabilities	3,178,696	3,834,510	− 655,814
Chicago Transit Authority revenue bonds—at cost less allowance of $131,587	825,413	825,413	....
Receivables—due from railroads, shippers, and others	17,640,938	19,210,926	− 1,569,988
Working fund advances and prepayments	816,402	840,592	− 24,190
Material and supplies inventories—at cost	19,503,736	24,237,468	− 4,733,732
Other current assets	1,713,890	603,426	+ 1,110,464
TOTAL CURRENT ASSETS	76,545,804	77,270,076	− 724,272
SPECIAL FUNDS—Cash held principally for debt retirement or investment in properties	810,130	1,375,658	− 565,528
INVESTMENTS—at cost—Note B			
Capital stocks ($550,000), notes and accounts of wholly-owned subsidiaries	3,284,500	3,292,000	− 7,500
Investments in jointly-owned terminal, switching, and other companies:			
Capital stocks	4,185,641	4,185,976	− 335
Bonds, notes and long-term advances	9,687,534	9,637,394	+ 50,140
TOTAL INVESTMENTS	17,157,675	17,115,370	+ 42,305
PROPERTIES—Note D			
Road and equipment:			
Road	629,449,359	627,129,316	+ 2,320,043
Equipment	327,954,761	320,426,578	+ 7,528,183
General expenditures	38,408,359	38,573,132	− 164,773
Improvements on leased property	618,059	619,412	− 1,353
	996,430,538	986,748,438	+ 9,682,100
Less:			
Acquisition adjustment	168,458,810	160,211,945	+ 8,246,865
Donations and grants	9,380,651	9,384,820	− 4,169
TOTAL TRANSPORTATION PROPERTIES	818,591,077	817,151,673	+ 1,439,404
Less:			
Accrued depreciation—road	89,776,979	86,595,183	+ 3,181,796
Accrued depreciation—equipment	137,764,137	148,508,334	− 10,744,197
Accrued amortization of World War II defense projects—road	2,178,192	2,191,052	− 12,860
Accrued amortization of World War II defense projects—equipment	17,527,170	17,771,353	− 244,183
	247,246,478	255,065,922	− 7,819,444
TOTAL TRANSPORTATION PROPERTIES LESS RECORDED DEPRECIATION AND AMORTIZATION	571,344,599	562,085,751	+ 9,258,848
Miscellaneous physical property (less accrued depreciation: 1958—$2,284,693; 1957—$2,725,890)	5,364,324	5,915,655	− 551,331
TOTAL PROPERTIES	576,708,923	568,001,406	+ 8,707,517
OTHER ASSETS AND DEFERRED CHARGES			
Receivables (noncurrent)	1,778,196	1,669,520	+ 108,676
Discount on long-term debt	1,001,031	967,330	+ 33,701
Miscellaneous other assets and deferred charges	1,453,361	935,817	+ 517,544
TOTAL OTHER ASSETS AND DEFERRED CHARGES	4,232,588	3,572,667	+ 659,921
	$675,455,120	$667,335,177	+ $8,119,943

See notes to financial statements.

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY	DECEMBER 31, 1958	DECEMBER 31, 1957 (NOTE C)	CHANGE DURING YEAR
CURRENT LIABILITIES			
Accounts and wages	$ 25,085,506	$ 27,761,866	− $2,676,360
Interest and dividends	8,934,630	9,063,666	− 129,036
Federal income taxes—Note A	877,602	701,793	+ 175,809
Other taxes	7,958,965	7,928,893	+ 30,072
Other current liabilities	1,346,926	2,079,587	− 732,661
TOTAL CURRENT LIABILITIES	44,203,629	47,535,805	− 3,332,176
EQUIPMENT OBLIGATIONS DUE WITHIN ONE YEAR	8,188,261	9,104,216	− 915,955
LONG-TERM DEBT—Note E			
Mortgage bonds	145,972,700	147,097,500	− 1,124,800
Five Per Cent Income Debentures, Series A, due January 1, 2055	58,800,000	58,800,000	....
Equipment obligations, less maturities due within one year, shown above	61,412,806	53,905,623	+ 7,507,183
TOTAL LONG-TERM DEBT	266,185,506	259,803,123	+ 6,382,383
RESERVES			
For personal injury, loss and damage, and overcharge claims	1,333,627	1,622,841	− 289,214
For vacation pay	5,659,121	5,781,832	− 122,711
TOTAL RESERVES	6,992,748	7,404,673	− 411,925
OTHER LIABILITIES AND DEFERRED CREDITS	2,306,466	2,052,794	+ 253,672
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 F:			
Authorized—1,150,000 shares			
Issued and outstanding—518,652 shares	51,865,200	51,865,200	....
	264,186,600	264,186,600	....
Capital surplus	28,604	....	+ 28,604
Retained income—Note F:			
Appropriated	44,043,011	43,983,450	+ 59,561
Unappropriated	39,320,295	33,264,516	+ 6,055,779
	83,363,306	77,247,966	+ 6,115,340
TOTAL SHAREHOLDERS' EQUITY	347,578,510	341,434,566	+ 6,143,944
CONTINGENT LIABILITIES			
As guarantor at December 31, 1958, jointly with other railroads, for obligations totaling $115,359,800 of various terminal and switching companies.			
	$675,455,120	$667,335,177	+ $8,119,943

See notes to financial statements.

STATEMENT OF RETAINED INCOME

	1958	1957	1956	1955	1954
Balance at January 1	$77,247,966	$74,198,107	$70,501,975	$70,318,150	$72,234,649
ADDITIONS					
Net income for the year	8,379,057	7,916,348	8,485,914	9,532,282	9,904,459
Discount, less premium, on mortgage bonds and debentures reacquired	316,587	1,100,917	379,563	535,976	356,871
Profits, less losses, on sales and retirements of land and nonoperating property	....	640,153	692,935	682,581	297,616
Liability for vacation pay at January 1, 1944, charged to acquisition adjustment	....	....	....	....	974,362
Adjustment of provisions in prior years for depreciation of freight train cars	3,982,725	....	....	....	....
Federal income tax reduction attributable to retained income items, principally provision for land grant repayments	374,216	788,983	....	....	....
	90,300,551	84,644,508	80,060,387	81,068,989	83,767,957
DEDUCTIONS					
Dividends paid on Preferred Stock: $5.00 per share each year	2,593,260	2,593,255	2,593,255	5,593,255	5,593,255
Dividends paid on Common Stock: 1958—$1.50; 1957—$1.50; 1956—$1.50; 1955—$2.50; 1954—$1.00 per share	3,184,870	3,184,869	3,184,820	5,308,033	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	1,159,115	1,517,274	....	....	....
Miscellaneous charges, less credits (credits, less charges)	....	101,144	84,205	23,241	(33,823)
	6,937,245	7,396,542	5,862,280	10,567,014	13,449,807
BALANCE AT DECEMBER 31	$83,363,306	$77,247,966	$74,198,107	$70,501,975	$70,318,150
Status of retained income at December 31:					
APPROPRIATED					
For investment in properties since January 1, 1944	$42,889,900	$42,889,900	$38,767,663	$34,134,804	$34,134,804
For sinking funds	1,153,111	1,093,550	1,082,525	981,552	764,212
	44,043,011	43,983,450	39,850,188	35,116,356	34,899,016
UNAPPROPRIATED	39,320,295	33,264,516	34,347,919	35,385,619	35,419,134
TOTAL	$83,363,306	$77,247,966	$74,198,107	$70,501,975	$70,318,150

STATEMENT OF AVAILABLE NET INCOME AND APPLICATION THEREOF

	1958	1957	1956	1955	1954
Income available for fixed charges	$19,759,167	$19,209,133	$19,878,328	$20,986,842	$18,396,653
FIXED CHARGES					
Rent for leased roads and equipment	420	708	708	708	708
Interest on long-term debt:					
On First Mortgage 4% Bonds, Series A	2,164,546	2,175,858	2,197,322	2,211,230	2,218,280
On modified Terre Haute bonds	547,437	557,785	564,872	569,613	575,071
On equipment obligations	2,083,572	1,910,857	1,875,761	1,835,066	1,722,488
Interest on unfunded debt	152	360	97	484	1,062
Amortization of discount on long-term debt	87,579	85,629	77,791	79,090	75,239
TOTAL FIXED CHARGES	4,883,706	4,731,197	4,716,551	4,696,191	4,592,848
INCOME AFTER FIXED CHARGES	14,875,461	14,477,936	15,161,777	16,290,651	13,803,805
Add charges to operating expenses representing the service value of nondepreciable roadway property retired and not replaced	209,075	384,491	385,633	395,919	438,544
AVAILABLE NET INCOME—as defined in the First Mortgage and General Mortgage indentures—Note C	15,084,536	14,862,427	15,547,410	16,686,570	14,242,349
APPLICATION OF SUCH AVAILABLE NET INCOME					
Appropriated for sinking fund for retirement of First Mortgage 4% Bonds, Series A	259,692	248,608	238,544	229,364	220,268
Contingent interest on General Mortgage 4½% Income Bonds, Series A	1,669,145	1,734,894	1,817,684	1,873,445	1,996,239
Contingent interest on modified Terre Haute bonds	295,512	302,367	303,747	307,902	310,932
Contingent interest on General Mortgage 4½% Convertible Income Bonds, Series B	1,591,747	1,591,827	1,591,932	1,592,022	1,592,175
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
	4,359,489	4,421,089	4,495,300	4,546,126	4,663,007
REMAINING AVAILABLE NET INCOME	10,725,047	10,441,338	11,052,110	12,140,444	9,579,342
Deduct charges to operating expenses representing the service value of nondepreciable roadway property retired and not replaced	209,075	384,491	385,633	395,919	438,544
AVAILABLE NET INCOME—as defined in the Indenture relating to Five Per Cen Income Debentures, Series A	10,515,972	10,056,847	10,666,477	11,744,525	9,140,798
APPLICATION OF SUCH AVAILABLE NET INCOME					
Contingent interest on Five Per Cent Income Debentures, Series A	2,940,000	2,932,500	2,962,500	2,985,000	....
Appropriated for sinking fund for retirement of Five Per Cent Income Debentures, Series A	139,463	171,750	189,869	207,140	....
	3,079,463	3,104,250	3,152,369	3,192,140	....
REMAINDER AVAILABLE FOR PAYMENT OF DIVIDENDS OR ANY OTHER PROPER CORPORATE PURPOSES	$ 7,436,509	$ 6,952,597	$ 7,514,108	$ 8,552,385	$ 9,140,798

See notes to financial statements.

Notes to Financial Statements

Note A—Federal Income Taxes:

In computing the provisions for federal income taxes, effect has been given to the additional deductions for tax purposes resulting from amortization of defense facilities, use of the declining-balance method of calculating depreciation provisions, and various differences in depreciation bases and rates. The resultant tax deductions exceeded the corresponding normal provisions for depreciation included in the statement of income, reducing the provisions for federal income taxes as follows:

Tax reduction resulting from:	1958	1957	1956	1955	1954
Amortization of defense facilities..........	$2,247,960	$2,345,720	$2,895,360	$3,945,240	$3,088,280
Declining-balance method................	621,400	459,160	341,640	251,160	105,040
Other depreciation differences.............	554,320	656,240	699,400	711,360	325,520

The accumulated tax reductions resulting from amortization of defense facilities amounted to $19,554,870 at December 31, 1958.

Provisions for land grant repayment claims by the U. S. Government on shipments prior to October 1, 1946, were recorded in the accounts during 1958 and 1957 in the amounts of $1,276,436 and $1,989,254, respectively. Of these amounts $1,159,115 in 1958 and $1,517,274 in 1957 (less the related reductions of $376,780 and $788,983, respectively, in income taxes) were charged to retained income, and $117,321 and $471,980, respectively, applicable to years prior to reorganization were charged to the acquisition adjustment account (without reduction for the related income tax benefits of $61,007 and $245,430, which were reflected in income). Under the accounting practice followed prior to 1957, land grant repayment claims were charged to income.

Note B—Investments:

Investments of $3,201,000 in wholly-owned subsidiaries, and other investments totaling $3,822,010 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, 1958, exceeded the cost of the investments by $1,978,906. The cost of investments in the capital stocks of jointly-owned companies is not in excess of the Company's equity in net assets of such companies.

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 of $1,184,400 in 1954 for certain prior years on a note receivable from that company. Financial statements (without audit) of the Milwaukee Land Company for the years ended December 31, 1958 and December 31, 1957, are included on pages 35 and 36. Amounts applicable to The Milwaukee Motor Transportation Company were minor.

Note C—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. The amounts shown in the accompanying balance sheet at December 31, 1957, have been restated to conform to such modifications.

The amounts shown in the accompanying income statement for 1957 and prior years were not restated. Had such modifications been in effect in those years, reported net income and "available net income" would have been increased by including therein certain charges and credits to retained income representing profits, less losses, 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.

Note D—Properties:

Road and equipment property ($996,430,538) 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. Provisions for all properties classified as depreciable, including defense facilities, are calculated by the straight-line method. Charges for depreciation and property retirements have been as follows: 1958—$15,827,990; 1957—$15,792,379; 1956—$14,991,868; 1955—$15,817,033; 1954—$15,257,374.

In 1958, the Company reduced accrued depreciation on equipment by $12,750,261, the amount by which the accumulated provisions exceeded the cost less estimated salvage values for certain sub-classes of freight-train cars, and credited $3,982,725 to retained income and $8,767,536 to the acquisition adjustment account. This entry, as well as the discontinuance of provisions for depreciation of these sub-classes and a general revision of depreciation rates on equipment, was approved by the Interstate Commerce Commission.

Note E—Sinking Fund Requirements:

The amounts of long-term debt at December 31, 1958, are stated after deducting the principal amount of bonds and debentures reacquired and held by the Company. It is the Company's practice to use such bonds and debentures, in part, to meet its sinking fund obligations. The amounts held exceeded the amounts of sinking fund deposits required to be made in 1959 except for a deficiency of approximately $346,000 with respect to one issue.

Note F—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.

INVESTMENTS—DECEMBER 31, 1958

Description	Number of Shares	Extent of Control Per Cent	Ledger Amount
Wholly-Owned Subsidiaries:			
Capital Stocks:			
Milwaukee Land Company ... A	5,000	100	$ 500,000
The Milwaukee Motor Transportation Company ... A	500	100	50,000
Total Capital Stocks	...	...	550,000
Note:			
Milwaukee Land Company ... A	...	100	2,652,000
Advance:			
The Milwaukee Motor Transportation Company ...	...	100	82,500
Total Investments—Wholly-Owned Subsidiaries	...	...	3,284,500
Jointly-Owned Terminal, Switching, and Other Companies:			
Capital Stocks:			
Chicago, Terre Haute & Southeastern Railway Company ...	40,755.05	53.21	1
Chicago Union Station Company ... A	7,000	25	7,000
Davenport, Rock Island & North Western Railway Company ... A	15,000	50	1,750,000
Des Moines Union Railway Company ... A	1,000	50	100,000
Des Moines Union Railway Company ... B	1,000	50	26,000
Indiana Harbor Belt Railroad Company ... A	15,200	20	1,520,000
Kansas City Terminal Railway Company ... C	1,833.33	8⅓	183,333
Minneapolis Eastern Railway Company ... A	625	50	15,475
Packers Car Line Company ...	306	9.56	3,060
Railway Express Agency, Incorporated ...	26	2.6	2,600
The Minnesota Transfer Railway Company ... A	913	11 1/9	91,300
The Pullman Company ...	9,426	1.28	348,762
The St. Paul Union Depot Company ... A	1,036	12½	130,475
Miscellaneous ...	...	...	7,635
Total Capital Stocks	...	...	4,185,641
Bonds:			
Chicago Union Station Company: — Par Value			
First Mortgage Bonds, 3⅛% Series F, due July 1, 1963 ... $31,000	...	25	29,645
First Mortgage Bonds, 2⅞% Series G, due July 1, 1963 ... 19,000	...	25	17,634
Total Bonds	...	...	47,279
Note:			
Kansas City Terminal Railway Company ... A	...	8⅓	38,007
Advances:			
Chicago Union Station Company ...	...	25	4,696,538
Davenport, Rock Island & North Western Railway Company ...	...	50	1,292,906
Des Moines Union Railway Company ...	...	50	855,862
Kansas City Terminal Railway Company ...	...	8⅓	549,411
Packers Car Line Company ...	...	9.56	115,484
Railway Express Agency, Incorporated ...	...	2.6	751,804
The Minnesota Transfer Railway Company ...	...	11 1/9	330,094
The St. Paul Union Depot Company ...	...	12½	209,043
Sale Agreements:			
Best Built Company ...	...	...	48,750
Cargill, Incorporated ...	...	...	450,000
Fidmor Land Company ...	...	...	74,000
J. Lentin Lumber Company ...	...	...	53,200
Monarch Warehouses, Incorporated ...	...	...	33,440
Samuel A. and Catherine Pupo ...	...	...	11,988
Steven J. Kipper, Jr. ...	...	...	42,919
Thisted Motor Company ...	...	...	23,040
Other companies and individuals ...	...	...	63,769
Total Bonds, Notes, Advances and Sale Agreements	...	...	9,687,534
Total Jointly-Owned Terminal, Switching, and Other Companies	...	...	13,873,175
Total Investments	...	...	$17,157,675

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

ACCOUNT	BALANCE AT JANUARY 1	EXPENDITURES DURING THE YEAR	CREDITS FOR PROPERTY RETIRED DURING THE YEAR	BALANCE AT DECEMBER 31
ROAD:				
Engineering	$ 19,587,986	$ 43,622	$ 97,394	$ 19,534,214
Land for transportation purposes	39,080,027	61,361	76,617	39,064,771
Other right-of-way expenditures	356,419	9,549	347	365,621
Grading	143,206,950	89,285	232,540	143,063,695
Tunnels and subways	9,799,263	....	....	9,799,263
Bridges, trestles, and culverts	75,761,870	925,203	321,899	76,365,174
Elevated structures	120,234	....	120,234	....
Ties	34,696,690	95,667	154,358	34,637,999
Rails	68,586,900	410,428	266,442	68,730,886
Other track material	46,055,914	975,240	165,333	46,865,821
Ballast	26,490,847	36,414	84,228	26,443,033
Track laying and surfacing	33,068,914	120,882	136,000	33,053,796
Fences, snowsheds, and signs	5,397,822	1,901	2,420	5,397,303
Station and office buildings	26,900,151	244,953	422,745	26,722,359
Roadway buildings	2,153,940	16,122	54,093	2,115,969
Water stations	1,356,136	13,477	185,126	1,184,487
Fuel stations	780,639	1,444	34,121	747,962
Shops and enginehouses	20,288,225	187,578	411,060	20,064,743
Storage warehouses	64,613	....	264	64,349
Wharves and docks	1,608,251	764	....	1,609,015
Communication systems	5,870,353	227,359	36,249	6,061,463
Signals and interlockers	20,442,928	401,307	185,530	20,658,705
Power plants	1,597,198	4,758	12,508	1,589,448
Power-transmission systems	9,752,158	7,012	20,132	9,739,038
Miscellaneous structures	677,950	1,534	3,267	676,217
Roadway machines	5,882,916	1,456,764	121,789	7,217,891
Roadway small tools	322,541	4,376	1,655	325,262
Public improvements—Construction	14,418,506	138,113	55,115	14,501,504
Other expenditures—Road	335	....	....	335
Shop machinery	7,387,428	200,543	253,689	7,334,282
Power-plant machinery	5,415,212	131,082	31,540	5,514,754
TOTAL ROAD	627,129,316	5,806,738	3,486,695	629,449,359
EQUIPMENT:				
Other locomotives	120,621,593	1,909,646	389,771	122,141,468
Freight-train cars	158,846,826	17,514,396	11,524,324	164,836,898
Passenger-train cars	31,734,445	71,778	177,178	31,629,045
Floating equipment	278,731	....	....	278,731
Work equipment	6,968,415	147,606	222,988	6,893,033
Miscellaneous equipment	1,976,568	315,416	116,398	2,175,586
TOTAL EQUIPMENT	320,426,578	19,958,842	12,430,659	327,954,761
GENERAL EXPENDITURES	38,573,132	....	164,773	38,408,359
IMPROVEMENTS ON LEASED PROPERTY	619,412	....	1,353	618,059
TOTAL OPERATING PROPERTIES	986,748,438	25,765,580	16,083,480	996,430,538
MISCELLANEOUS PHYSICAL PROPERTY:				
Non-operating property	8,457,784	214,022	1,212,909	7,458,897
Track material loaned	183,761	12,349	5,990	190,120
TOTAL MISCELLANEOUS PHYSICAL PROPERTY	8,641,545	226,371	1,218,899	7,649,017
TOTAL PROPERTIES BEFORE RECORDED DEPRECIATION	$995,389,983	$25,991,951	$17,302,379	$1,004,079,555

CONTINGENT LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES AS OF DECEMBER 31, 1958

Items	Principal Amount Outstanding Dec. 31, 1958
Chicago Union Station Company:	
1. First Mortgage Bonds, 3⅛%, Series F, due July 1, 1963	$ 14,817,000
2. First Mortgage Bonds, 2⅞%, Series G, due July 1, 1963	35,063,000
3. Note 4¾%, due October 1, 1959	2,500,000
	52,380,000
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	7,760,000
2. Equipment Trust Certificates, 2⅜%, due May 1, 1959	205,000
3. Equipment Trust Certificates, 2⅜%, due annually September 15, 1959 to September 15, 1964	1,188,000
4. Equipment Trust Certificates, 2¼%, due annually February 15, 1959 to February 15, 1965	840,000
	9,993,000
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, 1959 to October 1, 1974	40,070,000
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	1,542,800
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	11,374,000
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	$115,359,800

LONG-TERM DEBT, DECEMBER 31, 1958

Description	Date of Issue	Date of Maturity	Amount Originally Issued or Assumed	Amount as of Dec. 31, 1958	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	$ 54,462,400	$ 374,400	$ 54,088,000	4	J. & J.	$ 2,164,546
General mortgage income bonds, Series A	Jan. 1, 1944	Jan. 1, 2019	57,256,600	37,076,300	283,000	36,793,300	4½	April	1,669,145
General mortgage convertible income bonds, Series B	Jan. 1, 1944	Jan. 1, 2044	51,422,100	37,445,300	2,073,700	35,371,600	4½	April	1,591,747
Five per cent income debentures, Series A	Jan. 1, 1955	Jan. 1, 2055	60,000,000	59,100,000	300,000	58,800,000	5	M. & S.	2,940,000
The Bedford Belt Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	350,000	333,000	*120,000	213,000	4¼	J.A. & J.	9,272
The Southern Indiana Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	7,287,000	7,248,000	189,000	7,059,000	4¼	J.A. & J.	301,375
Chicago, Terre Haute and Southeastern Ry. Co.:									
First and refunding mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	9,571,000	9,571,000	**1,943,000	7,628,000	4¼	J.A. & J.	327,171
Income mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	6,335,800	6,335,800	1,516,000	4,819,800	4¼	J.A. & J.	205,131
Equipment obligations (See details below)			180,625,264	69,601,067	....	69,601,067			2,083,572
Total long-term debt			$432,362,864	$281,172,867	$6,799,100	$274,373,767			$11,291,959

*$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, 1958

Description	Date of Lease or Agreement	Date of Final Maturity	Original Cost of Equipment	Amount Originally Issued	Amount Outstanding Dec. 31, 1958	Principal Payable During 1959	Interest: Rate Per Cent	Interest: Payable	Interest: Accrued During Year
Equipment Trust Certificates:									
Series BB	Apr. 1, 1948	Apr. 1, 1958	$ 3,530,422	$ 2,640,000	....	....	2⅛	A. & O.	$ 701
Series CC	Feb. 1, 1948	Feb. 1, 1958	6,798,971	5,040,000	....	....	2¼	F. & A.	472
Series DD	June 1, 1948	June 1, 1958	9,514,365	7,120,000	....	....	2	J. & D.	2,967
Series EE	July 1, 1948	July 1, 1958	5,361,471	3,820,000	....	....	2	J. & J.	1,910
Series FF	Oct. 1, 1948	Oct. 1, 1958	8,936,781	6,600,000	....	....	2¼	A. & O.	7,425
Series GG	Jan. 1, 1949	Jan. 1, 1959	6,094,321	4,540,000	$ 227,000	$ 227,000	2⅛	J. & J.	7,237
Series HH	Apr. 1, 1949	Apr. 1, 1964	8,112,742	6,060,000	2,222,000	404,000	2⅜	A. & O.	57,570
Series JJ	Sept. 1, 1949	Sept. 1, 1964	7,604,384	5,640,000	2,256,000	376,000	2⅛	M. & S.	51,269
Series KK	Oct. 1, 1949	Oct. 1, 1964	6,026,868	4,500,000	1,800,000	300,000	2¼	A. & O.	43,875
Series LL	June 1, 1950	June 1, 1965	6,289,514	4,650,000	2,015,000	310,000	2¼	J. & D.	49,987
Series MM	Nov. 1, 1950	Nov. 1, 1965	7,251,863	5,430,000	2,534,000	362,000	2½	M. & N.	68,629
Series NN	June 1, 1951	June 1, 1961	7,254,678	5,300,000	1,325,000	530,000	2⅞	J. & D.	48,251
Series OO	Oct. 1, 1951	Oct. 1, 1966	10,053,530	7,500,000	4,000,000	500,000	2⅞	A. & O.	122,187
Series PP	Mar. 1, 1952	Mar. 1, 1967	3,215,855	2,400,000	1,360,000	160,000	2⅞	M. & S.	41,017
Series QQ	Sept. 1, 1952	Sept. 1, 1967	5,441,323	3,990,000	2,394,000	266,000	3⅛	M. & S.	78,276
Series RR	Jan. 1, 1954	Jan. 1, 1969	10,379,112	7,650,000	5,355,000	510,000	3⅛	J. & J.	171,329
Series SS	July 1, 1954	July 1, 1969	9,931,620	7,800,000	5,720,000	520,000	2¾	J. & J.	160,875
Series TT	Nov. 1, 1954	Nov. 1, 1969	9,141,903	7,200,000	5,280,000	480,000	2⅞	M. & N.	159,850
Series UU	Jan. 1, 1956	Jan. 1, 1971	9,655,380	7,500,000	6,250,000	500,000	3⅜	J. & J.	215,157
Series VV (1st Install.)	Feb. 1, 1957	Feb. 1, 1972	11,745,718	3,000,000	2,700,000	200,000	4	F. & A.	110,667
Series VV (2nd Install.)	Feb. 1, 1957	Feb. 1, 1972		6,000,000	5,400,000	400,000	4⅜	F. & A.	242,084
Series WW	Jan. 1, 1958	Jan. 1, 1973	6,814,810	5,400,000	5,220,000	360,000	4⅛	J. & J.	214,707
Conditional Sale Agreements:									
Continental Illinois National Bank and Trust Company of Chicago, Assignee of the Sellers:									
Pullman-Standard Car Manufacturing Co.	May 1, 1958	Nov. 1, 1973	4,920,125	4,920,125	4,920,125	328,008	4.40	M. & N.	57,985
General American Transportation Corporation	May 1, 1958	Nov. 1, 1973	5,555,319	5,555,319	5,555,319	370,355	4.40	M. & N.	48,914
The First National Bank of Chicago, Assignee of the Sellers:									
Fairbanks, Morse & Co.	July 1, 1951	Jan. 1, 1960	3,629,985	2,718,000	390,867	377,166	3.10	J.A.J.&O.	16,395
Pacific Car & Foundry Co.	May 1, 1956	Nov. 1, 1964	1,843,205	1,428,400	1,076,313	169,089	3.95	F.M.A.&N.	45,477
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	391,016	152,909	3	F.M.A.&N.	13,781
Fairbanks, Morse & Co.	July 15, 1953	Nov. 1, 1961	531,102	396,000	159,693	51,648	3	F.M.A.&N.	5,484
American Locomotive Co.	July 15, 1953	Nov. 1, 1961	529,935	396,000	159,693	51,648	3	F.M.A.&N.	5,484
Baldwin-Lima-Hamilton Corporation	July 15, 1953	Nov. 1, 1961	357,568	264,000	106,462	34,432	3	F.M.A.&N.	3,656
Seattle-First National Bank, Assignee of the Sellers:									
Baldwin-Lima-Hamilton Corporation	Sept. 1, 1953	Nov. 1, 1961	357,568	264,000	107,338	34,593	3.35	F.M.A.&N.	4,112
General Motors Corpn. (Electro-Motive Div.)	Sept. 1, 1953	Nov. 1, 1961	1,670,914	1,236,000	502,532	161,956	3.35	F.M.A.&N.	19,254
American Locomotive Co.	Sept. 1, 1953	Feb. 1, 1962	529,935	396,000	173,709	51,457	3.35	F.M.A.&N.	6,588
Total equipment obligations			$180,625,264	$138,508,844	$69,601,067	$ 8,188,261			$2,083,572

Payments Maturing in Years Ending:

December 31, 1959	$ 8,188,261	December 31, 1964	$ 6,304,678	December 31, 1969	$ 3,413,363
December 31, 1960	7,621,805	December 31, 1965	5,111,363	December 31, 1970	2,158,363
December 31, 1961	7,286,164	December 31, 1966	4,594,363	December 31, 1971	1,908,363
December 31, 1962	6,550,653	December 31, 1967	4,014,363	December 31, 1972	1,358,363
December 31, 1963	6,544,239	December 31, 1968	3,668,363	December 31, 1973	878,363
				Total	$69,601,067

MILES OF ROAD BY STATES, DECEMBER 31, 1958

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	155.91	36.79	....	....	....	....	192.70
Iowa	#1,199.93	515.24	.08	.04	.10	66.51	1,781.90
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	....	....	16.51	155.97
Montana	747.53	473.22	....	29.99	....	.46	1,251.20
Nebraska	....	....	....	....	....	5.62	5.62
North Dakota	102.50	263.29	....	1.10	....	....	366.89
South Dakota	1,039.09	695.28	....	....	....	....	1,734,37
Washington	314.69	474.27	26.88	50.02	....	201.10	1,066.96
Wisconsin	1,039.31	473.03	....	16.34	....	70.51	1,599.19
Total	6,090.11	3,632.25	43.83	120.58	.10	704.26	10,591.13

#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, 1958

Items	Owned Solely	Owned Jointly	Leased	Trackage Rights	Total
Miles of Road (First Main Track):					
Operated	*9,722.36	164.41	.10	704.26	10,591.13
Not operated	3.62	....	....	....	3.62
Additional Main Tracks:					
Operated	709.38	14.17	.41	313.31	1,037.27
Not operated	....	....	....	....	....
Yard Tracks and Sidings:					
Operated	*3,225.02	261.87	2.19	491.78	3,980.86
Not operated	3.03	31.48	....	....	34.51
Total operated	13,656.76	440.45	2.70	1,509.35	15,609.26
Total not operated	6.65	31.48	....	....	38.13
Grand Total	13,663.41	471.93	2.70	1,509.35	15,647.39

*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	1958	1957	Increase	Decrease
Freight	$205,329,657	$212,469,079		$ 7,139,422
Passenger	14,475,155	15,415,391		940,236
Baggage	67,523	28,568	$ 38,955	
Parlor and chair car	102,733	128,070		25,337
Mail	8,410,072	8,646,395		236,323
Express	3,051,441	3,419,392		367,951
Other passenger-train	90,490	109,509		19,019
Milk	49,093	69,630		20,537
Switching	6,381,289	6,678,131		296,842
Total Transportation Revenue	237,957,453	246,964,165		9,006,712
Incidental				
Dining and buffet	1,595,041	1,801,013		205,972
Station, train, and boat privileges	56,149	59,605		3,456
Storage—Freight	10,800	11,973		1,173
Storage—Baggage	3,836	4,977		1,141
Demurrage	1,039,312	1,037,003	2,309	
Communication	79,607	91,453		11,846
Rents of buildings and other property	236,823	226,271	10,552	
Miscellaneous	473,634	558,154		84,520
Total Incidental Operating Revenue	3,495,202	3,790,449		295,247
Joint Facility				
Joint facility—Credit	2,824,016	3,288,320		464,304
Joint facility—Debit	(13,863)	(15,748)		(1,885)
Total Joint Facility Operating Revenue	2,810,153	3,272,572		462,419
Total Railway Operating Revenues	$244,262,808	$254,027,186		$ 9,764,378

( ) Denotes contra items.

RAILWAY OPERATING EXPENSES

Maintenance of Way and Structures	1958	1957	Increase	Decrease
Superintendence	$ 3,312,718	$ 3,161,681	$ 151,037	
Roadway maintenance	2,934,607	3,151,687		$ 217,080
Tunnels and subways	26,668	58,638		31,970
Bridges, trestles, and culverts	1,358,672	1,706,908		348,236
Ties	1,637,155	2,609,947		972,792
Rails	1,759,904	576,493	1,183,411	
Other track material	2,393,468	2,107,392	286,076	
Ballast	367,904	375,840		7,936
Track laying and surfacing	8,015,429	8,110,315		94,886
Fences, snowsheds, and signs	422,125	530,550		108,425
Station and office buildings	1,127,939	1,408,536		280,597
Roadway buildings	97,173	112,628		15,455
Water stations	25,516	35,978		10,462
Fuel stations	25,390	36,906		11,516
Shops and enginehouses	665,608	869,931		204,323
Storage warehouses	(23)	5,181	(5,204)	

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

	1958	1957	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES				
Wharves and docks	$ 8,719	$ 19,147	....	$ 10,428
Communication systems	833,015	1,000,909	....	167,894
Signals and interlockers	1,797,125	2,044,137	....	247,012
Power plants	38,720	39,505	....	785
Power-transmission systems	384,738	358,730	$ 26,008	....
Miscellaneous structures	7,382	8,837	....	1,455
Road property—Depreciation	4,867,977	4,770,131	97,846	....
Retirements—Road	317,523	600,511	....	282,988
Roadway machines	829,559	755,618	73,941	....
Dismantling retired road property	259,747	333,419	....	73,672
Small tools and supplies	758,860	815,492	....	56,632
Removing snow, ice and sand	420,056	532,811	....	112,755
Public improvements—Maintenance	673,296	781,438	....	108,142
Injuries to persons	357,589	415,611	....	58,022
Insurance	59,594	46,004	13,590	....
Stationery and printing	79,053	81,735	....	2,682
Other expenses	518,721	603,210	....	84,489
Right-of-way expenses	30,763	38,779	....	8,016
Maintaining joint tracks, yards, and other facilities—Debit	2,831,583	2,924,920	....	93,337
Maintaining joint tracks, yards, and other facilities—Credit	(904,778)	(537,247)	(367,531)	....
TOTAL MAINTENANCE OF WAY AND STRUCTURES	38,339,495	40,492,308	....	2,152,813
MAINTENANCE OF EQUIPMENT				
Superintendence	1,648,034	1,682,728	....	34,694
Shop machinery	529,156	603,602	....	74,446
Power-plant machinery	159,431	172,788	....	13,357
Shop and power-plant machinery—Depreciation	285,096	286,587	....	1,491
Dismantling retired shop and power-plant machinery	2,389	4,516	....	2,127
Steam locomotives—Repairs	....	93	....	93
Other locomotives—Repairs	13,180,550	13,703,693	....	523,143
Freight-train cars—Repairs	9,853,766	12,109,560	....	2,255,794
Passenger-train cars—Repairs	3,778,725	4,334,514	....	555,789
Floating equipment—Repairs	....	(297)	....	(297)
Work equipment—Repairs	297,566	472,284	....	174,718
Miscellaneous equipment—Repairs	157,125	130,254	26,871	....
Dismantling retired equipment	82,930	93,944	....	11,014
Retirements—Equipment	(94,949)	(36,098)	(58,851)	....
Equipment—Depreciation	10,452,343	10,171,247	281,096	....
Injuries to persons	446,904	442,561	4,343	....
Insurance	99,903	65,466	34,437	....
Stationery and printing	50,562	50,723	....	161
Other expenses	603,823	681,499	....	77,676
Joint maintenance of equipment expenses—Debit	440,003	324,818	115,185	....
Joint maintenance of equipment expenses—Credit	(31,162)	(34,941)	....	(3,779)
TOTAL MAINTENANCE OF EQUIPMENT	41,942,195	45,259,541	....	3,317,346
TRAFFIC				
Superintendence	1,615,017	1,541,935	73,082	....
Outside agencies	3,657,965	3,570,329	87,636	....
Advertising	397,959	752,973	....	355,014
Traffic associations	278,513	266,537	11,976	....
Industrial and immigration bureaus	77,928	74,010	3,918	....
Insurance	673	811	....	138
Stationery and printing	271,846	217,397	54,449	....
Other expenses	36,669	37,380	....	711
TOTAL TRAFFIC EXPENSES	$ 6,336,570	$ 6,461,372	....	$ 124,802

( ) Denotes contra items.

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

	1958	1957	INCREASE	DECREASE
TRANSPORTATION				
Superintendence	$ 2,691,834	$ 2,695,402	....	$ 3,568
Dispatching trains	839,024	936,915	....	97,891
Station employees	13,887,662	14,325,469	....	437,807
Weighing, inspection, and demurrage bureaus	333,676	338,813	....	5,137
Station supplies and expenses	1,106,364	1,148,975	....	42,611
Yardmasters and yard clerks	4,114,815	4,074,934	$ 39,881	....
Yard conductors and brakemen	9,439,663	9,901,060	....	461,397
Yard switch and signal tenders	741,884	686,909	54,975	....
Yard enginemen	6,151,580	6,470,473	....	318,893
Yard switching fuel	957,515	1,011,333	....	53,818
Yard switching power purchased	9,785	12,503	....	2,718
Water for yard locomotives	9,801	12,278	....	2,477
Lubricants for yard locomotives	122,612	104,874	17,738	....
Other supplies for yard locomotives	48,656	55,398	....	6,742
Enginehouse expenses—Yard	540,506	614,556	....	74,050
Yard supplies and expenses	420,193	412,540	7,653	....
Operating joint yards and terminals—Debit	5,556,727	5,554,800	1,927	....
Operating joint yards and terminals—Credit	(719,100)	(676,468)	(42,632)	....
Train enginemen	9,895,124	10,042,657	....	147,533
Train fuel	7,422,354	8,501,211	....	1,078,857
Train power purchased	981,685	1,107,307	....	125,622
Water for train locomotives	124,707	136,186	....	11,479
Lubricants for train locomotives	990,738	1,121,105	....	130,367
Other supplies for train locomotives	198,224	220,533	....	22,309
Enginehouse expenses—Train	1,317,649	1,443,725	....	126,076
Trainmen	12,573,944	13,014,887	....	440,943
Train supplies and expenses	7,085,851	7,073,398	12,453	....
Operating sleeping cars	890,034	596,147	293,887	....
Signal and interlocker operation	1,011,076	972,834	38,242	....
Crossing protection	854,582	825,487	29,095	....
Drawbridge operation	261,847	240,474	21,373	....
Communication system operation	1,035,534	1,013,520	22,014	....
Operating floating equipment	10,864	9,953	911	....
Stationery and printing	329,983	374,641	....	44,658
Other expenses	889,933	878,693	11,240	....
Operating joint tracks and facilities—Debit	1,286,574	1,273,172	13,402	....
Operating joint tracks and facilities—Credit	(718,711)	(704,041)	(14,670)	....
Insurance	112,834	91,589	21,245	....
Clearing wrecks	198,295	223,332	....	25,037
Damage to property	169,287	129,017	40,270	....
Damage to live stock on right-of-way	68,088	71,306	....	3,218
Loss and damage—Freight	3,101,131	3,141,385	....	40,254
Loss and damage—Baggage	8,107	5,819	2,288	....
Injuries to persons	1,857,908	2,047,277	....	189,369
TOTAL TRANSPORTATION EXPENSES	98,210,839	101,532,378	....	3,321,539
MISCELLANEOUS OPERATIONS				
Dining and buffet service	2,975,796	3,368,213	....	392,417
Operating joint miscellaneous facilities—Debit	167,664	190,976	....	23,312
TOTAL MISCELLANEOUS OPERATIONS	3,143,460	3,559,189	....	415,729
GENERAL				
Salaries and expenses of general officers	1,216,126	923,391	292,735	....
Salaries and expenses of clerks and attendants	6,870,766	6,778,372	92,394	....
General office supplies and expenses	691,626	679,003	12,623	....
Law expenses	711,277	721,461	....	10,184
Insurance	2,273	2,696	....	423
Pensions and gratuities	837,252	705,231	132,021	....
Stationery and printing	293,199	299,335	....	6,136
Valuation expenses	42,594	38,747	3,847	....
Other expenses	515,713	495,861	19,852	....
General joint facilities—Debit	267,140	237,989	29,151	....
General joint facilities—Credit	(8,678)	(8,063)	(615)	....
TOTAL GENERAL EXPENSES	11,439,288	10,874,023	565,265	....
GRAND TOTAL RAILWAY OPERATING EXPENSES	$199,411,847	$208,178,811	....	$8,766,964

( ) Denotes contra items.

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

Items	1958 Amount	1958 Per Cent Ry. Oper. Revs.	1957 Amount	1957 Per Cent Ry. Oper. Revs.	1956 Amount	1956 Per Cent Ry. Oper. Revs.
Railway Operating Revenues:						
Freight	$205,329,657	84.06	$212,469,079	83.64	$209,719,695	82.61
Passenger	14,475,155	5.93	15,415,391	6.07	17,173,709	6.76
Mail	8,410,072	3.44	8,646,395	3.40	8,467,316	3.34
Express	3,051,441	1.25	3,419,392	1.35	3,968,087	1.56
Switching	6,381,289	2.61	6,678,131	2.63	6,423,837	2.53
All other transportation	309,839	.13	335,777	.13	395,530	.16
Incidental	3,495,202	1.43	3,790,449	1.49	4,789,497	1.89
Joint facility—Net Cr.	2,810,153	1.15	3,272,572	1.29	2,922,895	1.15
Total	244,262,808	100.00	254,027,186	100.00	253,860,566	100.00
Railway Operating Expenses:						
*Maintenance of way and structures	38,339,495	15.70	40,492,308	15.94	42,706,621	16.82
#Maintenance of equipment	41,942,195	17.17	45,259,541	17.82	45,971,070	18.11
Traffic expenses	6,336,570	2.59	6,461,372	2.54	6,186,575	2.44
Transportation expenses	98,210,839	40.21	101,532,378	39.97	101,608,851	40.02
Miscellaneous operations	3,143,460	1.29	3,559,189	1.40	3,924,376	1.55
General expenses	11,439,288	4.68	10,874,023	4.28	10,348,806	4.08
Total	199,411,847	81.64	208,178,811	81.95	210,746,299	83.02
Net Revenue From Railway Operations	44,850,961	18.36	45,848,375	18.05	43,114,267	16.98
Railway Tax Accruals:						
Federal income	836,000	.34	1,262,000	.50	(51,000)	(.02)
Property, payroll and other	18,350,000	7.51	18,803,000	7.40	18,338,000	7.22
Total	19,186,000	7.85	20,065,000	7.90	18,287,000	7.20
Equipment Rents—Net Dr.	6,155,763	2.52	6,699,509	2.64	4,839,601	1.91
Point Facility Rents—Net Dr.	2,638,205	1.08	2,665,173	1.05	2,642,732	1.04
Net Railway Operating Income	$ 16,870,993	6.91	$ 16,418,693	6.46	$ 17,344,934	6.83
*Includes for depreciation, amortization and retirement charges—Road	$ 5,185,500	2.12	$ 5,370,642	2.11	$ 5,045,008	1.99
#Includes for depreciation, amortization and retirement charges—Equipment	$ 10,642,490	4.36	$ 10,421,736	4.10	$ 9,946,860	3.92

RAILWAY OPERATING REVENUES, EXPENSES, TAXES AND INCOME BY MONTHS FOR THE YEAR ENDED DECEMBER 31, 1958

1958	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	$ 19,350,906	$ 17,058,538	$ 2,292,368	$ 1,568,000	$ 724,368	$ 567,356	$ 229,063	$ (72,051)
February	17,510,516	15,363,546	2,146,970	1,538,000	608,970	518,865	210,695	(120,590)
March	18,475,899	15,933,911	2,541,988	1,538,000	1,003,988	578,287	211,094	214,607
April	18,386,343	15,912,311	2,474,032	1,536,000	938,032	471,660	202,391	263,981
May	19,154,252	16,187,458	2,966,794	1,540,000	1,426,794	567,110	225,572	634,112
June	20,028,846	16,148,426	3,880,420	1,527,000	2,353,420	545,314	219,606	1,588,500
July	20,684,120	17,118,839	3,565,281	1,583,000	1,982,281	609,726	235,685	1,136,870
August	23,473,381	17,826,470	5,646,911	1,608,000	4,038,911	779,400	224,164	3,035,347
September	23,840,946	17,944,384	5,896,562	1,549,000	4,347,562	529,002	235,897	3,582,663
October	23,436,951	17,483,110	5,953,841	1,890,000	4,063,841	493,747	219,682	3,350,412
November	19,514,174	15,881,942	3,632,232	1,636,000	1,996,232	364,057	193,259	1,438,916
December	20,406,474	16,552,912	3,853,562	1,673,000	2,180,562	131,239	231,097	1,818,226
Total	$244,262,808	$199,411,847	$ 44,850,961	$ 19,186,000	$ 25,664,961	$ 6,155,763	$ 2,638,205	$ 16,870,993

( )Denotes contra items.

REVENUE FREIGHT TRAFFIC STATISTICS—EXCLUDING TRUCK SERVICE

Year	Tons Carried	Ton Miles	Average Haul—Miles	Freight Revenue Total	Freight Revenue Per Ton	Freight Revenue Per Ton Mile (Cents)
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
1958	40,117,213	13,884,510,331	346.10	205,489,920	5.12	1.480

REVENUE PASSENGER STATISTICS—EXCLUDING BUS SERVICE

Year	Passengers Carried	Passenger Miles	Average Distance Traveled—Miles	Passenger Revenue Total	Passenger Revenue Per Passenger	Passenger Revenue Per Passenger Mile (Cents)
Other Than Commutation						
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
1958	2,889,740	549,258,597	190.07	12,969,955	4.49	2.361
Commutation						
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
1958	4,338,777	103,055,843	23.75	1,567,002	.36	1.521
Total						
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
1958	7,228,517	652,314,440	90.24	14,536,957	2.01	2.229

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

STATISTICS OF OPERATIONS

Items	Freight Trains		Passenger Trains		Total Transportation Service	
	1958	1957	1958	1957	1958	1957
Rail-Line						
Average miles of road operated	10,583	10,603	4,175	4,606	10,590	10,611
Train Miles						
Ordinary (with locomotives)	10,265,754	10,983,872	7,197,985	7,838,826	17,463,739	18,822,698
Light (with locomotives)	25,811	36,914			25,811	36,914
Total (with locomotives)	10,291,565	11,020,786	7,197,985	7,838,826	17,489,550	18,859,612
Motor car trains			78,416	115,457	78,416	115,457
Total train miles	10,291,565	11,020,786	7,276,401	7,954,283	17,567,966	18,975,069
Locomotive Miles						
Principal	10,294,827	11,022,680	7,197,985	7,838,826	17,492,812	18,861,506
Helper	141,859	163,966	1,587	1,961	143,446	165,927
Light	166,551	207,013	52,464	53,925	219,015	260,938
Train switching	888,972	940,735			888,972	940,735
Yard switching	5,937,659	6,638,216	445,157	466,568	6,382,816	7,104,784
Total locomotive miles	17,429,868	18,972,610	7,697,193	8,361,280	25,127,061	27,333,890
Car Miles						
Loaded freight cars	455,318,024	486,133,817	57,198	96,985	455,375,222	486,230,802
Empty freight cars	284,102,585	293,519,292	9,277	1,683	284,111,862	293,520,975
Total loaded and empty freight cars	739,420,609	779,653,109	66,475	98,668	739,487,084	779,751,777
Caboose	10,508,725	11,194,501	2,953	24,027	10,511,678	11,218,528
Total freight car miles	749,929,334	790,847,610	69,428	122,695	749,998,762	790,970,305
Passenger coaches	10,059	23,070	24,016,432	25,561,413	24,026,491	25,584,483
Sleeping and parlor cars (Company)			1,813,647	2,087,288	1,813,647	2,087,288
Sleeping cars (Pullman)	55,803	52,501	14,222,821	14,836,962	14,278,624	14,889,463
Club, lounge, dining and observation cars	1,869	5,412	5,873,832	6,334,947	5,875,701	6,340,359
Combination passenger and head end cars	770,336	856,865	124,713	143,309	895,049	1,000,174
Mail, express and baggage cars	2,203,674	1,657,221	23,111,229	26,383,724	25,314,903	28,040,945
Business cars	37,665	34,478	145,371	146,871	183,036	181,349
Crew cars (other than caboose)				5,912		5,912
Total passenger car miles	3,079,406	2,629,547	69,308,045	75,500,426	72,387,451	78,129,973
Grand total car miles	753,008,740	793,477,157	69,377,473	75,623,121	822,386,213	869,100,278
Gross Ton Miles						
Locomotives and tenders (thousands)	3,411,068	3,556,985	2,238,677	2,518,748	5,649,745	6,075,733
Freight cars, contents, and cabooses (thousands)	32,256,515	34,097,105	2,807	4,550	32,259,322	34,101,655
Passenger cars, and contents (thousands)	156,773	139,642	4,476,768	4,652,140	4,633,541	4,791,782
Total freight and passenger (thousands)	32,413,288	34,236,747	4,479,575	4,656,690	36,892,863	38,893,437
Train Hours						
Train hours in road service	525,216	572,708	164,016	181,107	689,232	753,815
Revenue and Nonrevenue Freight Traffic						
Tons of revenue freight					40,117,213	42,951,573
Tons of nonrevenue freight					1,065,549	1,178,848
Total tons of freight					41,182,762	44,130,421
Net ton miles revenue freight (thousands)					13,884,510	14,614,118
Net ton miles nonrevenue freight (thousands)					386,445	466,991
Total net ton miles of freight (thousands)	14,269,824	15,079,235	1,131	1,874	14,270,955	15,081,109
Revenue Passenger Traffic						
Passengers carried					7,228,517	7,018,047
Passenger miles					652,314,440	686,578,050
Motor Vehicle Operations Excluded Above						
Net ton miles revenue freight (thousands)					1,525	1,825
Passengers carried					6,412	8,476
Passenger miles					1,319,040	1,373,594

STATISTICS OF OPERATIONS—CONCLUDED

ITEMS	1958	1957	1956	1955	1954	1953
FREIGHT TRAIN STATISTICS AND AVERAGES						
Gross ton miles, trailing (thousands)	32,413,288	34,236,747	36,203,655	36,228,284	33,951,476	36,730,763
Eastbound	18,125,895	18,805,435	19,734,331	19,787,705	18,518,625	19,663,555
Westbound	14,287,393	15,431,312	16,469,324	16,440,579	15,432,851	17,067,208
Steam	....	....	135	133,258	1,630,515	6,502,008
Diesel-electric	29,705,585	31,129,417	32,597,742	32,536,016	29,179,033	26,994,636
Electric	2,707,703	3,107,330	3,605,778	3,559,010	3,141,928	3,234,119
Per cent steam	....	....	....	.4%	4.8%	17.7%
Per cent Diesel-electric	91.6%	90.9%	90.0%	89.8%	85.9%	73.5%
Per cent electric	8.4%	9.1%	10.0%	9.8%	9.3%	8.8%
Loaded freight cars per train	44.3	44.3	44.6	43.4	42.2	42.1
Empty freight cars per train	27.7	26.7	24.7	23.5	24.6	23.1
Total freight cars per train	72.0	71.0	69.3	66.9	66.8	65.2
Gross tons per train	3,157	3,117	3,070	2,969	2,903	2,871
Net tons per train	1,390	1,373	1,370	1,323	1,269	1,276
Net tons per loaded car	31.3	31.0	30.7	30.5	30.1	30.3
Miles per car per day (serviceable freight)	35.7	37.0	38.7	37.7	34.9	36.3
Net ton miles per freight car-day	655	673	715	702	620	675
Train speed (train miles per train hour)	19.6	19.2	19.1	19.0	18.3	17.7
Gross ton miles (trailing) per train hour	61,714	59,780	58,328	56,315	53,014	50,439
PASSENGER TRAIN STATISTICS AND AVERAGES						
Passenger car miles (excluding motor)	69,087,808	75,256,765	86,613,202	72,582,117	79,508,739	85,057,114
Steam	....	....	13,184	16,967	1,851,183	5,271,801
Diesel-electric	65,218,200	71,665,998	81,157,901	66,905,429	69,380,723	69,859,772
Electric	3,869,608	3,590,767	5,442,117	5,659,721	8,276,833	9,925,541
Per cent steam	....	....	....	....	2.3%	6.2%
Per cent Diesel-electric	94.4%	95.2%	93.7%	92.2%	87.3%	82.1%
Per cent electric	5.6%	4.8%	6.3%	7.8%	10.4%	11.7%
Cars per train (excluding motor)	9.60	9.60	9.84	8.91	8.83	9.31
Revenue passengers per train	89.8	86.5	89.4	81.2	75.6	79.8
Revenue passengers per car	16.1	16.0	16.8	17.5	16.2	16.6
Train speed (train miles per train hour)	44.4	43.9	44.7	42.9	41.5	41.0
YARD SWITCHING STATISTICS						
Yard switching hours	1,063,803	1,184,130	1,251,620	1,274,248	1,278,517	1,415,895
Steam	....	....	7	11,279	113,008	260,762
Diesel-electric	1,056,660	1,174,874	1,235,025	1,246,748	1,149,502	1,139,343
Electric	7,143	9,256	16,588	16,221	16,007	15,790
Per cent steam	....	....	....	.9%	8.8%	18.4%
Per cent Diesel-electric	99.3%	99.2%	98.7%	97.8%	89.9%	80.5%
Per cent electric	.7%	.8%	1.3%	1.3%	1.3%	1.1%
DENSITY STATISTICS						
Per mile of road per day (freight service):						
Train miles, ordinary	2.7	2.8	3.0	3.1	3.0	3.3
Net ton miles	3,694	3,896	4,153	4,161	3,824	4,197
Per mile of road per day (passenger service):						
Train miles	4.8	4.7	5.3	4.8	5.1	5.0
Car miles	45.5	45.0	51.7	42.5	44.9	45.8

REVENUE FREIGHT BY PRINCIPAL COMMODITIES—1958 AND 1957

Commodities	1958		1957		Increase + or Decrease −		
	Tons Carried	Percent of Total	Tons Carried	Percent of Total		Tons	Percent
Products of Agriculture:							
Wheat	1,837,260	4.6	1,805,349	4.2	+	31,911	1.8
Corn	1,823,263	4.5	2,052,830	4.8	−	229,567	11.2
Barley and rye	925,284	2.3	673,843	1.6	+	251,441	37.3
Oats	433,994	1.1	310,372	.7	+	123,622	39.8
Flour, meal and mill products	1,234,267	3.1	1,245,674	2.9	−	11,407	.9
Citrus fruits	44,964	.1	59,779	.1	−	14,815	24.8
Other fruits, fresh and frozen	140,123	.4	137,230	.3	+	2,893	2.1
Potatoes, other than sweet	257,124	.6	289,828	.7	−	32,704	11.3
Other vegetables, fresh and frozen	112,755	.3	120,201	.3	−	7,446	6.2
Sugar beets	193,185	.5	164,468	.3	+	28,717	17.5
Other products of agriculture	1,492,171	3.7	1,535,561	3.6	−	43,390	2.8
Total	8,494,390	21.2	8,395,135	19.5	+	99,255	1.2
Animals and Products:							
Cattle, calves, sheep and goats	223,881	.6	225,506	.5	−	1,625	.7
Swine	40,823	.1	43,662	.1	−	2,839	6.5
Fresh meats	437,574	1.1	444,333	1.1	−	6,759	1.5
Poultry, eggs, butter and cheese	154,846	.4	138,905	.3	+	15,941	11.5
Wool, hides and leather	160,374	.4	157,002	.4	+	3,372	2.1
Other animals and products	222,318	.5	256,571	.6	−	34,253	13.4
Total	1,239,816	3.1	1,265,979	3.0	−	26,163	2.1
Products of Mines:							
Bituminous coal	5,642,347	14.1	6,151,718	14.3	−	509,371	8.3
Coke	259,583	.6	339,952	.8	−	80,369	23.6
Ores and concentrates	344,134	.9	448,257	1.1	−	104,123	23.2
Gravel and sand	1,354,194	3.4	1,584,175	3.7	−	229,981	14.5
Stone, broken, ground or crushed	1,195,968	3.0	1,026,360	2.4	+	169,608	16.5
Stone, rough and finished	100,431	.2	146,941	.3	−	46,510	31.7
Asphalt	249,947	.6	243,540	.6	+	6,407	2.6
Salt	155,260	.4	179,599	.4	−	24,339	13.6
Other products of mines	894,650	2.2	1,040,483	2.4	−	145,833	14.0
Total	10,196,514	25.4	11,161,025	26.0	−	964,511	8.6
Products of Forests:							
Logs, posts, poles and cordwood	1,407,703	3.5	1,451,390	3.4	−	43,687	3.0
Pulpwood	886,674	2.2	1,064,382	2.5	−	177,708	16.7
Lumber and mill products	2,354,734	5.9	2,258,323	5.2	+	96,411	4.3
Veneer and built-up wood	419,067	1.0	398,734	.9	+	20,333	5.1
Other products of forests	274,831	.7	297,858	.7	−	23,027	7.7
Total	5,343,009	13.3	5,470,687	12.7	−	127,678	2.3
Manufactures and Miscellaneous:							
Refined petroleum and products	1,115,494	2.8	1,253,556	2.9	−	138,062	11.0
Sugar, table syrups and molasses	289,373	.7	274,795	.6	+	14,578	5.3
Iron and steel products	1,937,756	4.9	2,918,961	6.8	−	981,205	33.6
Machinery and boilers	248,240	.6	320,158	.8	−	71,918	22.5
Cement	1,202,552	3.0	1,064,324	2.5	+	138,228	13.0
Brick, building tile and artificial stone	185,656	.5	217,715	.5	−	32,059	14.7
Lime and plaster	82,843	.2	102,924	.2	−	20,081	19.5
Agricultural implements, tractors and parts	205,926	.5	204,018	.5	+	1,908	.9
Autos, trucks, parts and tires	536,538	1.3	644,949	1.5	−	108,411	16.8
Beverages	795,468	2.0	869,211	2.0	−	73,743	8.5
Ice	33,342	.1	37,032	.1	−	3,690	10.0
Fertilizers	527,696	1.3	461,350	1.1	+	66,346	14.4
Paper and paper products	1,161,616	2.9	1,175,177	2.7	−	13,561	1.2
Canned food products	974,599	2.4	975,210	2.3	−	611	.1
Scrap iron and scrap steel	569,247	1.4	823,385	1.9	−	254,138	30.9
Building paper, roofing and woodwork	403,616	1.0	383,032	.9	+	20,584	5.4
Other manufactures and miscellaneous	4,365,430	10.9	4,695,610	10.9	−	330,180	7.0
Total	14,635,392	36.5	16,421,407	38.2	−	1,786,015	10.9
Grand Total Carload Traffic	39,909,121	99.5	42,714,233	99.4	−	2,805,112	6.6
All L.C.L. Freight	208,092	.5	237,340	.6	−	29,248	12.3
Grand Total, Carload and L.C.L. Traffic	40,117,213	100.0	42,951,573	100.0	−	2,834,360	6.6

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
1958	23,402	128,237,334	5,480	119,269	128,356,603	123,103,272	5,253,331

NUMBER OF EMPLOYEES AND COMPENSATION BY STATES 1958

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	6,722	$ 36,835,926	$5,480	$ 26,343	$ 36,862,269
Iowa	2,339	12,867,083	5,501	11,376	12,878,459
Wisconsin	6,126	32,601,831	5,322	26,349	32,628,180
Minnesota	2,870	15,115,351	5,267	9,529	15,124,880
Michigan	137	898,066	6,555	0	898,066
Missouri	381	2,154,252	5,654	10,230	2,164,482
Indiana	338	1,932,040	5,716	8,680	1,940,720
South Dakota	1,040	5,654,116	5,437	2,397	5,656,513
North Dakota	122	568,209	4,657	2,790	570,999
Montana	1,407	8,174,265	5,810	21,458	8,195,723
Idaho	139	679,054	4,885	0	679,054
Washington	1,616	9,660,937	5,978	117	9,661,054
All other	165	1,096,204	6,644	0	1,096,204
Total	23,402	$128,237,334	$5,480	$119,269	$128,356,603

EQUIPMENT OWNED

	Jan. 1, 1958 Number	Added (New)	Retired	All Other Including Reclassifications	December 31, 1958 Number	December 31, 1958 Capacity
Locomotives						Tractive Pwr. (Pounds)
Diesel-Electric (Units):						
Freight	213			+ 3	216	12,975,412
Passenger	87		2	− 3	82	4,835,770
Multiple purpose	221	10	2		229	14,234,848
Switching	286				286	16,967,617
Electric (Units):						
Freight	83			+ 2	85	5,389,075
Passenger	12			− 2	10	896,772
Switching	3				3	123,000
Total	905	10	4		911	55,422,494
Freight Cars						Tons
Box	28,892	1,100	3,180	+ 1	26,813	1,265,707
Gondola	9,529	55	655		8,929	505,650
Hopper	4,663	349	490		4,522	254,940
Ballast	851		108	*+ 105	848	59,360
Ore	794				794	55,580
Stock	3,345		39		3,306	132,230
Flat	4,459	50	571		3,938	193,714
Refrigerator	638		1		637	28,455
Tank	17		7		10	500
Caboose	524		41		483	
Total	53,712	1,554	5,092	+ 106	50,280	2,496,136
Passenger Cars						Passengers
Coaches	312		3		309	22,502
Sleepers	60				60	1,537
Parlor	14				14	530
Parlor cafe	6				6	240
Dining	32				32	1,517
Tap, lounge & observation	12				12	1,064
Baggage, express and mail	304		6		298	
Passenger and baggage	17		3		14	424
Passenger, mail and baggage	6				6	144
Rail motor cars	2				2	
Total	765		12		753	27,958
Company Service Equipment						
Business cars	11			− 1	10	
Ballast and dump cars	86				86	
Derrick cars	18				18	
Boarding outfit cars	387		23	+ 5	369	
Snow removing cars	150		9		141	
Other company service equipment	1,357		103	+ 59	1,313	
Total	2,009		135	+ 63	1,937	
Floating Equipment						
Car floats	4				4	
Highway Vehicles						
Passenger automobiles	210	15	12		213	
Trucks	357	59	34		382	
Other	146	18	12		152	
Total	713	92	58		747	

	Ledger Value December 31, 1958	Ledger Value December 31, 1957	Increase or Decrease
Locomotives	$122,141,468	$120,621,593	Inc. $1,519,875
Freight cars	164,836,898	158,846,826	Inc. 5,990,072
Passenger cars	31,629,045	31,734,445	Dec. 105,400
Work equipment	6,893,033	6,968,415	Dec. 75,382
Floating equipment	278,731	278,731	—
Miscellaneous equipment	2,175,586	1,976,568	Inc. 199,018
Total	$327,954,761	$320,426,578	Inc. $7,528,183

*Rebuilt

MILWAUKEE LAND COMPANY INCOME ACCOUNT

INCOME	1958	1957	INCREASE	DECREASE
TOWNSITE DIVISION				
SALES:				
Real estate	$ 27,519	$ 188,490	....	$ 160,971
Cost of real estate sold	(27,901)	(139,976)	....	(112,075)
GROSS PROFIT FROM SALES	(382)	48,514	....	48,896
OTHER INCOME:				
Rents	16,601	10,206	$ 6,395	....
Interest	54,441	57,547	....	3,106
All other	463	250	213	....
TOTAL OTHER INCOME	71,505	68,003	3,502	....
TOTAL INCOME—TOWNSITE DIVISION	71,123	116,517	....	45,394
TIMBER DIVISION				
SALES:				
Timber land and timber	1,316,053	1,172,861	143,192	....
Cost of land and timber sold	(69,070)	(68,877)	(193)	....
GROSS PROFIT FROM SALES	1,246,983	1,103,984	142,999	....
OTHER INCOME:				
Rents and royalties	6,248	8,574	....	2,326
Interest	15,334	63,472	....	48,138
All other	96	....	96	....
TOTAL OTHER INCOME	21,678	72,046	....	50,368
TOTAL INCOME—TIMBER DIVISION	1,268,661	1,176,030	92,631	....
TOTAL INCOME—TOWNSITE AND TIMBER DIVISIONS	1,339,784	1,292,547	47,237	....
EXPENSES				
TOWNSITE DIVISION				
Salaries and office expenses	5,795	5,637	158	....
Taxes	12,644	8,646	3,998	....
Interest	64,044	64,044	....	....
All other	1,330	3,793	....	2,463
TOTAL EXPENSES—TOWNSITE DIVISION	83,813	82,120	1,693	....
TIMBER DIVISION				
Salaries and office expenses	52,294	50,969	1,325	....
Real estate expense	61,426	81,147	....	19,721
Timber cutting contracts expense	35,183	37,831	....	2,648
Fire protection	19,944	20,499	....	555
Taxes	344,203	359,842	....	15,639
Interest	95,076	95,076	....	....
All other	6,207	4,628	1,579	....
TOTAL EXPENSES—TIMBER DIVISION	614,333	649,992	....	35,659
TOTAL EXPENSES—TOWNSITE AND TIMBER DIVISIONS	698,146	732,112	....	33,966
NET INCOME	$ 641,638	$ 560,435	$ 81,203	....

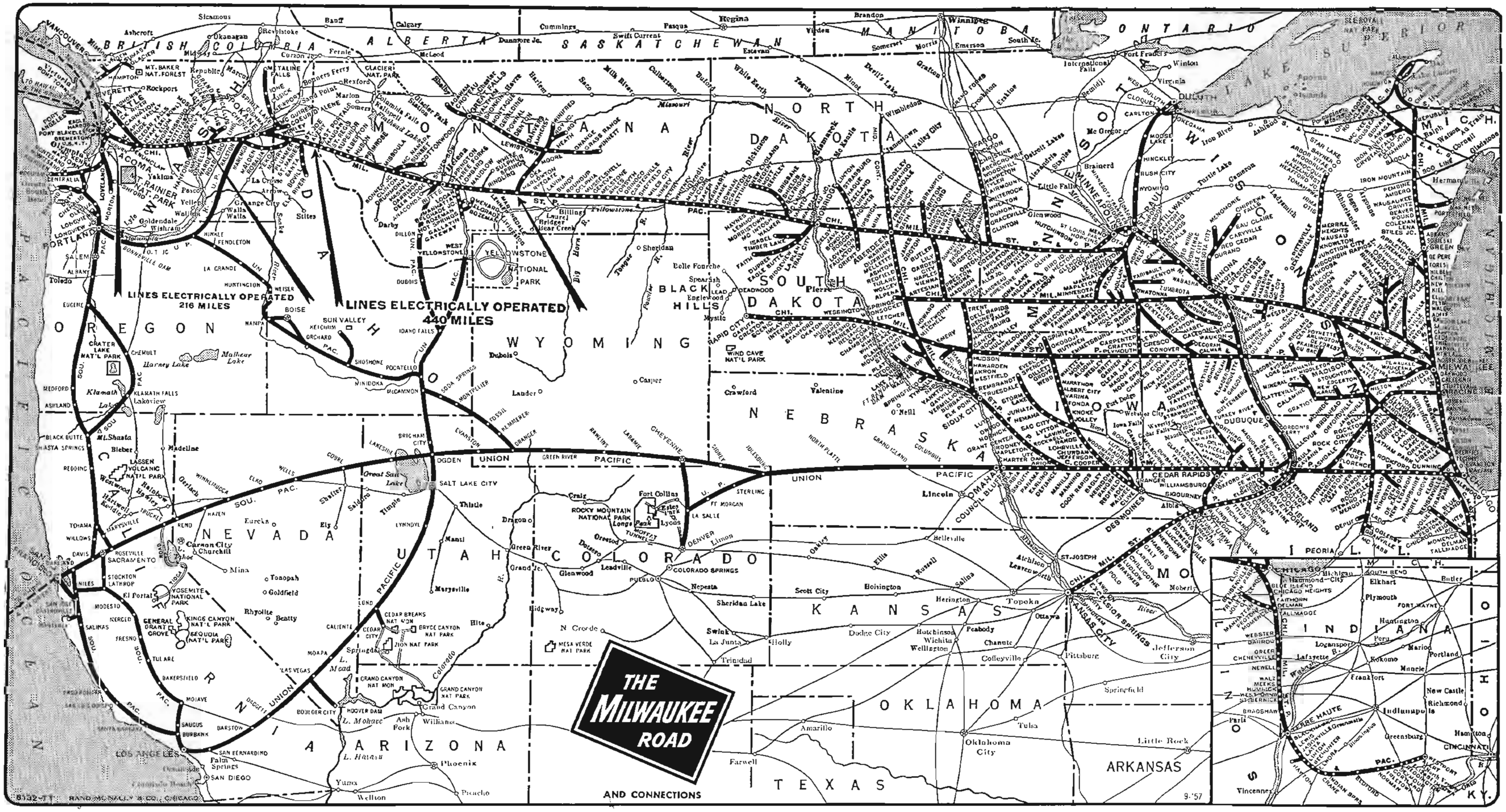
MILWAUKEE LAND COMPANY STATEMENT OF RETAINED INCOME

	1958	1957	INCREASE	DECREASE
Balance at January 1	$1,331,630	$2,024,274	....	$ 692,644
ADDITIONS:				
Net income for the year	641,638	560,435	$ 81,203	....
Miscellaneous credits	5,638	....	5,638	....
	1,978,906	2,584,709	....	605,803
DEDUCTIONS:				
Dividends paid	....	1,000,113	....	1,000,113
Miscellaneous debits	....	252,966	....	252,966
	....	1,253,079	....	1,253,079
BALANCE AT DECEMBER 31	$1,978,906	$1,331,630	$647,276	....

( ) Denotes reverse items.

MILWAUKEE LAND COMPANY—BALANCE SHEET

	December 31, 1958	December 31, 1957	Change During Year
Assets			
Current Assets:			
Cash	$ 540,029	$ 596,913	− $ 56,884
United States Government securities	300,026	295,981	+ 4,045
Accounts receivable	169,858	140,206	+ 29,652
Notes and purchase contracts	1,098,092	1,205,250	− 107,158
Interest receivable	43,158	50,952	− 7,794
Total Current Assets	2,151,163	2,289,302	− 138,139
Investments:			
Capital stocks	1,725	1,725	....
C. M. St. P. & P. R. R. Co. mortgage bonds	....	103,139	− 103,139
Total Investments	1,725	104,864	− 103,139
Other Assets and Deferred Charges:			
Timber sale contracts	2,956	1,904	+ 1,052
Other assets	1	1	....
Total Other Assets and Deferred Charges	2,957	1,905	+ 1,052
Properties:			
Timber land and timber	1,691,768	1,665,987	+ 25,781
Real estate, buildings and equipment	1,954,076	1,079,743	+ 874,333
Automobiles less accrued depreciation	8,365	7,245	+ 1,120
Furniture and fixtures less accrued depreciation	939	1,109	− 170
Total Properties	3,655,148	2,754,084	+ 901,064
Total Assets	$5,810,993	$5,150,155	+ $660,838
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable	$ 15,006	$ 31,086	− $ 16,080
Interest payable	92,820	92,820	....
Federal income taxes	226,000	191,100	+ 34,900
Other taxes	60,696	72,519	− 11,823
Total Current Liabilities	394,522	387,525	+ 6,997
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	268,689	263,198	+ 5,491
Other liabilities	16,876	15,802	+ 1,074
Total Other Liabilities and Deferred Credits	2,937,565	2,931,000	+ 6,565
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	1,978,906	1,331,630	+ 647,276
Total Shareholders' Equity	2,478,906	1,831,630	+ 647,276
Total Liabilities and Shareholders' Equity	$5,810,993	$5,150,155	+ $660,838



CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

THE MILWAUKEE ROAD

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