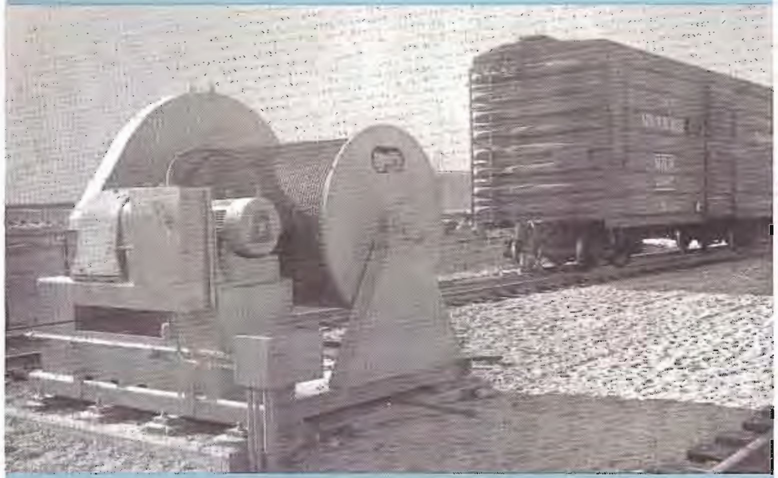
Annual Report 1960

THE MILWAUKEE ROAD

Panoramic view of the east approach to the Milwaukee Road's new freight car repair facility in the Bensenville, Ill., yards, showing the shop building, service tracks, and counterweight towers.



Closeup of one of the inbound car pullers which by means of a cable draws freight cars into the enclosed repair area.

Inside view of the shop building. Clear plastic panels in the roof and walls of the building admit maximum natural light; infra-red ray heaters above the work areas provide comfort in winter weather.

Outbound facilities west of the shop include the components of the small car pullers. At right is the modern office and welfare building.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

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

Board of Directors

Terms Expiring:

1961	1962	1963
E. Ainsworth Eyre	Arthur S. Bowes	John D. Allen
J. Patrick Lannan	Jerome C. Eppler	James M. Barker
James D. Norris	John B. Gallagher	Leo T. Crowley
William L. O'Brien	Joshua Green	Walter J. Cummings
Philip W. Pillsbury	Arnold B. Keller	William J. Froelich
Franklin B. Schmick	Walter T. Mahoney	William J. Quinn
John P. Wagner	Louis Quarles	Arthur M. Wirtz
	William J. Sinek	

Executive Committee

J. Patrick Lannan, *Chairman*

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

Finance Committee

Walter J. Cummings, *Chairman*

John D. Allen*
James M. Barker
Leo T. Crowley
Jerome C. Eppler
William J. Froelich*
John B. Gallagher*
Arnold B. Keller*
J. Patrick Lannan
Louis Quarles*
John P. Wagner
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—Finance and Accounting	Chicago
L. H. Dugan	Vice President and Western Counsel	Seattle
E. O. Schiewe	General Solicitor	Chicago
R. F. Kratochwill	Comptroller	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 9, 1961, 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

	1960	1959
Operating revenues	$230,362,902	$242,041,825
Operating expenses	187,929,803	198,851,581
Taxes, Federal, State and Local	20,137,000	19,415,000
Net railway operating income	9,654,308	13,651,274
Other income—Net	3,588,037	4,047,361
Income available for fixed charges	13,242,345	17,698,635
Fixed charges	5,677,502	5,471,962
Contingent charges	6,241,780	6,351,497
Net income	$ 1,323,063	$ 5,875,176
Net income per share—Series A Preferred	2.55	11.33
—Common	0	1.55
Times fixed charges earned	2.33	3.23
Dividends paid:		
Series A Preferred—$5.00 per share*	$ 2,593,260	$ 2,593,260
Common—$1.50 per share*	3,184,872	3,184,871
Total dividends paid	5,778,132	5,778,131
Number of stockholders as December 31:		
Series A Preferred	5,015	5,089
Common	10,649	9,902
*Out of earnings of the prior year.		
Gross capital expenditures:		
For road property improvements	$ 6,123,291	$ 5,940,814
For equipment	13,966,899	21,733,124
Total	20,090,190	27,673,938
Traffic statistics:		
Net ton-miles of revenue freight (thousands)	13,605,766	14,123,258
Freight revenue	$189,560,907	$201,536,333
Passengers carried one mile	627,831,562	648,200,824
Passenger revenue	$ 15,174,969	$ 15,282,171
Total amount of payroll	$121,135,807	$128,399,667
Average number of employees	20,229	22,243
Gross ton miles per train-hour	66,674	64,565
Gross tons per train	3,305	3,228
Net ton-miles per train-hour	29,255	28,570
Net tons per train	1,450	1,428
(Indices of freight-train performance)		

To the Shareholders:

In the face of a general recession which sharply reduced railroad revenues in 1960, the Milwaukee Road successfully effected a balanced reduction in expenses and built securely on a strong foundation for the future. Improvements were introduced to provide the public with the best in service, and the property was maintained in condition to take full advantage of the business upturn anticipated for 1961.

The general reduction in railroad carloadings as business slowed intensified the problem of underutilization of plant and equipment.

The actual extent of the decline in earnings and revenues came as a disappointment. The reduction in earnings was due entirely to lower revenues, which amounted to $230,362,902 compared with $242,041,825 in 1959, a reduction of $11,678,923. Through rigid economies operating expenses were likewise reduced by $10,921,778 from the 1959 level. It was not possible, however, to completely offset the effect of the decline in revenues, with the result that net income in 1960 amounted to $1,323,063 compared with $5,875,176 in 1959.

On February 23, 1961, the Board of Directors declared a dividend, out of the 1960 earnings or out of the accumulated earned surplus of the Corporation for prior calendar years, of $5.00 per share on the Series A preferred stock, payable in four installments of $1.25 per share each on March 30, June 29, September 28, and November 30, in 1961, to holders of record at the close of business March 10, June 9, September 8, and November 10, 1961, respectively.

Declaration of a dividend on the Common Stock has been deferred until a better appraisal can be made of future business conditions, both generally and in the railroad industry.

The outlook for 1961 is more favorable. There is already indication that housing starts will be up to some extent, and we can reasonably expect some improvement in the movements of lumber and other forest products. In this freight category, which is of major importance to the Milwaukee Road, our 1960 revenues were down 16.2% from 1959.

Other unfavorable factors in 1960 were the slump in the iron and steel industry, resulting in decreased revenues from the smaller traffic in many manufactured products; and the disappointing showing of the grain movement. The latter situation developed, despite a good grain crop in Milwaukee Road territory, because of a decline in government grain releases, particularly in the last months of the year.

Improvement in any of these three major freight categories could result in a welcome upturn in 1961. A very substantial volume of small grains and corn remains in farm and country elevator storage on the Milwaukee Road for eventual movement to market. The Milwaukee Road is in a strong position to take advantage of the better business conditions now generally predicted for the months ahead. The improvement program of the last several years has modernized plant and equipment. We have the tools to render improved service to shippers and to meet competition.

Another noteworthy feature has been the aggressiveness of the campaign to develop new freight traffic and win back business from competing forms of transport. Many of these activities should make themselves felt in still greater measure during 1961.

For example, the Milwaukee Road has moved ahead in providing rail-truck delivery by a single carrier to remote heavy construction sites, such as power and irrigation dams and other government projects. We are actively seeking business of this kind and it should add appreciably to revenues in the next year or two.

Transport of automobiles is another example of Milwaukee leadership in winning traffic to the rails. As a consequence revenues from auto shipments were up $2,760,468 in 1960. These and other developments of the year illustrate the alertness with which new facilities, equipment and services are being employed to build business. This creative approach to railroading will be decisive, as the economy turns up again, to insure that the Milwaukee Road takes full advantage of new opportunities.

Joint merger studies with the Rock Island Lines, begun in 1959, were continued and intensified in 1960. Toward the end of the year, however, it became evident that effecting a merger of the two systems would be a time-consuming project in the face of the unforeseen obstacles that had been encountered.

Since then, merger discussions have been initiated between the managements of the Milwaukee Road and the Chicago and North Western Railway. As of the date of this report, the roads have not yet reached an agreement.

Railroads continue to form the backbone of the common carrier system. Their ability to move large tonnages of raw materials and manufactured goods at low cost, on equal terms to all shippers, is a necessity if we are to keep this continent one great mass market.

In light of these facts, there is urgent need to review public transportation policy. We must face the reality that no form of transport today has anything like a monopoly, and regulations based on conditions of half a century ago are dangerously out of date. Instead of artificial restrictions, transportation companies should be given every encouragement to use the most modern devices and equipment for moving goods and people, by whatever combination of methods is efficient.

Nothing could be more important to the future of the Milwaukee Road or any other common carrier than a basic understanding by shippers and the public of the urgency of these problems. It is time to clear away the misconceptions and outmoded regulations that bar the way to progress, so that we may enter upon a new era of transportation efficiency and profitability.

Leo T. Crowley

Chairman of the Board

William J. Quinn

President

By order of the Board of Directors
March 16, 1961.

The Milwaukee Road is the railroad of the "Creative Crews." The sum total of the efforts of these crews—out on the line, in the shops, and in the offices—is a smooth working, closely knit, efficient transportation unit.

Services to Shippers

The services and operation of Carscope, established late in 1959, were expanded substantially during 1960. The original function was centered on the tracing of the movement of all carloads over the system to provide up-to-the-minute information on the location and movement of all carload freight for shippers and receivers anywhere in the United States. Since the center started operations, other uses of the data provided have been developed through additional sorting and assembly of punched card data.

The program of conversion to an electronic data processing system moved ahead in 1960 toward an operational goal in the second half of 1961. Major accounting processes are being redesigned to integrate related functions, simplify procedures, speed the flow of data, and in general achieve maximum benefit from central processing on new electronic equipment. Testing of programming for the IBM 7070 computer was started late in the year.

The last of nine regional data offices was recently established, completing a program started in mid-1960 to provide a means of moving basic information more rapidly from dispersed source points to the central computer. Each office will gather freight revenue, payroll and material data in its area and transmit over telephone lines to Chicago. In addition, freight billing and collection operations are being transferred to the regional offices from the hundreds of local agencies, with attendant advantages from concentration and specialization of functions.

The computer center at Chicago will also use freight movement information fed in hourly by teletype from 36 key yard offices equipped with punched-card and transmission equipment. In addition to accounting outputs and control statistics, the computer will develop from such input all reports needed by Carscope as well as reports designed to aid in the distribution of empty freight cars.

New types of sales kits, unique in the railroad industry, provide traffic solicitors with visual aids in the form of pictures, maps, diagrams and colored leaflets, graphically presenting the services of the railroad.

New traffic department offices opened in 1960 were sales and service units established in Birmingham, Ala., and Memphis, Tenn.

Piggybacking

Trailer-on-flat car services to shippers were broadened substantially in 1960 by the use of Flexi-Van, conventional piggybacking, and containerization. The Flexi-Van fleet has been expanded four times since the inception of that service a little over two years ago. In order to widen its piggyback service, the railroad joined, in 1960, the national equipment pools of Trailer Train Company and North American Car Corporation which provide flat cars for piggyback movements.

The transcontinental piggybacking of automobiles, which the railroad started early in 1960, expanded greatly during the course of the year.

Deliveries of new Flexi-Van equipment to the Milwaukee Road and its subsidiary —The Milwaukee Motor Transportation Company—were substantial during 1960. Early in the year the railroad added 25 new Flexi-Van 85-foot flat cars and the Milwaukee Motor added 75 new vans and 60 new bogies (wheel assemblies). The 85-foot flat cars were the first Flexi-Van cars of that length to be put into service in the industry.

In mid-year, Milwaukee Motor received delivery of 25 new mechanically refrigerated Flexi-Van units equipped with dual temperature controls so they also can be heated for wintertime shipping of perishable commodities. In addition, 12 Milwaukee Motor insulated vans that already were in Flexi-Van service were converted into refrigerated trailers with the addition of mechanical refrigeration units.

The deliveries of Flexi-Van units brought the Flexi-Van fleet to a total of 64 special flat cars and Milwaukee Motor's fleet to a total of 221 vans and 142 bogies.

Additions were made to the fleet of conventional piggybacking cars in 1960 by the conversion in the Milwaukee shops of a total of 121 flat cars to that type of operation.

Important in the speeding of transcontinental piggybacking of new automobiles by the Milwaukee from Chicago to the Pacific northwest was the lowering of the track through the eighty-five year old tunnel at Tunnel City, Wis., by 26 inches, providing clearance for the automobile shipments.

The larger clearance created by the project permitted the railroad to step up its schedules for the auto piggybacking and for other high dimension loads on the Chicago-Milwaukee-Twin Cities route. The project, which was completed in record time, involved the re-laying of 3200 feet of track.

Coordinated Rail-Truck Transport

In 1960, a coordinated rail-truck operation was developed in Washington. The operation involves the transporting of bulk cement and of steel, special equipment and machinery.

This service is provided by a subsidiary—The Milwaukee Motor Transportation Company—which uses tractors and semi-trailers for the major part of the hauling. Cranes transfer heavy equipment from rail cars to the motor carrier units.

During 1960, Milwaukee Motor hauled a substantial number of carloads of cement, steel, special equipment, and machinery from railheads to construction sites.

This is an excellent example of how a railroad has tailored its services to meet the needs of shippers and consignees and retain business that otherwise would have been diverted to competitors. In this instance the Milwaukee provides the link between the railhead and off-track construction sites, thus handling the entire movement to the satisfaction of the contractors involved. The efficiency of the operation is enhanced for the contractor because he has to do business with only one carrier.

Spot Freight Car Repairing

A one million dollar "spot" system facility for repairing freight cars was placed in operation at the Bensenville, Ill., yards early in November. Its completion marked another advance in the adoption of ultramodern techniques for speeding freight movements for shippers, and at lower cost to the railroad.

The facility is one of the largest of its type in the country and the first to be installed on a railroad serving the Northwest region. The so-called one-spot repair system, new in concept and practice, is based on the principle of moving cars to men and material, rather than men taking material to cars.

The system is a compact layout featuring a 120 by 120 foot shop building with four servicing tracks. Each of the tracks is equipped with two electric power winches that pull the cars to and from the shop building by means of between-the-rail cables attached to axle engaging devices known as "rabbits." The operation is controlled from a push button panel located at trackside in the building.

Tools, parts, and equipment are assembled in one sheltered location to which cars are brought in a continuous flow. All repairs are performed in the building, with work going forward on the cars, one at a time, on the individual tracks. The facility can be operated in all kinds of weather 24 hours a day.

New and Upgraded Freight Cars

In 1960 the Milwaukee purchased new freight cars to meet the growing demand for longer and larger capacity rolling stock at a total cost of $9,994,400. A total of 775 new cars of various types was added to the fleet, including 500 new wide door box cars, 100 new covered hopper cars, 100 general purpose flatcars of 60 foot length, 50 "damage free" freight cars and 25 gondola cars.

The 500 new box cars, featuring doors which can be opened to a width of 15 feet 2 inches, brought the Milwaukee's total ownership of this highly versatile type to 1,500.

All the new freight cars purchased in 1960 had a capacity of 70 tons each and were equipped with roller bearings.

An upgrading program carried out in Milwaukee included the rebuilding of 50-ton refrigerator cars, 70-ton mill type gondola cars, and 70-ton hopper type cars, along with various other types of changes and additions to provide a wider and better service to shippers. The major project in the Tacoma shops was the upgrading and repair of double door cars of 40 and 50 foot lengths.

Suburban Passenger Service

Delivery will start this spring on 40 new double-deck passenger cars ordered for suburban service from The Budd Company, Philadelphia, Pa., at a cost of approximately six million dollars.

The order for the new cars, placed shortly after the approval of a fare increase last spring by the Illinois Commerce Commission, was the first big step in the commuter service modernization program which looks toward the eventual replacement, as earnings permit, of all the present suburban cars with new double deck coaches.

Wages and Labor Relations

Wage Settlements

Negotiations last year with the railroad brotherhoods both on a national and system-wide basis resulted in a number of wage agreements. In June mediation agreements were reached which granted a 2 per cent wage increase, effective July 1, 1960, and an additional 2 per cent increase, on the same base, effective March 1, 1961, to the conductors, engineers, trainmen, and firemen. The cost-of-living provisions were eliminated.

A mediation agreement was reached in August with 11 nonoperating employe groups granting 5 cents an hour increases in wages effective July 1, 1960. Also, welfare benefits were liberalized and life insurance provided, effective March 1, 1961. The cost-of-living provisions were also eliminated in this agreement.

In September, agreement was reached with the train dispatchers granting a wage increase of 2 per cent effective July 1, 1960, and welfare and life insurance benefits effective March 1, 1961. The cost-of-living provisions were eliminated. Also in September agreement was reached granting supervisors below the rank of general foreman in the mechanical department whose duties are exclusively supervisory a wage increase of $12.17 per month effective July 1, 1960, and a similar increase effective March 1, 1961, with cost-of-living provisions eliminated.

An agreement reached in November granted sleeping car porters a 5 cents an hour wage increase effective July 1, 1960, and modification of health and welfare benefits, including life insurance, in accordance with the nonoperating agreement in August. The cost-of-living provisions were eliminated.

In December an agreement was reached granting parlor car conductors a wage increase of 2 per cent effective July 1, 1960, a 2 per cent increase, on the same base, effective March 1, 1961, and cost-of-living provisions eliminated.

Cost-of-Living Adjustments

The 3 cents an hour wage increase made November 1, 1959, in accordance with agreements providing for semi-annual adjustments for changes in the Bureau of Labor Statistics Consumers' Price Index extended through the first 10 months of 1960 after which it was incorporated into the basic wage rates. An additional 1 cent an hour cost-of-living increase was made in May, 1960, which also became part of the basic wage rates in November, 1960.

Effect of Increases

Costs in the aggregate were increased approximately $3,289,000 in 1960 as the result of the wage and cost-of-living boosts and the effect of 1959 increases in the tax rates for unemployment compensation and for railroad retirement purposes.

Rates and Fares

Mail Pay

A 13 per cent increase in mail rates granted to the western lines in November, 1960, will result in approximately one million dollars additional mail revenue annually for the Milwaukee. The new rates became effective December 1, 1960, and were retroactive to September 1, 1960.

Agreed Charges

The Interstate Commerce Commission is expected to make a final ruling in 1961 on exceptions filed to an adverse recommendation by an examiner for the Commission on the first agreed charge rates ever published in the United States. The Milwaukee and three other midwestern railroads are parties to the rates which apply on steel pipe shipments from Sault Ste. Marie, Ont., to Chicago. The examiner's report held that such rates are unlawful under existing statutes.

Joint Line Traffic

An examiner for the Interstate Commerce Commission in December, 1960, recommended increases for Official territory and Midwestern lines on joint line traffic between (1) Official and Mountain-Pacific territories, and (2) Midwestern and Mountain-Pacific territories. If the examiner's recommendations become effective it is estimated that the Milwaukee Road's revenues from such traffic would increase more than $1,600,000 a year.

Spokane Gateway Case

The United States Supreme Court last year granted review of a decision adverse to the Milwaukee Road in the Spokane Gateway case and its ruling is expected in 1961.

In order to be competitive with the Great Northern and Northern Pacific railroads for the long haul on traffic to and from points in Washington and Oregon served by the Spokane, Portland and Seattle Railway system, the Milwaukee Road instituted a proceeding before the Interstate Commerce Commission seeking joint rates to apply when such traffic moves over the Milwaukee's line between Spokane and the Twin Cities, the same as rates which apply when the traffic moves via the Great Northern or Northern Pacific.

The Interstate Commerce Commission in 1957 denied such relief and in 1960 this decision was affirmed by the United States District Court in Milwaukee, Wis.

Legislation

The second session of the 86th Congress in 1960 extended the 10 per cent travel tax to June 30, 1961. Full removal of this burdensome tax is needed.

The railroads pressed in Congress for passage of bills to permit them to diversify their services, allow them to create a construction reserve fund, and grant them accelerated depreciation. None of these efforts was successful in the 86th Congress, but renewed efforts for their adoption will be made in the 87th Congress.

Several make-work proposals faced the railroads in the 86th Congress, including one described as the track motor car bill, and a measure making it more difficult to discontinue passenger trains, the latter to be accomplished by amendment to the helpful Transportation Act of 1958. None of these efforts was successful.

The voters of North Dakota in the general election held November 8, 1960, approved, by a 3 to 2 margin, repeal of a law on the North Dakota books since 1919 which required employment of an additional brakeman on freight trains of more than 40 cars. The requirement, claimed to have been made for safety reasons, became obsolete many years ago through the modernizing of railway plant and equipment. Important is the fact that the electorate in approving the Act expressed its opposition to provisions compelling employment of men where not needed.

Industrial Development

Two large industrial real estate transactions were among those made in 1960 by the Milwaukee Road. One was the sale of a 28 acre tract on Chicago's west side to Zenith Radio Corporation. It was one of the largest vacant pieces of industrial land within the City of Chicago. The other was the sale of approximately 15 acres of property in the Menominee River valley in Milwaukee, Wisconsin, to Great Lakes Coal and Dock Company.

A total of 119 new industries located along the lines of the Milwaukee last year, and 59 existing industries along the railroad expanded.

The purchase of 391 acres of strategically located land during 1960 brings to 2,100 acres the total acquired by the Milwaukee in the last several years to assure available sites for future industries served by the railroad.

Discontinuances

In 1960, with the approval of the Interstate Commerce Commission, passenger trains between Madison, Wis., and Canton, S. D.; Milwaukee, Wis., and Channing, Mich.; and LaCrosse, Wis., and Austin, Minn., were discontinued, resulting in an annual saving of 523,128 train miles.

The "City of Los Angeles" and the "City of San Francisco," operated by the Milwaukee in conjunction with the Union Pacific railroad between Chicago and Omaha, were consolidated, with a saving of 78,080 train miles in the period from late September to mid-December, 1960, making an over-all total of 601,208 train miles eliminated in that year.

A series of Interstate Commerce Commission hearings was held in February, 1961, on the application for authority to discontinue the Olympian-Hiawatha trains between Minneapolis, Minn., and Tacoma, Wash., representing 1,318,380 annual train miles. Final action will await the decision of the Commission.

The passenger service deficit, determined in accordance with the rules of the Interstate Commerce Commission, was $2,652,726 less in 1960 than in 1959.

Abandonments of line in 1960 and early 1961 included 25.7 miles between Seymour and Westport, Ind.; 7.26 miles between Limestone Junction and Glacier, Wash., and 2.24 miles between Bridge Switch and Ramsey, Minn.

A decision from the Interstate Commerce Commission is expected soon on the application for authority to abandon 1.57 miles of line between Prairie du Chien, Wis., and Marquette, Ia., including two pontoon bridges over the Mississippi River. The examiner for the Commission made a favorable report to which exceptions were filed by the City of Prairie du Chien, Wisconsin.

During 1960, the Milwaukee, with the approval of State regulatory agencies, closed 26 stations, dualized 3 agencies, and discontinued 8 custodian stations. Although 26 other dualizations were approved by the Minnesota Railroad and Warehouse Commission, they are being held up because no decision has yet been given on a court appeal by the Order of Railway Telegraphers in opposition to the move. In addition, discontinuances of 15 agency positions are pending before various State regulatory bodies.

Reduction of Mortgage Bonds

In 1960, mortgage bonds and debentures in the principal amount of $2,492,600 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, 1960, $49,797,400 of mortgage bonds were acquired and cancelled or are held in the Treasury. This amount is more than 26% of the original issue. In addition, $1,800,000 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 $2,294,246.

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..	$ 3,450,700	$2,280,100	$ 346,300	$ 6,077,100	4%	$ 243,084
General Mortgage 4½% Income Bonds, Series A...............	22,741,400	610,000	408,500	23,759,900	4½	1,069,196
General Mortgage 4½% Convertible Income Bonds, Series B.........	16,726,300	....	733,100	17,459,400	4½	785,673
Five Per Cent Income Debentures, Series A......................	1,500,000	....	300,000	1,800,000	5	90,000
The Bedford Belt Ry. Co.						
First Mortgage Bonds.............	....	17,000	44,000	61,000	4¼	2,593
The Southern Indiana Ry. Co.						
First Mortgage Bonds.............	....	51,000	256,000	307,000	4¼	13,047
The Chicago, Terre Haute & Southeastern Ry. Co.						
First and Refunding Mortgage Bonds	....	....	536,000	536,000	4¼	22,780
Income Mortgage Bonds..........	....	....	1,597,000	1,597,000	4¼	67,873
Totals................	$44,418,400	$2,958,100	$4,220,900	$51,597,400	......	$2,294,246

Shareholders of Record

As of April 1, 1960, the record date for the 1960 Annual Meeting, there were 5,123 holders of Series A Preferred Stock and 10,099 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......................	1,935	135,292	4,097	568,388
Women...................	1,908	87,956	3,201	272,599
Joint accounts.............	743	42,307	2,017	164,994
Fiduciaries, institutions and foundations, stock brokers, nominees and others.......	537	253,097	784	1,117,233
Total...............	5,123	518,652	10,099	2,123,214

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, 1960, amounted to $273,690,700 compared with $277,397,977 as of December 31, 1959, a net decrease of $3,707,277.

Increase:		
Equipment obligations covering purchase of equipment		$ 7,650,000
Decreases:		
Mortgage Bonds and Debentures:		
Purchased and cancelled during the year through operation of sinking funds—		
First Mortgage 4% Bonds, Series A	$ 349,800	
Less: Bonds held in Treasury at December 31, 1959, delivered to Mortgage Trustee for sinking fund and cancelled during the year	275,000	74,800
General Mortgage 4½% Income Bonds, Series A	$1,520,100	
Less: Bonds held in Treasury at December 31, 1959, sold to Mortgage Trustee for sinking fund and cancelled during the year	895,400	624,700
General Mortgage 4½% Convertible Income Bonds, Series B	$1,296,100	
Less: Bonds held in Treasury at December 31, 1959, sold to Mortgage Trustee for sinking fund and cancelled during the year	1,296,100	....
Five Per Cent Income Debentures, Series A	$ 300,000	
Less: Debentures held in Treasury at December 31, 1959, deposited with Trustee for sinking fund and cancelled during the year	300,000	....
Purchased in the open market during the year and held in Treasury—		
First Mortgage 4% Bonds, Series A		346,300
General Mortgage 4½% Income Bonds, Series A		408,500
General Mortgage 4½% Convertible Income Bonds, Series B		577,300
Five Per Cent Income Debentures, Series A		300,000
The Bedford Belt Ry. Co. First Mortgage Bonds		21,000
The Southern Indiana Ry. Co. First Mortgage Bonds		28,000
C.T.H. & S.E. Ry. Co. First and Refunding Mortgage Bonds		77,000
C.T.H. & S.E. Ry. Co. Income Mortgage Bonds		35,000
Equipment Obligations:		
Payments of Equipment Trust Certificates	6,823,000	
Less: Certificates Series JJ, held in Treasury at December 31, 1959 and cancelled by Trustee	125,000	6,698,000
Payments of Conditional Sale Agreements covering purchase of equipment		2,166,677
Total Decreases		$11,357,277
Net Decrease		$ 3,707,277

Capital Expenditures—1960

The following is a summary of the capital expenditures made during 1960:

Road property		$ 6,020,662
Improvements on leased property		270
New equipment	$10,285,197	
Improvements to existing equipment	3,681,702	13,966,899
Total transportation properties		19,987,831
Miscellaneous physical property		102,359
Total properties		$20,090,190

Equipment delivered during the year:

500—70-ton steel box cars with plug doors
100—70-ton flat cars
85—70-ton steel covered hopper cars
50—70-ton "DF" steel box cars with roller bearings
25—70-ton gondola cars
15—70-ton steel covered hopper cars with pneumatic outlets
200—50-ton refrigerator cars (rebuilt)
68—70-ton gondola cars (rebuilt)
50—70-ton ballast and 1—70-ton hopper cars (rebuilt)

The source of funds for these expenditures was:

Equipment obligations issued for equipment delivered during the year	$ 7,597,065
Depreciation, amortization and retirement charges	5,605,313
Salvage from road and equipment retired	3,380,316
Donations and grants	246,395
Moneys from property sales deposited with Mortgage Trustee withdrawn or to be withdrawn	2,990,119
Other sources	25,252
Unexpended funds carried over from year 1959	245,730
Total	$20,090,190
The amount of capital expenditures was	20,090,190
Remainder of funds	$ 0

Improvement Budget—1961

An estimated expenditure of $6,515,600, chargeable to capital account, is planned for improvements to road property in the 1961 budget. The improvements scheduled include: provision for improving clearances in tunnels on the western lines; depressing certain tracks in South Minneapolis, Minn.; laying of new and secondhand rail; replacing, renewing and strengthening of bridges; and the purchase and installation of communication facilities for Electronic Data Processing.

Estimated expenditures for new equipment and improvements to existing equipment provided for in the budget, chargeable to capital account, total $18,599,400. The new equipment to be delivered includes:

750—50-ton steel box cars with roller bearings
40—gallery type coaches
6—2400 H.P. Diesel-electric passenger locomotive units

The equipment improvement work scheduled for 1961 is a continuation of the Milwaukee Road's program of rebuilding, upgrading, and repairing rolling stock to provide patrons with suitable equipment and good service. This program includes the installation in certain types of freight cars of loading devices designed to prevent damage to commodities.

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

111 WEST MONROE STREET

CHICAGO 3, ILLINOIS

ACCOUNTANTS' REPORT

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

We have examined the balance sheet of Chicago, Milwaukee, St. Paul and Pacific Railroad Company as of December 31, 1960, and the related statement of income and retained income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and retained income present fairly the financial position of Chicago, Milwaukee, St. Paul and Pacific Railroad Company at December 31, 1960 and the results of its operations for the year then ended in conformity with principles of accounting prescribed or authorized by the Interstate Commerce Commission applied on a basis consistent with that of the preceding year.

We also have examined the statement of available net income and application thereof, and it is our opinion that such statement presents fairly the computations of "available net income" for the year ended December 31, 1960, in conformity with the provisions of the indentures.

Peat, Marwick, Mitchell & Co.

Chicago, Illinois
February 24, 1961

STATEMENT OF INCOME AND RETAINED INCOME
YEAR ENDED DECEMBER 31, 1960 WITH COMPARATIVE FIGURES FOR 1959

	1960	1959
OPERATING REVENUES		
Freight	$189,560,907	$201,536,333
Passenger, mail and express	27,623,958	27,324,943
Other	13,178,037	13,180,549
TOTAL	230,362,902	242,041,825
OPERATING EXPENSES		
Transportation	93,769,244	97,849,648
Maintenance of way and structures	33,691,970	37,430,224
Maintenance of equipment	39,048,693	41,862,784
Traffic	6,581,454	6,749,065
General and other	14,838,442	14,959,860
TOTAL	187,929,803	198,851,581
NET REVENUE FROM RAILWAY OPERATIONS	42,433,099	43,190,244
TAXES AND RENTS		
Federal income taxes (Note 3)	....	(502,073)
Payroll and other taxes	20,137,000	19,917,073
Equipment and joint facility rents—net	12,641,791	10,123,970
TOTAL	32,778,791	29,538,970
NET RAILWAY OPERATING INCOME	9,654,308	13,651,274
OTHER INCOME		
Gain on sales of properties—net	1,405,780	645,275
Dividends and interest	1,309,234	2,465,529
Miscellaneous—net	873,023	936,557
TOTAL	3,588,037	4,047,361
	13,242,345	17,698,635
Fixed interest on long-term debt, including amortization of discount	5,677,502	5,471,962
	7,564,843	12,226,673
Contingent interest on long-term debt	6,241,780	6,351,497
NET INCOME	1,323,063	5,875,176
Retained income at beginning of year	84,767,002	83,363,306
	86,090,065	89,238,482
DIVIDENDS		
Preferred—$5.00 per share	2,593,260	2,593,260
Common—$1.50 per share	3,184,872	3,184,871
TOTAL	5,778,132	5,778,131
	80,311,933	83,460,351
Discount, less premiums, on mortgage bonds and debentures reacquired	617,791	767,620
Estimated refundable federal income taxes	....	645,105
Miscellaneous credits (charges)	98,517	(106,074)
	716,308	1,306,651
RETAINED INCOME AT END OF YEAR	$ 81,028,241	$ 84,767,002

( ) Denotes contra items.
See accompanying notes to financial statements.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

BALANCE SHEET

DECEMBER 31, 1960 WITH COMPARATIVE FIGURES FOR 1959

ASSETS	1960	1959
CURRENT ASSETS		
Cash and temporary cash investments	$ 19,954,357	$ 30,195,945
Accounts receivable	19,417,396	18,093,197
Material and supplies, at cost	18,430,319	20,337,088
Other current assets	1,428,952	1,927,262
TOTAL CURRENT ASSETS	59,231,024	70,553,492
SPECIAL FUNDS	2,199,299	852,639
INVESTMENTS, at cost (Note 1):		
Affiliated companies	18,688,869	17,028,887
Other companies	670,601	728,437
TOTAL INVESTMENTS	19,359,470	17,757,324
PROPERTIES (Notes 2 & 3):		
Road and roadway structures, etc.	674,537,236	671,347,422
Equipment	341,373,463	335,072,250
Acquisition adjustment and donations and grants	Cr. 177,733,674	Cr. 177,532,805
TOTAL TRANSPORTATION PROPERTIES	838,177,025	828,886,867
Less allowances for depreciation and amortization	257,547,044	248,599,089
NET TRANSPORTATION PROPERTY	580,629,981	580,287,778
Non-operating property, less depreciation	4,892,692	5,049,887
NET PROPERTIES	585,522,673	585,337,665
OTHER ASSETS AND DEFERRED CHARGES	6,238,239	4,387,539
TOTAL ASSETS	$672,550,705	$678,888,659

See accompanying notes to financial statements.

BALANCE SHEET

DECEMBER 31, 1960 WITH COMPARATIVE FIGURES FOR 1959

LIABILITY AND SHAREHOLDERS' EQUITY	1960	1959
Current Liabilities		
Accounts payable	$ 27,388,427	$ 25,922,119
Accrued payroll	6,658,943	6,920,679
Accrued taxes (Note 3)	8,923,827	8,751,185
Other current liabilities	1,153,008	1,329,939
Total Current Liabilities	44,124,205	42,923,922
Equipment Obligations Due Within One Year (Note 4)	8,843,552	8,544,193
Long-Term Debt		
Mortgage bonds	140,269,800	142,462,400
Five per cent income debentures	58,200,000	58,500,000
Equipment obligations	66,377,348	67,891,384
Total Long-Term Debt	264,847,148	268,853,784
Reserves for Vacation Pay, Etc. (Note 4)	6,909,745	7,204,096
Other Liabilities and Deferred Credits	2,582,297	2,380,145
Total Liabilities	327,306,947	329,906,140
Shareholders' Equity		
Capital stock:		
Common stock—no par value (stated value $100 per share):		
Authorized 2,637,450 shares (including 514,221 shares reserved for conversion of General Mortgage Bonds, Series B); issued and outstanding 2,123,214 shares	212,321,400	212,321,400
Preferred stock—par value $100 per share, 5% participating:		
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	28,917	28,917
Retained income:		
Appropriated	44,020,761	44,006,983
Unappropriated	37,007,480	40,760,019
	81,028,241	84,767,002
Total Shareholders' Equity	345,243,758	348,982,519
Contingent Liabilities (Note 5):		
Total Liabilities and Shareholders' Equity	$672,550,705	$678,888,659

STATEMENT OF AVAILABLE NET INCOME AND APPLICATION THEREOF
YEAR ENDED DECEMBER 31, 1960 WITH COMPARATIVE FIGURES FOR 1959

	1960	1959
Income available for fixed charges	$13,242,345	$17,698,635
FIXED CHARGES		
Rent for leased roads and equipment	420	300
Interest on long-term debt:		
On First Mortgage 4% Bonds, Series A	2,145,645	2,159,542
On modified Terre Haute bonds	535,706	540,833
On equipment obligations	2,884,166	2,677,184
Interest on unfunded debt	233	565
Amortization of discount on long-term debt	111,332	93,538
TOTAL FIXED CHARGES	5,677,502	5,471,962
INCOME AFTER FIXED CHARGES	7,564,843	12,226,673
Add charges to operating expenses representing the service value of nondepreciable roadway property retired and not replaced	102,024	235,185
AVAILABLE NET INCOME—as defined in the First Mortgage and General Mortgage indentures	7,666,867	12,461,858
APPLICATION OF SUCH AVAILABLE NET INCOME		
Appropriated for sinking fund for retirement of First Mortgage 4% Bonds, Series A	286,816	272,824
Contingent interest on General Mortgage 4½% Income Bonds, Series A	1,513,512	1,572,435
Contingent interest on modified Terre Haute bonds	290,487	293,457
Contingent interest on General Mortgage 4½% Convertible Income Bonds, Series B	1,534,382	1,568,105
Appropriated for sinking fund for retirement of General Mortgage 4½% Income Bonds, Series A and Series B	543,393	543,393
	4,168,590	4,250,214
REMAINING AVAILABLE NET INCOME	3,498,277	8,211,644
Deduct charges to operating expenses representing the service value of nondepreciable roadway property retired and not replaced	102,024	235,185
AVAILABLE NET INCOME—as defined in the indenture relating to Five Per Cent Income Debentures, Series A	3,396,253	7,976,459
APPLICATION OF SUCH AVAILABLE NET INCOME		
Contingent interest on Five Per Cent Income Debentures, Series A	2,903,400	2,917,500
Appropriated for sinking fund for retirement of Five Per Cent Income Debentures, Series A	182,626	203,255
	3,086,026	3,120,755
REMAINDER AVAILABLE FOR PAYMENT OF DIVIDENDS OR ANY OTHER PROPER CORPORATE PURPOSES	$ 310,227	$ 4,855,704

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1960

1. Investments in affiliated companies include $7,023,010 pledged as collateral to mortgage bonds. The Company's equity in the retained income since acquisition of unconsolidated subsidiaries (as shown by their unaudited financial statements) amounted to $1,731,352 at December 31, 1960, of which $376,282 represents 1960 net income.

Other income includes dividends of $400,000 in 1960 and $1,500,000 in 1959 from Milwaukee Land Company.

2. The road and equipment property is stated at original cost or estimated original cost as determined by the Interstate Commerce Commission plus additions and betterments at cost, less retirements and depreciation. Consistent with the practice generally followed by Class I Railroads, the Company had not provided for depreciation on road property prior to 1942, however a provision for past depreciation was recorded at 30% of original cost as of January 1, 1944.

3. In determining the Federal income tax liability for 1960, the Company deducted approximately $6,345,000 from income for amortization of emergency facilities, declining balance depreciation, and various differences in depreciation bases and rates in excess of recorded depreciation. As a result no provision is required for Federal income tax and the loss carry forward is increased by approximately $4,753,000. At December 31, 1960, the total loss carry forward is $6,997,000 which may result in future tax reductions of $3,638,000.

The accumulated tax reductions resulting from amortization of emergency facilities and declining balance depreciation amounted to approximately $23,178,000 at December 31, 1960.

The Federal income tax returns of the Company through the years 1951 have been examined by the Internal Revenue Service, and the Company's tax liabilities have been settled through that year. For the years 1952, 1953, and 1954 the Internal Revenue Service has proposed additional assessments, which are being contested by the Company and, in final settlement, are not expected to have a material effect upon the financial position or results of operations.

4. Reserve for vacation pay of approximately $5,500,000 payable in 1961 and debt due within one year are not included in current liabilities.

5. The Company was liable as guarantor, jointly with other railroads, of certain obligations of affiliated companies amounting to approximately $111,845,000 at December 31, 1960.

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

INVESTMENTS—DECEMBER 31, 1960

DESCRIPTION	NUMBER OF SHARES	EXTENT OF CONTROL PER CENT	LEDGER AMOUNT
AFFILIATED COMPANIES			
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
ADVANCES			
Milwaukee Land Company	....	100	905,640
The Milwaukee Motor Transportation Company	....	100	1,335,353
TOTAL ADVANCES	....	....	2,240,993
TOTAL INVESTMENTS—WHOLLY-OWNED SUBSIDIARIES	....	....	5,442,993
JOINTLY-OWNED TERMINAL, SWITCHING, AND OTHER COMPANIES			
CAPITAL STOCKS:			
Chicago, Terre Haute & Southeastern Railway Company	40,755.05	53.98	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
Trailer Train Company	500	2.94	98,860
TOTAL CAPITAL STOCKS	....	....	4,276,866
NOTE			
Railway Express Agency, Incorporated	....	2.6	751,804
ADVANCES			
Chicago Union Station Company	....	25	4,786,146
Davenport, Rock Island & North Western Railway Company	....	50	1,292,103
Des Moines Union Railway Company	....	50	855,112
Kansas City Terminal Railway Company	....	8⅓	647,294
Packers Car Line Company	....	9.56	72,464
The Minnesota Transfer Railway Company	....	11 1/9	353,014
The St. Paul Union Depot Company	....	12½	211,073
TOTAL ADVANCES	....	....	8,217,206
TOTAL INVESTMENT—AFFILIATED COMPANIES	....	....	18,688,869
OTHER COMPANIES			
STOCKS			
Miscellaneous	....	....	7,676
DEBENTURES			
Century 21 Exposition Inc.	....	....	25,000
NOTE			
C. H. Lien Construction Company	....	....	1,500
SALE AGREEMENTS			
Best Built Company	....	....	35,750
Cargill, Incorporated	....	....	390,000
General Warehouse & Transportation Company	....	....	24,000
J. K. Fiddes	....	....	59,200
J. Lentin Lumber Company	....	....	39,900
Monarch Warehouses, Incorporated	....	....	27,360
Steven J. Kipper, Jr.	....	....	34,039
Thisted Motor Company	....	....	11,520
Other companies and individuals	....	....	14,656
TOTAL SALE AGREEMENTS			636,425
TOTAL INVESTMENT—OTHER COMPANIES	....	....	670,601
TOTAL INVESTMENTS	....	....	$19,359,470

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	$ 19,526,006	$ 80,269	$ 47,281	$ 19,558,994
Land for transportation purposes	39,048,637	105,987	319,878	38,834,746
Other right-of-way expenditures	381,312	77,192		458,504
Grading	143,144,397	258,951	255,767	143,147,581
Tunnels and subways	9,833,072	114,819	42,593	9,905,298
Bridges, trestles, and culverts	76,929,583	1,013,757	304,057	77,639,283
Ties	34,650,264	116,894	47,625	34,719,533
Rails	68,850,190	251,013	51,045	69,050,158
Other track material	47,424,085	471,429	50,791	47,844,723
Ballast	26,425,043	90,866	25,183	26,490,726
Track laying and surfacing	33,120,819	196,827	57,265	33,260,381
Fences, snowsheds, and signs	5,401,156	13,843	2,672	5,412,327
Station and office buildings	26,590,033	450,470	826,144	26,214,359
Roadway buildings	2,113,899	7,026	37,792	2,083,133
Water stations	1,091,355	15,021	69,162	1,037,214
Fuel stations	746,608	3,325	173	749,760
Shops and enginehouses	19,544,030	537,467	38,753	20,042,744
Storage warehouses	64,349			64,349
Wharves and docks	1,607,522	29,057	58,332	1,578,247
Communication systems	6,300,222	564,767	157,799	6,707,190
Signals and interlockers	21,437,281	360,010	104,017	21,693,274
Power plants	1,612,483		612	1,611,871
Power-transmission systems	9,737,209	13,590	5,060	9,745,739
Miscellaneous structures	673,072	79	5,656	667,495
Roadway machines	8,486,729	588,388	61,627	9,013,490
Roadway small tools	321,671	1,042	270	322,443
Public improvements—Construction	14,661,137	232,514	59,940	14,833,711
Other expenditures—Road	335			335
Shop machinery	7,212,584	422,650	96,923	7,538,311
Power-plant machinery	5,500,804	3,149	20,334	5,483,619
TOTAL ROAD	632,435,887	6,020,402	2,746,751	635,709,538
EQUIPMENT:				
Locomotives	124,658,042	248,407	598,587	124,307,862
Freight-train cars	169,559,340	13,410,931	6,445,607	176,524,664
Passenger-train cars	31,348,424		237,485	31,110,939
Floating equipment	278,731			278,731
Work equipment	6,893,714	91,258	221,157	6,763,815
Miscellaneous equipment	2,333,999	216,303	162,850	2,387,452
TOTAL EQUIPMENT	335,072,250	13,966,899	7,665,686	341,373,463
GENERAL EXPENDITURES	38,292,664	260	84,367	38,208,557
IMPROVEMENTS ON LEASED PROPERTY	618,871	270		619,141
TOTAL OPERATING PROPERTIES	1,006,419,672	19,987,831	10,496,804	1,015,910,699
MISCELLANEOUS PHYSICAL PROPERTY:				
Non-operating property	7,007,150	102,359	141,991	6,967,518
Track material loaned	206,040	6,922	7,926	205,036
TOTAL MISCELLANEOUS PHYSICAL PROPERTY	7,213,190	109,281	149,917	7,172,554
TOTAL PROPERTIES BEFORE RECORDED DEPRECIATION	$1,013,632,862	$ 20,097,112	$ 10,646,721	$ 1,023,083,253

CONTINGENT LIABILITIES WITH RESPECT TO SECURITIES OF OTHER COMPANIES AS OF DECEMBER 31, 1960

Items	Amount
CHICAGO UNION STATION COMPANY:	
1. First Mortgage Bonds, 3⅛%, Series F, due July 1, 1963	$ 13,718,000
2. First Mortgage Bonds, 2⅞%, Series G, due July 1, 1963	34,030,000
3. Note 5¼%, due September 1, 1961	2,500,000
	50,248,000
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	7,235,000
2. Equipment Trust Certificates, 2⅝%, due annually September 15, 1961 to September 15, 1964	772,000
3. Equipment Trust Certificates, 2¼%, due annually February 15, 1961 to February 15, 1965	600,000
	8,607,000
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 and 3.	
KANSAS CITY TERMINAL RAILWAY COMPANY:	
1. First Mortgage Serial Bonds, due annually October 1, 1961 to October 1, 1974	38,602,000
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.	
PACKERS CAR LINE COMPANY:	
Conditional Sale Agreements	298,272
The Railroad Company's portion of principal guaranteed, based on its proportion of stock ownership—9.56%.	
THE MINNESOTA TRANSFER RAILWAY COMPANY:	
1. 3¾% Sinking Fund Promissory Notes, due June 1, 1976	1,461,600
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	10,891,000
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.	
TRAILER TRAIN COMPANY:	
Conditional Sale Agreements	1,736,741
The Railroad Company's portion of principal guaranteed, based on its proportion of stock ownership—2.94%	
TOTAL	$111,844,613

LONG-TERM DEBT, DECEMBER 31, 1960

Description	Date of Issue	Date of Maturity	Amount Originally Issued or Assumed	Amount as of Dec. 31, 1960	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	$ 53,784,300	$ 346,300	$ 53,438,000	4	J. & J.	$ 2,145,645
General mortgage income bonds, Series A	Jan. 1, 1944	Jan. 1, 2019	57,256,600	33,905,200	408,500	33,496,700	4½	April	1,513,512
General mortgage convertible income bonds, Series B	Jan. 1, 1944	Jan. 1, 2044	51,422,100	34,640,400	733,100	33,907,300	4½	April	1,534,381
Five per cent income debentures, Series A	Jan. 1, 1955	Jan. 1, 2055	60,000,000	58,500,000	300,000	58,200,000	5	M. & S.	2,903,400
The Bedford Belt Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	350,000	333,000	*144,000	189,000	4¼	J.A. & J.	7,961
The Southern Indiana Ry. Co. first mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	7,287,000	7,236,000	256,000	6,980,000	4¼	J.A. & J.	296,938
Chicago, Terre Haute and Southeastern Ry. Co.:									
First and refunding mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	9,571,000	9,571,000	**2,051,000	7,520,000	4¼	J.A. & J.	320,161
Income mortgage bonds	Jan. 1, 1946	Jan. 1, 1994	6,335,800	6,335,800	1,597,000	4,738,800	4¼	J.A. & J.	201,133
Equipment obligations (See details below)			163,723,218	75,220,900		75,220,900			2,884,166
Total long-term debt			$415,460,818	$279,526,600	$ 5,835,900	$273,690,700			$11,807,297

*$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, 1960

Description	Date of Lease or Agreement	Date of Final Maturity	Original Cost of Equipment	Amount Originally Issued	Amount Outstanding Dec. 31, 1960	Principal Payable During 1961	Interest: Rate Per Cent	Interest: Payable	Interest: Accrued During Year
Equipment Trust Certificates:									
Series HH	Apr. 1, 1949	Apr. 1, 1964	$ 8,112,742	$ 6,060,000	$ 1,414,000	$ 404,000	2⅜	A. & O.	$ 37,260
Series JJ	Sept. 1, 1949	Sept. 1, 1964	7,604,384	5,640,000	1,504,000	376,000	2⅝	M. & S.	34,846
Series KK	Oct. 1, 1949	Oct. 1, 1964	6,026,868	4,500,000	1,200,000	300,000	2¼	A. & O.	30,375
Series LL	June 1, 1950	June 1, 1965	6,289,514	4,650,000	1,395,000	310,000	2¼	J. & D.	36,038
Series MM	Nov. 1, 1950	Nov. 1, 1965	7,251,863	5,430,000	1,810,000	362,000	2½	M. & N.	48,554
Series NN	June 1, 1951	June 1, 1961	7,254,678	5,300,000	265,000	265,000	2⅞	J. & D.	17,776
Series OO	Oct. 1, 1951	Oct. 1, 1966	10,053,530	7,500,000	3,000,000	500,000	2⅞	A. & O.	93,437
Series PP	Mar. 1, 1952	Mar. 1, 1967	3,215,855	2,400,000	1,040,000	160,000	2⅞	M. & S.	31,817
Series QQ	Sept. 1, 1952	Sept. 1, 1967	5,441,323	3,990,000	1,862,000	266,000	3⅛	M. & S.	61,651
Series RR	Jan. 1, 1954	Jan. 1, 1969	10,379,112	7,650,000	4,335,000	510,000	3⅛	J. & J.	139,454
Series SS	July 1, 1954	July 1, 1969	9,931,620	7,800,000	4,680,000	520,000	2¾	J. & J.	132,275
Series TT	Nov. 1, 1954	Nov. 1, 1969	9,141,903	7,200,000	4,320,000	480,000	2⅞	M. & N.	132,250
Series UU	Jan. 1, 1956	Jan. 1, 1971	9,655,380	7,500,000	5,250,000	500,000	3⅜	J. & J.	181,407
Series VV (1st Install.)	Feb. 1, 1957	Feb. 1, 1972	11,745,718	3,000,000	2,300,000	200,000	4	F. & A.	94,667
Series VV (2nd Install.)	Feb. 1, 1957	Feb. 1, 1972		6,000,000	4,600,000	400,000	4⅜	F. & A.	207,084
Series WW	Jan. 1, 1958	Jan. 1, 1973	6,814,810	5,400,000	4,500,000	360,000	4⅛	J. & J.	189,338
Series XX	Feb. 1, 1959	Feb. 1, 1974	7,419,495	5,850,000	5,265,000	390,000	4½	F. & A.	242,775
Series YY (1st Install.)	Feb. 1, 1960	Feb. 1, 1975	9,683,950	3,000,000	2,900,000	200,000	4⅞	F. & A.	121,878
Series YY (2nd Install.)	Feb. 1, 1960	Feb. 1, 1975		4,650,000	4,495,000	310,000	4¾	F. & A.	128,844
Conditional Sale Agreements:									
The First National Bank of Chicago, Assignee of the Sellers:									
Pacific Car & Foundry Co.	May 1, 1956	Nov. 1, 1964	1,843,205	1,428,400	731,357	182,916	3.95	F.M.A.&N.	32,094
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	80,558	80,558	3	F.M.A.&N.	4,594
Fairbanks, Morse & Co.	July 15, 1953	Nov. 1, 1961	531,102	396,000	54,830	54,830	3	F.M.A.&N.	2,380
American Locomotive Co.	July 15, 1953	Nov. 1, 1961	529,935	396,000	54,830	54,830	3	F.M.A.&N.	2,380
Baldwin-Lima-Hamilton Corporation	July 15, 1953	Nov. 1, 1961	357,568	264,000	36,553	36,553	3	F.M.A.&N.	1,587
Seattle-First National Bank, Assignee of the Sellers:									
Baldwin-Lima-Hamilton Corporation	Sept. 1, 1953	Nov. 1, 1961	357,568	264,000	36,979	36,979	3.35	F.M.A.&N.	1,791
General Motors Corpn. (Electro-Motive Div.)	Sept. 1, 1953	Nov. 1, 1961	1,670,914	1,236,000	173,128	173,128	3.35	F.M.A.&N.	8,385
American Locomotive Co.	Sept. 1, 1953	Feb. 1, 1962	529,935	396,000	69,048	55,008	3.35	F.M.A.&N.	3,135
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	4,245,616	328,008	4.40	M. & N.	195,836
General American Transportation Corporation	May 1, 1958	Nov. 1, 1973	6,165,438	6,165,438	5,296,389	411,029	4.40	M. & N.	244,862
United States Railway Equipment Co.	May 1, 1958	Nov. 1, 1973	570,706	570,706	494,612	38,047	4.40	M. & N.	22,740
General Motors Corpn.	Jan. 15, 1959	Mar. 1, 1974	8,680,000	8,680,000	7,812,000	578,666	5	M. & S.	402,656
Total equipment obligations			$163,723,218	$129,391,669	$75,220,900	$ 8,843,552			$ 2,884,166

Payments Maturing in Years Ending:

December 31, 1961	$ 8,843,552	December 31, 1966	$ 6,151,751	December 31, 1971	$ 3,465,751
December 31, 1962	8,108,041	December 31, 1967	5,571,751	December 31, 1972	2,915,751
December 31, 1963	8,101,627	December 31, 1968	5,225,751	December 31, 1973	2,370,271
December 31, 1964	7,862,066	December 31, 1969	4,970,751	December 31, 1974	994,335
December 31, 1965	6,668,751	December 31, 1970	3,715,751	December 31, 1975	255,000
				Total	$75,220,900

MILES OF ROAD BY STATES, DECEMBER 31, 1960

State	Road Operated: Owned Solely: Main Line	Owned Solely: Branch Line	Owned Jointly: Main Line	Owned Jointly: Branch Line	Leased	Trackage Rights	Total
Idaho	112.76	110.83	....	....	....	9.11	232.70
Illinois	432.96	117.55	2.40	.14	....	132.31	685.36
Indiana	155.91	36.79	....	....	....	....	192.70
Iowa	#1,199.93	514.68	.08	.04	.10	67.06	1,781.89
Kansas	....	....	....	....	....	7.05	7.05
Michigan	57.82	119.78	....	.25	....	5.83	183.68
Minnesota	755.31	351.54	5.03	22.70	....	194.10	1,328.68
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	1,043.14	695.28	....	....	....	....	1,738.42
Washington	314.69	474.26	26.88	50.00	....	201.10	1,066.93
Wisconsin	1,039.28	472.28	....	16.34	....	70.51	1,598.41
Total	6,091.85	3,629.50	43.83	120.56	.10	709.66	10,595.50

#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, 1960

Items	Owned Solely	Owned Jointly	Leased	Trackage Rights	Total
Miles of Road (First Main Track):					
Operated	*9,721.35	164.39	.10	709.66	10,595.50
Not operated	3.62	....	....	....	3.62
Additional Main Tracks:					
Operated	693.32	14.24	.41	313.29	1,021.26
Not operated	....	....	....	....	....
Yard Tracks and Sidings:					
Operated	*3,211.53	255.42	2.19	479.97	3,949.11
Not operated	2.28	26.26	....	....	28.54
Total operated	13,626.20	434.05	2.70	1,502.92	15,565.87
Total not operated	5.90	26.26	....	....	32.16
Grand Total	13,632.10	460.31	2.70	1,502.92	15,598.03

*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	1960	1959	INCREASE	DECREASE
Freight	$189,560,907	$201,536,333	....	$ 11,975,426
Passenger	15,174,969	15,282,171	....	107,202
Baggage	79,806	86,066	....	6,260
Parlor and chair car	83,476	91,957	....	8,481
Mail	9,418,410	8,862,116	$ 556,294	....
Express	3,030,579	3,180,656	....	150,077
Other passenger-train	107,746	100,303	7,443	....
Milk	18,260	30,216	....	11,956
Switching	5,979,910	6,591,066	....	611,156
TOTAL TRANSPORTATION REVENUE	223,454,063	235,760,884	....	12,306,821
INCIDENTAL				
Dining and buffet	1,521,218	1,527,536	....	6,318
Station, train, and boat privileges	57,552	56,068	1,484	....
Storage—Freight	8,015	11,196	....	3,181
Storage—Baggage	3,631	3,837	....	206
Demurrage	1,240,131	1,248,537	....	8,406
Communication	55,650	72,541	....	16,891
Rents of buildings and other property	257,841	246,697	11,144	....
Miscellaneous	461,149	507,969	....	46,820
TOTAL INCIDENTAL OPERATING REVENUE	3,605,187	3,674,381	....	69,194
JOINT FACILITY				
Joint facility—Credit	3,315,646	2,620,693	694,953	....
Joint facility—Debit	(11,994)	(14,133)	....	(2,139)
TOTAL JOINT FACILITY OPERATING REVENUE	3,303,652	2,606,560	697,092	....
TOTAL RAILWAY OPERATING REVENUE	$230,362,902	$242,041,825	....	$ 11,678,923

( ) Denotes contra items.

RAILWAY OPERATING EXPENSES

MAINTENANCE OF WAY AND STRUCTURES	1960	1959	INCREASE	DECREASE
Superintendence	$ 3,108,012	$ 3,388,761	....	$ 280,749
Roadway maintenance	2,861,659	2,867,371	....	5,712
Tunnels and subways	10,889	11,354	....	465
Bridges, trestles, and culverts	986,082	1,198,575	....	212,493
Ties	1,793,766	1,827,106	....	33,340
Rails	592,902	894,914	....	302,012
Other track material	1,336,407	1,996,881	....	660,474
Ballast	217,365	408,471	....	191,106
Track laying and surfacing	6,515,560	7,505,265	....	989,705
Fences, snowsheds, and signs	319,315	398,716	....	79,401
Station and office buildings	828,484	1,014,046	....	185,562
Roadway buildings	55,448	86,514	....	31,066
Water stations	12,115	21,831	....	9,716
Fuel stations	26,908	16,802	$ 10,106	....
Shops and enginehouses	574,222	542,976	31,246	....

RAILWAY OPERATING REVENUES AND EXPENSES—Continued
RAILWAY OPERATING EXPENSES—Continued

	1960	1959	Increase	Decrease
Maintenance of Way and Structures				
Wharves and docks	$ 56,714	$ 36,447	$ 20,267	
Communication systems	935,578	909,129	26,449	
Signals and interlockers	1,838,913	1,653,168	185,745	
Power plants	31,898	33,384		$ 1,486
Power-transmission systems	301,492	355,954		54,462
Miscellaneous structures	9,685	11,190		1,505
Road property—Depreciation	5,028,247	4,953,681	74,566	
Retirements—Road	197,350	241,483		44,133
Roadway machines	706,168	892,299		186,131
Dismantling retired road property	107,360	148,842		41,482
Small tools and supplies	780,012	825,073		45,061
Removing snow, ice and sand	841,898	1,093,119		251,221
Public improvements—Maintenance	736,255	713,553	22,702	
Injuries to persons	326,277	442,052		115,775
Insurance	50,816	46,225	4,591	
Stationery and printing	71,268	87,971		16,703
Other expenses	419,344	470,012		50,668
Right-of-way expenses	43,266	45,762		2,496
Maintaining joint tracks, yards, and other facilities—Debit	2,725,332	2,842,160		116,828
Maintaining joint tracks, yards, and other facilities—Credit	(755,037)	(550,863)	(204,174)	
Total Maintenance of Way and Structures	33,691,970	37,430,224		3,738,254
Maintenance of Equipment				
Superintendence	1,716,762	1,720,882		4,120
Shop machinery	521,695	506,499	15,196	
Power-plant machinery	133,941	153,222		19,281
Shop and power-plant machinery—Depreciation	284,088	285,333		1,245
Dismantling retired shop and power-plant machinery	3,681	856	2,825	
Other locomotives—Repairs	12,448,450	13,197,294		748,844
Freight-train cars—Repairs	9,119,749	10,867,539		1,747,790
Passenger-train cars—Repairs	2,844,061	3,581,261		737,200
Work equipment—Repairs	249,163	301,007		51,844
Miscellaneous equipment—Repairs	196,990	196,551	439	
Dismantling retired equipment	110,983	91,095	19,888	
Retirements—Equipment	(139,163)	(764,585)		(625,422)
Equipment—Depreciation	10,468,468	10,143,824	324,644	
Injuries to persons	245,956	297,309		51,353
Insurance	66,754	68,018		1,264
Stationery and printing	42,632	59,005		16,373
Other expenses	477,426	563,338		85,912
Joint maintenance of equipment expenses—Debit	292,109	629,586		337,477
Joint maintenance of equipment expenses—Credit	(35,052)	(35,250)		(198)
Total Maintenance of Equipment	39,048,693	41,862,784		2,814,091
Traffic				
Superintendence	1,853,253	1,775,877	77,376	
Outside agencies	3,420,570	3,680,896		260,326
Advertising	641,695	669,595		27,900
Traffic associations	316,941	281,954	34,987	
Industrial and immigration bureaus	50,793	58,011		7,218
Insurance	991	875	116	
Stationery and printing	267,539	246,898	20,641	
Other expenses	29,672	34,959		5,287
Total Traffic Expenses	$ 6,581,454	$ 6,749,065		$ 167,611

( ) Denotes contra items.

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

	1960	1959	INCREASE	DECREASE
TRANSPORTATION				
Superintendence	$ 2,981,453	$ 2,814,960	$166,493	
Dispatching trains	737,390	807,806		$ 70,416
Station employees	12,568,811	13,277,513		708,702
Weighing, inspection, and demurrage bureaus	307,278	325,534		18,256
Station supplies and expenses	1,091,896	1,140,062		48,166
Yardmasters and yard clerks	3,991,133	4,119,498		128,365
Yard conductors and brakemen	9,303,622	9,647,318		343,696
Yard switch and signal tenders	730,410	755,025		24,615
Yard enginemen	6,155,278	6,362,440		207,162
Yard switching fuel	923,737	988,987		65,250
Yard switching power purchased	11,946	15,258		3,312
Water for yard locomotives	17,360	19,948		2,588
Lubricants for yard locomotives	83,523	109,472		25,949
Other supplies for yard locomotives	49,721	48,817	904	
Enginehouse expenses—Yard	498,339	542,983		44,644
Yard supplies and expenses	466,959	441,246	25,713	
Operating joint yards and terminals—Debit	5,790,981	5,978,628		187,647
Operating joint yards and terminals—Credit	(683,719)	(685,475)		(1,756)
Train enginemen	9,533,667	9,966,568		432,901
Train fuel	7,243,332	7,758,783		515,451
Train power purchased	864,933	907,295		42,362
Water for train locomotives	94,310	105,164		10,854
Lubricants for train locomotives	795,622	938,600		142,978
Other supplies for train locomotives	210,707	202,708	7,999	
Enginehouse expenses—Train	1,124,921	1,222,756		97,835
Trainmen	12,091,384	12,613,963		522,579
Train supplies and expenses	6,340,264	6,660,876		320,612
Operating sleeping cars	715,113	526,531	188,582	
Signal and interlocker operation	1,049,887	1,037,947	11,940	
Crossing protection	721,750	806,370		84,620
Drawbridge operation	215,086	258,082		42,996
Communication system operation	1,060,497	1,081,772		21,275
Operating floating equipment	11,796	10,985	811	
Stationery and printing	412,827	392,820	20,007	
Other expenses	817,489	848,149		30,660
Operating joint tracks and facilities—Debit	1,170,056	1,311,393		141,337
Operating joint tracks and facilities—Credit	(786,053)	(751,937)	(34,116)	
Insurance	78,437	92,514		14,077
Clearing wrecks	265,853	230,128	35,725	
Damage to property	120,728	206,210		85,482
Damage to live stock on right-of-way	80,817	53,816	27,001	
Loss and damage—Freight	2,795,442	2,942,960		147,518
Loss and damage—Baggage	5,528	722	4,806	
Injuries to persons	1,708,733	1,714,453		5,720
TOTAL TRANSPORTATION EXPENSES	93,769,244	97,849,648		4,080,404
MISCELLANEOUS OPERATIONS				
Dining and buffet service	2,855,845	2,888,241		32,396
Operating joint miscellaneous facilities—Debit	149,757	207,418		57,661
TOTAL MISCELLANEOUS OPERATIONS	3,005,602	3,095,659		90,057
GENERAL				
Salaries and expenses of general officers	1,421,416	1,331,832	89,584	
Salaries and expenses of clerks and attendants	6,821,635	6,920,559		98,924
General office supplies and expenses	753,564	727,092	26,472	
Law expenses	831,662	811,940	19,722	
Insurance	33,708	6,002	27,706	
Pensions and gratuities	818,190	917,286		99,096
Stationery and printing	348,137	336,267	11,870	
Valuation expenses	53,068	59,453		6,385
Other expenses	501,292	520,844		19,552
General joint facilities—Debit	258,783	241,859	16,924	
General joint facilities—Credit	(8,615)	(8,933)		(318)
TOTAL GENERAL EXPENSES	11,832,840	11,864,201		31,361
GRAND TOTAL RAILWAY OPERATING EXPENSES	$187,929,803	$198,851,581		$10,921,778

( ) Denotes contra items.

ANALYSIS OF INCREASES AND DECREASES IN TOTAL RAILWAY OPERATING EXPENSES 1960 COMPARED WITH 1959

Items	Maintenance of Way and Structures	Maintenance of Equipment	Transportation	All Other	Total
Labor:					
General wage increases	+ $ 360,933	+ $ 323,486	+ $1,370,434	+ $ 289,045	+ $ 2,343,898
Straight time worked	− 2,213,317	− 2,135,307	− 4,273,302	− 680,973	− 9,302,899
Overtime worked	− 76,922	− 10,613	− 163,702	+ 9,398	− 241,839
Time paid for not worked (incl. vacations and holidays)	− 100,783	− 137,170	− 123,771	+ 38,475	− 323,249
Total Labor	− 2,030,089	− 1,959,604	− 3,190,341	− 344,055	− 7,524,089
Fuel:					
Price			− 375,791		− 375,791
Consumption			− 204,910		− 204,910
Total Fuel			− 580,701		− 580,701
Electric Power			− 45,674		− 45,674
Material—Other than fuel:					
Price	+ 106,251	+ 112,344	− 1,059	+ 17,453	+ 234,989
Quantity	− 1,181,388	− 900,335	+ 201,128	+ 34,210	− 1,846,385
Total Material other than Fuel	− 1,075,137	− 787,991	+ 200,069	+ 51,663	− 1,611,396
Miscellaneous:					
Health and welfare benefits	− 38,735	− 60,626	− 57,909	− 15,652	− 172,922
Other miscellaneous	− 624,726	− 954,691	− 405,848	+ 19,015	− 1,966,250
Total Miscellaneous	− 663,461	− 1,015,317	− 463,757	+ 3,363	− 2,139,172
Total Labor, Material and Miscellaneous	− 3,768,687	− 3,762,912	− 4,080,404	− 289,029	− 11,901,032
Depreciation	+ 74,566	+ 323,399			+ 397,965
Retirements	− 44,133	+ 625,422			+ 581,289
Total Depreciation and Retirements	+ 30,433	+ 948,821			+ 979,254
Total Railway Operating Expenses	− $3,738,254	− $2,814,091	− $4,080,404	− $ 289,029	− $10,921,778

RAILWAY OPERATING REVENUES, EXPENSES, TAXES AND INCOME BY MONTHS FOR THE YEAR ENDED DECEMBER 31, 1960

1960	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	$ 17,336,067	$ 15,803,272	$ 1,532,795	$ 1,670,000	$ (137,205)	$ 422,175	$ 231,113	$ (790,493)
February	18,493,440	15,151,942	3,341,498	1,673,000	1,668,498	490,735	234,172	943,591
March	19,025,746	15,902,966	3,122,780	1,695,000	1,427,780	686,903	219,282	521,595
April	18,042,813	15,280,563	2,762,250	1,684,000	1,078,250	586,443	251,268	240,539
May	18,975,935	16,148,830	2,827,105	1,728,000	1,099,105	824,503	181,449	93,153
June	19,011,723	16,297,457	2,714,266	1,727,000	987,266	803,292	217,671	(33,697)
July	18,796,482	15,947,748	2,848,734	1,728,000	1,120,734	823,376	203,289	94,069
August	23,377,375	17,022,049	6,355,326	1,806,000	4,549,326	1,420,370	316,997	2,811,959
September	20,166,066	15,953,895	4,212,171	1,685,000	2,527,171	1,100,653	248,649	1,177,869
October	20,925,500	14,736,878	6,188,622	1,647,000	4,541,622	980,838	252,319	3,308,465
November	18,549,759	14,797,644	3,752,115	1,620,000	2,132,115	848,876	267,507	1,015,732
December	17,661,996	14,886,559	2,775,437	1,474,000	1,301,437	791,725	238,186	271,526
Total	$230,362,902	$187,929,803	$42,433,099	$20,137,000	$22,296,099	$9,779,889	$2,861,902	$9,654,308

( ) Denotes contra items.

REVENUE FREIGHT TRAFFIC STATISTICS—EXCLUDING TRUCK SERVICE

Year	Tons Carried	Tons Miles	Average Haul—Miles	Freight Revenue		
				Total	Per Ton	Per Ton Mile (Cents)
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	9,5561,748,530	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	42,915,573	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
1959	40,199,394	14,121,939,599	351.30	201,70,5278	5.02	1.428
1960	38,305,568	13,604,642,301	355.16	189,750,236	4.95	1.395

REVENUE PASSENGER STATISTICS—EXCLUDING BUS SERVICE

Year	Passengers Carried	Passenger Miles	Average Distance Traveled —Miles	Passenger Revenue		
				Total	Per Passenger	Per Passenger Mile (Cents)
Other Than Commutation						
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
1959	1,839,572	523,514,965	284.59	12,490,275	6.79	2.386
1960	1,759,253	515,650,913	293.11	12,095,377	6.88	2.346
*Commutation						
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
1959	5,521,115	123,694,172	22.40	2,818,185	.51	2.278
1960	5,036,666	111,139,202	22.07	3,095,340	.61	2.785
Total						
1951	7,528,252	871,918,613	115.82	$ 19,735,528	$2.52	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
1959	7,360,687	647,209,137	87.93	15,308,460	2.08	2.365
1960	6,795,919	626,790,115	92.23	15,190,717	2.24	2.424

*Beginning with year 1959, includes cash fares, single and round trip tickets sold for travel within suburban area, which in prior years were included in "Other than Commutation".

STATISTICS OF OPERATIONS

Items	Freight Trains		Passenger Trains		Total Transportation Service	
	1960	1959	1960	1959	1960	1959
Rail-Line						
Average miles of road operated	10,589	10,586	3,468	3,949	10,597	10,594
Train Miles						
Ordinary (with locomotives)	9,554,242	10,152,235	6,185,162	6,740,403	15,739,404	16,892,638
Light (with locomotives)	27,359	24,425			27,359	24,425
Total (with locomotives)	9,581,601	10,176,660	6,185,162	6,740,403	15,766,763	16,917,063
Motor car trains			17,160	65,487	17,160	65,487
Total train miles	9,581,601	10,176,660	6,202,322	6,805,890	15,783,923	16,982,550
Locomotive Miles						
Principal	9,583,849	10,180,397	6,185,162	6,740,403	15,769,011	16,920,800
Helper	81,260	109,822	286	726	81,546	110,548
Light	104,438	151,874	35,078	49,266	139,516	201,140
Train switching	856,137	864,118			856,137	864,118
Yard switching	5,587,572	5,862,648	428,543	441,949	6,016,115	6,304,597
Total locomotive miles	16,213,256	17,168,859	6,649,069	7,232,344	22,862,325	24,401,203
Car Miles						
Loaded freight cars	431,972,870	466,352,092	517,228	101,495	432,490,098	466,453,587
Empty freight cars	266,242,490	273,534,594	5,641	560	266,248,131	273,535,154
Total loaded and empty freight cars	698,215,360	739,886,686	522,869	102,055	698,738,229	739,988,741
Caboose	9,859,355	10,329,651	1,210	2,117	9,860,565	10,331,768
Total freight car miles	708,074,715	750,216,337	524,079	104,172	708,598,794	750,320,509
Passenger coaches	4,913	3,974	22,864,172	23,715,856	22,869,085	23,719,830
Sleeping and parlor cars (Company)			1,812,568	1,817,919	1,812,568	1,817,919
Sleeping cars (Pullman)	38,383	35,410	12,685,592	13,337,316	12,723,975	13,372,726
Club, lounge, dining and observation cars	547		4,989,125	5,250,522	4,989,672	5,250,522
Combination passenger and head end cars	501,995	659,233	169,149	142,633	671,144	801,866
Mail, express and baggage cars	2,570,197	2,539,863	21,120,653	22,269,656	23,690,850	24,809,519
Business cars	36,664	44,157	133,082	149,308	169,746	193,465
Total passenger car miles	3,152,699	3,282,637	63,774,341	66,683,210	66,927,040	69,965,847
Grand total car miles	711,227,414	753,498,974	64,298,420	66,787,382	775,525,834	820,286,356
Gross Ton Miles						
Locomotives and tenders (thousands)	3,394,655	3,450,518	2,042,210	2,162,113	5,436,865	5,612,631
Freight cars, contents, and cabooses (thousands)	31,409,774	32,603,899	23,551	4,151	31,433,325	32,608,050
Passenger cars, and contents (thousands)	163,517	167,109	4,102,995	4,299,984	4,266,512	4,467,093
Total freight and passenger (thousands)	31,573,291	32,771,008	4,126,546	4,304,135	35,699,837	37,075,143
Train Hours						
Train hours in road service	473,544	507,565	137,163	154,436	610,707	662,001
Revenue and Nonrevenue Freight Traffic						
Tons of revenue freight					38,305,568	40,199,394
Tons of nonrevenue freight					842,135	1,060,537
Total tons of freight					39,147,703	41,259,931
Net ton miles revenue freight (thousands)					13,604,642	14,121,940
Net ton miles nonrevenue freight (thousands)					259,519	381,036
Total net ton miles of freight (thousands)	13,853,726	14,501,330	10,435	1,646	13,864,161	14,502,976
Revenue Passenger Traffic						
Passengers carried					6,795,919	7,360,687
Passenger miles					626,790,115	647,209,137
Motor Vehicle Operations Excluded Above						
Net ton miles revenue freight (thousands)					1,124	1,318
Passengers carried					995	1,914
Passenger miles					1,041,447	991,687

STATISTICS OF OPERATIONS—CONCLUDED

ITEMS	1960	1959	1958	1957	1956	1955
FREIGHT TRAIN STATISTICS AND AVERAGES						
Gross ton miles, trailing (thousands)	31,573,291	32,771,008	32,413,288	34,236,747	36,203,655	36,228,284
Eastbound	17,124,676	18,176,737	18,125,895	18,805,435	19,734,331	19,787,705
Westbound	14,448,615	14,594,271	14,287,393	15,431,312	16,469,324	16,440,579
Steam	....	....	....	....	135	133,258
Diesel-electric	29,107,869	29,901,296	29,705,585	31,129,417	32,597,742	32,536,016
Electric	2,465,422	2,869,712	2,707,703	3,107,330	3,605,778	3,559,010
Per cent steam	....	....	....	....	....	.4%
Per cent Diesel-electric	92.2%	91.2%	91.6%	90.9%	90.0%	89.8%
Per cent electric	7.8%	8.8%	8.4%	9.1%	10.0%	9.8%
Loaded freight cars per train	45.2	45.9	44.3	44.3	44.6	43.4
Empty freight cars per train	27.9	27.0	27.7	26.7	24.7	23.5
Total freight cars per train	73.1	72.9	72.0	71.0	69.3	66.9
Gross tons per train	3,305	3,228	3,157	3,117	3,070	2,969
Net tons per train	1,450	1,428	1,390	1,373	1,370	1,323
Net tons per loaded car	32.1	31.1	31.3	31.0	30.7	30.5
Miles per car per day (serviceable freight)	39.3	39.0	35.7	37.0	38.7	37.7
Net ton miles per freight car-day	736	734	655	673	715	702
Train speed (train miles per train hour)	20.2	20.0	19.6	19.2	19.1	19.0
Gross ton miles (trailing) per train hour	66,674	64,565	61,714	59,780	58,328	56,315
PASSENGER TRAIN STATISTICS AND AVERAGES						
Passenger car miles (excluding motor)	64,230,016	66,525,240	69,087,808	75,256,765	86,613,202	72,582,117
Steam	....	....	....	....	13,184	16,967
Diesel-electric	64,227,781	66,502,614	65,218,200	71,665,998	81,157,901	66,905,429
Electric	2,235	22,626	3,869,608	3,590,767	5,442,117	5,659,721
Per cent steam	....	....	....	....	....	....
Per cent Diesel-electric	100.0%	100.0%	94.4%	95.2%	93.7%	92.2%
Per cent electric	....	....	5.6%	4.8%	6.3%	7.8%
Cars per train (excluding motor)	10.38	9.87	9.60	9.60	9.84	8.91
Revenue passengers per train	101.2	95.2	89.8	86.5	89.4	81.2
Revenue passengers per car	16.6	16.5	16.1	16.0	16.8	17.5
Train speed (train miles per train hour)	45.2	44.1	44.4	43.9	44.7	42.9
YARD SWITCHING STATISTICS						
Yard switching hours	1,002,686	1,050,766	1,063,803	1,184,130	1,251,620	1,274,248
Steam	....	....	....	....	7	11,279
Diesel-electric	994,370	1,038,534	1,056,660	1,174,874	1,235,025	1,246,748
Electric	8,316	12,232	7,143	9,256	16,588	16,221
Per cent steam	....	....	....	....	....	.9%
Per cent Diesel-electric	99.2%	98.8%	99.3%	99.2%	98.7%	97.8%
Per cent electric	.8%	1.2%	.7%	.8%	1.3%	1.3%
DENSITY STATISTICS						
Per mile of road per day (freight service):						
Train miles, ordinary	2.5	2.6	2.7	2.8	3.0	3.1
Net ton miles	3,575	3,753	3,694	3,896	4,153	4,161
Per mile of road per day (passenger service):						
Train miles	4.9	4.7	4.8	4.7	5.3	4.8
Car miles	50.7	46.3	45.5	45.0	51.7	42.5

REVENUE FREIGHT BY PRINCIPAL COMMODITIES—1960 AND 1959

Commodities	1960		1959		Increase + or Decrease −		
	Tons Carried	Percent of Total	Tons Carried	Percent of Total		Tons	Percent
Products of Agriculture:							
Wheat	1,708,445	4.5	1,653,685	4.1	+	54,760	3.3
Corn	1,325,050	3.5	1,281,473	3.2	+	43,577	3.4
Barley and rye	763,672	2.0	738,948	1.8	+	24,724	3.3
Oats	347,413	.9	298,327	.7	+	49,086	16.5
Flour, meal and mill products	1,275,613	3.3	1,242,503	3.1	+	33,110	2.7
Citrus fruits	39,049	.1	59,289	.2	−	20,240	34.1
Other fruits, fresh and frozen	123,945	.3	135,892	.3	−	11,947	8.8
Potatoes, other than sweet	229,982	.6	264,312	.7	−	34,330	13.0
Other vegetables, fresh and frozen	115,520	.3	126,388	.3	−	10,868	8.6
Sugar beets	213,813	.6	191,132	.5	+	22,681	11.9
Other products of agriculture	1,588,516	4.1	1,480,059	3.7	+	108,457	7.3
Total	7,731,018	20.2	7,472,008	18.6	+	259,010	3.5
Animals and Products:							
Cattle, calves, sheep and goats	171,861	.4	198,623	.5	−	26,762	13.5
Swine	21,999	.1	33,892	.1	−	11,893	35.1
Fresh meats	386,670	1.0	427,610	1.0	−	40,940	9.6
Poultry, eggs, butter and cheese	113,551	.3	128,422	.3	−	14,871	11.6
Wool, hides and leather	153,604	.4	161,264	.4	−	7,660	4.7
Other animals and products	268,968	.7	265,237	.7	+	3,731	1.4
Total	1,116,653	2.9	1,215,048	3.0	−	98,395	8.1
Products of Mines:							
Bituminous coal	4,862,060	12.7	5,447,866	13.6	−	585,806	10.8
Coke	257,305	.6	296,121	.7	−	38,816	13.1
Ores and concentrates	462,461	1.2	385,162	1.0	+	77,299	20.1
Gravel and sand	916,755	2.4	1,166,550	2.9	−	249,795	21.4
Stone, broken, ground or crushed	1,291,164	3.4	1,192,897	3.0	+	98,267	8.2
Stone, tough and finished	77,997	.2	71,099	.2	+	6,898	9.7
Asphalt	195,521	.5	234,070	.6	−	38,549	16.5
Salt	148,276	.4	165,384	.4	−	17,108	10.3
Other products of miles	1,138,894	3.0	1,154,731	2.8	−	15,837	1.4
Total	9,350,433	24.4	10,113,880	25.2	−	763,447	7.5
Products of Forests:							
Logs, posts, poles and cordwood	1,290,191	3.4	1,604,736	4.0	−	314,545	19.6
Pulpwood	1,028,793	2.7	966,773	2.4	+	62,020	6.4
Lumber and mill products	1,845,337	4.8	2,434,155	6.1	−	588,818	24.2
Veneer and built-up wood	467,827	1.2	520,054	1.3	−	52,227	10.0
Other products of forests	376,413	1.0	259,064	.6	+	117,349	45.3
Total	5,008,561	13.1	5,784,782	14.4	−	776,221	13.4
Manufactures and Miscellaneous:							
Refined petroleum and products	1,175,165	3.1	1,258,601	3.1	−	83,436	6.6
Sugar, table syrups and molasses	304,542	.8	293,861	.7	+	10,681	3.6
Iron and steel products	2,251,993	5.9	2,299,049	5.7	−	47,056	2.0
Machinery and boilers	222,962	.6	230,072	.6	−	7,110	3.1
Cement	1,242,018	3.2	1,152,635	2.9	+	89,383	7.8
Brick, building tile and artificial stone	191,608	.5	199,113	.5	−	7,505	3.8
Lime and plaster	73,696	.2	81,785	.2	−	8,089	9.9
Agricultural implements, tractors and parts	155,626	.4	206,217	.5	−	50,591	24.5
Autos, trucks, parts and tires	745,090	1.9	685,152	1.7	+	59,938	8.7
Beverages	599,592	1.6	613,561	1.5	−	13,969	2.3
Ice	32,950	.1	31,716	.1	+	1,234	3.9
Fertilizers	590,481	1.5	535,770	1.3	+	54,711	10.2
Paper and paper products	1,191,363	3.1	1,200,754	3.0	−	9,391	.8
Canned food products	985,346	2.6	997,315	2.5	−	11,969	1.2
Scrap iron and scrap steel	598,594	1.5	758,925	1.9	−	160,331	21.1
Building paper, roofing and woodwork	434,465	1.1	460,040	1.2	−	25,575	5.6
Other manufactures and miscellaneous	4,165,926	10.9	4,435,508	11.0	−	269,582	6.1
Total	14,961,417	39.0	15,440,074	38.4	−	478,657	3.1
Grand Total Carload Traffic	38,168,082	99.6	40,025,792	99.6	−	1,857,710	4.6
All L.C.L. Freight	137,486	.4	173,602	.4	−	36,116	20.8
Grand Total, Carload and L.C.L. Traffic	38,305,568	100.0	40,199,394	100.0	−	1,893,826	4.7

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	Total Compensation All Employees: Charged To: Operating Expenses	Total Compensation All Employees: 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
1933	26,493	39,042,823	1,474	129,469	39,172,292	36,740,362	2,431,930
1938	28,988	52,830,262	1,822	100,092	52,930,354	48,224,635	4,705,719
1943	35,377	90,305,409	2,553	145,093	90,450,502	84,109,945	6,340,557
1948	38,268	138,490,345	3,619	172,016	138,662,361	126,543,269	12,119,092
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
1959	22,243	128,292,584	5,767	107,083	128,399,667	122,031,078	6,368,589
1960	20,229	121,037,664	5,983	98,143	121,135,807	114,993,442	6,142,365

NUMBER OF EMPLOYEES AND COMPENSATION BY STATES

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	5,977	$ 35,954,281	$6,015	$18,179	$ 35,972,460
Iowa	2,062	12,410,458	6,019	5,105	12,415,563
Wisconsin	5,272	30,334,008	5,754	21,200	30,355,208
Minnesota	2,446	14,392,068	5,884	8,726	14,400,794
Michigan	122	906,621	7,431	0	906,621
Missouri	346	2,035,311	5,882	10,780	2,046,091
Indiana	289	1,726,773	5,975	9,180	1,735,953
South Dakota	902	5,244,002	5,814	180	5,244,182
North Dakota	98	524,782	5,355	2,599	527,381
Montana	1,060	6,740,641	6,359	22,074	6,762,715
Idaho	94	574,143	6,108	0	574,143
Washington	1,412	9,145,616	6,477	120	9,145,736
All other	149	1,048,960	7,040	0	1,048,960
Total	20,229	$121,037,664	$5,983	$98,143	$121,135,807

TOTAL PAYROLLS AND COMPANY CONTRIBUTIONS AVERAGE PER EMPLOYEE

Year	Total Payrolls—Regular Employees	Company Contributions: Retirement and Unemployment Taxes	Company Contributions: Health and Welfare Benefits	Total	Average Per Employee	Straight Time Rate: Average Per Hour	Straight Time Rate: % Inc. Over 1939
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
1959	128,292,584	9,894,538	1,819,163	140,006,285	6,294	2.566	253.9
1960	121,037,664	9,969,699	1,646,241	132,653,604	6,558	2.638	263.9

EQUIPMENT OWNED

	Jan. 1, 1960 Number	Added (New)	Retired	All Other Including Reclassifications	December 31, 1960 Number	December 31, 1960 Capacity
Locomotives						Tractive Pwr. (Pounds)
Diesel-Electric (Units)						
Freight	163			− 2	161	9,724,119
Passenger	83		3	+ 2	82	4,854,420
Multiple purpose	281		1		280	17,452,411
Switching	286				286	16,967,475
Electric (Units)						
Freight	84			+ 1	85	5,392,650
Passenger	10			− 1	9	834,022
Switching	4				4	179,375
Total	911		4		907	55,404,472
Freight Cars						Tons
Box	25,285	550	1,578	+ 1	24,258	1,177,215
Gondola	8,569	25	335	*+ 68	8,327	475,250
Hopper	4,578	100	13	*+ 1	4,666	265,080
Ballast	846		54	*+ 50	842	58,940
Ore	794				794	55,580
Stock	3,188		40		3,148	125,910
Flat	3,739	100	122	− 54	3,663	189,220
Refrigerator	635		202	*+200	633	29,785
Tank	6		1		5	250
Caboose	472		7		465	
Total	48,112	775	2,352	+266	46,801	2,377,230
Passenger Cars						Passengers
Coaches	305				305	22,203
Sleepers	56		15		41	1,054
Parlor	14				14	530
Parlor cafe	4				4	160
Dining	31				31	1,451
Tap, lounge and observation	12				12	1,064
Baggage, express and mail	301		8		293	
Passenger and baggage	12		2		10	328
Passenger, mail and baggage	4		2		2	48
Rail motor cars	2				2	
Total	741		27		714	26,838
Company Service Equipment						
Business cars	10				10	
Ballast and dumpcars	86				86	
Derrick cars	18				18	
Boarding outfit cars	362		34	+ 1	329	
Snow removing cars	138		1		137	
Other company service equipment	1,297		118	+ 75	1,254	
Total	1,911		153	+ 76	1,834	
Floating Equipment						
Car floats	4				4	
Highway Vehicles						
Passenger automobiles	199	31	32		198	
Trucks	413	38	37		414	
Other	156	2	10		148	
Total	768	71	79		760	

	Ledger Value December 31, 1960	Ledger Value December 31, 1959	Increase or Decrease
Locomotives	$124,307,862	$124,658,042	Dec. $ 350,180
Freight cars	176,524,664	169,559,340	Inc. 6,965,324
Passenger cars	31,110,939	31,348,424	Dec. 237,485
Work equipment	6,763,815	6,893,714	Dec. 129,899
Floating equipment	278,731	278,731	
Miscellaneous equipment	2,387,452	2,333,999	Inc. 53,453
Total	$341,373,463	$335,072,250	Inc. $6,301,213

*Rebuilt

MILWAUKEE LAND COMPANY INCOME ACCOUNT

INCOME	1960	1959	INCREASE	DECREASE
TOWNSITE DIVISION				
SALES:				
Real estate	$ 35,060	$ 77,376	....	$ 42,316
Cost of real estate sold	(20,884)	(58,838)	....	(37,954)
GROSS PROFIT FROM SALES	14,176	18,538	....	4,362
OTHER INCOME:				
Rents	56,137	32,215	$ 23,922	....
Interest	25,397	34,008	....	8,611
Separately operated properties	83,200	....	83,200	....
All other	(1,237)	2,556	....	3,793
TOTAL OTHER INCOME	163,497	68,779	94,718	....
TOTAL INCOME—TOWNSITE DIVISION	177,673	87,317	90,356	....
TIMBER DIVISION				
SALES:				
Timber land and timber	1,110,822	2,014,088	....	903,266
Cost of land and timber sold	(75,732)	(129,539)	....	(53,807)
GROSS PROFIT FROM SALES	1,035,090	1,884,549	....	849,459
OTHER INCOME:				
Rents and royalties	22,354	13,786	8,568	....
Interest	16,207	19,328	....	3,121
All other	3,796	....	3,796	....
TOTAL OTHER INCOME	42,357	33,114	9,243	....
TOTAL INCOME—TIMBER DIVISION	1,077,447	1,917,663	....	840,216
TOTAL INCOME—TOWNSITE AND TIMBER DIVISIONS	1,255,120	2,004,980	....	749,860
EXPENSES				
TOWNSITE DIVISION				
Salaries and office expenses	8,898	8,459	439	....
Taxes	29,914	25,053	4,861	....
Interest	64,044	64,044	....	....
Separately operated properties	53,106	....	53,106	....
All other	23,771	12,610	11,161	....
TOTAL EXPENSES—TOWNSITE DIVISION	179,733	110,166	69,567	....
TIMBER DIVISION				
Salaries and office expenses	54,978	55,040	....	62
Real estate expense	35,938	59,418	....	23,480
Timber cutting contracts expense	50,312	42,931	7,381	....
Fire protection	22,907	23,221	....	314
Taxes	327,333	489,237	....	161,904
Interest	95,076	95,076	....	....
All other	5,464	9,518	....	4,054
TOTAL EXPENSES—TIMBER DIVISION	592,008	774,441	....	182,433
TOTAL EXPENSES—TOWNSITE AND TIMBER DIVISIONS	771,741	884,607	....	112,866
NET INCOME	$ 483,379	$1,120,373	....	$ 636,994

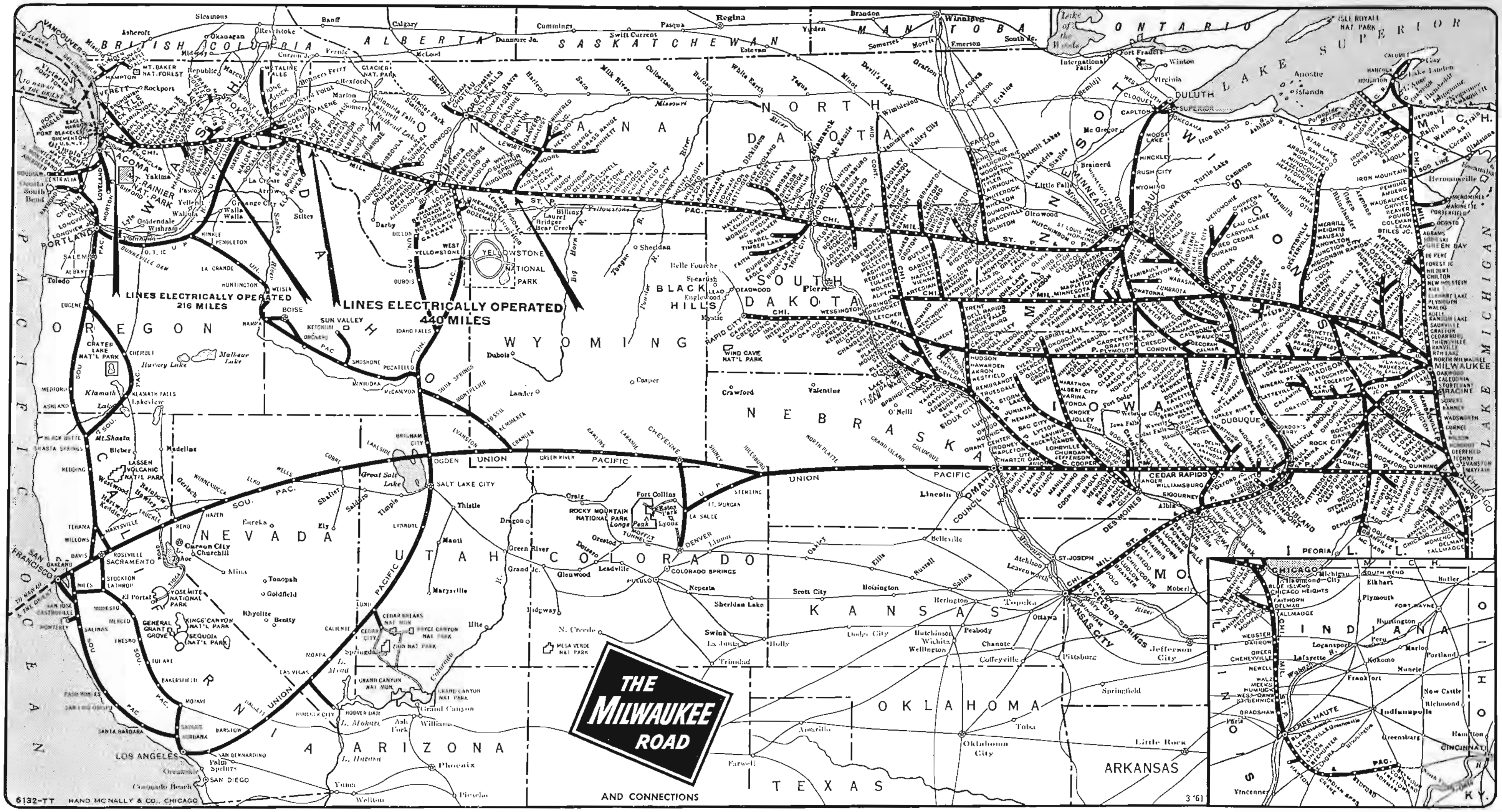
MILWAUKEE LAND COMPANY STATEMENT OF RETAINED INCOME

	1960	1959	INCREASE	DECREASE
Balance at January 1	$1,649,792	$1,978,906	....	$ 329,114
ADDITIONS:				
Net income for the year	483,379	1,120,373	....	636,994
Miscellaneous credits	100,195	60,537	$ 39,658	....
	2,233,366	3,159,816	....	926,450
DEDUCTIONS:				
Dividends declared	400,000	1,500,000	....	1,100,000
Miscellaneous debits	3,328	10,024	....	6,696
	403,328	1,510,024	....	1,106,696
BALANCE AT DECEMBER 31	$1,830,038	$1,649,792	$ 180,246	....

( ) Denotes reverse items.

MILWAUKEE LAND COMPANY—BALANCE SHEET

	December 31, 1960	December 31, 1959	Change During Year
Assets			
Current Assets:			
Cash	$ 405,146	$ 536,904	− $131,758
United States Government securities	....	300,000	− 300,000
Accounts receivable	100,088	98,526	+ 1,562
Notes and purchase contracts	73,944	57,864	+ 16,080
Interest receivable	13,682	57,132	− 43,450
Separately operated properties	18,094	....	+ 18,094
Total Current Assets	610,954	1,050,426	− 439,472
Investments:			
Capital stocks	1,725	1,725	....
C. M. St. P. & P. R. R. Co. mortgage bonds	....	450,000	− 450,000
Blagen Timber Co. mortgage notes	169,000	....	+ 169,000
Total Investments	170,725	451,725	− 281,000
Other Assets and Deferred Charges:			
Timber sale contracts	2,160	3,250	− 1,090
Notes and purchase contracts (noncurrent)	432,968	697,529	− 264,561
Earnest money deposits on land purchases	200,640	357,900	− 157,260
Other assets	1,238	5,092	− 3,854
Total Other Assets and Deferred Charges	637,006	1,063,771	− 426,765
Properties:			
Timber land and timber	1,763,656	1,692,492	+ 71,164
Real estate, buildings and equipment	3,614,094	2,178,482	+ 1,435,612
Automobiles less accrued depreciation	10,082	9,356	+ 726
Furniture and fixtures less accrued depreciation	945	1,154	− 209
Total Properties	5,388,777	3,881,484	+ 1,507,293
Total Assets	$6,807,462	$6,447,406	+ $ 360,056
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable	$ 205,876	$ 168,436	+ $ 37,440
Interest payable	92,820	92,820	....
Unmatured dividends declared	200,000	750,000	− 550,000
Federal income taxes	160,000	300,000	− 140,000
Other taxes	60,674	64,848	− 4,174
Total Current Liabilities	719,370	1,376,104	− 656,734
Other Liabilities and Deferred Credits:			
Note payable—C. M. St. P. & P. R. R. Co.	2,652,000	2,652,000	....
Advances—C. M. St. P. & P. R. R. Co.	905,640	....	+ 905,640
Advances on coal leases and cutting contracts	197,136	266,014	− 68,878
Other liabilities	3,278	3,496	− 218
Total Other Liabilities and Deferred Credits	3,758,054	2,921,510	+ 836,544
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	1,830,038	1,649,792	+ 180,246
Total Shareholders' Equity	2,330,038	2,149,792	+ 180,246
Total Liabilities and Shareholders' Equity	$6,807,462	$6,447,406	+ $360,056



CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY

THE MILWAUKEE ROAD

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