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## **THE CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY: AN EXAMINATION OF CONTINGENT LIABILITIES OF 1903-1904**

*Abstract:* The issue about disclosing contingent losses arising from lawsuits has been an accounting problem for decades. Prior to 1953, there was no mandate for recording or disclosing such contingencies. In this study, the 307 court cases brought against the Chicago, Rock Island and Pacific Railroad Company during 1903 and 1904 are analyzed to determine the impact of nondisclosure in the annual reports. Despite thirty-nine of these cases involved deaths and fifty concerned injuries to employees or passengers, the simple dollar amount of total litigation does not meet a threshold of materiality. Under current reporting requirements, however, some of these cases would have been disclosed. From the relative size of the amounts in dispute, it does not appear that nondisclosure of contingent losses from lawsuits were significant enough to mislead investors.

### **INTRODUCTION**

It has long been understood that accounting treatment of contingent liabilities could substantially impact the financial position of a business enterprise and directly affect decisions of financial information users. The accounting profession has provided a framework for the recognition of contingencies. In 1975, the Financial Accounting Standards Board issued *Statement Number 5* which establishes procedures for accounting for such contingencies. The Statement defines a contingent liability as

an existing condition, situation, or set of circumstances involving uncertainty as to . . . possible . . . loss . . . to an enterprise that will ultimately be resolved when one or more future events occur or fail to occur. Resolution of

the uncertainty may confirm the . . . incurrence of a liability (page 2).

Prior to *Statement 5*, the Committee on Accounting Procedure issued *ARB 43* [1953] which updated previous work (1947) that provided the first authoritative source recommending accounting treatment for contingent liabilities. Before the work of the Committee on Accounting Procedure, there had been no definitive guidelines recommending accounting treatment for contingent liabilities. Business enterprises followed a wide array of methods of accounting for such obligations. Paton [1923, page 623] actually discouraged the accrual of contingencies by stating "Contingent liabilities should not be added to outright obligations on the face of the balance sheet." Prior to 1953, many enterprises simply did not disclose or accrue contingent liabilities as a part of their overall financial position. Therefore, financial statement users made decisions based upon less than complete and, possibly, inaccurate financial data.

#### THE PURPOSE OF THE STUDY

The purpose of this study was to identify the contingent liabilities of the Chicago, Rock Island and Pacific Railroad Company (the Company) for the years 1903 and 1904. In addition, the impact that these contingent liabilities would have had on the financial position of the company was determined. The data for this analysis was obtained directly from the general counsel's docket of the Chicago, Rock Island and Pacific Railroad Company. The docket was obtained at a private sale in St. Louis, Missouri in 1990 after the liquidation of the Company in 1985.

The docket contains a complete description of 307 court cases brought against the Chicago, Rock Island and Pacific Railroad Company for the years 1903 and 1904. Each case entry in the docket provides a complete narrative of the issues, motions, and actions of the case, monetary amounts demanded, and the outcome of each case.

This study examined the effects of the contingent liabilities of the Company if they had been disclosed in the financial statements. Thus, the null hypothesis formulated for this study was:

**Ho:** The contingencies of the Chicago, Rock Island and Pacific Railroad Company of 1903-1904 would have had a material effect on the financial position of the company if the contingencies had been fully disclosed in the financial statements.

## HISTORY OF CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY

The Chicago, Rock Island and Pacific Railroad Company, originally named the Rock Island and LaSalle Railroad Company, was incorporated on February 27, 1847 by act of the General Assembly of the State of Illinois. The Company's original lines were constructed across the Mississippi River from Rock Island, Illinois to Davenport, Iowa.

In 1866, the Chicago, Rock Island and Pacific Railroad Company was incorporated in the state of Iowa for the purpose of acquiring the properties of the Mississippi and Missouri Railroad Company. That same year, the Chicago, Rock Island and Pacific Railroad Company (in Iowa) and the Chicago, Rock Island and Pacific Railroad Company (in Illinois) merged into the Chicago, Rock Island and Pacific Railroad Company. As a result of the merger, the lines of the company ran from Chicago, Illinois to Council Bluffs, Iowa. By 1869, the Company had extended its lines to Omaha, Nebraska [Moody's, page 883].

A major expansion for the company occurred in 1880 when the Chicago, Rock Island and Pacific acquired the Iowa Southern and Missouri Southern systems. After the expansion, the Company owned and operated some 1,380 miles of lines which connected two Missouri River points with Chicago as well as a line from Keokuk to Des Moines, Iowa.

In 1886, the company entered into a lease arrangement with the Chicago, Kansas and Nebraska Railroad. Under the agreement, the Chicago, Rock Island and Pacific would finance the construction of lines connecting Chicago with points in Kansas and Nebraska. A subsequent default of the Chicago, Kansas and Nebraska Railroad resulted in the foreclosure and acquisition by Chicago, Rock Island and Pacific. Through this acquisition, the Company obtained lines connecting its current system with Denver and the Indian Territory. In addition to this southwestern expansion, the company also began rapid acquisition of other lines in the northwest. In 1892, the company owned and operated 3,456 miles of lines extending through eight states and the Indian Territory [Van Oss, page 520].

In 1901, the Company devised a system of holding companies. The parent company, the Chicago, Rock Island and Pacific Railway Company, maintained control of the twelve subsidiaries. During this period assets of the Company totalled nearly \$1.5 billion. With this extremely capital intense operation, the

company began an expansion endeavor that linked Chicago to the Gulf of Mexico [Stover, page 56].

Between the years 1892 and 1910, the company experienced very little substantial growth and merely maintained economic stability. However, in the early 1910s a high level of competition within the railroad industry resulted in lower profits and a greater amount of debt for Chicago, Rock Island and Pacific. A petition of insolvency was filed against the company in 1915 and the company operated under a receivership arrangement until 1917 when the properties were returned to corporate control. However, the company did not operate profitably for the long-term and filed for a reorganization under Section 77 of the Bankruptcy Act in 1933. A complete reorganization was granted and the company resumed business under the same name [Moody's, page 884].

The company purchased the Pullman Railroad Company on January 1, 1950 for \$1,175,000. In 1955, the company petitioned the Interstate Commerce Commission (ICC) to purchase a portion of the Wichita Falls and Southern Railroad Company. The acquisition request was granted and thus, the Chicago, Rock Island and Pacific Railway reached the pinnacle of its economic life cycle. The years 1955 to 1980 brought very little substantial changes for the Company. During this period, the company's debt to equity ratio nearly tripled; thus, forcing the management to constantly confront the problems of meeting the maturing financial obligations.

Facing enormous debt, the company was forced to liquidate many of its holdings in the early 1980s. However, the Company was unable to recover from its severe cash-flow problems brought about by maturing debt obligations and decrease in profits from deregulation in 1980. In 1985, after defaulting on nearly \$100,000,000 of long-term obligations, the board of directors voted to petition for complete liquidation under Chapter 7 of the U.S. Bankruptcy code. Thus, the Chicago, Rock Island and Pacific Railroad Company quietly went out of existence after 135 years.

#### ANALYSIS OF CONTINGENCIES

The records of the Chicago, Rock Island and Pacific Railroad Company provide insight into financial reporting by early twentieth century companies. Specifically, the effects of not disclosing contingent liabilities in the financial statements can be

examined through such records of corporate lawyers. Each case contained in the general counsel's docket for the years 1903-1904 of the Company was analyzed, for a total of 307 cases analyzed by this study. The cases were categorized by the issues involved. Thirteen distinct categories of case types emerged from the analysis. The types of contingent liabilities are described below.

1. *Loss of Shipments* brought against the company by customers with claims of damaged or lost goods shipped on the Railroad. The most common type of claim in this category involved cattle.
2. *Property Damage* brought against the Company by parties alleging damage from locomotives or construction of rail lines. Among the most common types of damages alleged were fires caused by trains, smoke damage, flooding due to poor drainage caused by construction, and noise damage.
3. *Passenger Death* brought against the company by the heirs or estates of passengers killed in railroad related accidents.
4. *Employee Death* brought against the Company by the heirs or estates of employees killed in job-related accidents
5. *Personal Injury — Passenger* brought against the Company by passengers injured while on railroad property.
6. *Personal Injury — Employee* brought against the Company by employees injured in work-related accidents.
7. *Personal Injury — Third Party* brought against the Company by individuals other than passengers or employees for injuries sustained from company related accidents.
8. *Property Dispute* brought against the Company by parties alleging ownership of property claimed by the railroad. The most common type of property dispute involved land.
9. *Criminal Trespass* involved charges against the company by parties alleging the Company illegally used or entered property.
10. *Contracts* involved claims by parties of nonperformance of contractual obligations of the Company.
11. *Miscellaneous Actions* involved a variety of suits for relatively small claims brought against the railroad. Common suits in this category included accounts payable dis-

putes, passenger delays, dumping, polluting, and overcharge of freight fees. One case involved segregation of blacks and whites on the passenger trains.

12. *Government Action* brought about by the Kansas Railroad Commission to compel better service and to lower the railroad hauling fees. Also, this category includes a case involving expropriation of a Company bridge by the United States War Department. These cases do not represent pecuniary claims. However, they are discussed since they do impact the financial position of the Company.
13. *Condemnation* of real property for Company use. While these suits involved potential payments of funds, in substance, they do not represent contingent liabilities because the company brings the suit to gain property (assets). Therefore, the condemnation suits are not included in the contingent liability amounts for this analysis.

The total monetary amount of the contingencies identified in the analysis was \$778,298 and \$424,788 for 1903 and 1904, respectively. These claims ranged in amount from \$3 to \$50,000. The percentage of the total claims represented by each category was computed and is presented in Table 1. Table 2 presents the average (mean amount) of each claim asserted and the average settlement for each of the categories.

**Table 1**  
**Proportional Composition of Contingencies**

Types of Contingencies (Freq)	1903 \$778,298	1904 \$424,788
Loss of shipment (80)	1.53%	1.22%
Property damage (45)	4.88%	6.52%
Passenger death (4)	10.37%	19.00%
Employee death (35)	8.35%	10.59%
Passenger injury (40)	48.79%	47.79%
Employee injury (10)	6.68%	4.00%
Third party injury (4)	7.07%	1.18%
Property dispute (7)	0.01%	0.50%
Criminal trespass (6)	5.00%	5.65%
Contract disputes (3)	5.24%	2.12%
Miscellaneous (25)	1.78%	1.44%
Government Action (3)	*	*
Condemnation (45)	*	*
(307)	100.00%	100.00%

**Table 2**  
**Average of Asserted Claims and Settlements**

Types of Contingencies	Average Asserted	Average Settlement
Loss of shipment	\$ 285	\$ 92
Property damage	1,150	334
Passenger death	20,175	5,973
Employee death	13,400	3,830
Passenger injury	13,729	1,669
Employee injury	9,700	1,108
Third party injury	15,000	638
Property dispute	1,561	415
Criminal trespass	7,333	4,833
Contract disputes	20,380	325
Miscellaneous	797	205
Government Action	*	*
Condemnation	*	*

While passenger-injury claims represented the largest percentage of contingent liabilities for both years, this category did not represent the most frequently asserted claim. Only 40 passenger-injury claims were brought against the Company during the two year period. Loss of shipment claims represented the most frequently asserted claims. The 80 loss of shipment claims, however, represented less than 2% of the total dollar amount of contingencies for each year.

The second most frequently asserted type of litigation against the Chicago, Rock Island and Pacific Railroad Company concerned property damage. However, the 45 cases of property damage also represented a relatively small portion of the contingencies that existed at the balance sheet date for the Company for both years (4.88% and 6.52%, respectively).

Passenger-death suits represented the largest contingency per claim. The average passenger-death claim was \$20,175 and settlement of such claims averaged \$5,973 per claim. Comparatively, employee death claims averaged much less--\$13,400 per asserted claim and \$3,830 per settlement.

Injury suits followed a similar pattern. While the average passenger-injury claim totalled \$13,729 and was settled for an average of \$1,669, employee-injury claims amounted to much less. The average employee-injury claim asserted was \$9,700 with an average settlement of \$1,108. Thus, the analysis suggests that, on the average, contingencies arising from passenger-



deaths and injuries were much greater than those for employees. Passenger-death claims ranged from \$10,000 to \$30,700 while employee-deaths ranged from \$2,000 to \$25,000 (see Appendix 1).

While the average claims of third-party injury were higher than the other two types of injuries, settlements per claim were the smallest. Half of the third-party claims represented children injured while playing on or near the tracks. The other claims of this nature involved individuals injured while at railroad crossings within the city of Chicago.

Six cases of criminal trespass were brought against the Company during the two year period. While none of these cases were settled in 1903 or 1904, judgments against the Company for damages were rendered in subsequent periods. The average claim for trespass was \$7,333 with settlements averaging \$4,833 per claim. Interestingly, the settlement averaged almost as much as passage death settlements and even more than the average employee death settlement. The Company was found guilty in each of the six cases of criminal trespass.

The contract disputes involved construction contract claims against the Railroad. These claims were brought by construction contractors hired by the Company alleging nonpayment for services rendered. While the average claim asserted was \$20,380, the average settlement was only \$325 per claim.

The general counsel's docket contained 25 cases which could not be categorized. Generally, these cases were not significant in amount. In total, these cases represent less than 2% of the total contingent liabilities of the Company for 1903 and 1904. However, one case included in this category deserves noting. The claim was filed on July 3, 1903 in Memphis, Tennessee by a white male alleging damages because the passenger railcar in which he was riding was not racially segregated. The individual was awarded damages of \$100 although the initial claim represented \$5,000.

### MATERIALITY ASSESSMENT

The effects of the contingent liabilities on the overall financial position of the Chicago, Rock Island and Pacific Railroad were examined. The magnitude of the contingencies to net earnings, assets, and liabilities of the Company was assessed. The financial data of the Company were presented in the financial statements of the company for the years 1903 and 1904 and is

presented below (Poor's 1903, page 233 and 1904, page 257) in Table 3.

**Table 3**  
**Chicago, Rock Island and Pacific Railroad**  
**Reported Financial Data**

	1903	1904
Net Earnings	\$5,300,000	\$5,700,000
Assets	\$142,600,000	\$176,500,000
Liabilities	\$96,400,000	\$103,200,000
Unreported Claims:		
Contingent Liabilities (identified in analysis)	\$778,298	\$424,788
Actual Settlements (identified in analysis)	\$33,220	\$59,876

The contingent liabilities identified in the analysis represented less than 1% of the total assets and less than 1% of the total liabilities for the Company for the two years presented. Actual settlements represented less than 1% of net earnings of the Company for both years. Therefore, this analysis implies that contingent liabilities for the years 1903 and 1904 were immaterial in amount. Thus, the results of the study fail to support the null hypothesis that the contingent liabilities of the Company were material in amount.

Although the analysis suggests that the dollar amounts of these contingencies may not necessarily be material, the nature of the contingencies may have warranted disclosure under today's accounting standards. The criminal trespass rulings against the Company may suggest a problem of management integrity, and therefore, should be disclosed in the financial statements of the Company. The injury and death suits brought by employees and passengers may have indicated the degree of the overall safety of the operations and therefore, warrant disclosure. Full disclosure of government action to lower rates and compel better service may have been warranted due to the long-term implications on profitability of the Company. Thus, the disclosure of these contingencies could have potentially impacted the decisions reached by the Company's financial-statement users.

### IMPLICATIONS OF THE STUDY

There is no question that disclosure of contingent liabilities can potentially influence decisions of financial statement users. Prior to 1953, business enterprises followed a wide array of accounting methods for contingencies. Many enterprises simply did not accrue or disclose contingent liabilities in their financial statements. The Chicago, Rock Island and Pacific Railroad Company was one such enterprise which did not account for contingent liabilities during the early part of the twentieth century.

The effects of not accounting for the contingencies in the 1903 and 1904 financial statements are somewhat ambiguous. On one hand, the simple dollar amounts of the contingent liabilities are not material. However, under current accounting rules, the nature of some of the contingencies would have warranted their disclosure in the financial statements. In any event, a framework of accounting standards for the disclosure of contingencies would have been a valuable tool for financial reporting in the early twentieth century American business enterprise. The disclosure of the contingencies would have provided investors and creditors better insights into the practices of the Company. Thus, if the Company had followed the disclosure requirements of today's Financial Accounting Standards Board Statement *Number 5 Accounting for Contingencies*, decisions made by financial-statement users could have been influenced. Thus, the contingent liabilities of the Chicago, Rock Island and Pacific Railroad Company of 1903 and 1904 would have been material.

While drawing inference from a sample of one is dangerous, the large number of lawsuits and the serious nature of many of the lawsuits (death, injury, etc.) filed against the Chicago, Rock Island and Pacific Railroad without the simple dollar amounts of litigation rising to the materiality of disclosure threshold suggests that contingent liabilities from lawsuits were not a serious enough problem to warrant disclosure in the financial statements. Perhaps, nondisclosure by companies was the appropriate treatment of these contingencies at the turn of the century. It may be that only as settlement and judgment amounts for death, injury, criminal trespass etc. grew exponentially did disclosure and recording of contingent items become important for investors. This perception seems reasonable given the size of the average death settlements - \$5,973 for passengers

and \$3,830 for employees - in 1903/04 versus the settlement figure for similar deaths today. Even adjusted for inflation, cause and insurance coverage, today's settlements for deaths of employees and passengers (airlines for example) are much larger and thus material.

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**APPENDIX I****THE CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY****COMPOSITION OF CONTINGENCIES  
1903 AND 1904**

Type	Freq.	Range	1903 Settle- ments	Pending 12/31/03	1904 Settle- ments	Pending 12/31/04
Loss of ship	(80)	\$7 to \$1,993	\$2,413	\$11,928	\$5,133	\$5,185
Prop damage	(45)	\$15 to \$4,000	\$4,775	\$38,000	\$3,209	\$27,679
Death-Pass	(04)	\$10,000 to \$30,700	\$0	\$80,700	\$0	\$80,700
Death-Emp	(35)	\$2,000 to \$25,000	\$1,000	\$65,000	\$900	\$45,000
Pass injury	(40)	\$250 to \$50,000	\$15,406	\$379,695	\$40,146	\$203,000
Emp injury	(10)	\$1,000 to \$25,000	\$6,850	\$52,000	\$5,532	\$17,000
TP injury	(04)	\$5,000 to \$25,000	\$350	\$55,000	\$1,350	\$5,000
Prop dispute	(07)	\$75 to \$7,600	\$727	\$2,400	\$183	\$2,100
Crim trespass	(06)	\$5,000 to \$15,000	\$0	\$39,000	\$0	\$24,000
Contracts	(03)	\$9,024 to \$31,736	\$0	\$40,760	\$0	\$9,024
Misc	(25)	\$3 to \$5,000	\$1,699	\$13,815	\$3,423	\$6,100
Govt action	(03)	*	*	*	*	*
Condemnation	(45)	*	*	*	*	*
<b>TOTALS</b>	<b>307</b>	<b>\$3 to \$50,000</b>	<b>\$33,220</b>	<b>\$778,298</b>	<b>\$59,876</b>	<b>\$424,788</b>

**APPENDIX 2**

**CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY**

**ANALYSIS OF CONTINGENCIES  
1903 AND 1904**

Filed	Description	\$Demand	\$Settle	Date	Place
06/23/03	Pers Injury-Pass	\$ 2,000	\$ 2,000	01/01/06	Superior, Io
12/20/02	Property Dispute	755	384	07/06/03	Jackson Co., Mo
02/02/03	Loss of shipment	35	12	08/05/03	Morgan, Mo
04/01/03	Loss of shipment	500	0	08/05/03	St. Louis, Mo
04/21/03	Loss of shipment	75	75	11/03/03	Montague Co., Tx
05/14/03	Loss of shipment	100	100	10/11/05	Mills Co., Ok
06/03/03	Property damage	990	200	04/07/04	Pottawa. Co., Ok
05/18/03	Employee Wage	84	83	07/24/03	Pottawa. Co., Ok
06/04/03	Loss of shipment	58	58	08/29/05	Weatherford, Ok
06/23/02	Property damage	4,000	833	11/27/05	I.T.-Ardmore
06/25/03	Property damage	90	0	08/07/03	Pottawa. Co., Ok
05/21/03	Employee wage	0	0	01/14/04	Custer Co., Ok
06/26/03	Pers Injury-Emp	20,000	1,500	02/01/04	Blkhwk Co., Ok
05/25/03	Employee wage	32	28	10/00/04	Pottawa. Co., Ok
06/03/03	Property damage	990	50	10/00/04	Pottawa. Co., Ok
06/18/03	Loss of shipment	166	0	10/01/03	Kaowa Co., Ok
05/25/03	Property damage	990	0	09/13/05	Pottawa. Co., Ok
10/09/02	Property damage	1,500	825	11/01/07	I.T.-Ardmore
06/26/03	Pers Injury-Emp	5,000	600	09/08/03	Blkhwk Co., Io
04/24/03	Property damage	900	900	11/04/04	Pottawa. Co., Ok
06/03/03	Property damage	990	300	04/07/04	Pottawa. Co., Ok
06/29/03	Loss of shipment	100	68	02/09/04	I.T.-Canadian Co
06/20/03	Misc (ejection of passenger)	2,000	0	01/09/06	Dickinson Co., Io
06/10/03	Employee wage	103	103	06/29/03	Hot Springs, Ar
10/09/02	Loss of shipment	74	73	09/04/03	White Co., Ar
06/25/03	Pers Injury-pass	250	196	09/22/04	El Paso, Tx
06/29/03	Employee wage	30	0	07/13/03	Dodge, Io
06/27/03	Employee wage	0	0	07/02/03	Davenport, Io
06/27/03	Employee wage	0	0	07/02/03	Davenport, Io
06/27/03	Employee wage	0	0	07/02/03	Davenport, Io
06/15/03	Property damage	3,125	0	09/10/09	Ok Co., Ok
06/24/03	Pers injury-pass	5,000	650	10/10/03	Mahaska Co., Io
07/03/03	Criminal Trespass	15,000	15,000	03/21/05	Cook Co., Ill
07/16/03	Property damage	1,500	300	12/21/05	I.T.-Marietta
07/27/03	Employee death	20,000	900	12/02/04	I.T.-Atoka
07/03/03	Misc (Non-segregation)	5,000	100	06/24/04	Memphis, Tn
07/18/03	Property damage	1,500	600	12/21/05	I.T.-Marietta
07/19/03	Property damage	500	425	04/12/10	I.T.-Tishomingo
07/02/03	Loss of shipment	170	115	10/07/03	Memphis, Tn
07/27/03	Loss of shipment	0	0	09/15/03	Ok Co., Ok
12/31/02	Employee wage	233	125	12/19/03	Little Rock, Ar
06/18/03	Pers Injury-Emp	15,000	250	07/05/04	Sebastian Co., Ar

**APPENDIX 2 (Continued)**

Filed	Description	\$Demand	\$ Settle	Date	Place
12/05/01	Property damage	800	700	04/07/03	Little Rock, Ar
06/20/03	Loss of shipment	104	85	10/12/03	Garland Co., Ar
07/03/03	Criminal Trespass	5,000	5,000	09/09/07	Cook Co., Ill
06/04/03	Property damage	95	25	07/13/03	Poweshiek Co., Io
06/16/02	Property damage	100	63	07/09/03	I.T., Southern Dist
06/16/02	Property damage	100	47	07/09/03	I.T., Southern Dist
06/16/02	Property damage	100	47	07/09/03	I.T., Southern Dist
07/09/03	Pers Injury-Pass	25,000	350	09/18/03	Cook Co., Ill
07/14/03	Misc (tax dispute)	3	3	07/17/03	Cook Co., Ill
07/26/03	Property damage		0	06/03/04	I.T.-Red Oak
07/01/03	Pers Injury-Pass	20,000	7,500	12/02/08	Grant Co., Ok
07/07/03	Loss of shipment	40	42	10/01/03	Cass Co., Io
07/07/03	Condemnation		7	03/11/05	I.T.-Western Dist
05/25/03	Property damage	835	835	06/20/03	Pottawa. Co., Ok
04/14/03	Loss of shipment	96	96	12/09/03	Pottawa. Co., Ok
07/14/03	Misc (unknown)	200	0	07/14/03	Cook Co., Ill
07/13/03	Pers injury-pass	10,000	1,600	12/17/07	Will Co., Ill
07/13/03	Pers injury-pass	10,000	500	10/18/07	Will Co., Ill
06/00/02	Condemnation		650	07/08/03	Commanche Co., Ok
07/14/03	Loss of shipment	81	76	06/13/04	I.T.-Central Dis
07/13/03	Pers injury-pass	50,000	10,500	09/16/03	Jefferson Co., Io
07/09/03	Pers injury-pass	2,500	2,500	07/08/05	Shelby Co., Tn
07/08/03	Pers injury-emp	2,000	250	10/13/03	Wyandotte Co., Ks
07/09/03	Loss of shipment	50	53	09/18/03	Muscatine Co., Ks
07/16/03	Loss of shipment	313	313	09/14/03	Muscatine Co., Ks
07/13/03	Condemnation		150	05/25/04	Custer Co., Ok
07/13/03	Condemnation		200	05/25/04	Custer Co., Ok
07/15/03	Loss of shipment	287	168	12/08/05	Jackson Co., Mo
07/13/03	Misc (injunction)	1,500	1,500	07/24/03	El Reno, Ok
07/13/03	Employee wage	77	77	11/30/03	Pottawa. Co., Ok
07/02/03	Misc (delay of pass)	1,900	30	12/00/03	Jackson Co., Mo
07/11/03	Property damage	15	10	02/30/03	R Mills Co., Ok
07/11/03	Property damage	94	35	07/30/03	R Mills Co., Ok
07/02/03	Employee wage	123	55	05/07/05	St. Louis, Mo
07/08/03	Employee wage	10	10	07/13/03	Dallas Co., Io
07/01/03	Pers injury-pass	5,000	50	11/25/04	Jackson Co., Mo
07/03/03	Property damage	175	75	12/28/03	Kansas City, Mo
05/11/03	Condemnation		150	10/02/03	Johnson Co., Mo
05/16/03	Condemnation		100	10/05/03	Johnson Co., Mo
05/16/03	Condemnation		50	10/02/03	Johnson Co., Mo
05/15/03	Condemnation		425	11/07/08	Johnson Co., Mo
05/15/03	Condemnation		35	09/29/03	Johnson Co., Mo
05/16/03	Condemnation		1,200	10/12/03	Johnson Co., Mo
05/16/03	Condemnation		50	10/02/03	Johnson Co., Mo
05/16/03	Condemnation		75	10/02/03	Johnson Co., Mo
05/16/03	Condemnation		70	10/02/03	Johnson Co., Mo
05/16/03	Condemnation		235	10/02/03	Johnson Co., Mo
05/16/03	Condemnation		50	09/29/03	Johnson Co., Mo

**APPENDIX 2 (Continued)**

Filed	Description	\$Demand	\$Settle	Date	Place
05/11/03	Condemnation		2,000	01/23/04	Johnson Co., Mo
05/11/03	Condemnation		475	01/23/04	Johnson Co., Mo
05/11/03	Condemnation		600	01/23/04	Johnson Co., Mo
03/31/03	Condemnation		2,272	04/25/05	Johnson Co., Mo
03/31/03	Condemnation		100	09/09/03	Johnson Co., Mo
07/18/03	Employee wage		0	12/03/03	Greer Co., Ok
07/16/03	Misc (overcharge)	15	12	08/04/04	Oklahoma Co., Ok
07/10/03	Property damage	60	29	07/11/03	Yell Co., Ar
07/20/03	Misc (dumping)	31	31	07/27/03	Cook Co., Il
04/13/03	Misc (obstructing Ave)	2,000	0	09/15/09	Logan Co., Ok
07/17/03	Employee death	25,000	1,000	01/09/05	I.T.-Central Dis
07/27/03	Employee wage	60	69	11/30/03	Pottawa. Co., Ok
07/16/03	Loss of shipment	500	206	02/03/04	Pottawa. Co., Ok
07/26/03	Property damage	7,600	168	07/26/03	Woods Co., Ok
07/22/03	Employee wage	39	0	09/10/04	Pottawa. Co., Ok
07/09/03	Loss of shipment	90	70	12/22/03	Pottawa. Co., Ok
11/21/03	Condemnation		493	11/21/03	Blaine Co., Ok
07/18/03	Pers injury-emp	2,000	0	12/31/03	Wyandotte Co., Ks
03/16/03	Property damage	80	50	02/10/04	Gage Co., Ne
02/13/03	Property damage	25	28	02/10/04	Gage Co., Ne
07/10/03	Property damage	75	0	07/20/03	Logan Co., Ar
07/13/03	Loss of shipment	104	0	10/17/04	Prairie Co., Ar
07/13/03	Loss of shipment	116	0	10/17/04	Prairie Co., Ar
07/13/03	Loss of shipment	104	0	10/17/04	Prairie Co., Ar
07/24/03	Misc (overcharge)	18	0	07/06/03	Pulaski Co., Ar
07/30/03	Misc (overcharge)	11	0	10/16/03	Hot Spring Co., Ar
07/01/03	Loss of shipment	12	13	12/23/03	Yell Co., Ar
07/08/03	Property damage	150	0	02/05/04	Sebastian Co., Ar
07/11/03	Employee wage	91	24	09/12/03	Saline Co., Ar
07/14/03	Employee wage	250	150	10/29/03	Logan Co., Ar
07/01/03	Pers injury-pass	1,000	400	07/02/03	Pulaski Co., Ar
06/30/03	Employee death	2,000	1,000	07/14/03	Pulaski Co., Ar
05/20/03	Pers injury-emp	1,000	0	08/27/03	Yell Co., Ar
05/30/03	Employee wage	23	0	09/12/03	Saline Co., Ar
06/06/03	Loss of shipment	22	0	08/20/03	Logan Co., Ar
07/09/03	Employee wage	2	7	07/12/13	Washita Co., Ok
07/27/03	Loss of shipment	20	15	08/17/03	Mills Co., Ok
07/25/03	Loss of shipment	84	34	11/16/03	I.T.-Central Dis
07/01/03	Condemnation		167	02/14/06	St. Louis, Mo
07/18/03	Pers injury-pass	5,000	200	02/10/04	Canadian Co., Ok
07/10/03	Property damage	1,020	230	11/11/03	Pottawa. Co., Ok
07/10/03	Property damage	1,246	625	04/15/04	Pottawa. Co., Ok
07/15/03	Loss of shipment	200	50	07/28/03	Daviess Co., Mo
07/18/03	Pers injury-pass	2,000	500	12/31/03	Wyandotte Co., Ks
03/14/04	Condemnation		170	12/16/03	Jackson Co., Mo
03/14/03	Condemnation		2,800	10/02/05	Jackson Co., Mo
03/28/03	Condemnation		605	12/28/04	Jackson Co., Mo



**APPENDIX 2 (Continued)**

Filed	Description	\$Demand	\$Settle	Date	Place
03/28/03	Condemnation		613	12/31/04	Jackson Co., Mo
03/28/03	Condemnation		592	12/31/04	Jackson Co., Mo
03/25/03	Condemnation		150	09/11/05	Jackson Co., Mo
03/28/03	Condemnation		150	09/11/05	Jackson Co., Mo
05/05/03	Condemnation		1,000	02/19/06	St. Louis, Mo
03/06/03	Condemnation		169	11/04/03	I.T.-Central Dis
06/04/03	Condemnation		50	11/04/03	I.T.-Central Dis
06/23/03	Condemnation		865	11/09/03	I.T.-Central Dis
06/23/03	Condemnation		567	01/16/03	I.T.-Central Dis
06/04/03	Condemnation		2	11/04/03	I.T.-Central Dis
06/04/03	Condemnation		97	11/04/03	I.T.-Central Dis
06/04/03	Condemnation		57	11/04/03	I.T.-Central Dis
06/04/03	Condemnation		8	11/04/03	I.T.-Central Dis
06/04/03	Condemnation		7	11/04/03	I.T.-Central Dis
03/07/03	Condemnation		13	11/09/03	I.T.-Central Dis
08/03/03	Pers injury-emp	10,000	1,500	12/28/03	Cook Co., Il
06/04/03	Condemnation		440	11/19/03	I.T.-Central Dis
03/06/03	Condemnation		9	11/04/03	I.T.-Central Dis
03/06/03	Condemnation		95	11/04/03	I.T.-Central Dis
08/01/03	Pers injury-pass	11,945	6,250	10/12/04	Smith Co., Ks
07/28/03	Pers injury-pass	2,000	0	10/06/03	Jackson Co., Mo
00/00/03	Loss of shipment	70	0	10/22/04	Comanche Co., Ok
07/27/03	Pers injury-pass	20,000	600	02/02/04	El Paso Co., Co
07/14/03	Property dispute	2,000	2,000	02/20/05	Cedar Rapids, Io
07/27/03	Property damage	644	459	09/28/05	Smith Co., Ks
07/27/03	Property damage	1,205	98	11/24/03	Smith Co., Ks
03/21/03	Property dispute	100	100	03/21/03	White Co., Ar
07/25/03	Property damage	1,500	56	01/15/04	Wyandotte Co., Ks
07/31/03	Employee wage	36	0	09/12/03	Ok Co., Ok
07/28/03	Property damage	1,020	800	11/07/06	Ok Co., Ok
07/29/03	Loss of shipment	401	0	02/18/04	Sedgwick Co., Ks
07/29/03	Pers injury-pass	2,000	500	12/31/03	Wyandotte Co., Ks
07/29/03	Pers injury-pass	2,000	500	11/20/03	Wyandotte Co., Ok
08/03/03	Pers injury-emp	2,000	2,282	07/18/07	Smith Co., Ks
08/07/03	Loss of shipment	18	21	09/02/03	Hardin Co., Io
04/07/03	Condemnation	500	200	03/11/04	Jackson Co., Mo
04/07/03	Condemnation	800	0	06/03/04	Jackson Co., Mo
08/07/03	Property damage	2,000	0	09/23/03	Dallas Co., Io
08/07/03	Loss of shipment	18	19	09/10/03	Linn Co., Io
08/10/03	Employee death	15,000	15,000	03/20/07	Jasper Co., Io
08/10/03	Property damage	30	13	09/05/03	Greer Co., Ok
08/10/03	Property damage	75	35	09/05/03	Greer Co., Ok
08/05/03	Criminal trespass	7,000	4,000	09/17/12	El Paso Co., Co
08/05/03	Property damage	5,000	1,200	10/06/11	El Paso Co., Co
08/05/03	Criminal trespass	7,000	4,000	09/17/12	El Paso Co., Co
08/05/03	Criminal trespass	5,000	250	09/17/12	El Paso Co., Co
08/03/03	Employee wage	12	0	08/26/03	Pottawa Co., Ok
07/31/03	Employee wage	92	0	09/04/03	Pottawa Co., Ok

**APPENDIX 2 (Continued)**

Filed	Description	\$Demand	\$Settle	Date	Place
08/03/03	Employee wage	9	0	08/26/03	Pottawa Co., Ok
07/29/03	Loss of shipment	210	125	01/23/04	Case Co., Io
07/29/03	Pers injury-pass	15,000	1,125	01/13/04	Case Co., Io
08/04/03	Loss of shipment	9	4	08/10/03	Pottawa. Co., Ok
08/06/03	Employee wage	1,070	186	02/24/04	Linn Co., Io
03/25/03	Property damage	5,000	296	07/12/09	Logan Co., Ok
03/28/02	Property damage	4,425	1,250	07/13/03	Donley Co., Tx
08/01/03	To compel better service (govt)			08/20/03	Ks RR Commission
08/18/03	Criminal Trespass	5,000	750	03/28/05	Cook Co., Il
08/07/03	Misc (garnishment)	64	64	10/22/03	Shawnee Co., Ks
08/08/03	Pers injury-pass	10,500	550	10/04/07	Shawnee Co., Ks
08/05/03	Property damage	1,000	0	09/17/07	Davies Co., Mo
06/19/03	Loss of shipment	200	0	09/04/03	Cook Co., Il
08/12/03	Pers injury-pass	10,000	150	02/22/04	Linn Co., Io
08/10/03	Pers injury-emp	15,000	200	07/14/06	El Paso Co., Tx
08/10/03	Pers injury-pass	30,000	4,000	06/10/04	El Paso Co., Tx
07/19/03	Seize Prop (War Dept)			06/10/04	Washington, D.C.
07/00/03	To lower rates (govt)			08/15/03	Ks RR Commission
08/17/03	Property damage	1,950	700	11/28/03	Jackson Co., Mo
08/18/03	Loss of shipment	1,000	0	03/23/04	Grant Co., Ok
08/18/03	Loss of shipment	1,000	0	03/23/04	Grant Co., Ok
08/00/03	Property dispute	100	0	10/19/09	Clinton Co., Mo
08/17/03	Loss of shipment	384	0	10/05/04	Benton Co., Io
08/14/03	Pers injury-pass	25,000	10,000	11/22/06	Muscatine Co., Io
08/14/03	Death of passenger	30,700	10,281	05/20/07	Muscatine Co., Io
08/05/03	Employee death	5,000	1,250	12/09/05	I.T.-McAlester
08/17/03	Loss of shipment	82	18	05/19/04	Jasper Co., Io
08/25/03	Loss of shipment		0	09/04/03	Cook Co., Il
08/07/03	Death of passenger	10,000	3,500	04/10/08	Kingfisher Co., Ok
07/15/03	Loss of shipment	260	0	09/07/03	I.T.-Chickasha
08/14/03	Loss of shipment	225	225	02/27/04	Jefferson Co., Ne
08/11/03	Pers injury-pass	2,000	375	01/21/04	Jackson Co., Mo
08/10/03	Loss of shipment	356	140	02/00/04	Republic Co., Ks
08/14/03	Pers injury-pass	25,000	0	12/22/06	Clinton Co., Mo
08/06/03	Property dispute	75	75	09/29/03	I.T.-McAlester
08/10/03	Pers injury-pass	10,000	0	12/15/04	Jackson Co., Mo
08/05/03	Loss of shipment	375	0	11/06/05	I.T.-Atoka
08/13/03	Loss of shipment	70	35	05/21/04	I.T.-Wilburton
08/21/03	Death of passenger	25,000	0	06/19/07	Scott Co., Io
08/18/03	Pers injury-pass	50,000	0	05/09/04	Linn Co., Io
08/18/03	Pers injury-pass	2,500	0	05/09/04	Linn Co., Io
08/19/03	Property damage	600	1,000	106/06/04	Pottawa. Co., Io
08/20/03	Loss of shipment	296	296	09/17/03	Washington Co., Io
08/13/03	Employee wage	25	25	03/21/06	Elden, Io
08/27/03	Misc (A/P dispute)	27	27	09/01/03	Cook Co., Il
01/02/03	Contract dispute	9,024	650	03/16/05	Ok Co., Ok
08/11/03	Misc (overcharge)	17	24	11/03/03	Ok Co., Ok
08/06/03	Contract dispute	31,736	0	06/20/04	Ok Co., Ok

**APPENDIX 2 (Continued)**

Filed	Description	\$Demand	\$Settle	Date	Place
08/13/03	Pers injury- pass	5,000	105	11/02/05	Ok Co., Ok
08/13/03	Employee wage	32	0	10/13/03	Pottawa. Co., Ok
08/14/03	Loss of shipment	70	45	07/20/04	Ok Co., Ok
10/25/02	Pers injury-third party	5,000	850	07/17/06	Logan Co., Ok
08/18/03	Employee wage	24	8	10/21/04	Pottawa. Co., Ok
08/13/03	Loss of shipment	44	40	05/24/05	Pottawa. Co., Ok
07/22/03	Loss of shipment	499	386	02/29/04	Montague Co., Tx
07/22/03	Loss of shipment	858	312	11/06/03	Montague Co., Tx
08/10/03	Loss of shipment	512	360	06/13/04	Tarrant Co., Tx
07/27/03	Loss of shipment	682	0	12/05/03	Baylor Co., Tx
07/27/03	Loss of shipment	900	536	10/29/03	Dallas Co., Tx
07/03/03	Pers injury-pass	25,000	4,273	03/21/05	Montague Co., Tx
07/25/03	Property damage	900	390	02/21/05	Montague Co., Tx
07/14/03	Loss of shipment	219	0	01/23/05	Panola Co., Tx
07/27/03	Pers injury-pass	3,000	0	04/27/07	Jack Co., Tx
08/19/03	Pers injury-pass	30,000	0	12/04/05	Jack Co., Tx
07/13/03	Loss of shipment	1,200	300	03/24/05	Jack Co., Tx
07/21/03	Loss of shipment	548	345	02/03/04	Jack Co., Tx
07/18/03	Pers injury-pass	15,000	750	01/19/04	Young Co., Tx
07/16/03	Loss of shipment	402	402	02/23/06	Jack Co., Tx
07/01/03	Pers injury-pass	10,000	6,793	10/24/05	Jack Co., Tx
07/14/03	Loss of shipment	510	0	08/20/03	Jack Co., Tx
07/03/03	Loss of shipment	1,993	1,000	05/10/06	Tarrant Co., Tx
07/08/03	Pers injury-pass	5,000	488	12/29/03	Tarrant Co., Tx
07/16/03	Loss of shipment	450	0	08/20/03	Jack Co., Tx
08/13/03	Loss of shipment	1,000	400	03/11/04	Tarrant Co., Tx
07/23/03	Pers injury-pass	30,450	318	09/25/03	Jack Co., Tx
03/18/03	Loss of shipment	51	51	02/09/04	Denton Co., Tx
08/26/03	Property damage	3,950	1,100	09/30/04	Sarpy Co., Ne
08/25/03	Employee wage	158	95	04/00/04	Hardin Co., Io
08/20/03	Pers injury-pass	10,000	1,200	12/18/03	Ramsey Co., Mn
08/27/03	Property damage	400	400	07/10/05	Cedar Rapids, Io
08/27/03	Death of passenger	15,000	10,109	01/11/06	Scott Co., Io
08/22/03	Property dispute	300	183	06/03/04	Canadian Co., Ok
09/03/03	Loss of shipment	200	55	10/02/03	Cook Co., Il
09/05/03	Loss of shipment		72	09/09/03	Cook Co., Il
09/17/03	Pers injury-pass	25,000	1,200	01/27/04	Cook Co., Il
08/13/03	Employee wage	100	0	10/14/03	Ok Co., Ok
10/10/03	Misc (pollution ord)	200	10	10/14/03	Chicago, Il
10/10/03	Misc (pollution ord)	200	10	10/14/03	Chicago, Il
10/17/03	Loss of shipment	200	53	12/11/03	Cook Co., Il
09/11/03	Misc (A/P dispute)	200	0	09/18/03	Cook Co., Il
05/04/03	Pers injury-emp	25,000	4,500	12/20/03	Montague Co., Il
03/00/03	Loss of shipment	450	0	03/00/03	Grundy Co., Il
11/24/03	Loss of shipment	60	10	02/02/04	Cook Co., Il
11/02/03	Employee wage	140	0	11/21/03	Cook Co., Il

## APPENDIX 2 (Continued)

Filed	Description	\$Demand	\$Settle	Date	Place
07/04/03	Pers injury-third party	5,000	350	12/18/03	Cook Co., Il
12/04/03	Misc (A/P dispute)	2,700	500	04/26/04	Chicago, Il
01/17/04	Loss of shipment	500	186	04/25/05	Cook Co., Il
01/06/04	Loss of shipment	200	15	01/16/04	Cook Co., Il
01/12/04	Misc (ICC fine)	200	200	01/12/04	Chicago, Il
03/29/03	Loss of shipment	200	109	01/27/04	Cook Co., Il
01/22/04	Loss of shipment	40	12	03/05/04	Cook Co., Il
02/10/04	Pers injury-pass	10,000	250	09/16/04	Cook Co., Il
02/06/04	Misc (pollution ord)	100	19	02/12/04	Cook Co., Il
03/14/04	Loss of shipment	1,000	1,000	05/28/04	Cook Co., Il
04/01/04	Misc (pollution ord)	100	15	04/07/04	Cook Co., Il
04/09/04	Misc (pollution ord)	100	23	04/23/04	Cook Co., Il
03/03/04	Miscellaneous	68	0	04/12/04	Cook Co., Il
04/18/04	Loss of shipment	200	32	04/21/04	Cook Co., Il
04/22/04	Miscellaneous	200	0	04/28/04	Cook Co., Il
03/23/04	Misc (improvement asst)	2,477	2,477	12/22/04	Chicago, Il
04/14/04	Loss of shipment	200	44	05/20/04	Cook Co., Il
05/23/04	Pers injury-third party	25,000	675	06/29/04	Cook Co., Il
04/23/04	Pers injury-third party	25,000	675	05/26/04	Cook Co., Il
05/24/04	Loss of shipment	100	45	06/13/04	Cook Co., Il
04/01/04	Loss of shipment	200	70	07/07/04	Cook Co., Il
06/03/04	Loss of shipment	1,000	200	12/13/04	Cook Co., Il
06/24/04	Loss of shipment	200	0	07/15/04	Cook Co., Il
06/08/04	Loss of shipment	7	7	07/29/04	Cook Co., Il
10/12/04	Loss of shipment	200	5	12/19/04	Cook Co., Il
12/26/04	Pers injury-pass	25,000	400	01/03/05	Cook Co., Il
11/23/04	Loss of shipment	125	125	11/28/04	Cook Co., Il
11/16/04	Loss of shipment	200	200	12/01/04	Cook Co., Il