

48

ANNUAL REPORT

OF THE

MINNEAPOLIS, ST. PAUL & SAULT
STE. MARIE RAILWAY COMPANY

FOR THE YEAR ENDED
DECEMBER 31
1936



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STE. MARIE RAILWAY COMPANY

FOR THE YEAR ENDED

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Leaving

MINNEAPOLIS ST. PAUL & SAULT STE. MARIE
RAILWAY COMPANY

DIRECTORS

SIR EDWARD BEATTY	Montreal, Quebec
E. L. CARPENTER	.	.	.	.	.	.	.	Minneapolis, Minn.
E. W. DECKER	.	.	.	.	.	.	.	Minneapolis, Minn.
J. L. ERDALL	.	.	.	.	.	.	.	Minneapolis, Minn.
F. T. HEFFELFINGER	.	.	.	.	.	.	.	Minneapolis, Minn.
SIR HERBERT S. HOLT	.	.	.	.	.	.	.	Montreal, Quebec
C. T. JAFFRAY	.	.	.	.	.	.	.	Minneapolis, Minn.
C. S. LANGDON	.	.	.	.	.	.	.	Minneapolis, Minn.
H. S. MITCHELL	.	.	.	.	.	.	.	Minneapolis, Minn.
F. R. NEWMAN	.	.	.	.	.	.	.	Minneapolis, Minn.
CHARLES S. PILLSBURY	.	.	.	.	.	.	.	Minneapolis, Minn.
F. J. SENSENBRENNER	.	.	.	.	.	.	.	Neenah, Wis.
W. N. TILLEY, K. C.	.	.	.	.	.	.	.	Toronto, Ont.
L. E. WAKEFIELD	.	.	.	.	.	.	.	Minneapolis, Minn.
G. W. WEBSTER	.	.	.	.	.	.	.	Minneapolis, Minn.

OFFICERS

C. T. JAFFRAY	President	.	.	.	.	.	Minneapolis, Minn.
G. W. WEBSTER	Vice-President	.	.	.	.	.	Minneapolis, Minn.
E. A. WHITMAN	General Manager	.	.	.	.	.	Minneapolis, Minn.
F. R. NEWMAN	Vice-President in Charge of Traffic	.	.	.	.	.	Minneapolis, Minn.
H. S. MITCHELL	General Counsel	.	.	.	.	.	Minneapolis, Minn.
J. L. ERDALL	General Solicitor	.	.	.	.	.	Minneapolis, Minn.
A. E. HANCOCK	Comptroller	.	.	.	.	.	Minneapolis, Minn.
E. G. CLARK	Freight Traffic Manager	.	.	.	.	.	Minneapolis, Minn.
H. M. LEWIS	General Passenger Agent	.	.	.	.	.	Minneapolis, Minn.
T. Z. KRUMM	Chief Engineer	.	.	.	.	.	Minneapolis, Minn.
B. N. LEWIS	Mech. Superintendent	.	.	.	.	.	Minneapolis, Minn.
G. W. LEIGH	Purchasing Agent	.	.	.	.	.	Minneapolis, Minn.
E. H. BUHLMAN	Gen'l. Superintendent	.	.	.	.	.	Minneapolis, Minn.
P. J. STOCK	Secretary	.	.	.	.	.	Minneapolis, Minn.
C. H. BENDER	Treasurer	.	.	.	.	.	Minneapolis, Minn.
J. E. OLSON	Asst. Treas. and Asst. Secretary	.	.	.	.	.	Minneapolis, Minn.

Transfer Agents: AGENTS, BANK OF MONTREAL
64 Wall Street, New York

Fiscal Agents: AGENTS, BANK OF MONTREAL
64 Wall Street, New York.

Registrar of Stocks and Bonds: CENTRAL HANOVER BANK & TRUST CO
OF NEW YORK

Annual Meeting Third Tuesday in May, at Minneapolis, Minn.

CENTRAL TERMINAL RAILWAY COMPANY

DIRECTORS

One vacancy.

OFFICER'S

C. T. JAFFRAY	President	Minneapolis, Minn.
G. H. PEAKS	Vice-President	Chicago, Illinois
G. W. WEBSTER	Vice-President	Minneapolis, Minn.
P. J. STOCK	Secretary	Minneapolis, Minn.
C. H. BENDER	Treasurer	Minneapolis, Minn.
J. E. OLSON	Assistant Treasurer	Minneapolis, Minn.
T. J. WALL	Assistant Secretary	Chicago, Illinois
A. E. HANCOCK	Comptroller	Minneapolis, Minn.

Fiscal Agents: AGENTS, BANK OF MONTREAL
64 Wall Street, New York.

Annual Meeting Second Wednesday in May, at Chicago, Ill.

ANNUAL REPORT

of the

Minneapolis, St. Paul & Sault Ste. Marie Railway Co.

For the fiscal year ended December 31, 1936

To the Stockholders:

Submitted herewith is a report for the fiscal year ended December 31, 1936.

Railway Operating Revenues, Operating Expenses, Fixed Charges, Net Income, etc., are shown in the following condensed statement:

	Year 1936	Year 1935
Railway Operating Revenues.....	\$14,109,840.75	\$13,358,635.39
Railway Operating Expenses.....	12,119,152.00	11,487,444.80
Net Revenue from Railway Operations....	\$ 1,990,688.75	\$ 1,871,190.59
Net Rents and Taxes—Dr.	1,594,764.79	1,045,808.44
Net Railway Operating Income.....	\$ 395,923.96	\$ 825,382.15
Other Income—Net	306,658.99	51,276.10
Income available for fixed charges.....	\$ 702,582.95	\$ 876,658.25
Fixed Charges, except Interest (See Page 20)	55,700.41	56,200.73
Income Available for Interest.....	\$ 646,882.54	\$ 820,457.52
Interest on Funded and Unfunded Debt (See Page 20)	6,208,734.87	6,044,804.21
Net Deficit Transferred to Profit & Loss..	\$ 5,561,852.33	\$ 5,224,346.69

Railway Operating Revenues were \$14,109,841, an increase of \$751,205, or 5.62%, compared with the previous year.

Freight Revenue was \$11,935,939, an increase of \$459,492, or 4.00%.

The increases and decreases in Freight Revenue were as follows:

Products of Agriculture.....	\$1,116,124	Decrease
Animals and Products.....	250,005	Increase
Products of Mines.....	428,768	Increase
Products of Forests.....	288,209	Increase
Manufactures and Miscellaneous.....	624,152	Increase
Less than Carload Freight.....	15,518	Decrease
Increase	\$ 459,492	

Products of Agriculture. Because of unprecedeted heat and continued drought, there was an almost complete failure of grain and other agricultural crops in a large part of the territory tributary to our line.

Shipments of grain to Minneapolis and Duluth markets from western territory tributary to our Line, compared with corresponding shipments of the previous year, were as follows:

	1936	1935
	Bushels	Bushels
Before August 1.....	7,025,517	3,517,225
After August 1.....	3,982,637	14,560,867
<hr/>	<hr/>	<hr/>
Total.....	11,008,154	18,078,092

The following table shows the grain crop harvested in each of the years shown and subsequently shipped to market over our Line:

Year	Bushels	Year	Bushels
1915.....	83,527,877	1926.....	30,627,251
1916.....	34,233,059	1927.....	54,138,346
1917.....	28,560,411	1928.....	56,816,503
1918.....	52,002,485	1929.....	32,867,641
1919.....	30,393,424	1930.....	41,556,685
1920.....	41,232,301	1931.....	12,118,000
1921.....	36,832,469	1932.....	24,470,000
1922.....	59,429,961	1933.....	17,307,170
1923.....	34,657,645	1934.....	10,070,710
1924.....	66,280,641	1935.....	21,586,384
1925.....	55,374,519		

It is estimated that the corresponding figures for 1936 will be approximately 6,000,000 bushels.

Animals and Products increased as a result of a larger movement of livestock from Canada, and because of a lack of pasturage in North and South Dakota which necessitated shipping livestock to localities where feed was obtainable, or to stockyards for slaughter. Thirty thousand head of sheep from Western drought regions were moved to our territory in Northern Minnesota.

Products of Mines increased on account of heavier movements of iron ore, coal and petroleum products. Iron ore shipped via our Line from the Cuyuna Range to Upper Lake Ports amounted to 716,477 tons, compared with 441,031 tons in the previous year. Total iron ore shipments by all railroads from mines in the Lake Superior District in 1936 amounted to 45,203,672 tons, compared with 28,503,501 tons in 1935.

Products of Forests increased as a result of continued improvement in industrial conditions and increased building construction and repairs. The so-called "blanket reduction" in lumber rates from Pacific Coast Territory to points East of Chicago resulted in the railroads regaining a portion of the traffic which had been moving via the Panama Canal.

Manufactures and Miscellaneous increased as a result of improved business conditions and a heavier demand for manufactured merchandise. Paper products showed substantial gains.

Less than Carload tonnage showed an increase, although the revenue decreased. This was largely because of reductions in certain rates to meet truck competition and the railroads' assumption of the costs of pick-up and delivery service. Pick-up and delivery service has enabled us to hold and, to some degree, regain traffic which would otherwise have moved by truck.

Comparisons of cars loaded on our line and received from connections, and revenue, 1932 to 1936 inclusive, are shown in the statement below:

(000 omitted from revenue)					
Products, Agricultural:	1932	1933	1934	1935	1936
Cars	30,302	29,977	34,458	33,586	22,435
Revenue	\$ 2,982	\$ 3,276	\$ 2,503	\$ 2,818	\$ 1,702
Products, Animals:					
Cars	11,740	12,215	17,301	9,241	11,686
Revenue	\$ 801	\$ 813	\$ 1,114	\$ 540	\$ 790
Products, Mines:					
Cars	38,663	43,886	46,177	51,105	64,976
Revenue	\$ 1,934	\$ 2,104	\$ 2,120	\$ 2,155	\$ 2,583
Products, Forests:					
Cars	24,228	29,347	27,250	33,843	42,063
Revenue	\$ 1,158	\$ 1,266	\$ 1,132	\$ 1,488	\$ 1,776
Miscellaneous:					
Cars	32,028	31,848	39,616	46,503	55,807
Revenue	\$ 2,570	\$ 2,450	\$ 2,940	\$ 3,488	\$ 4,107
Merchandise:					
Tons	105,326	110,870	101,450	98,713	107,169
Revenue	\$ 1,130	\$ 1,150	\$ 992	\$ 993	\$ 977
Grand Total:					
Cars	136,961	147,273	164,802	174,278	196,967
Revenue	\$10,575	\$11,059	\$10,801	\$11,482	\$11,935

Passenger Revenue was \$868,050, an increase of \$140,804, or 19.36%. This was due almost entirely to the heavy travel to and from the Pacific Coast and the Canadian Rockies.

Revenue from Milk and Cream handled in baggage cars was \$104,817, an increase of \$13,389, or 14.64%. The increase was due partly to traffic being diverted from trucks on account of bad highway and climatic conditions during the winter months, and partly to good pasture during the early part of the summer.

Department of Agricultural Development. The drought and rust of 1935 having left the Northwest deficient in good seed for the 1936 crops, a campaign of education was conducted, in cooperation with various State Extension Departments and the Seed Stock Committee of the United States Department of Agriculture, to advise farmers of the dangers of using light weight grain for seed. As a result, many orders were taken for seed of good quality for planting wheat, oats, barley and flax for the 1936 crops, which, however, were almost completely destroyed by the heat and drought of that year in North and South Dakota, Montana and portions of Minnesota. On account of the drought, no feeding cattle were placed on contract. Livestock activities with Boys' and Girls' 4-H Clubs and experimental work for the improvement of livestock, corn, potatoes and alfalfa were continued.

Bus and Truck Competition. Bus and truck transportation agencies continue to handle an important volume of traffic; and must be regarded as permanent factors. Applications of motor vehicle operators seeking authority to continue operations without a showing of public convenience and necessity under the so-called grandfather's clause, on the alleged ground that they had been operating before the passage of the new law, have been carefully checked by the railroads, with the result that many such applications have been denied. Although the industry is not yet stabilized, important progress is being made in that direction. The necessity of filing interstate tariffs with the Interstate Commerce Commission has tended towards greater stability in rates. The Commission is investigating credit terms, hours of service and other factors entering into the regulation of motor transportation. It is hoped that this will result in regulations which will eliminate some of the unfair advantages which this form of transportation has enjoyed over the railroads, thus enabling the latter to regain such traffic as they can handle more efficiently than the trucks and busses on a basis of fair competition.

Operating Expenses.

	1936	1935	Increase (Decrease)	Per Cent
Gross Operating Revenue.....	\$14,109,841	\$13,358,636	\$751,205	5.62
Expenses:				
Maintenance of Way and Structures	2,200,002	2,110,729	89,273	4.23
Maintenance of Equipment...	2,701,068	2,593,808	107,260	4.14
Traffic	425,468	419,978	5,490	1.31
Transportation	6,047,233	5,721,996	325,237	5.68
Miscellaneous	62,864	47,033	15,831	33.66
General	703,695	610,043	93,652	15.35
Transportation for Investment Credit	21,178	16,142	(5,036)	31.20
Total Operating Expenses.....	12,119,152	11,487,445	631,707	5.50
Operating Ratio	85.89	85.89	(.10)	
Net Revenue from Railway Operation	1,990,689	1,871,191	119,498	6.39

(Parentheses indicate decreases)

Wage Restorations. The final wage restoration of 5% effective April 1, 1935, in accordance with an agreement with the labor organizations increased payrolls the first three months of 1936 as compared with the same period in 1935 as follows:

Maintenance of Way and Structures.....	\$11,675
Maintenance of Equipment.....	15,394
Traffic	2,182
Transportation	51,641
Miscellaneous	164
General	7,118
 Total.....	 \$88,174

Maintenance of Way and Structures Expenses increased \$89,273, or 4.23%. In addition to the wage restoration shown above, abnormal snow conditions increased these expenses \$52,200. Increased expenditures for Ties, Rail, Other Track Material and Bridge Repairs were necessary to maintain the property.

Maintenance of Equipment Expenses increased \$107,260, or 4.14%. Depreciation accruals increased \$27,700 because of revision of depreciation rates on certain classes of equipment. The balance of the increase was on account of the wage restoration and repairs to locomotives and passenger cars required for handling the traffic.

Transportation Expenses increased \$325,237, or 5.68%. The transportation ratio increased but .03% notwithstanding the wage restoration and increased station, yard and train forces required for the prompt handling of increased traffic. The transportation effort required to move the traffic and represented by Gross Ton Miles increased 11.07%.

General Expenses increased \$93,652, or 15.35%. This is largely explained by a credit taken into account in 1935 representing accruals from August, 1934, to April, 1935, under the Railroad Retirement Act of 1934, which was declared unconstitutional on May 6, 1935.

Tax Accruals increased \$285,900. This increase included \$226,100 for accruals under the tax imposed in connection with the Railroad Retirement Act of 1935 and \$74,800 for accruals of Federal Social Security Taxes.

Hire of Equipment Expense increased \$268,896 due to increased rental of foreign cars amounting to \$40,900 and changes in accounting for rental of equipment leased to the Wisconsin Central and Duluth South Shore & Atlantic Railways to conform with Interstate Commerce Commission requirements. Rents received from these railways amounting to \$228,000 are included in "Other Income."

Property Investment. The investment in road account shows a net decrease of \$136,745 for the year, resulting from retirements and accounting adjustments totaling \$488,506, offset in part by expenditures for additions and betterments, amounting to \$351,761. The expenditures were principally for the application of tie plates, replacements of rail with heavier rail, and eliminations of two grade crossings. Abnormal retirements aggregating \$323,654 included in the above figures represent the book value of approximately 16.4 miles of line from Rice Lake, Wisconsin, to Birchwood, Wisconsin; also 51,483 feet of various other side and yard tracks, six maintenance of way, station, and shop buildings, and other property no longer required.

The equipment investment account shows a net increase for the year of \$457,309, resulting from gross expenditures of \$1,348,431, less retirements and accounting adjustments totaling \$891,122. The major portion of the expenditures represents the purchase of 500 box cars and 1 Russell snow plow. The

retirements include 3 locomotives, 530 freight train cars, 4 passenger train cars, and 27 work equipment units.

Funded and Unfunded Debt. The outstanding indebtedness was decreased during the year a net amount of \$282,148.76, as follows:

Decreases:

First Refunding Mortgage Bonds, Series A.....	\$ 21,000.00
Twenty-five Year Gold Notes.....	134,900.00
Equipment Trust Notes.....	177,000.00
Short-term Loans from Reconstruction Finance Corporation....	49,761.93
Short-term Loans from The Railroad Credit Corporation.....	818,720.37

Total Decrease.....\$1,201,382.30

Increase:

Equipment Purchase Contracts.....	\$ 919,233.54
Net Decrease	\$ 282,148.76

In addition to the above Non-Negotiable Debt to Affiliated Companies increased \$5,363,597.04.

Because of continued crop failures and adverse economic conditions prevailing in our territory, the Company was unable to pay the principal of its \$5,000,000 of 2 Year 6% Secured Notes which matured on August 1, 1936, and asked for a further extension to February 1, 1938, with a reduction in the rate of interest to 5% per annum. Holders of \$4,899,000 principal amount of notes have granted this extension. A similar extension to February 1, 1938, was granted by Reconstruction Finance Corporation on its \$5,000,000 loan to the Company which matured on August 1, 1936.

Wisconsin Central Railway Company. The Wisconsin Central properties are still in receivership; the Soo Line is still operating them as agent for the Receiver; the Court's decision that the Soo Line was entitled to terminate its lease of these properties still stands; and the controversy as to whether the lease was actually terminated is still pending.

Clarkson Coal Mining Company. On July 1, 1927, in adjustment of various matters in dispute, this Company received, among other things, \$2,000,000 principal amount of First Mortgage Bonds, secured by a mortgage on the property of the Mining Company. Through the operation of the sinking fund this amount was reduced to \$1,801,000. There was a default under this mortgage on January 1, 1934, and foreclosure pro-

ceedings were begun. Later the Provident Properties Company was organized under the laws of Ohio, its entire capital stock being owned by this Company. Using the defaulted bonds in payment, the Provident Properties Company on September 19, 1936, purchased the properties of the Clarkson Coal Mining Company at foreclosure sale for \$500,000. The entire capital stock of Provident Properties Company has been pledged with the Reconstruction Finance Corporation and The Railroad Credit Corporation in lieu of the Clarkson Coal Mining Company bonds which have been cancelled. This transaction resulted in a charge to Profit and Loss of \$1,301,000.

The results for 1936 were very disappointing. While our general business showed an increase, the grain crops were almost an entire failure as a result of heat and drouth.

The outlook for 1937 is not good for the western Dakotas and eastern Montana because of the shortage of moisture. They had no fall rains and practically no snow during the winter. Very favorable seasons must be had to produce a crop in that territory. Minnesota and the eastern and southeastern part of North Dakota have been favored with snow and will be in a favorable position for spring seeding.

Our general business has been showing an increase which is being maintained, especially in forest products. In addition, we feel sure of a considerable increase in iron ore loadings.

The property has been adequately maintained and is in condition to handle a reasonable increase in business.

Again I want to express my appreciation of the loyalty shown by all of the staff during these most discouraging years.

C. T. JAFFRAY,
President

Minneapolis, Minn.

April 19, 1937

In Memoriam

AUSTIN EDWARD WALLACE

Mr. Wallace died suddenly at his residence in Minneapolis on June 3, 1936, at the age of 57 years. Born in Nashua, New Hampshire, he entered railroad service in 1902 immediately after leaving Harvard, and had a wide experience during the next twenty years in the Operating Departments of numerous eastern and western lines. On June 1, 1922, he became General Manager of this Company; and on August 1, 1925, was appointed Vice President and General Manager. In 1927, he was elected Vice President of The Duluth, South Shore and Atlantic Railway Company. He was a member of our Board of Directors from May 17, 1932, to November 30, 1932, resigning from that office on November 30, 1932, when about to become the Receiver of the Wisconsin Central Railway Company. His long and wide experience in railroad operations enabled him to handle the matters in his charge with great efficiency; and the regret of our officers and directors at his demise is hereby recorded.

Mr. C. T. Jaffray, President,

*Minneapolis, St. Paul & Sault Ste. Marie Railway Co.,
Minneapolis, Minnesota.*

We have made an examination of the Balance Sheet of the Minneapolis, St. Paul and Sault Ste. Marie Railway Company as at December 31, 1936, and of the Income and Profit and Loss Accounts for the year 1936. In connection therewith, we examined or tested accounting records of the company and other supporting evidence and obtained information and explanations from officers and employees of the company; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

At the present time, in view of the pending Receivership of the Wisconsin Central Railway Company and the legal proceedings incident thereto, the value of the Company's investment therein and advances thereto and the extent of its obligations under the lease agreement of April 1, 1909, and the agreement for the issue of Leased Line Certificates, cannot be determined.

In our opinion, based upon such examination and subject to the foregoing explanation, the accompanying Balance Sheet and related Income and Profit and Loss Accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the company during the year under review, its position at December 31, 1936, and the results of its operations for the year.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.,
April 19, 1937.

GENERAL BALANCE SHEET

ASSETS

Property Investment:

Road.....	\$ 104,032,343.24
Equipment.....	29,336,691.68
	<u>133,369,034.92</u>
Less Reserve for Equipment	
Depreciation (Per Schedule on page 30). .	<u>15,297,534.53</u>

Total..... \$ 118,071,500.39

Sinking Fund.....	926.68
Deposits in lieu of Mortgaged Prop. Sold.....	1,096.04
Miscellaneous Physical Property.....	593,635.01
Wis. Cent. Ry. Co., Preferred Stock.....	11,256,400.00
(Pledged for M. St. P. & S. S. M. Ry. Co., 4% Leased Line Certificates)	

Investments in Proprietary, Affiliated,
and Controlled Companies:

Stocks (Per Schedule on page 18).....	\$ 12,593,182.47
Bonds (Per Schedule on page 18).....	8,000,943.13
W. C. Ry. Co. Advances.....	515,216.44
Other Advances.....	<u>2,869,041.64</u>
Total.....	23,978,383.68

Other Investments:

Stocks.....	\$ 1.00
Bonds.....	25,200.00
Notes.....	182,014.56
Real Estate Sales Contracts.....	<u>22,291.96</u>
Total (Per Schedule on page 18).....	229,507.52

Current Assets:

Cash.....	\$ 899,987.57
Special Deposits—	
Special W. C. Fiduciary Account.....	1,728,505.47
Employees Income Tax.....	355,107.92
Other Special Deposits.....	85,008.36
Loans and Bills Receivable.....	1,804.74
Traffic and Car Service Balances.....	244,542.13
Agents and Conductors Balances.....	420,489.54
Miscellaneous Accounts Receivable.....	384,919.97
Material and Supplies.....	1,955,768.80
Interest and Dividends Receivable.....	2,021.72
Other Current Assets.....	<u>27,992.60</u>

Total..... 6,106,148.82

Deferred Assets:

Working Fund Advances.....	\$ 24,636.04
Other Deferred Assets.....	396,917.46
W. C. Ry. Co. Advances Prior to Receivership.....	<u>7,010,943.94</u>
Total.....	7,432,497.44

Unadjusted Debits:

Rents and Insurance Paid in Advance.....	\$ 27,103.89
Discount on Funded Debt.....	588,029.10
Discount on Canadian Funds.....	709,230.65
(To be extinguished as loans are repaid)	
Other Unadjusted Debits.....	<u>1,207,801.43</u>

Total..... 2,532,165.07

Grand Total..... \$ 170,202,260.65

DECEMBER 31, 1936

LIABILITIES

Capital Stock:

Common.....	\$ 25,206,800.00
Preferred.....	12,603,400.00
Total.....	\$ 37,810,200.00

Governmental Grants:

Grants in Aid of Construction.....	74,463.92
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Funded Debt Unmatured.....	91,671,900.00
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(Per Funded Debt Schedule on Page 19)

M. St. P. & S. S. M. Ry. Co. 4% Leased Line Certificates.....	11,256,400.00
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(Issued in exchange for Preferred Stock of Wis.
Central Ry. Co., held by Trustee.)

Non-negotiable Debt to Affiliated Companies.....	24,592,834.40
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(Includes \$23,794,587.05 payable in Can-
adian Funds stated at par)

Current Liabilities:

Loans and Bills Payable.....	\$ 11,944,247.42
Traffic and Car Service Balances.....	568,261.88
Audited Vouchers and Wages Payable	2,465,938.66
Miscellaneous Accounts Payable.....	451,320.46
Interest Matured Unpaid.....	2,002,427.75
Interest Matured Unpaid (Leased Line Certificates).....*	1,802,212.00
Unmatured Interest Accrued.....	370,379.25
Unmatured Rents Accrued.....	5,683.77
Receiver of W. C. Ry. Co.....	1,947,373.47
Other Current Liabilities.....	176,939.23
Total.....	21,734,783.89

Deferred Liabilities:

Equipment Purchase Contracts.....	\$ 1,604,340.56
Other Deferred Liabilities.....	37,292.68
Total.....	1,641,633.24

Unadjusted Credits:

Tax Liability.....	\$ 901,167.22
Premium on Funded Debt.....	621.56
Other Unadjusted Credits.....	522,280.78
Total.....	1,424,069.56

Corporate Surplus:

Additions to Property thru Income and Surplus.....	\$ 242,259.16
Profit and Loss, Debit Balance.....	20,246,283.52
Deficit	20,004,024.36
Grand Total.....	\$ 170,202,260.65

For statement of Contingent Liabilities see page 19.

*Unpaid installments, liability for which is denied.

INVESTMENTS IN SECURITIES
STOCKS AND BONDS OF PROPRIETARY, AFFILIATED, AND
CONTROLLED COMPANIES

	Par Value	*Book Value
Capital Stock:		
Wisconsin Central Ry. Co.:		
Common:		
Unpledged.....	\$ 10,023,200.00	\$ 4,484,525.18
Pledged, for M. St. P. & S.		
S. M. Ry. Co., Twenty-five		
Year 5½% Gold Notes.....	5,977,300.00	2,584,657.29
Central Terminal Ry. Co.....x	2,000,000.00	2,000,000.00
Belt Railway Co. of Chicago....**	240,000.00	240,000.00
Minnesota Transfer Ry. Co.....	91,300.00	91,300.00
St. Paul Union Depot Co.....	103,600.00	103,600.00
Sainte Marie Union Depot Co. **	37,500.00	37,500.00
Western Express Co.**	50,000.00	50,000.00
Tri State Land Co.**	2,500,000.00	2,500,000.00
New Jersey Bridge Const. Co. **	2,500.00	250.00
Sault Ste. Marie Bridge Co.**	250.00	250.00
Railway Express Agency, Inc.**	No Par	600.00
Provident Properties Co. ....x	10,000.00	500,500.00
Total.....	<u><u>\$ 21,035,650.00</u></u>	<u><u>\$ 12,593,182.47</u></u>

Bonds:		
Wisconsin Central Ry. Co.:		
First & Refdg. Mtge. due April 1, 1959. Deposited with the trustee of the M. St. P. & S. Ste. M. Ry. Co.		
1st Refunding Mortgage... Cent. Term'l Ry. Co. 1st Mtge. 1941.....	\$ 10,000,000.00	\$ 8,000,000.00
	1,000.00	943.13
	<u><u>\$ 10,001,000.00</u></u>	<u><u>\$ 8,000,943.13</u></u>

OTHER INVESTMENTS IN SECURITIES

	Par Value	*Book Value
Capital Stock:		
Spokane International Ry. Co..	\$ 200,000.00	\$ 1.00
Bonds:		
Coeur d'Alene & Pend d'Oreille Ry. Co., First Mortgage.....	28,000.00	25,200.00
Notes and Contracts:		
Miscellaneous.....	204,306.52	204,306.52
Total.....	<u><u>\$ 432,306.52</u></u>	<u><u>\$ 229,507.52</u></u>

*The "Book Value" represents the cost to the Company.

**Pledged with Railroad Credit Corporation for loans amounting to \$722,318.12 included in Loans and Bills Payable.

xPledged with Reconstruction Finance Corporation for loans amounting to \$6,221,929.30 included in Loans and Bills Payable.

CAPITAL STOCK

DESCRIPTION	Number of Shares Authorized	Par Value of Shares Issued	Total Par Value Issued	Amount Actually Outstanding
Common.....	280,000	\$ 100.00	\$ 25,206,800.00	\$ 25,206,800.00
Preferred.....	140,000	\$ 100.00	\$ 12,603,400.00	\$ 12,603,400.00
Total.....	420,000	\$ 100.00	\$ 37,810,200.00	\$ 37,810,200.00

FUNDED DEBT

DESCRIPTION	Rate When Payable	Date of Issue	When Due	Outstanding	Pledged as Collateral†	Held by Company	In Hands of Public
*First Consolidated Mortgage Bonds, 4%.....	Jan. and July	July 1, 1888	July 1, 1938	\$ 56,863,000.00	.....	.....	\$ 56,863,000.00
**First Consolidated Mortgage Bonds, 5%.....	Jan. and July	July 1, 1888	July 1, 1938	14,284,000.00	.....	.....	14,284,000.00
*Second Mortgage Bonds, 4%.....	Jan. and July	Jan. 1, 1899	Jan. 1, 1949	3,500,000.00	.....	.....	3,500,000.00
First Refunding Mortgage-Series "A", 6%.....	Jan. and July	July 1, 1921	July 1, 1946	2,146,000.00	.....	.....	2,146,000.00
*First Refunding Mortgage-Series "B", 5%.....	Jan. and July	July 1, 1929	July 1, 1978	24,606,000.00	\$ 12,500,000.00	.....	12,500,000.00
Twenty-five Year Gold Notes, 5%.....	Mar. and Sept.	Mar. 1, 1924	Mar. 1, 1949	2,585,182.25	.....	.....	2,583,900.00
Total Bonds Outstanding.....	.....	.....	.....	\$103,984,182.25	\$ 12,500,000.00	.....	\$ 1,282.25
Equipment Trust Notes, Cont. Ill. Nat. Bk. & Tr. Co. Series "O", 4%.....	June and Dec.	June 15, 1928	June 15, 1938	\$ 189,000.00	.....	.....	\$ 189,000.00
TOTAL FUNDED DEBT OUTSTANDING.....				\$104,173,182.25	\$ 12,500,000.00	.....	\$ 1,282.25

CONTINGENT LIABILITIES

DESCRIPTION	Rate	Principal Outstanding	Date of Maturity	
Wisconsin Central Ry. Co.; First and Refunding Mortgage.....	4 1/2% 5%	\$5,816,000.00 10,000,000.00	April 1, 1959 April 1, 1959	Interest guaranteed by endorsement by M. St. P. & S. S. M. Ry. Co. First Refunding Mortgage. Interest joint and several liability of M. St. P. & S. S. M. Ry. Co. & Wis. Cent. Ry. Co. Held in Wis. Cent. Ry. Co. & Wis. Cent. Ry. Co. Joint 5% Coupons, attached.
First and Refunding Mortgage.....	5 1/2%	51,000.00	April 1, 1959	Principal and interest joint and several liability of Central Terminal Ry. Co. and M. St. P. & S. S. M. Ry. Co.
**Central Terminal Ry. Co.; First Mortgage.....	4 1/2%	1,544,000.00	Nov. 1, 1941	Guaranteed jointly and severally by the C. B. & Q. R. R. C. G. W. R. R. C. St. P. M. & O. Ry. C. & St. L. R. R. M. St. P. & S. S. M. Ry. and N. P. Ry.
St. Paul Union Depot Co. First and Refunding Mortgage Series "A",.....	5%	15,000,000.00	Jan. 1, 1972	Principal and interest joint and several liability of Central Terminal Ry. Co. and M. St. P. & S. S. M. Ry. Co.

*Interest guaranteed by Canadian Pacific Ry. Co.

**Interest guaranteed on \$8,136,000.00 by Canadian Pacific Ry. Co.

*After deducting bonds in sinking fund.

†\$86,250,000 pledged with the Reconstruction Finance Corporation for loans amounting to \$6,221,923.30.

\$6,250,000 pledged with Central Hanover Bank & Trust Company, Trustee, for \$5,000,000 principal amount Five Percent Secured Notes due February 1, 1938.

INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1936

Operating Income

Railway Operating Income:

Railway Operating Revenues.....	\$ 14,109,840.75
Railway Operating Expenses.....	12,119,152.00
Net Revenue from Railway Operations.....	\$ 1,990,688.75
Railway Tax Accruals.....	
Railway Operating Income.....	\$ 860,688.06

Rent Income:

Rent from Locomotives.....	\$ 47,232.50
Rent from Passenger-Train Cars.....	3,065.30
Rent from Work Equipment.....	11,817.18
Joint Facility Rent Income.....	163,624.99
Total Rent Income.....	\$ 225,739.97

Rents Payable:

Hire of Freight Cars—Debit Balance.....	\$ 238,594.98
Rent for Locomotives.....	53,472.70
Rent for Passenger-Train Cars.....	41,823.82
Rent for Work Equipment.....	2,014.27
Joint Facility Rents.....	354,598.30
Total Rents Payable.....	\$ 690,504.07

Net Rents Payable.....

\$ 464,704.10

Net Railway Operating Income..... \$ 395,923.96

Other Income

Income from Lease of Road and Equipment.....	\$ 236,318.83
Miscellaneous Rent Income.....	48,414.08
Miscellaneous Non-Operating Physical Property.....	10,456.87
Dividend Income.....	30,544.00
Income from Funded Securities.....	8,877.66
Income from Unfunded Securities and Accounts.....	4,322.09
Income from Sinking and Other Reserve Funds.....	49.44
Release of Premiums on Funded Debt.....	65.76
Miscellaneous Income.....	2,878.50
Total Other Income.....	\$ 341,927.23

Total Income..... \$ 737,851.19

Miscellaneous Deductions From Income

Miscellaneous Rents.....	\$ 535.48
Miscellaneous Tax Accruals.....	723.60
Miscellaneous Income Charges.....	34,009.16
Total Miscellaneous Deductions.....	\$ 35,268.24

Income Available for Fixed Charges..... \$ 702,582.95

Fixed Charges

Rent for Leased Roads and Equipment.....	\$ 1,437.01
Amortization of Discount on Funded Debt.....	54,263.40
Interest on Equipment Obligation.....	51,208.18
Interest on Mortgage Bonds.....	4,067,469.98
Interest on Unfunded Debt.....	610,791.62
Interest on Non-Negotiable Debt.....	1,028,387.22
Interest on Leased Line Certificates.....	** 450,877.87

Total Fixed Charges..... \$ 6,264,435.28

Net Deficit Transferred to Profit and Loss..... \$ 5,561,852.93

*Note—As there was no taxable income for the year, no provision was necessary for the surtax on undistributed profits imposed under the Revenue Act of 1936.

** Liability for this interest is denied.

PROFIT AND LOSS ACCOUNT TO DECEMBER 31, 1936

Debit Balance December 31, 1935.....	\$ 13,048,909.42
Net Deficit for year ended December 31, 1936.....	\$ 5,561,852.33
Profit and Loss additions for the year 1936:	
Credits from Retired Road and Equipment\$ 6,721.15	
Delayed Income Credits..... 176,407.53	
Donations..... 48.11	
Miscellaneous Credits..... 120,049.31	
Total additions..... \$ 303,129.88	
Profit and Loss deductions for the year 1936:	
Surplus Appropriated for Investment in Physical Property..... 48.11	
Debits from Retired Road and Equipment..... 335,928.54	
Delayed Income Debits..... 27,301.30	
Guaranteed Interest on W. C. Ry. Co.	
Bonds..... 232,640.00	
Clarkson Coal Mining Co. Bonds, loss..... 1,301,000.00	
Miscellaneous Debits..... 96,432.52	
Total deductions..... \$ 1,938,651.65	
Net Profit and Loss Deductions..... 1,635,521.77	
Profit and Loss Net Debit for year ended Dec. 31, 1936.....	7,197,374.10
Debit Balance December 31, 1936.....	\$ 20,246,283.52

OPERATING REVENUES
YEAR ENDED DECEMBER 31, 1936

Revenue from Transportation:

Freight Revenue.....	\$ 11,935,939.07
Passenger Revenue.....	868,049.60
Excess Baggage Revenue.....	2,040.40
Sleeping Car Revenue.....	42,876.03
Parlor and Chair Car Revenue.....	2,314.51
Mail Revenue.....	643,726.33
Express Revenue.....	138,671.31
Other Passenger Train Revenue.....	16,219.80
Milk Revenue on Passenger Train.....	104,816.58
Switching Revenue.....	74,494.76
Total Revenue from Transportation.....	\$ 13,829,148.48

Incidental Operating Revenue:

Dining and Buffet Car Service.....	\$ 47,307.91
Station, Train and Boat Privileges.....	3,705.30
Parcel Room Receipts.....	39.45
Storage, Freight.....	4,920.45
Storage, Baggage.....	61.10
Demurrage.....	20,137.57
Telegraph and Telephone Service.....	52,189.29
Rents of Buildings and Other Property.....	19,044.25
Miscellaneous.....	101,055.62
Total Incidental Operating Revenue.....	\$ 248,469.94
Joint Facilities Revenue Net Credit.....	32,222.33
Total Operating Revenue.....	\$ 14,109,840.75

Detailed Statement of Earnings and Expenses

EARNINGS	1936	1935
Freight.....	\$ 11,935,939.07	\$ *11,476,446.91
Passenger.....	868,049.69	*727,245.88
Mail.....	643,726.33	628,355.43
Express.....	138,671.31	113,661.40
Miscellaneous.....	274,984.41	*226,917.99
Incidental.....	248,469.94	*186,007.78
Total Operating Revenue.....	\$14,100,840.75	\$ *13,358,635.39

OPERATING EXPENSES

Maintenance of Way and Structures:		
Superintendence.....	\$ 163,602.50	\$ 162,214.95
Roadway Maintenance.....	132,381.27	148,153.84
Tunnels and Subways.....	374.92	176.20
Bridges, Trestles and Culverts.....	95,382.66	56,945.44
Ties.....	600,160.62	565,757.02
Rails.....	35,477.38	34,168.34
Other Track Material.....	99,937.71	80,569.99
Ballast.....	10,399.17	17,165.12
Track Laying and Surfacing.....	550,033.59	582,044.23
Fences, Snowsheds and Signs.....	15,818.17	*45,997.48
Station and Office Buildings.....	59,092.06	60,970.69
Roadway Buildings.....	686.08	827.15
Water Stations.....	41,742.41	39,202.62
Fuel Stations.....	8,998.71	9,783.22
Shops and Enginehouses.....	28,008.39	36,197.98
Wharves and Docks.....	33.46	110.06
Telegraph and Telephone Lines.....	41,464.01	49,354.60
Signals and Interlockers.....	12,750.99	6,348.54
Power Plants.....	2,515.75	777.34
Power Transmission Systems.....	424.41	*381.84
Roadway Machines.....	37,001.70	29,065.92
Small Tools and Supplies.....	20,875.73	18,319.17
Removing Snow, Ice and Sand.....	121,427.26	69,207.03
Public Improvements, Maintenance.....	18,981.22	507.44
Injuries to Persons.....	26,770.20	12,341.66
Insurance.....	8,268.20	7,458.70
Stationery and Printing.....	2,695.89	2,826.01
Other Expenses.....	4.50	152.75
Maintaining Jt. Tracks, Yards and other Facilities—Dr.	76,600.83	83,594.27
Maintaining Jt. Tracks, Yards and other Facilities—Cr.	12,371.06	9,890.30
Right of Way Expenses.....	303.45	
Total.....	\$ 2,200,001.94	\$ 2,110,729.30
Maintenance of Equipment:		
Superintendence.....	\$ 61,239.76	\$ 60,690.28
Shop Machinery.....	29,401.58	28,381.05
Power Plant Machinery.....	13,885.75	8,886.48
Steam Locomotives—Repairs.....	955,620.09	904,124.99
Freight Train Cars—Repairs.....	541,423.65	562,723.98
Passenger Train Cars—Repairs.....	183,374.48	*154,417.62
Work Equipment—Repairs.....	42,817.80	34,051.85
Miscellaneous Equipment—Repairs.....	1,428.22	1,293.51
Equipment—Retirements.....	4,964.73	1,151.61
Equipment—Depreciation.....	825,822.10	798,103.30
Injuries to Persons.....	7,787.84	8,322.40
Insurance.....	11,765.05	12,653.25
Stationery and Printing.....	2,574.50	2,851.85
Other Expenses.....	5,030.35	3,820.38
Maintaining Joint Equipment—Dr.....	15,805.43	14,022.08
Maintaining Joint Equipment—Cr.....	1,873.09	1,687.00
Total.....	\$ 2,701,068.24	\$ 2,593,807.63

Detailed Statement of Earnings and Expenses—Continued

	1936	1935
Traffic Expenses:		
Superintendence.....	\$ 129,733.20	\$ 120,485.68
Outside Agencies.....	204,091.74	205,560.15
Advertising.....	41,791.23	30,921.00
Traffic Associations.....	9,942.62	12,056.24
Industrial and Immigration Bureaus.....	9,659.56	10,054.00
Insurance.....	175.03	177.13
Stationery and Printing.....	30,074.49	31,724.28
Total.....	\$ 425,467.87	\$ 419,978.48
Transportation Expenses:		
Superintendence.....	\$ 144,750.79	\$ 147,533.14
Dispatching Trains.....	83,012.26	80,082.72
Station Employees.....	986,650.35	943,620.04
Weighing, Insp., and Demurrage Bureaus.....	18,789.63	16,865.18
Station Supplies and Expenses.....	71,356.08	65,840.45
Yard Masters and Yard Clerks.....	112,005.67	107,209.35
Yard Conductors and Brakemen.....	248,393.69	214,551.17
Yard Switch and Signal Tenders.....	10,449.51	10,324.58
Yard Enginemen.....	162,958.04	139,966.51
Yard Switching Fuel.....	129,887.88	118,140.12
Water for Yard Locomotives.....	6,432.84	5,769.72
Lubricants for Yard Locomotives.....	2,666.58	2,198.87
Other Supplies for Yard Locomotives.....	1,390.83	1,268.73
Enginehouse Expenses—Yard.....	54,113.66	52,120.36
Yard Supplies and Expenses.....	5,814.43	5,620.10
Operating Joint Yards and Terminals—Dr.....	249,763.87	228,053.68
Operating Joint Yards and Terminals—Cr.....	23,186.19	21,156.03
Train Enginemen.....	823,745.96	767,519.62
Train Motormen.....	1,514.19	1,611.75
Train Fuel.....	1,089,028.89	*1,048,905.90
Water for Train Locomotives.....	53,918.91	51,190.19
Lubricants for Train Locomotives.....	23,462.18	21,330.79
Other Supplies for Train Locomotives.....	12,256.69	12,307.51
Enginehouse Expenses—Train.....	156,475.89	152,863.73
Trainmen.....	1,052,165.96	973,405.17
Train Supplies and Expenses.....	284,936.04	*273,907.98
Operating Sleeping Cars.....	23,571.06	23,998.01
Signal and Interlocker Operation.....	39,603.99	38,156.35
Crossing Protection.....	19,251.73	19,137.45
Drawbridge Operation.....		2.72
Telegraph and Telephone Operation.....	11,204.39	11,648.48
Stationery and Printing.....	27,272.64	25,942.03
Other Expenses.....	7,170.19	4,183.80
Operating Joint Tracks and Facilities—Dr.....	64,179.29	63,101.57
Operating Joint Tracks and Facilities—Cr.....	19,169.49	18,318.45
Insurance.....	6,491.92	7,323.28
Clearing Wrecks.....	8,768.86	14,373.30
Damage to Property.....	4,035.73	1,534.52
Damage to Live Stock on Right of Way.....	10,885.60	13,806.01
Loss and Damage—Freight.....	33,983.71	28,584.28
Loss and Damage—Baggage.....	13.25	48.64
Injuries to Persons.....	47,215.07	67,372.60
Total.....	\$ 6,047,232.57	\$ 5,721,995.92
Miscellaneous Operations:		
Dining and Buffet Service.....	\$ 62,863.95	\$ 47,032.99
General Expenses:		
Salaries and Expenses of General Officers.....	\$ 72,581.04	\$ 75,812.54
Salaries and Expenses of Clerks and Attendants.....	366,680.16	356,789.83
General Office Supplies and Expenses.....	30,606.25	27,534.51
Law Expenses.....	61,391.15	67,520.01
Insurance.....	675.69	752.89
Pensions.....	133,309.33	37,111.86
Stationery and Printing.....	15,520.08	15,456.13
Valuation Expenses.....	2,679.45	1,576.14
Other Expenses.....	14,493.50	21,413.74
General Joint Facilities—Dr.....	7,843.34	7,967.95
General Joint Facilities—Cr.....	2,085.16	1,893.04
Total.....	\$ 703,694.83	\$ 610,042.56
Transportation for Investment—Cr.....	\$ 21,177.40	\$ 16,142.08
Total Operating Expenses.....	\$ 12,119,152.00	\$ 11,487,441.80
Net Operating Revenue.....	\$ 1,990,688.75	*1,871,190.59
Percentage of Expenses to Revenue.....	85.89	*85.99

Note.—The figures marked with an asterisk () have been changed from those appearing in last year's report, to conform to the accounting classification prescribed by the Interstate Commerce Commission effective January 1, 1936.

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES
EARNINGS

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MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE

Year Ended December 31

	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927
Freight.....	\$11,935,939.07	\$11,476,446.91	\$10,801,061.57	\$11,050,271.90	\$10,574,600.66	\$13,278,653.19	\$20,175,141.74	\$23,834,263.49	\$25,477,032.54	\$23,931,698.27
Passenger.....	808,049.09	727,245.88	682,494.89	621,963.40	746,711.52	1,151,940.77	1,843,347.78	2,548,667.17	2,768,416.07	3,035,155.63
Mail.....	643,726.33	625,122.74	609,100.58	633,583.37	664,131.94	712,973.40	1,030,050.22	660,900.33	618,851.22	561,501.92
Express.....	138,671.31	113,661.40	116,304.17	135,947.73	179,733.66	315,049.71	563,623.75	531,571.24	524,401.92	571,262.70
Miscellaneous.....	274,984.41	226,917.95	216,450.54	245,806.91	292,900.12	422,221.94	658,638.94	671,823.43	531,733.11	503,011.14
Incidental.....	248,469.94	186,007.78	174,360.97	168,043.35	148,462.13	288,553.54	455,319.32	480,943.07	513,733.11	503,011.14
Total.....	\$14,109,840.75	\$13,358,635.39	\$12,615,804.88	\$12,866,942.87	\$12,595,141.46	\$16,121,233.09	\$24,169,660.02	\$29,126,086.64	\$30,661,496.72	\$29,412,380.88

EXPENSES

Maintenance of Way and Structures.....	\$ 2,200,001.94	\$ 1,110,729,301	\$ 1,819,384,34	\$ 1,920,156.74	\$ 2,057,702,65	\$ 2,466,778,95	\$ 3,656,649,60	\$ 3,893,422,15	\$ 3,851,931.52
Maintenance of Equipment.....	2,701,018.24	2,593,807.63	2,496,237.49	2,550,259.14	2,981,204.32	3,372,928.85	4,687,264.55	5,283,869.33	5,189,419.73
Traffic Expenses.....	425,467.87	419,978.48	407,540.73	437,120.95	417,306.88	515,007.00	555,882.94	559,255.80	497,446.41
Transportation Expenses.....	6,047,232.92	5,719,995.92	5,202,245.66	4,965,400.86	5,275,946.67	6,444,150.71	8,320,717.58	9,326,206.71	9,135,683.81
Miscellaneous Operations.....	62,863.95	51,732,99	47,232.96	50,059.95	50,872.22	91,125.14	143,004.34	181,833.67	165,523.78
General Expenses.....	703,594.33	610,042.56	786,011.54	731,744.88	715,282.51	779,166.33	827,982.81	821,246.87	775,488.88
Transportation for Investment-Or- 21,177.40	16,142,00	10,372,00	12,456.05	19,202,10	45,244,33	29,133,07	56,633,78	44,982,43	36,571.10
Total.....	\$12,119,152.00	\$11,487,444.80	\$10,758,355.20	\$10,630,388.47	\$11,514,699.15	\$13,624,385.80	\$18,172,155.15	\$20,512,536.21	\$20,747,442.55
Percentage of Expenses to Earnings.....	85.9	85.9	85.3	82.6	91.4	84.5	75.2	70.4	67.7
Net Revenue from Ry. Operations.....	1,990,688.75	\$ 1,871,190.59	\$ 1,857,446.68	\$ 2,230,656.40	\$ 1,031,442.31	\$ 2,496,337.29	\$ 5,997,504.87	\$ 8,013,550.43	\$ 9,914,064.17
Railway Tax Accruals.....	\$ 1,130,000.00	\$ 844,100.63	\$ 801,942.69	\$ 998,010.98	\$ 1,212,376.19	\$ 1,569,206.65	\$ 1,807,686.13	\$ 1,842,266.13	\$ 2,013,595.67
Uncollectible Ry. Revenues.....	.....	.....	7,664.63	6,488.08	4,847.60	2,735.65	9,073.13	3,769.14	2,700.11
Railway Operating Income.....	\$ 860,088.06	\$ 1,027,089.96	\$ 1,047,842.36	\$ 1,232,187.34	\$Dr. 135,781.48	\$ 924,404.99	\$ 4,180,115.21	\$ 6,776,515.16	\$ 7,897,411.39
Hire of Equipment—Net.....	\$Dr. 273,790.73	\$Dr. 4,394.29	\$Cr. 30,665.02	\$Dr. 35,819.18	\$Dr. 12,537.19	\$Dr. 26,692.22	\$Dr. 238,769.73	\$Dr. 237,119.32	\$Dr. 246,914.20
Joint Facility Rents—Net Dr.	190,972.31	196,813.52	205,908.37	199,033.15	197,216.33	203,406.60	216,597.89	173,746.35	134,616.71
Net Railway Operating Income.....	\$ 365,023.96	\$ 825,392.16	\$ 881,599.07	\$ 997,355.01	\$Dr. 345,635.60	\$ 694,946.12	\$ 3,754,747.59	\$ 6,356,650.49	\$ 7,516,780.48
Interest on Funded Debt—Net.....	\$ 5,597,943.25	\$ 5,308,013.69	\$ 5,177,639.23	\$ 5,040,704.33	\$ 4,780,537.64	\$ 5,229,870,61	\$ 5,376,447.86	\$ 4,916,536.41	\$ 4,945,601.79
Non-Operating Income—Net.....	\$Dr. 350,633.04	\$Dr. 651,685.15	\$Dr. 778,402.52	\$Dr. 800,086.43	\$Dr. 322,866.50	\$Cr. 930,747.03	\$Cr. 609,761.11	\$Cr. 385,809.73	\$Cr. 182,465.06
Net Income to Surplus.....	\$Dr. 5,651,652.33	\$Dr. 5,224,346.69	\$Dr. 507,542.68	\$Dr. 143,495.73	\$Dr. 553,039.74	\$Dr. 401,476.00	\$Dr. 690,953.24	\$ 2,042,025.19	\$ 2,919,988.42
Average Miles Operated.....	3,247.88	3,249.88	3,251.01	3,262.42	3,283.35	3,307.58	3,301.59	3,303.31	3,314.33
Operating Revenue per mile of road.....	4,344.22	4,110.50	3,880,68	3,957.21	4,910,00	3,592,80	4,149,69	8,821,84	8,872,02
Operating Expenses per mile of road.....	3,731.40	3,554.72	3,309,23	3,269,23	4,149,69	5,494,09	6,212,03	6,280,78	6,254,47
Surplus Income per mile of road.....	\$Dr. 1,712,44	\$Dr. 1,607,55	\$Dr. 1,582,44	\$Dr. 1,689,61	\$Dr. 1,227,53	\$Dr. 208,90	\$618,55	\$683,90	\$609,54

\$ 2,020,201.64

FREIGHT TRAFFIC MOVEMENT
 (Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1936		Year Ended Dec. 31, 1935	
	Whole Tons	Per Cent	Whole Tons	Per Cent
Products of Agriculture				
Wheat.....	217,884	3.49	313,970	5.98
Corn.....	25,423	.41	23,507	.45
Oats.....	25,742	.41	72,362	1.38
Barley and rye.....	107,781	1.73	103,912	1.98
Rice.....	229	—	283	.01
Grain, N. O. S.....	260	—	170	—
Flour, wheat.....	47,187	.76	53,782	1.02
Meal, corn.....	216	—	309	.01
Flour and meal, edible N. O. S.....	1,843	.03	669	.01
Cereal food preparations, edible, N. O. S.....	4,165	.07	4,229	.08
Mill products, N. O. S.....	76,597	1.23	68,309	1.30
Hay and alfalfa.....	20,752	.33	70,936	1.35
Straw.....	799	.01	37,668	.72
Cotton in bales.....	100	—	163	—
Cotton linters, noils and regins.....	151	—	145	—
Cottonseed, meal and cake.....	711	.01	393	.01
Oranges and grape fruit.....	2,835	.05	2,542	.05
Lemons, limes and citrus fruits, N. O. S.....	866	.01	500	.01
Apples, fresh.....	5,372	.09	4,457	.09
Bananas.....	2,871	.05	2,103	.04
Berries, fresh.....	139	—	275	—
Cantaloupes and melons, N. O. S.....	182	—	201	—
Grapes, fresh.....	426	.01	367	.01
Peaches, fresh.....	787	.01	615	.01
Watermelons.....	763	.01	821	.02
Fruits, fresh, domestic, N. O. S.....	842	.01	988	.02
Fruits, fresh, tropical, N. O. S.....	22	—	23	—
Potatoes, other than sweet.....	32,685	.52	33,550	.64
Cabbage.....	4,520	.07	6,883	.13
Onions.....	565	.01	226	.01
Tomatoes.....	947	.02	622	.01
Vegetables, fresh, N. O. S.....	1,202	.02	1,313	.03
Beans, and peas, dried.....	2,425	.04	3,891	.07
Fruits, dried or evaporated.....	1,721	.03	1,770	.03
Vegetables, dry, N. O. S.....	271	—	186	—
Vegetable-oil cake and meal except cottonseed.....	3,373	.05	1,476	.03
Peanuts.....	820	.01	958	.02
Flaxseed.....	24,222	.39	66,345	1.26
Sugar beets.....	10,517	.17	21,549	.41
Products of agriculture, N. O. S.....	19,292	.31	16,964	.32
Total.....	647,006	10.36	919,432	17.52
Animals and Products				
Horses, mules, ponies and asses.....	5,095	.08	3,554	.07
Cattle and calves, single-deck.....	56,142	.90	43,191	.82
Sheep and goats, single-deck.....	1,691	.03	1,114	.02
Sheep and goats, double-deck.....	1,527	.03	873	.02
Hogs, single-deck.....	6,503	.10	1,568	.03
Hogs, double-deck.....	225	—	64	—
Fresh meats, N. O. S.....	10,026	.16	7,702	.15
Meats, cured, dried or smoked.....	1,333	.02	2,158	.04
Packing-house products, edible, N. O. S. not including canned meats.....	2,369	.04	2,108	.04
Poultry, live.....	52	—	7	—
Poultry, dressed.....	4,805	.08	3,608	.07
Eggs.....	2,836	.05	2,172	.04
Butter.....	21,877	.35	22,744	.43
Cheese.....	6,103	.10	4,394	.08
Wool.....	750	.01	1,273	.02
Hides, green.....	13,738	.22	13,962	.27
Leather.....	504	.01	659	.01
Fish or sea animal oil.....	238	—	217	.01
Animal products, N. O. S. (other than fertilizers and fertilizer materials).....	9,018	.14	8,620	.17
Total.....	144,832	2.32	119,988	2.29

FREIGHT TRAFFIC MOVEMENT—Continued
(Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1936		Year Ended Dec. 31, 1935	
	Whole Tons	Per Cent	Whole Tons	Per Cent
Products of Mines				
Anthracite coal.....	32,827	.52	23,698	.45
Bituminous coal.....	567,904	9.08	489,007	9.32
Lignite.....	608,585	9.73	520,815	9.93
Coke.....	39,059	.62	45,502	.87
Iron ore.....	808,375	12.92	501,135	9.55
Ores and concentrates, N. O. S.....	267	.....	1,340	.03
Gravel and sand (other than glass or moulding).....	114,599	1.84	62,297	1.19
Stone, broken, ground or crushed.....	288,026	4.60	158,481	3.02
Stone, rough, N. O. S.....	7,167	.12	4,195	.08
Stone, finished, N. O. S.....	692	.01	713	.01
Petroleum crude.....	59,108	.95	53,066	1.01
Asphalt (natural, by-products, or petroleum).....	6,569	.11	.....	.....
Salt.....	16,796	.27	9,905	.19
Phosphate Rock, Crude (ground or not ground).....	128	.....	38	.....
Sulphur (brimstone).....	8,304	.13	7,619	.14
Products of mines, N. O. S.....	17,550	.28	48,178	.92
Total.....	2,575,980	41.18	1,942,181	37.02
Products of Forests				
Logs.....	185,491	2.97	147,477	2.81
Posts, poles and piling.....	92,570	1.49	71,391	1.36
Wood (fuel).....	48,949	.78	53,962	1.03
Ties, railroad.....	22,457	.36	18,464	.35
Pulp wood.....	382,617	6.12	243,204	4.64
Lumber, shingles and lath.....	453,701	7.25	381,898	7.28
Box, crate and cooperage materials.....	13,018	.22	13,463	.26
Veneer and built-up wood.....	2,529	.04	801	.01
Rosin.....	229	.01	270	.01
Turpentine.....	296	.01	184	.....
Crude rubber (not reclaimed).....	2,095	.03	7	.....
Products of forests, N. O. S.....	60,107	.96	32,124	.61
Total.....	1,264,959	20.24	963,245	18.36
Manufactures and Miscl.				
Petroleum oils, refined and all other gasolines.....	373,020	5.96	380,112	7.25
Fuel, road and petroleum residual oils, N. O. S.....	54,649	.88	16,237	.31
Lubricating oils and greases.....	11,683	.19	13,787	.26
Petroleum products, N. O. S.....	93	.....	259	.01
Cottonseed oil.....	98	.....	88	.....
Linseed oil.....	108	.....	55	.....
Vegetable oils, N. O. S.....	386	.01	190	.....
Sugar (beet or cane).....	13,807	.22	16,457	.31
Table syrups and edible molasses.....	867	.02	1,031	.02
Molasses, blackstrap and beet residual.....	689	.01	95	.....
Iron, pig.....	24,228	.39	17,827	.34
Iron and Steel, rated 6th Class in Official Classification, N. O. S.....	.....	.....	66	.....
Rails, fastenings, frogs and switches.....	6,200	.10	7,626	.14
Cast-iron pipe and fittings.....	1,441	.02	806	.02
Iron and steel pipe and fittings, N. O. S.....	6,456	.10	4,113	.08
Iron and steel; nails and wire, not woven, iron and steel, rated 5th class in official classification, N. O. S. (also tin and terne plate).....	5,337	.09	3,522	.07
Copper, brass and bronze; bar, sheet and pipe.....	34,350	.55	19,221	.37
Lead and zinc ingot, pig or bar.....	16	.....	50	.....
Machinery and boilers.....	828	.02	816	.02
Cement natural or Portland, building.....	7,802	.13	6,415	.12
	105,111	1.68	54,340	1.04

FREIGHT TRAFFIC MOVEMENT—Concluded
(Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1936		Year Ended Dec. 31, 1935	
	Whole Tons	Per Cent	Whole Tons	Per Cent
Manufactures and Miscel.—Cont.				
Brick, common.....	7,407	.12	3,453	.07
Brick, N. O. S. and building tile.....	13,434	.22	7,279	.14
Artificial stone, N. O. S.....	808	.01	695	.01
Lime, common (quick or slack).....	7,393	.12	7,697	.15
Plaster (stucco or wall) and dry kalsomine.....	3,989	.06	3,506	.07
Sewer pipe and drain tile (not metal).....	4,387	.07	3,000	.06
Agricultural implements and parts, N.O.S.	6,885	.11	6,306	.12
Vehicles, horse drawn and parts, N. O. S.....	125	.....	94	.....
Tractors and parts.....	10,831	.17	6,792	.13
Railway car wheels, axles and trucks.....	1,932	.03	1,305	.02
Automobiles (Passenger).....	8,532	.14	9,683	.19
Auto trucks.....	2,099	.03	1,794	.03
Automobiles and auto trucks K. D. and parts, N. O. S.....	5,402	.09	4,134	.08
Automobile and auto truck tires.....	1,239	.02	649	.01
Furniture, metal.....	77	.....	226	.....
Furniture, other than metal.....	623	.01	678	.01
Beverages.....	18,322	.29	13,168	.25
Ice.....	2,467	.04	547	.01
Fertilizers, N. O. S.....	17,084	.27	11,382	.22
Newspaper paper.....	255,749	4.10	202,046	3.85
Printing paper, N. O. S.....	3,291	.05	3,776	.07
Alcohol, denatured or wood.....	1,431	.02	1,270	.02
Sulphuric acid.....	986	.02	777	.01
Explosives, N. O. S.....	1,036	.02	647	.01
Cotton cloth and cotton fabrics, N. O. S.....	518	.01	190	.....
Bagging and bags, burlap, gunny or jute.....	819	.02	607	.01
Canned food products, N. O. S.....	41,339	.66	32,917	.63
Tobacco, manufactured products.....	1,324	.02	1,321	.03
Paints in oils and varnishes.....	1,438	.02	278	.01
Scrap iron and scrap steel.....	103,863	1.66	59,161	1.13
Paper bags and wrapping paper.....	27,958	.45	25,239	.48
Paper board, pulpboard, and wallboard (paper).....	10,207	.16	6,986	.13
Building paper and prepared roofing ma- terials.....	8,389	.13	6,376	.12
Building woodwork (millwork).....	3,810	.06	2,926	.06
Soap and washing compounds.....	3,005	.05	2,546	.05
Glass, flat other than plate.....	254	.....	221	.....
Glass, bottles, jars, and jelly glasses.....	1,426	.02	1,233	.02
Manufactures and miscellaneous, N.O.S.	285,045	4.55	229,213	4.37
Total.....	1,512,093	24.10	1,203,231	22.93
Grand Total C. L. Traffic.....	6,144,876	98.29	5,148,077	98.12
All L. C. L. Freight.....	107,169	1.71	98,713	1.88
Grand Total Carload and L. C. L. Traffic.	6,252,045	100.00	5,246,790	100.00

Note:—N. O. S.—Not Otherwise Specified.

K. D.—Knocked down.

**Traffic and Mileage Statistics, per Interstate Commerce
Commission Classification**

	Year Ended Dec. 31, 1936	Year Ended Dec. 31, 1935
	Passengers, Tonnage, Rates and Revenues	Passengers, Tonnage, Rates and Revenues
Passenger Traffic		
Number of Passengers Carried Earning Revenue.....	344,227	289,806
Number of Passengers Carried One Mile.....	53,466,535	43,715,376
Number of Passengers Carried One Mile per Mile of Road..	16,462	13,451
Average Distance Carried, Miles	155 32	150 84
Total Passenger Revenue.....	\$868,049 69	\$727,245 88
Average Amount Received from Each Passenger.....	\$2 5217	\$2 5094
Average Receipts per Passenger per Mile.....	\$0 01624	\$0 01664
Total Passenger Service Train Revenue.....	\$1,818,714 65	\$1,621,810 56
Passenger Service Train Revenue per Mile of Road.....	\$559 97	\$499 04
Passenger Service Train Revenue per Train Mile.....	\$99927	\$90445
Freight Traffic		
Number of Tons Carried of Freight Earning Revenue.....	6,252,045	5,246,790
Number of Tons Carried One Mile	1,154,293,526	1,054,666,677
Number of Tons Carried One Mile per Mile of Road.....	355,399	324,525
Average Distance Haul of One Ton, Miles.....	184 63	201 01
Total Freight Revenue.....	\$11,935,039 07	\$11,476,446 91
Average Amount Received for Each Ton of Freight.....	\$1 90913	\$2 18733
Average Receipts per Ton per Mile.....	\$0 01034	\$0 01088
Freight Revenue per Mile of Road	\$3,674 99	\$3,531 34
Freight Revenue per Train Mile	\$4 15937	\$4 08909
Total Traffic		
Operating Revenue	\$14,109,840 75	\$13,358,635 39
Operating Revenue per Mile of Road.....	\$4,344 32	\$4,110 50
Operating Revenue per Train Mile.....	\$3 00869	\$2 90421
Operating Expenses.....	\$12,119,152 00	\$11,487,444 80
Operating Expenses per Mile of Road.....	\$3,731 40	\$3,534 73
Operating Expenses per Train Mile.....	\$2 58421	\$2 49741
Net Operating Revenue.....	\$1,990,688 75	\$1,871,190 59
Net Operating Revenue per Mile of Road.....	\$612 92	\$575 77

Traffic and Mileage Statistics—Continued

CLASSIFICATION	Year Ended Dec. 31, 1936	Year Ended Dec. 31, 1935
Locomotive Mileage, Revenue Service:		
Freight Locomotive-Miles.....	2,902,966	2,828,082
Passenger Locomotive-Miles.....	1,848,319	1,797,212
Switching Locomotive-Miles.....	633,576	572,070
Total Revenue Locomotive Mileage.....	5,384,861	5,197,364
Non-revenue Service Locomotive-Miles.....	82,760	52,007
Car Mileage, Revenue Service:		
Freight Car-Miles:		
Loaded.....	53,954,920	50,619,536
Empty.....	27,164,483	27,115,625
Caboose.....	2,006,816	1,932,442
Total Freight Car-Miles.....	83,126,219	79,667,603
Passenger Car-Miles:		
Passenger.....	3,787,547	3,609,904
Sleeping, Parlor and Observation.....	3,337,011	3,003,722
Other Passenger Train Cars.....	5,835,200	5,328,856
Total Passenger Car-Miles.....	12,959,758	11,942,482
Total Revenue Car Mileage.....	96,085,977	91,610,085
Non-revenue Service Car-Miles.....	415,753	120,999
Train Mileage, Revenue Service:		
Freight Train-Miles.....	2,869,653	2,806,604
Passenger Train-Miles.....	1,820,049	1,793,141
Total Revenue Train Mileage.....	4,689,702	4,599,745
Non-revenue Service Train-Miles.....	64,070	31,739
Average Number of Passengers per Car-Mile	7.50	6.61
Average Number of Passengers per Train-Mile.....	29.38	24.38
Average Number of Passenger Cars per Train-Mile.....	7.12	6.66
Average Number of Tons of Revenue Freight per Loaded Car-Mile.....	21.39	20.84
Average Number of Tons of Revenue Freight per Train-Mile.....	402.24	375.78
Average Number of Freight Cars per Train-Mile.....	28.97	28.39
Average Number of Loaded Cars per Train-Mile	18.80	18.04
Average Number of Empty Cars per Train-Mile	9.47	9.66
Average Mileage Operated During Year....	3,247.88	3,249.88

ADDITIONS AND BETTERMENTS TO ROAD
Year Ended December 31, 1936

Engineering.....	Cr.\$	12,257.05
Land for Transportation Purposes.....	Cr.	39,122.24
Other Right of Way Expenditures.....	Cr.	18.80
Grading.....	Cr.	30,396.67
Bridges, Trestles and Culverts.....	Cr.	15,304.74
Ties.....	Cr.	26,556.66
Rails.....	Cr.	72,104.70
Other Track Material.....		126,882.83
Ballast.....		7,073.81
Track Laying and Surfacing.....	Cr.	9,961.90
Fences, Snowsheds and Signs.....	Cr.	16,328.45
Station and Office Buildings.....	Cr.	9,074.94
Roadway Buildings.....	Cr.	6,682.93
Water Stations.....	Cr.	2,717.42
Fuel Stations.....		748.35
Shops and Enginehouses.....	Cr.	7,990.76
Telegraph and Telephone Lines.....	Cr.	3,910.68
Signals and Interlockers.....	Cr.	318.34
Power Transmission Systems.....		131.65
Roadway Machines.....		482.37
Public Improvements—Construction.....		107.84
Shop Machinery.....	Cr.	9,238.39
Organization Expenses.....	Cr.	3.40
General Officers and Clerks.....	Cr.	22.54
Law.....	Cr.	3.14
Stationery and Printing.....	Cr.	3.14
Taxes.....	Cr.	2.65
Interest during Construction.....	Cr.	7,928.48
Other Expenditures—General.....	Cr.	2,223.57
Total.....	Cr.\$	136,744.74

RESERVE FOR EQUIPMENT DEPRECIATION
As of December 31, 1936

Depreciation on Locomotives.....	\$	2,916,096.99
Depreciation on Freight Cars.....		9,032,445.05
Depreciation on Passenger Cars.....		1,842,314.17
Depreciation on Work Cars.....		396,534.46
Depreciation on Miscellaneous Equipment.....		5,480.93
Depreciation on Leased Equipment.....		1,104,662.93
Total.....	\$	15,297,534.53

ADDITIONS AND BETTERMENTS TO EQUIPMENT
Year Ended December 31, 1936

ADDITIONS:

Locomotives—Miscellaneous Improvements.....	\$ 739.22
Automobile Cars—Install Evans Auto Loaders and Minor Improvements.....	13,543.67
500 Box Cars.....	1,254,679.12
Freight Train Cars—Miscellaneous Improvements.....	202.67
Buffet-Sun Parlor-Loung Cars—Apply Air Conditioning and Griplex Axle Pulleys.....	36,852.50
Dining Cars—Apply Air Conditioning.....	28,936.76
Mail and Express Cars—Install Flushing Toilet, etc.....	97.82
Motor Car—Rewind Armatures of Motors.....	118.00
Passenger Coaches—Apply Griplex Axle Pulleys and Install Partition.....	183.20
Sleeping Cars—Apply Griplex Axle Pulleys.....	101.03
4 Other Company Service Equipment (1 Car Purchased, 2 Cars Converted from Revenue Service, and 1 Car Reclassified Account Remodeled).....	19,183.31
1 Automobile.....	770.00
 Total.....	 \$ 1,355,407.30

DEDUCTIONS:

3 Locomotives.....	\$ 56,694.37
12 Automobile Cars.....	15,505.52
22 Ballast Cars.....	23,261.51
371 Box Cars (1 Car Converted to Work Service).....	451,246.23
2 Caboose Cars.....	4,572.86
32 Flat Cars (1 Car Converted to Work Service).....	24,029.21
1 Ore Car.....	1,052.11
90 Refrigerator Cars.....	265,059.23
Passenger Train Cars (Minor Parts Retired Incident to Air Conditioning as shown under Additions).....	1,401.00
2 Passenger Coaches.....	15,592.83
1 Passenger and Baggage Car.....	3,612.09
1 Sleeping Car.....	15,361.29
27 Other Company Service Equipment (1 Car Reclassified Account Remodeled).....	19,834.52
1 Automobile.....	824.85
Miscellaneous Accounting Adjustments.....	50.61
 Total.....	 \$ 898,098.23
 Net Additions.....	 \$ 457,309.16

EQUIPMENT OWNED DECEMBER 31, 1936

Equipment Owned and Operated

STEAM LOCOMOTIVES

Steam Locomotives—all classes.....	182
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FREIGHT TRAIN CARS

Automobile Cars.....	403
Ballast Cars.....	229
Box Cars.....	6,403
Caboose Cars.....	156
Flat Cars.....	271
Gondola Cars.....	700
Ore Cars.....	1,757
Refrigerator Cars.....	209
Stock Cars.....	397
Tank Cars.....	9
Total Freight Train Cars.....	10,534

PASSENGER TRAIN CARS

Baggage Cars.....	27
Baggage and Smoking Cars.....	4
Buffet-Sun Parlor-Lounge Cars.....	4
Cafe-Observation Cars.....	3
Dining Cars.....	8
Mail and Express Cars.....	35
Milk Cars.....	1
Motor Cars.....	1
Observation Cars.....	2
Parlor Cars.....	3
Passenger Coaches.....	57
Passenger and Baggage Cars.....	8
Sleeping Cars.....	16
Tourist Cars.....	6
Total Passenger Train Cars.....	175

WORK EQUIPMENT

Officers' Cars.....	6
Derrick Cars.....	2
Steam Shovels.....	2
Wrecking Cars (Steam).....	5
Other Company Service Equipment.....	214

Total Work Equipment.....	229
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MISCELLANEOUS EQUIPMENT

Automobiles.....	6
Electric Trucks.....	3
Lime Spreader.....	1
Spraying Outfit.....	1
Total Miscellaneous Equipment.....	11

*Tanks owned by Chippewa Springs Water Corporation mounted on six flat cars owned by carrier.

*Tanks owned by Gedney Pickle Co. mounted on three flat cars owned by carrier.

EQUIPMENT OWNED DECEMBER 31, 1936

Equipment Owned But Not Operated

LEASED TO WISCONSIN CENTRAL RY. CO.

STEAM LOCOMOTIVES

Steam Locomotives—all classes.....	27
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FREIGHT TRAIN CARS

Box Cars.....	1,837
Gondola Cars.....	100
<hr/>	
Total Freight Train Cars.....	1,937
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PASSENGER TRAIN CARS

Baggage Cars.....	4
Baggage and Smoking Cars.....	4
Dining Cars.....	1
Mail and Express Cars.....	1
Parlor and Cafe Cars.....	2
<hr/>	
Total Passenger Train Cars.....	12
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LEASED TO DULUTH, SOUTH SHORE & ATLANTIC RY. CO.

FREIGHT TRAIN CARS

Box Cars.....	50
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LEASED TO MINNESOTA NORTHWESTERN ELECTRIC RY. CO.

PASSENGER TRAIN CARS

Motor Car.....	1
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MILEAGE

The mileage owned and operated is as follows:

Owned:

Sault Ste. Marie, Mich.	to Camden Pl., Mpls., Minn.	493.27
Lime Kiln, Manistique, Mich.		.81
Rapid River, Mich.	to Eben Jct., Mich.	30.54
Gladstone Coal Dock, Gladstone, Mich.		.74
Wisconsin Jct., Wis.	to Winnebago Jct., Wis.	118.68
North Wye, Wis.	to Appleton, Wis.	1.07
Rhinelander, Wis., Mill Tracks		.35
Cameron, Wis.	to Rice Lake, Wis.	6.68
Barron, Wis.	to Ridgeland, Wis.	18.52
Dresser Jct., Wis.	to Boylston Jct., Wis.	98.79
Summit, Wis.	to St. Croix Falls, Wis.	2.04
Cardigan Jct., Minn.	to St. Paul, Minn., 7th St. Frt. Hse.	8.13
Hilo Jct., Mpls., Minn.	to Columbia Hts. Jct., Mpls., Minn.	1.09
Columbia Hts. Jct., Mpls., Minn.	to Columbia Hts., Minn.	1.16
Minneapolis, Minn., 5th Ave. No.	to Portal, N. D.	549.43
Brooten, Minn.	to Duluth, Minn.	188.68
Moose Lake, Minn.	to Plummer, Minn.	192.57
Lawler, Minn.	to East Lake, Minn.	6.51
Deerwood, Minn.	to Cuyuna Range Mines, Minn.	23.66
Crosby, Minn.	to Ironton, Minn.	1.00
Glenwood, Minn.	to Noyes, Minn.	265.05
Dakota Jct., Minn.	to Kenmare, N. D.	296.44
Fordville, N. D.	to Drake, N. D.	130.96
Egeland, N. D.	to Armourdale, N. D.	21.88
Fairmount, N. D.	to Grenville, S. D.	87.17
Hankinson, N. D.	to Max, N. D.	304.84
Wishek, N. D.	to Pollock, S. D.	70.06
Drake, N. D.	to Plaza, N. D.	83.62
Prairie Jct., N. D.	to Sanish, N. D.	32.80
Flaxton, N. D.	to Whitetail, Mont.	136.62
Total Mileage Owned and Operated		3,169.16

Jointly owned mileage included above:

Sault Ste. Marie, Mich.—D. S. S. & A. Ry.	1.71
Minneapolis, Minn.—N. P. Ry.	.88
Bemidji, Minn.—M. & I. Ry.	.19
Deerwood, Minn.—Cuyuna Range Mines—N. P. Ry.	23.66
Total	26.44

MILEAGE—Cont.

Total Mileage Owned and Operated.....	3,169.16
Trackage Rights Over W. C. Ry:	
Superior, Wis., 28th St..... to Tower Ave.....	2.44
Duluth, Minn., Berwind Jct..... to 6th Ave.....	4.71
<hr/>	
Total.....	7.15
Trackage Rights Joint with W. C. Ry:	
St. Paul, Minn..... N. P. Ry., Soo Line Jct., to 3rd St.....	2.27
St. P. U. D. Co., 3rd St., to Sibley St.....	6.02
C. St. P. M. & O. Ry., and C. M. St. P. & P. R. R., Sibley St. to Chestnut St.....	.79
C. M. St. P. & P. R. R., Chestnut St. to Minne- apolis, Minn.....	10.57
Minneapolis, Minn., M. & St. L. R. R., 20th Ave So., to 4th Ave. No....	.80
N. P. Ry., 4th Ave. No. to 14th Ave. No.....	.59
Superior, Wis..... D. S. Br. Co., Superior, Wis., to Interstate Bridge.	.54
L. S. T. & T. Ry., Tower Ave.....	.40
N. P. Ry., Grassy Point Line, Superior, Wis., to Duluth, Minn.....	2.05
Duluth, Minn..... N. P. Ry., Duluth.....	1.03
<hr/>	
Total.....	25.06
Other Trackage Rights:	
Sault Ste. Marie, Mich.—Union Depot Co.....	.53
Deerwood—McGregor, Minn., N. P. Ry.....	30.84
<hr/>	
Total.....	31.37
Total Soo Line Mileage Operated.....	
	3,232.74

Owned but not Operated:

Leased to: M. N. W. E. Ry., Thief River Falls to Goodridge, Minn..	18.67
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CENTRAL TERMINAL

GENERAL BALANCE SHEET, DECEMBER 31, 1936

ASSETS

Property Investment.....	\$	6,308,065.83
Sinking Fund:		
First Mortgage Chicago Terminal 4% 30 Year		
Gold Bonds:		
Bonds Held by Trustee.....	\$	4,456,000.00
Cash Held by Trustee.....		355.70
Total.....		4,456,355.70
Miscellaneous Physical Property.....		176,719.01
Investments:		
M. St. P. & S. S. M. Ry. Co. 4% Leased Line Cer-		
tificates.....		219,258.93
Current Assets:		
Cash.....	\$	4,557.17
Miscellaneous Accounts Receivable.....		37,196.24
Total.....		41,753.41
Unadjusted Debits:		
Discount on Funded Debt.....		22,388.00
Grand Total.....	\$	11,224,540.88

LIABILITIES

Capital Stock.....	\$	2,000,000.00
Funded Debt Unmatured:		
First Mortgage Chicago Terminal 4% 30 year		
Gold Bonds:		6,000,000.00
Non-Negotiable Debt to Affiliated Companies.....		2,288,763.50
Current Liabilities:		
Audited Vouchers.....	\$	519.18
Interest Matured Unpaid.....		120.00
Unmatured Interest Accrued on Funded Debt..		10,293.33
Other Current Liabilities.....		32,777.75
Total.....		43,710.26
Deferred Liabilities.....		2,352.45
Unadjusted Credits:		
Tax Liability.....	\$	172,980.44
Other Unadjusted Credits.....		2,257.52
Total.....		175,237.96
Corporate Surplus:		
Additions to Property thru Income and Surplus. \$		4,856.54
Profit and Loss, Credit Balance.....		709,620.17
Total.....		714,476.71
Grand Total.....	\$	11,224,540.88

RAILWAY COMPANY

INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1936

Railway Tax Accruals.....	\$ *49,852.78
Railway Operating Income.....	\$Dr. 49,852.78
Non-Operating Income:	
Income from Lease of Road and Equipment.....\$	180,000.00
Miscellaneous Rent Income.....	83,588.11
Total Non-Operating Income.....	263,588.11
Gross Income.....	\$ 213,735.33
Deductions from Gross Income:	
Interest on Funded Debt.....\$	67,963.12
Interest on Non-Negotiable Debt.....	100,975.74
Interest on Unfunded Debt.....	12,577.43
Amortization of Discount on Funded Debt.....	5,069.00
Maintenance of Investment Organization.....	40.00
Miscellaneous Income Charges.....	785.00
Total deductions from Gross Income	187,410.29
Net Income Transferred to Profit and Loss.....	\$ 26,325.04

*Note.—As there was no taxable income for the year, no provision was necessary for the surtax on undistributed profits imposed under the Revenue Act of 1936.

PROFIT AND LOSS ACCOUNT TO DECEMBER 31, 1936

Credit Balance December 31, 1935.....	\$ 678,562.63
Net Income for year ended December 31, 1936.....	\$ 26,325.04
Profit and Loss additions for the year 1936:	
Miscellaneous Credits to Profit and Loss.....	\$ 9,528.00
Total.....	\$ 35,853.04
Profit and Loss deductions for year 1936:	
Miscellaneous Debits to Profit and Loss.....	\$ 4,795.50
Profit and Loss Net Credit for year ended Dec. 31, 1936...	\$ 31,057.54
Credit Balance, December 31, 1936.....	\$ 709,620.17