

49
ANNUAL REPORT

OF THE

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

**FOR THE YEAR ENDED
DECEMBER 31**

1937



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STE. MARIE RAILWAY COMPANY

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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.
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.
One Vacancy.	

OFFICERS

C. T. JAFFRAY	Chairman of the Company	Minneapolis, Minn.
G. W. WEBSTER	President	Minneapolis, Minn.
E. A. WHITMAN	Vice-Pres. & General Manager	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 Agt. & Gen'l Stkpr.	Minneapolis, Minn.
J. R. BRANLEY	Acting 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: Common and Preferred Stock
BANK OF MONTREAL TRUST Co.
64 Wall Street, New York

Transfer Agents: Bonds and Leased Line Certificates
AGENTS, BANK OF MONTREAL
64 Wall Street, New York

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

Registrar of Stocks: CENTRAL HANOVER BANK
& TRUST Co., NEW YORK

Registrar of Bonds: AGENTS, BANK OF MONTREAL
64 Wall Street, New York

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

CENTRAL TERMINAL RAILWAY COMPANY

DIRECTORS

E. L. CARDLE	Chicago, Illinois
C. V. GALLAGHER	Chicago, Illinois
C. T. JAFFRAY	Minneapolis, Minn.
G. H. PEAKS	Chicago, Illinois
T. J. WALL	Chicago, Illinois
G. W. WEBSTER	Minneapolis, Minn.
E. A. WHITMAN	Minneapolis, Minn.

OFFICERS

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, 1937

To the Stockholders:

Submitted herewith is a report for the fiscal year ended December 31, 1937.

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

	Year 1937	Year 1936
Railway Operating Revenues.....	\$15,001,430.06	\$14,109,840.75
Railway Operating Expenses.....	12,790,832.30	12,119,152.00
Net Revenue from Railway Operations....	\$ 2,210,597.76	\$ 1,990,688.75
Net Equip. Jt. Facil. Rents and Taxes--Dr....	1,442,037.22	1,594,764.79
Net Railway Operating Income.....	\$ 768,560.54	\$ 395,923.96
Other Income—Net	83,609.12	306,658.99
Income available for fixed charges.....	\$ 684,951.42	\$ 702,582.95
Fixed Charges, except Interest.....	56,508.86	55,700.41
Income available for Interest.....	\$ 628,442.56	\$ 646,882.54
Interest on Funded and Unfunded Debt.....	6,363,539.78	6,208,734.87
Net Deficit Transferred to Profit and Loss..	\$ 5,735,097.22	\$ 5,561,852.33

Railway Operating Revenues were \$15,001,430, an increase of \$891,589, or 6.32%, compared with the previous year.

Freight Revenue was \$12,739,868, an increase of \$803,929, or 6.74%.

The increases and decreases in Freight Revenue were as follows:

Products of Agriculture.....	Increase	\$490,842
Animals and Products.....	Decrease	50,438
Products of Mines.....	Decrease	9,553
Products of Forests.....	Increase	251,077
Manufactures and Miscellaneous.....	Increase	217,791
Less than Carload Freight.....	Decrease	95,790
	Increase	\$803,929

A comparative statement showing the number of cars handled and revenues, for the years 1933 to 1937, follows:

	(000 omitted from revenue)				
	1933	1934	1935	1936	1937
Products of Agriculture:					
Cars	29,977	34,458	33,586	22,435	26,929
Revenue	\$ 3,276	\$ 2,503	\$ 2,818	\$ 1,702	\$ 2,193
Animals and Products:					
Cars	12,215	17,301	9,241	11,686	10,511
Revenue	\$ 813	\$ 1,114	\$ 540	\$ 790	\$ 740
Products of Mines:					
Cars	43,886	46,177	51,105	64,976	65,570
Revenue	\$ 2,104	\$ 2,120	\$ 2,155	\$ 2,583	\$ 2,574
Products of Forests:					
Cars	29,347	27,250	33,843	42,063	45,864
Revenue	\$ 1,266	\$ 1,132	\$ 1,488	\$ 1,776	\$ 2,027
Manufactures and					
Miscellaneous:					
Cars	31,848	39,616	46,503	55,807	59,399
Revenue	\$ 2,450	\$ 2,940	\$ 3,488	\$ 4,107	\$ 4,325
Less than Carload Freight:					
Tons	110,870	101,450	98,713	107,169	116,675
Revenue	\$ 1,150	\$ 992	\$ 993	\$ 977	\$ 881
Grand Total:					
Cars	147,273	164,802	174,278	196,967	208,273
Revenue	\$11,059	\$10,801	\$11,482	\$11,935	\$12,740

Products of Agriculture. Shipments were somewhat better than the previous year, but owing to continued drought in the greater part of the Northwest were far below normal.

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:

	1937	1936
	Bushels	Bushels
Before August 1st.....	2,271,604	7,025,517
After August 1st.....	12,889,902	3,982,637
Total.....	15,161,506	11,008,154

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	1936.....	6,254,241

The corresponding figure for 1937 will be approximately 17,500,000 bushels.

Animals and Products. Because of depleted herds, local livestock shipments decreased about 900 cars, while those from connections were about on a parity with the previous year. Dairy products also showed a slight decrease, as well as fresh meats and packing house products.

Products of Mines showed a small decrease. There was an increase in the number of cars of iron ore, with commercial coal showing a slight increase from docks and a decrease from connections. However, the elimination of the surcharges on January 1, 1937, caused a decrease in revenues. Iron ore shipped via our Line from the Cuyuna Range to Upper Lake Ports amounted to 887,737 tons, compared with 716,477 tons in the previous year. Total iron ore shipments by all railroads from mines in the Lake Superior District in 1937 amounted to 63,110,240 tons, compared with 45,203,672 tons in 1936.

Products of Forests increased principally on account of better industrial conditions prevailing during the forepart of the year. Lumber, pulpwood and other forest products from on line points and connections showed a substantial increase, while movement of logs decreased.

Manufactures and Miscellaneous increased as a result of improved business conditions during the early part of 1937. Paper and other commercial freight showed encouraging gains over the previous year.

Less than Carload Tonnage increased, but revenues decreased due to necessary reductions in rates to meet truck competition, the elimination of certain emergency charges which were in effect in 1936; and increased expense in further extending pickup and delivery service.

Passenger Revenue was \$912,554, an increase of \$44,504, or 5.13%. This was due to increased local travel resulting from improved business conditions during the first eight months of the year. Summer tourist traffic to the Canadian Rockies and

the Pacific Coast maintained the gains recorded in the previous year.

Revenue from Milk and Cream handled in baggage cars was \$99,792, a decrease of \$5,025, or 4.79%, which is partly due to a diversion of this class of traffic to trucks.

Department of Agricultural Development. Because of the severe rust epidemic during recent years, considerably more interest was shown in the new rust resistant varieties of hard spring wheat, particularly in the Thatcher variety. Assistance was given to elevators, seed dealers and farmers in locating surplus stocks of seed; also in securing seed loans through the Federal Seed Loan Agencies and in distributing pure seed of adapted varieties. Excessive heat and drought, however, together with damage from grasshoppers resulted in a very disappointing harvest. Owing to severe drought in western North Dakota and eastern Montana, assistance had to be given farmers in locating supplies of hay and feed for their requirements. Cooperation was given to various state and farm organizations in developing purebred livestock. Our activities with 4-H Clubs, as well as experiments for the improvement of wheat, corn, potatoes and alfalfa were continued.

Bus and Truck Competition. Bus and truck transportation continued to offer strong competition to railroads. Although motor carriers are handling a large volume of traffic, it is hoped that the control now exercised over this form of transportation by the Interstate Commerce Commission will eventually enable the railroads to regain such traffic as they can handle more efficiently than the trucks.

On account of unsatisfactory net earnings, resulting from substantial increases in operating expenses, motor carriers are now cooperating with the railroads to increase rates on competitive traffic to levels commensurate with the service performed. Substantial progress has been made in stabilizing the rate structure of motor carriers.

Operating Expenses for the year 1937 compared with the previous year were as follows:

	1937	1936	Increase (Decrease)	Per Cent
Gross Operating Revenue.....	\$15,001,430	\$14,109,841	\$891,589	6.32
Expenses:				
Maintenance of Way and				
Structures	2,315,037	2,200,002	115,035	5.23
Maintenance of Equipment...	2,837,622	2,701,068	136,554	5.06
Traffic	415,684	425,468	(9,784)	(2.30)
Transportation	6,529,779	6,047,233	482,546	7.98
Miscellaneous	70,291	62,864	7,427	11.81
General	661,334	703,695	(42,361)	(6.02)
Transportation for Investment				
—Credit	38,915	21,178	(17,737)	83.75
Total Operating Expenses.....	12,790,832	12,119,152	671,680	5.54
Operating Ratio	85.26%	85.89%	(.63%)	
Net Revenue from Railway				
Operation	2,210,598	1,990,689	219,909	11.05

(Parentheses indicate decreases)

Wage Increases. In March, 1937, the several labor organizations having wage and working agreements with this Company joined with the labor organizations of other carriers in a concerted national program and served formal notices requesting increases in rates of pay. The four train and engine service organizations requested a 20 per cent increase in all existing rates, and the other organizations, i.e., Clerks, Shop Crafts, Maintenance of Way Employees, etc., requested an increase of 20 cents per hour. Negotiation by individual railroads was deemed inadvisable, and a Carriers' Conference Committee was appointed to represent the various railroads to confer with a Committee representing the several labor organizations for the purpose of disposing of the question on a national basis. After extended conferences, the controversy was finally placed before the National Mediation Board. Increases amounting to 5 cents per hour were awarded to employees governed by organizations, other than the train and engine organizations, effective August 1, 1937, under Mediation Agreement Case A-395; and 5½ cents per hour to employees governed by the train and engine service organizations effective October 1, 1937, under Mediation Agreement Case A-410. Certain adjustments in pay were also granted to officers, supervisory and other employees not having wage

and working agreements with the Company. As a result of the foregoing our payrolls increased as follows:

Maintenance of Way and Structures.....	\$ 52,010
Maintenance of Equipment.....	67,254
Traffic	13,576
Transportation	79,295
Miscellaneous	450
General	54,633
Total	<u>\$267,218</u>

Maintenance of Way and Structures Expenses increased \$115,035, or 5.23%. In addition to the wage increase shown above, expenditures exceeding those of the previous year by approximately \$67,600 were necessary on account of relaying rail and restoring ballast.

Maintenance of Equipment Expenses increased \$136,554, or 5.06%, on account of wage increases and an equipment repair program which was commenced early in the year because of an upward trend in general business and the prospect of handling a moderate grain crop. Charges to depreciation decreased \$89,342 owing to a reduction in the number of units of equipment owned by the Company.

Transportation Expenses increased \$482,546, or 7.98%, on account of wage increases and higher costs for supplies and a greater number of employees necessary to handle the traffic. However, the ratio of these expenses to Gross Revenue increased but .67%. Gross Ton Miles, which represents the effort required to handle the traffic, increased 8.01%.

General Expenses decreased \$42,361, or 6.02%. Effective July 1, 1937, the Railroad Retirement Board assumed the payment of certain pensions theretofore granted by railroads having established pension plans, which resulted in a decrease of \$77,000 in this Company's charges to "Pensions" as compared to the previous year. This was partially offset by payments to outside counsel required by litigation of an unusual character.

Tax Accruals decreased \$262,757. Property taxes decreased \$115,596. Excise taxes imposed under the "Carrier's Taxing Act of 1935" were repealed by a similar law effective January 1, 1937. This resulted in a credit adjustment in 1937 of \$226,089 to cancel the amount charged in 1936

under the Act of 1935. Excise taxes for the year 1937 under the Act of 1937 amounted to \$219,137. Federal Social Security taxes for unemployment compensation increased \$85,880 on account of an increase in the statutory rate to 2% as compared to 1% in the previous year. (The rate for 1938 will be 3%.)

Hire of Equipment increased \$74,810, due chiefly to an upward trend in business which required the use of a greater number of foreign cars and to cancellation of the average per diem arrangements on July 1, 1937.

Other Income decreased \$390,268. About one-half of this decrease was due to the discontinuance of rentals previously paid to this Company by the Wisconsin Central Railway Company on equipment sold to that Company on January 1, 1937. Most of the remainder of the decrease is attributable to a change in the method of accounting for payments made by this Company pursuant to its guarantee of interest on Wisconsin Central Railway Company First and Refunding Mortgage Bonds in the hands of the public. Interest payments made by this Company in 1937 on Wisconsin Central Refunding Bonds were charged to "Miscellaneous Income Charges," whereas in the preceding year they were charged direct to "Profit and Loss Account."

Property Investment. The investment in road account increased \$294,691 as a result of gross expenditures and minor accounting adjustments totaling \$546,772 less retirements in the amount of \$252,081. The expenditures were principally for the application of tie plates, relay of rail with heavier rail, additional ballast, elimination of 3 grade crossings, and additions to shops, engine houses and shop machinery. Retirements included 3.2 miles of main track, 6.6 miles of side and yard tracks, and miscellaneous structures.

The equipment investment account shows a net decrease of \$4,964,468. Additions amounting to \$673,434 largely represent the purchase of 200 new freight train cars, 2 second hand passenger train cars and 1 Russell snow plow. Retirements aggregating \$5,637,901 include 18 locomotives, 2,893 freight cars, 12 passenger train cars, and 5 work equipment units. Most of that equipment had been under lease to the Wisconsin Central Railway and was sold to that Company on January 1, 1937, under a Trust Agreement between this Company, Central Han-

over Bank and Trust Company, Trustee, and E. A. Whitman, Receiver of the Properties of the Wisconsin Central Railway Company, and the Wisconsin Central Railway Company. The Trust Agreement provided for a cash payment of \$862,130 and Equipment Trust Certificates aggregating \$2,500,000 payable in equal semi-annual installments, the last payment becoming due January 1, 1947. The cash and Equipment Trust Certificates were pledged with this Company's Mortgage Trustees. From the cash so deposited with the trustees, there were released sufficient funds to pay the balance due on certain units of the equipment included in the sale to the Wisconsin Central Railway Company; to purchase 200 new freight cars; and to pay for certain other additions and betterments.

Funded and Unfunded Debt. The outstanding indebtedness was increased during the year a net amount of \$4,135,974 as follows:

Increases:

Non-Negotiable Debt to Affiliated Companies	
(Principal and Accrued Interest)	\$5,075,509

Decreases:

First Refunding Mortgage Bonds, Series A	\$ 22,000
Twenty-five Year Gold Notes	145,100
Equipment Trust Notes	189,000
Equipment Purchase Contracts	369,284
Leased Line Certificates	5,000
Short-term Loans from Reconstruction Finance Corporation	59,684
Short-term Loans from The Railroad Credit Corporation	149,467
Total Decrease	\$ 939,535
Net Increase	\$4,135,974

Wisconsin Central Railway Company. The Wisconsin Central properties are still in receivership and the Soo Line is still operating them as agent for the Receiver. On November 10, 1937, the court administering the said properties found that the lease of April 1, 1909, was terminated at 12:01 A.M. December 3, 1932; that the Memorandum of Operating Agreement dated December 3, 1932, was a valid contract; and that the Wisconsin Central properties have been operated pursuant thereto continuously since its execution.

Soo Reorganization Proceeding. On account of insufficient funds to pay the interest on its bonds due January 1, 1938, and its inability to procure funds with which to meet large maturi-

ties of principal on its outstanding obligations falling due between February 1st and July 1st next, the Company on December 31, 1937, filed a petition under Section 77 of the Federal Bankruptcy Act as amended, in the United States District Court for the District of Minnesota, Fourth Division. The court appointed Trustees to take charge of the Company's Properties; but to date they have not been confirmed by the Interstate Commerce Commission. In the meantime, the Company remains in possession of its properties, subject to supervision and control of the Court.

The outlook was encouraging during the first half of the year, because of a marked improvement in general business and the prospect of a good crop. However, heat and drought resulted in another very poor harvest; and from September on there was a severe decline in general business, coupled with rising costs for materials and supplies and wage increases. Consequently, the net results for the year were extremely disappointing.

Surface moisture conditions in the greater part of our territory are favorable for spring seeding, but owing to unfavorable subsoil conditions more than normal rainfall will be required to mature the crop.

The management hereby records its appreciation of the loyal and efficient service rendered by its employes.

C. T. JAFFRAY,
Chairman.

Minneapolis, Minn.

April 16, 1938

Mr. C. T. Jaffray, Chairman,

*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, 1937, and of the Income and Profit and Loss Accounts for the year 1937. 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. Interest on Wisconsin Central Railway Company First and Refunding Mortgage bonds paid by the Minneapolis, St. Paul & Sault Ste. Marie Railway Company under its guarantee has been charged to Income Account instead of, as in former years, direct to Profit and Loss Account.

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, 1937 and the results of its operations for the year.

PEAT, MARWICK, MITCHELL & Co.

New York, N. Y.,
April 16, 1938.

GENERAL BALANCE SHEET

ASSETS

Property Investment:

Road.....	\$ 104,327,034.67
Equipment.....	24,372,224.02
	<u>\$ 128,699,258.69</u>

Less Reserve for Equipment	
Depreciation (Per Schedule on page 30).....	13,958,683.44
Total.....	<u>\$ 114,740,575.25</u>

Sinking Fund.....

386.68

Deposits in lieu of Mortgaged Prop. Sold.

2,406,045.56

(Includes \$2,375,000 Receiver of W. C. Ry. Co. Equip. Trust Notes.)

Miscellaneous Physical Property.....

554,094.27

Wis. Cent. Ry. Co., Preferred Stock....

11,251,400.00

(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).....	8,000,000.00
Notes (Per Schedule on page 18).....	12,771.41
Advances.....	<u>3,484,272.34</u>

(Includes \$493,909.22 for W. C. Ry. Co. proportion of advances from Railroad Credit Corporation, prior to W. C. Ry. Co. receivership.)

Total.....	<u>24,090,226.22</u>
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Other Investments:

Stocks.....	\$ 1.00
Bonds.....	25,200.00
Notes.....	114,619.70
Real Estate Sales Contracts.....	<u>30,578.81</u>

Total (Per Schedule on page 18)....	<u>170,399.51</u>
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Current Assets:

Cash.....	\$ 697,486.19
Special Deposits—	
Employees Income Tax.....	63,450.29
Other Special Deposits.....	26,883.41
Loans and Bills Receivable.....	350.00
Traffic and Car Service Balances...	215,132.65
Agents and Conductors Balances...	412,030.37
Miscellaneous Accounts Receivable..	428,341.79
Material and Supplies.....	1,761,481.90
Interest and Dividends Receivable..	44,061.94
Other Current Assets.....	<u>127,917.28</u>

Total.....	<u>3,777,135.82</u>
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Deferred Assets:

Working Fund Advances.....	\$ 11,316.01
Other Deferred Assets.....	306,544.04
W. C. Ry. Co. Advances Prior to Receivership.....	<u>7,022,207.89</u>

Total.....	<u>7,340,067.94</u>
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Unadjusted Debits:

Rents and Insurance Paid in Advance \$	25,500.00
Discount on Funded Debt.....	534,089.82
Discount on Canadian Funds.....	709,230.65
(To be extinguished as loans are repaid)	
Other Unadjusted Debits.....	<u>756,421.65</u>

Total.....	<u>2,025,242.12</u>
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Grand Total.....

\$ 166,355,573.37

DECEMBER 31, 1937**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.....	113,580.72
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Funded Debt Unmatured.....	91,315,800.00
(Per Funded Debt Schedule on Page 19)	

M. St. P. & S. S. M. Ry. Co. 4% Leased Line Certificates.....	11,251,400.00
(Issued in exchange for Preferred Stock of Wis- Central Ry. Co., held by Trustee.)	

Non-negotiable Debt to Affiliated Companies.....	29,668,343.52
(Includes \$28,859,698.47 payable in Can- adian Funds stated at par)	

Current Liabilities:

Loans and Bills Payable.....	\$ *11,735,096.65	
Traffic and Car Service Balances....	385,708.53	
Audited Vouchers and Wages Payable	2,769,832.66	
Miscellaneous Accounts Payable....	134,272.66	
Interest Matured Unpaid.....	2,033,556.27	
Interest Matured Unpaid (Leased Line Certificates).....	**2,252,468.00	
Unmatured Interest Accrued.....	346,731.84	
Unmatured Rents Accrued.....	5,683.80	
Receiver of W. C. Ry. Co.....	3,026.57	
Other Current Liabilities.....	170,775.13	
Total.....		19,837,152.11

Deferred Liabilities:

Equipment Purchase Contracts....	\$ 1,235,056.21	
Other Deferred Liabilities.....	33,969.33	
Total.....		1,269,025.54

Unadjusted Credits:

Tax Liability.....	\$ 626,886.17	
Premium on Funded Debt.....	550.43	
Other Unadjusted Credits.....	445,726.37	
Total.....		1,073,162.97

Corporate Surplus:

Additions to Property thru Income and Surplus.....	\$ 246,637.21	
Profit and Loss, Debit Balance....	26,229,728.70	
Deficit.....		25,983,091.49
Grand Total.....		\$ 166,355,573.37

*For statement of Securities Pledged and Contingent Liabilities see pages 18 and 19.

**Unpaid installments, liability for which is denied.

INVESTMENTS IN SECURITIES

STOCKS AND BONDS OF PROPRIETARY, AFFILIATED, AND CONTROLLED COMPANIES

Capital Stock:	Par Value	*Book Value
Wisconsin Central Ry. Co.:		
Common:		
Unpledged.....	\$ 10,358,500.00	\$ 4,629,541.13
Pledged, for M. St. P. & S.		
S. M. Ry. Co., Twenty-five		
Year 5½% Gold Notes.....	5,642,000.00	2,439,641.34
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>\$ 21,035,650.00</u>	<u>\$ 12,593,182.47</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...	\$ 10,000,000.00	\$ 8,000,000.00
Notes:		
Provident Properties Co..... x	<u>\$ 12,771.41</u>	<u>\$ 12,771.41</u>

OTHER INVESTMENTS IN SECURITIES

Capital Stock:	Par Value	*Book Value
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.....	145,198.51	145,198.51
Total.....	<u>\$ 373,198.51</u>	<u>\$ 170,399.51</u>

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

**Pledged as collateral security for notes included in Loans and Bills Payable, aggregating \$572,851.15.

xPledged for loans amounting to \$6,162,245.50 included in Loans and Bills Payable.

CAPITAL STOCK

DESCRIPTION	Number of Shares Authorized	Par Value of Shares	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		\$ 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	2,124,000.00	.....	.....	2,124,000.00
*First Refunding Mortgage-Series "B".....	5 1/2%	Jan. and July	July 1, 1929	July 1, 1978	24,606,000.00	\$12,500,000.00	.....	12,106,000.00
Twenty-five Year Gold Notes.....	3 1/2%	Mar. and Sept.	Mar. 1, 1924	Mar. 1, 1949	2,440,105.00	.....	\$ 1,365.00	2,438,800.00
Total Bonds Outstanding.....					\$103,817,105.00	\$12,500,000.00	\$ 1,365.00	\$91,315,800.00

CONTINGENT LIABILITIES

DESCRIPTION	Rate	Principal Outstanding	Date of Maturity
Wisconsin Central Ry. Co.: First and Refunding Mortgage.....	4% 5%	\$ 5,816,000.00 10,000,000.00	April 1, 1959 April 1, 1959
First and Refunding Mortgage.....	5%	51,000.00	April 1, 1959
***Central Terminal Ry Co.: First Mortgage.....	4%	1,231,000.00	Nov. 1, 1941
St. Paul Union Depot Co. First and Refunding Mortgage Series "A".....	5%	15,000,000.00	Jan. 1, 1972

*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.

†\$6,250,000 pledged for loans amounting to \$6,162,245.50, included in Loans and Bills Payable.
 \$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, included in Loans and Bills Payable.

Interest guaranteed by endorsement by M. St. P. & S. S. M. Ry. Co. Deposited with the trustee of the 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. Treasury. M. St. P. & S. S. M. Ry. Co., and Wis. Cent. Ry. Co. Joint 5% Coupons, attached.
 Principal and interest joint and several liability of Central Terminal Ry. Co. and M. St. P. & S. S. M. Ry. Co.
 Guaranteed jointly and severally by the C. B. & Q. R. R., C. G. W. R. R., C. M. St. P. & P. R. R., C. R. I. & P. Ry., C. St. P. M. & O. Ry., G. N. Ry., M. & St. L. R. R., M. St. P. & S. S. M. Ry. and N. P. Ry.

INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1937

Operating Income

Railway Operating Income:	
Railway Operating Revenues.....	\$ 15,001,430.06
Railway Operating Expenses.....	12,790,832.30
Net Revenue from Railway Operations.....	\$ 2,210,597.76
Railway Tax Accruals.....	\$ *\$67,243.49
Railway Operating Income.....	\$ 1,343,354.27
Rent Income:	
Rent from Locomotives.....	\$ 36,064.54
Rent from Passenger-Train Cars.....	11,091.22
Rent from Work Equipment.....	8,100.96
Joint Facility Rent Income.....	152,109.71
Total Rent Income.....	\$ 207,366.43
Rents Payable:	
Hire of Freight Cars—Debit Balance.....	\$ 309,980.81
Rent for Locomotives.....	38,125.76
Rent for Passenger-Train Cars.....	53,401.17
Rent for Work Equipment.....	2,349.73
Joint Facility Rents.....	378,302.69
Total Rents Payable.....	\$ 782,160.16
Net Rents Payable.....	574,793.73
Net Railway Operating Income.....	\$ 768,560.54

Other Income

Income from Lease of Road and Equipment.....	\$ 21,059.46
Miscellaneous Rent Income.....	52,918.84
Miscellaneous Non-Operating Physical Property.....	8,819.28
Dividend Income.....	11,344.00
Income from Funded Securities.....	94,225.19
Income from Unfunded Securities and Accounts.....	1,218.16
Release of Premiums on Funded Debt.....	65.09
Miscellaneous Income.....	880.00
Total Other Income.....	190,530.02
Total Income.....	\$ 959,090.56

Miscellaneous Deductions From Income

Miscellaneous Rents.....	\$ 500.65
Miscellaneous Tax Accruals.....	3,476.64
Miscellaneous Income Charges.....	37,521.85
Guaranteed Interest on W. C. Ry. Co. Bonds.....	232,640.00
Total Miscellaneous Deductions.....	274,139.14
Income Available for Fixed Charges.....	\$ 684,951.42

Fixed Charges

Rent for Leased Roads and Equipment.....	\$ 2,893.70
Amortization of Discount on Funded Debt.....	53,615.16
Interest on Equipment Obligation.....	64,362.57
Interest on Mortgage Bonds.....	4,067,877.35
Interest on Unfunded Debt.....	554,769.67
Interest on Non-negotiable Debt.....	1,226,324.75
Interest on Leased Line Certificates.....	** 450,205.44
Total Fixed Charges.....	\$ 6,420,048.64
Net Deficit Transferred to Profit and Loss.....	\$ 5,735,097.22

*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, 1937

Debit Balance December 31, 1936.....		\$ 20,246,283.52
Net Deficit for year ended December 31, 1937..	\$ 5,735,097.22	
Profit and Loss additions for the year 1937:		
Credits from Retired Road and Equipment\$	1,963.20	
Donations.....	4,378.05	
Miscellaneous Credits.....	147,370.93	
Total additions.....	\$ 153,712.18	
Profit and Loss deductions for the year 1937:		
Surplus Appropriated for Investment in		
Physical Property.....	4,378.05	
Debits from Retired Road and Equipment.	115,418.99	
Delayed Income Debits.....	110.74	
Miscellaneous Debits.....	282,373.84	
Total deductions.....	\$ 402,060.14	
Net Profit and Loss Deductions.....	248,347.96	
Profit and Loss Net Debit for year ended Dec. 31, 1937.....		5,983,445.18
Debit Balance December 31, 1937.....		\$ 26,229,728.70

OPERATING REVENUES

YEAR ENDED DECEMBER 31, 1937

Revenue from Transportation:

Freight Revenue.....	\$ 12,739,867.63
Passenger Revenue.....	912,553.63
Excess Baggage Revenue.....	2,392.68
Sleeping Car Revenue.....	46,033.68
Parlor and Chair Car Revenue.....	1,955.00
Mail Revenue.....	645,055.50
Express Revenue.....	135,605.43
Other Passenger Train Revenue.....	28,655.21
Milk Revenue on Passenger Train.....	99,792.21
Switching Revenue.....	67,434.09

Total Revenue from Transportation..... \$ 14,679,345.06

Incidental Operating Revenue:

Dining and Buffet Car Service.....	\$ 47,317.96
Station, Train and Boat Privileges.....	3,300.94
Parcel Room Receipts.....	29.02
Storage, Freight.....	5,947.22
Storage, Baggage.....	29.35
Demurrage.....	21,776.30
Telegraph and Telephone Service.....	56,372.92
Rents of Buildings and Other Property.....	18,941.81
Miscellaneous.....	119,787.54

Total Incidental Operating Revenue..... 273,503.06

Joint Facilities Revenue Net Credit..... 48,581.94

Total Operating Revenue..... **\$ 15,001,430.06**

Detailed Statement of Earnings and Expenses

EARNINGS	1937	1936
Freight.....	\$ 12,739,867.63	\$ 11,935,939.07
Passenger.....	912,553.63	868,049.69
Mail.....	645,055.50	643,726.33
Express.....	135,605.43	138,671.31
Miscellaneous.....	294,844.81	274,984.41
Incidental.....	273,503.06	248,469.94
Total Operating Revenue.....	\$ 15,001,430.06	\$ 14,109,840.75

OPERATING EXPENSES

Maintenance of Way and Structures:		
Superintendence.....	\$ 164,584.28	\$ 163,602.50
Roadway Maintenance.....	162,642.47	132,381.27
Tunnels and Subways.....	67.00	374.92
Bridges, Trestles and Culverts.....	80,623.95	95,382.66
Ties.....	548,004.54	600,160.62
Rails.....	69,541.12	35,477.38
Other Track Material.....	111,853.56	99,937.71
Ballast.....	15,515.28	10,399.17
Track Laying and Surfacing.....	598,482.63	550,033.59
Fences, Snowsheds and Signs.....	20,765.99	15,818.17
Station and Office Buildings.....	55,073.29	59,992.06
Roadway Buildings.....	772.31	686.68
Water Stations.....	39,602.87	41,742.41
Fuel Stations.....	14,225.34	8,998.71
Shops and Enginehouses.....	47,390.03	28,008.39
Wharves and Docks.....	234.26	33.46
Telegraph and Telephone Lines.....	33,212.72	41,464.01
Signals and Interlockers.....	16,731.79	12,750.99
Power Plants.....	1,731.08	2,515.75
Power Transmission Systems.....	801.06	424.41
Roadway Machines.....	61,272.75	37,001.70
Small Tools and Supplies.....	32,431.60	20,875.73
Removing Snow, Ice and Sand.....	129,426.28	121,427.26
Public Improvements, Maintenance.....	14,880.03	18,981.22
Injuries to Persons.....	17,628.62	26,770.20
Insurance.....	8,257.66	8,268.20
Stationery and Printing.....	2,384.39	2,695.89
Other Expenses.....	17.84	4.50
Maintaining Jt. Tracks, Yards and other Facilities—Dr.....	79,208.02	76,609.83
Maintaining Jt. Tracks, Yards and other Facilities—Cr.....	13,236.76	12,371.06
Right of Way Expenses.....	910.96	303.45
Total.....	\$ 2,315,036.96	\$ 2,200,001.94
Maintenance of Equipment:		
Superintendence.....	\$ 66,265.27	\$ 61,239.76
Shop Machinery.....	34,332.31	29,401.58
Power Plant Machinery.....	17,624.26	13,885.75
Steam Locomotives—Repairs.....	1,101,532.96	955,020.09
Freight Train Cars—Repairs.....	583,637.37	541,423.65
Passenger Train Cars—Repairs.....	211,595.63	183,374.48
Work Equipment—Repairs.....	38,107.00	42,817.80
Miscellaneous Equipment—Repairs.....	1,468.63	1,428.22
Equipment—Retirements.....	1,433.11	4,964.73
Equipment—Depreciation.....	736,480.17	825,822.10
Injuries to Persons.....	9,711.14	7,787.84
Insurance.....	9,980.07	11,765.05
Stationery and Printing.....	2,473.12	2,574.50
Other Expenses.....	5,017.44	5,030.35
Maintaining Joint Equipment—Dr.....	20,114.93	15,805.43
Maintaining Joint Equipment—Cr.....	2,151.96	1,873.09
Total.....	\$ 2,837,621.45	\$ 2,701,068.24

Detailed Statement of Earnings and Expenses—Continued

Traffic Expenses:		1937	1936
Superintendence.....	\$	133,440.59	\$ 129,733.20
Outside Agencies.....		199,758.46	204,091.74
Advertising.....		35,868.84	41,791.23
Traffic Associations.....		9,723.61	9,942.62
Industrial and Immigration Bureaus.....		8,837.23	9,659.56
Insurance.....		178.38	175.03
Stationery and Printing.....		27,876.94	30,074.49
Total.....	\$	415,684.05	\$ 425,467.87
Transportation Expenses:			
Superintendence.....	\$	148,678.23	\$ 144,750.79
Dispatching Trains.....		90,876.70	83,012.26
Station Employees.....		1,032,105.51	986,650.35
Weighing, Insp., and Demurrage Bureaus.....		18,293.39	18,789.63
Station Supplies and Expenses.....		75,253.03	71,356.08
Yard Masters and Yard Clerks.....		117,221.10	112,005.67
Yard Conductors and Brakemen.....		279,081.10	248,393.69
Yard Switch and Signal Tenders.....		11,025.30	10,449.51
Yard Enginemen.....		182,355.22	162,958.04
Yard Switching Fuel.....		149,489.13	129,887.88
Water for Yard Locomotives.....		6,844.54	6,432.84
Lubricants for Yard Locomotives.....		3,021.92	2,666.58
Other Supplies for Yard Locomotives.....		1,649.94	1,390.83
Enginehouse Expenses—Yard.....		61,216.33	54,113.66
Yard Supplies and Expenses.....		5,804.61	5,814.43
Operating Joint Yards and Terminals—Dr.....		293,919.41	249,763.87
Operating Joint Yards and Terminals—Cr.....		26,537.88	23,186.19
Train Enginemen.....		\$66,048.65	823,745.96
Train Motormen.....		1,876.18	1,514.19
Train Fuel.....		1,146,677.00	1,089,028.89
Water for Train Locomotives.....		54,210.67	53,918.91
Lubricants for Train Locomotives.....		24,531.94	23,462.18
Other Supplies for Train Locomotives.....		13,327.69	12,256.69
Enginehouse Expenses—Train.....		168,926.95	156,475.89
Trainmen.....		1,109,434.53	1,052,165.96
Train Supplies and Expenses.....		328,870.14	284,936.04
Operating Sleeping Cars.....		21,072.24	23,571.06
Signal and Interlocker Operation.....		42,026.42	39,603.99
Crossing Protection.....		21,179.41	19,251.73
Telegraph and Telephone Operation.....		14,551.00	11,204.39
Stationery and Printing.....		32,218.96	27,272.64
Other Expenses.....		5,065.32	7,170.19
Operating Joint Tracks and Facilities—Dr.....		71,076.08	64,179.29
Operating Joint Tracks and Facilities—Cr.....		19,877.86	19,169.49
Insurance.....		6,140.95	6,491.92
Clearing Wrecks.....		14,737.21	8,768.86
Damage to Property.....		5,925.61	4,035.73
Damage to Live Stock on Right of Way.....		12,092.17	10,885.60
Loss and Damage—Freight.....		40,291.29	33,983.71
Loss and Damage—Baggage.....		56.35	13.25
Injuries to Persons.....		99,022.87	47,215.07
Total.....	\$	6,529,779.38	\$ 6,047,232.57
Miscellaneous Operations:			
Dining and Buffet Service.....	\$	70,291.04	\$ 62,863.95
General Expenses:			
Salaries and Expenses of General Officers.....	\$	71,160.99	\$ 72,581.04
Salaries and Expenses of Clerks and Attendants.....		368,342.07	366,680.16
General Office Supplies and Expenses.....		25,867.63	30,606.25
Law Expenses.....		95,093.18	61,391.15
Insurance.....		595.31	675.69
Pensions.....		56,789.01	133,309.33
Stationery and Printing.....		14,377.75	15,520.08
Valuation Expenses.....		1,395.07	2,679.45
Other Expenses.....		23,219.76	14,493.50
General Joint Facilities—Dr.....		6,895.53	7,843.34
General Joint Facilities—Cr.....		2,402.16	2,085.16
Total.....	\$	661,334.14	\$ 703,694.83
Transportation for Investment—Cr.....	\$	38,914.72	21,177.40
Total Operating Expenses.....	\$	12,790,832.30	\$ 12,119,152.00
Net Operating Revenue.....	\$	2,210,597.76	\$ 1,990,688.75
Percentage of Expenses to Revenue.....		85.26	85.89

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES

EARNINGS

Year Ended December 31

	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928
Freight.....	\$12,739,867.63	\$11,935,939.07	\$11,470,446.91	\$10,801,041.57	\$11,059,271.90	\$10,574,600.66	\$13,278,653.19	\$20,175,141.74	\$23,834,263.49	\$25,477,082.54
Passenger.....	912,553.63	868,049.60	727,245.88	682,494.89	631,963.40	746,711.52	1,151,940.77	1,843,874.78	2,348,667.17	2,768,416.07
Rail.....	643,055.50	643,726.33	628,355.43	625,132.74	627,009.58	663,583.37	1,064,713.94	712,978.00	1,030,950.22	600,900.33
Express.....	135,005.43	138,671.31	113,061.49	116,304.17	139,947.73	179,793.66	315,049.71	452,594.94	593,623.75	551,571.24
Miscellaneous.....	294,844.81	274,984.41	220,917.99	210,430.54	249,806.91	292,000.12	422,221.94	530,451.24	638,038.94	671,833.43
Incidental.....	273,503.06	248,409.94	186,007.78	174,360.97	168,043.35	148,492.13	288,653.54	455,319.32	489,943.07	531,753.11
Total.....	\$15,001,430.06	\$14,109,840.75	\$13,358,635.39	\$12,615,804.88	\$12,866,942.87	\$12,596,141.46	\$16,121,233.09	\$24,109,660.02	\$29,120,086.64	\$30,661,496.72

EXPENSES

Maintenance of Way and Structures.....	\$2,315,036.96	\$2,200,001.94	\$2,110,720.30	\$1,819,334.34	\$1,920,156.74	\$2,037,262.65	\$2,460,787.95	\$3,680,649.60	\$3,998,659.57	\$3,893,492.15
Maintenance of Equipment.....	2,837,621.45	2,701,068.24	2,593,807.63	2,496,237.40	2,550,256.74	2,961,740.32	3,273,092.86	4,667,264.55	5,432,899.33	5,284,136.02
Traffic Expenses.....	415,084.05	425,467.87	419,978.48	407,540.73	437,120.95	472,306.88	515,907.09	555,883.94	559,233.80	530,237.73
Transportation Expenses.....	6,520,779.38	6,047,292.57	5,721,905.92	5,202,295.06	4,985,400.66	5,275,956.67	6,444,150.71	8,320,717.58	9,556,206.71	10,138,489.46
Miscellaneous Operations.....	70,291.04	62,863.95	41,032.99	47,263.06	35,059.89	60,872.22	91,425.14	143,004.34	181,933.67	101,540.76
General Expenses.....	601,334.14	703,094.83	610,042.50	796,011.54	734,744.88	715,762.51	827,948.21	827,948.21	821,246.87	775,408.88
Transportation for Investment-Cr.....	38,914.72	21,177.40	16,142.08	10,377.52	12,456.05	19,202.10	46,244.33	29,313.07	58,633.78	44,982.43
Total.....	\$12,760,832.30	\$12,119,152.00	\$11,487,444.80	\$10,758,355.20	\$10,650,286.47	\$11,514,609.15	\$13,024,885.80	\$18,172,155.15	\$20,512,536.21	\$20,747,492.55
Percentage of Expenses to Earnings.....	85.3	85.9	85.9	85.3	82.6	91.4	84.5	75.2	70.4	67.7
Net Revenue from Ry. Operations.....	\$2,210,597.76	\$1,990,688.75	\$1,871,190.59	\$1,857,449.68	\$2,236,656.40	\$1,081,442.31	\$2,496,347.29	\$5,997,504.87	\$8,613,550.43	\$9,914,004.17
Railway Tax Accruals.....	\$867,243.49	\$1,130,000.69	\$844,100.63	\$801,942.69	\$998,010.98	\$1,212,376.19	\$1,569,206.65	\$1,867,686.53	\$1,842,266.13	\$2,013,952.67
Uncollectible Ry. Revenues.....				7,664.63	6,458.08	4,847.60	2,735.65	9,703.13	3,769.14	2,900.11
Railway Operating Income.....	\$1,343,354.27	\$860,688.06	\$1,027,089.96	\$1,047,842.36	\$1,232,187.34	\$1,069,861.48	\$924,404.99	\$4,180,115.21	\$6,767,515.16	\$7,807,411.39
Hire of Equipment—Net.....	\$248,600.75	\$273,700.79	\$289,400.00	\$299,665.02	\$368,819.18	\$437,537.19	\$508,052.27	\$580,769.73	\$650,719.32	\$720,014.20
Joint Facility Rentals—Net Dr.....	226,192.98	190,973.31	196,813.52	206,908.31	199,013.15	197,316.93	203,406.60	216,597.39	173,743.35	134,616.71
Net Railway Operating Income.....	\$708,560.54	\$395,923.96	\$528,382.15	\$541,569.07	\$563,355.01	\$432,018.34	\$216,345.65	\$3,375,477.59	\$6,336,050.49	\$7,516,780.48
Interest on Funded Debt.....	\$5,808,770.11	\$5,507,943.23	\$5,398,043.09	\$5,177,039.23	\$5,040,764.33	\$4,870,537.64	\$5,228,870.61	\$5,376,447.86	\$4,915,386.41	\$4,945,601.79
Non-Operating Income—Net.....	\$694,887.65	\$369,833.04	\$51,685.15	\$782,562.52	\$800,086.43	\$322,866.50	\$519,249.49	\$330,747.03	\$600,761.11	\$348,809.73
Net Income to Surplus.....	\$5,735,097.22	\$3,851,812.68	\$5,224,346.69	\$5,078,512.68	\$5,493,495.75	\$4,375,211.34	\$2,817,345.64	\$3,375,477.59	\$6,336,050.49	\$7,516,780.48
Average Miles Operated.....	3,232.63	3,247.88	3,249.88	3,251.52	3,251.52	3,262.42	3,283.35	3,307.58	3,301.59	3,303.31
Operating Revenue per mile of road.....	\$4,040.03	\$4,344.32	\$4,110.50	\$3,880.58	\$3,967.21	\$3,860.08	\$4,910.00	\$7,307.33	\$8,821.84	\$9,282.02
Operating Expenses per mile of road.....	\$3,956.79	\$3,731.40	\$3,584.70	\$3,269.33	\$3,269.33	\$3,259.50	\$4,149.69	\$6,218.09	\$6,218.09	\$6,280.78
Surplus Income per mile of road.....	\$1,083.24	\$612.92	\$525.80	\$611.25	\$697.88	\$600.58	\$760.31	\$1,089.24	\$2,613.75	\$3,001.24

FREIGHT TRAFFIC MOVEMENT (Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1937		Year Ended Dec. 31, 1936	
	Whole Tons	Per Cent	Whole Tons	Per Cent
Products of Agriculture				
Wheat.....	261,427	3.97	217,884	3.49
Corn.....	28,613	.43	25,423	.41
Oats.....	48,721	.74	25,742	.41
Barley and rye.....	130,763	1.98	107,781	1.73
Rice.....	126	..	229	..
Grain, N. O. S.....	311	.01	260	..
Flour, wheat.....	35,953	.55	47,187	.76
Meal, corn.....	306	.01	216	..
Flour and meal, edible N. O. S.....	1,119	.02	1,843	.03
Cereal food preparations, edible, N. O. S.....	3,042	.05	4,165	.07
Mill products, N. O. S.....	62,165	.94	76,597	1.23
Hay and alfalfa.....	65,261	.90	20,752	.33
Straw.....	3,328	.05	799	.01
Cotton in bales.....	15	..	100	..
Cotton linters, noils and regins.....	369	.01	151	..
Cottonseed, meal and cake.....	898	.01	711	.01
Oranges and grape fruit.....	3,809	.06	2,835	.05
Lemons, limes and citrus fruits, N. O. S.....	507	.01	866	.01
Apples, fresh.....	6,626	.10	5,372	.09
Bananas.....	3,310	.05	2,871	.05
Berries, fresh.....	86	..	139	..
Cantaloupes and melons, N. O. S.....	201	..	182	..
Grapes, fresh.....	462	.01	426	.01
Peaches, fresh.....	652	.01	787	.01
Watermelons.....	655	.01	763	.01
Fruits, fresh, domestic, N. O. S.....	1,062	.02	843	.01
Fruits, fresh, tropical, N. O. S.....	48	..	22	..
Potatoes, other than sweet.....	28,361	.43	32,685	.52
Cabbage.....	3,065	.05	4,520	.07
Onions.....	532	.01	565	.01
Tomatoes.....	928	.01	947	.02
Vegetables, fresh, N. O. S.....	1,429	.02	1,202	.02
Beans, and peas, dried.....	2,006	.03	2,425	.04
Fruits, dried or evaporated.....	1,987	.03	1,721	.03
Vegetables, dry, N. O. S.....	135	..	271	..
Vegetable-oil cake and meal except cotton-seed.....	2,346	.03	3,373	.05
Peanuts.....	215	..	320	.01
Flaxseed.....	26,582	.40	24,222	.39
Sugar beets.....	19,629	.30	10,517	.17
Products of agriculture, N. O. S.....	17,479	.27	19,292	.31
Total.....	764,509	11.61	647,006	10.36
Animals and Products				
Horses, mules, ponies and asses.....	3,351	.05	5,095	.08
Cattle and calves, single-deck.....	54,892	.83	56,142	.90
Sheep and goats, single-deck.....	1,326	.02	1,691	.03
Sheep and goats, double-deck.....	789	.01	1,527	.03
Hogs, single-deck.....	2,866	.04	6,503	.10
Hogs, double-deck.....	34	..	225	..
Fresh meats, N. O. S.....	10,347	.16	10,026	.16
Meats, cured, dried or smoked.....	1,531	.02	1,333	.02
Packing-house products, edible, N. O. S. not including canned meats.....	1,351	.02	2,369	.04
Poultry, live.....	199	.01	52	..
Poultry, dressed.....	3,373	.05	4,805	.08
Eggs.....	2,510	.04	2,836	.05
Butter.....	18,730	.28	21,877	.35
Cheese.....	4,529	.07	6,103	.10
Wool.....	993	.02	750	.01
Hides, green.....	12,080	.18	13,738	.22
Leather.....	240	.01	504	.01
Fish or sea animal oil.....	454	.01	238	..
Animals, live, N. O. S.....	17	..	..	..
Animal products, N. O. S. (other than fertilizers and fertilizer materials).....	12,120	.18	9,018	.14
Total.....	131,732	2.00	144,832	2.32

FREIGHT TRAFFIC MOVEMENT—Continued

(Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1937		Year Ended Dec. 31, 1936	
	Whole Tons	Per Cent	Whole Tons	Per Cent
Products of Mines				
Anthracite coal.....	34,727	.53	32,827	.52
Bituminous coal.....	569,997	8.65	567,904	9.08
Lignite.....	576,927	8.76	608,585	9.73
Coke.....	37,325	.57	39,059	.62
Iron ore.....	1,059,703	16.09	808,375	12.92
Ores and concentrates, N. O. S.....	748	.01	267	.....
Gravel and sand (other than glass or moulding).....	41,581	.63	114,599	1.84
Stone, broken, ground or crushed.....	93,909	1.43	288,026	4.60
Stone, rough, N. O. S.....	9,431	.14	7,167	.12
Stone, finished, N. O. S.....	2,110	.03	692	.01
Petroleum crude.....	58,534	.89	59,108	.95
Asphalt (natural, by-products, or petroleum).....	18,539	.28	6,569	.11
Salt.....	17,567	.27	16,796	.27
Phosphate Rock, Crude (ground or not ground).....	.....	.....	128	.....
Sulphur (brimstone).....	11,141	.17	8,304	.13
Products of mines, N. O. S.....	76,657	1.16	17,580	.28
Total.....	2,608,896	39.61	2,575,986	41.18
Products of Forests				
Logs.....	102,781	1.56	185,491	2.97
Posts, poles and piling.....	104,956	1.59	92,570	1.49
Wood (fuel).....	31,472	.48	48,949	.78
Ties, railroad.....	25,160	.38	22,457	.36
Pulp wood.....	474,495	7.20	382,617	6.12
Lumber, shingles and lath.....	535,425	8.13	453,701	7.25
Box, crate and cooperage materials.....	15,891	.24	13,918	.22
Veneer and built-up wood.....	3,668	.06	2,529	.04
Rosin.....	275	.01	229	.01
Turpentine.....	401	.01	296	.01
Crude rubber (not reclaimed).....	1,601	.02	2,095	.03
Products of forests, N. O. S.....	66,305	1.00	60,107	.96
Total.....	1,362,430	20.68	1,264,959	20.24
Manufactures and Miscel.				
Petroleum oils, refined and all other gasolines.....	381,463	5.79	373,020	5.96
Fuel, road and petroleum residual oils, N. O. S.....	67,380	1.02	54,649	.88
Lubricating oils and greases.....	12,098	.18	11,683	.19
Petroleum products, N. O. S.....	266	.01	93	.....
Cottonseed oil.....	358	.01	98	.....
Linseed oil.....	85	.....	108	.....
Vegetable oils, N. O. S.....	792	.01	386	.01
Sugar (beet or cane).....	12,314	.19	13,807	.22
Table syrups and edible molasses.....	716	.01	867	.02
Molasses, blackstrap and beet residual.....	1,876	.03	689	.01
Iron, pig.....	28,419	.43	24,228	.39
Iron and Steel, rated 6th Class in Official Classification, N. O. S.....	375	.01	.....	.....
Rails, fastenings, frogs and switches.....	1,927	.03	6,200	.10
Cast-iron pipe and fittings.....	586	.01	1,441	.02
Iron and steel pipe and fittings, N. O. S.....	12,574	.19	6,456	.10
Iron and steel; nails and wire, not woven.....	4,434	.07	5,337	.09
Iron and steel, rated 5th class in official classification, N. O. S. (also tin and terne plate).....	36,787	.56	34,350	.55
Copper, brass and bronze; bar, sheet and pipe, matte and pig.....	70	.....	16	.....
Lead and zinc ingot, pig or bar.....	1,463	.02	828	.02
Machinery and boilers.....	8,831	.13	7,802	.13
Cement natural or Portland, building.....	90,060	1.37	105,111	1.68

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

COMMODITY	Year Ended Dec. 31, 1937		Year Ended Dec. 31, 1936	
	Whole Tons	Per Cent	Whole Tons	Per Cent
Manufactures and Misl.—Cont.				
Brick, common	5,104	.08	7,407	.12
Brick, N. O. S. and building tile	20,080	.30	13,434	.22
Artificial stone, N. O. S.	941	.01	808	.01
Lime, common (quick or slack)	10,431	.16	7,393	.12
Plaster (stucco or wall) and dry kalsomine	3,609	.05	3,989	.06
Sewer pipe and drain tile (not metal)	3,731	.06	4,387	.07
Agricultural implements and parts, N. O. S.	9,073	.14	6,885	.11
Vehicles, horse drawn and parts, N. O. S.	356	.01	125	.....
Tractors and parts	19,245	.29	10,831	.17
Railway car wheels, axles and trucks	2,236	.03	1,932	.03
Automobiles (Passenger)	9,294	.14	8,532	.14
Auto trucks	2,050	.03	2,099	.03
Automobiles and auto trucks K. D., and parts, N. O. S.	5,386	.08	5,402	.09
Automobile and auto truck tires	944	.01	1,239	.02
Furniture, metal	217	.....	77	.....
Furniture, other than metal	811	.01	623	.01
Beverages	16,035	.24	18,322	.29
Ice	1,279	.02	2,467	.04
Fertilizers, N. O. S.	20,183	.31	17,084	.27
Newsprint paper	260,438	3.95	255,749	4.10
Printing paper, N. O. S.	6,706	.10	3,291	.05
Alcohol, denatured or wood	1,860	.03	1,431	.02
Sulphuric acid	591	.01	986	.02
Explosives, N. O. S.	1,145	.02	1,036	.02
Cotton cloth and cotton fabrics, N. O. S.	336	.....	518	.01
Bagging and bags, burlap, gunny or jute	1,061	.02	819	.02
Canned food products, N. O. S.	35,514	.54	41,339	.66
Tobacco, manufactured products	1,963	.03	1,324	.02
Paints in oils and varnishes	1,009	.02	1,438	.02
Scrap iron and scrap steel	106,449	1.62	103,863	1.66
Paper bags and wrapping paper	28,314	.43	27,958	.45
Paper board, pulpboard, and wallboard (paper)	8,381	.13	10,207	.16
Building paper and prepared roofing ma- terials	8,632	.13	8,389	.13
Building woodwork (millwork)	6,194	.09	3,810	.06
Soap and washing compounds	2,933	.05	3,005	.05
Glass, flat other than plate	274	.....	254	.....
Glass, bottles, jars, and jelly glasses	2,834	.04	1,426	.02
Manufactures and miscellaneous, N. O. S.	334,479	5.08	285,045	4.55
Total	1,602,992	24.33	1,512,093	24.19
Grand Total C. L. Traffic	6,470,559	98.23	6,144,876	98.29
All L. C. L. Freight	116,675	1.77	107,169	1.71
Grand Total Carload and L. C. L. Traffic ..	6,587,234	100.00	6,252,045	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, 1937	Year Ended Dec. 31, 1936
	Passengers, Tonnage, Rates and Revenues	Passengers, Tonnage, Rates and Revenues
Passenger Traffic		
Number of Passengers Carried		
Earning Revenue.....	339,100	344,227
Number of Passengers Carried		
One Mile.....	57,830,306	53,466,535
Number of Passengers Carried		
One Mile per Mile of Road..	17,890	16,462
Average Distance Carried, Miles	170 54	155 32
Total Passenger Revenue.....	\$912,553 63	\$868,049 69
Average Amount Received from		
Each Passenger.....	\$2 6911	\$2 5217
Average Receipts per Passenger		
per Mile.....	\$ 01578	\$ 01624
Total Passenger Service Train		
Revenue.....	\$1,872,043 34	\$1,818,714 65
Passenger Service Train Revenue		
per Mile of Road.....	\$579 11	\$559 97
Passenger Service Train Revenue		
per Train Mile.....	\$ 98059	\$ 99927
Freight Traffic		
Number of Tons Carried of		
Freight Earning Revenue....	6,587,234	6,252,045
Number of Tons Carried One Mile	1,344,310,222	1,154,293,526
Number of Tons Carried One Mile		
per Mile of Road.....	415,857	355,399
Average Distance Haul of One		
Ton, Miles.....	204 08	184 63
Total Freight Revenue.....	\$12,739,867 63	\$11,935,939 07
Average Amount Received for		
Each Ton of Freight.....	\$1 93402	\$1 90913
Average Receipts per Ton per		
Mile.....	\$ 00948	\$ 01034
Freight Revenue per Mile of Road	\$3,941 02	\$3,674 99
Freight Revenue per Train Mile	\$4 28769	\$4 15937
Total Traffic		
Operating Revenue	\$15,001,430 06	\$14,109,840 75
Operating Revenue per Mile of		
Road.....	\$4,640 63	\$4,344 32
Operating Revenue per Train		
Mile.....	\$3 07383	\$3 00869
Operating Expenses.....	\$12,790,832 30	\$12,119,152 00
Operating Expenses per Mile of		
Road.....	\$3,956 79	\$3,731 40
Operating Expenses per Train		
Mile.....	\$2 62088	\$2 58421
Net Operating Revenue.....	\$2,210,597 76	\$1,990,688 75
Net Operating Revenue per Mile		
of Road.....	\$683 84	\$612 92

Traffic and Mileage Statistics—Continued

CLASSIFICATION	Year Ended Dec. 31, 1937	Year Ended Dec. 31, 1936
Locomotive Mileage, Revenue Service:		
Freight Locomotive-Miles.....	3,006,304	2,902,966
Passenger Locomotive-Miles.....	1,931,458	1,848,319
Switching Locomotive-Miles.....	712,392	633,576
Total Revenue Locomotive Mileage....	5,650,154	5,384,861
Non-revenue Service Locomotive-Miles....	96,276	82,760
Car Mileage, Revenue Service:		
Freight Car-Miles:		
Loaded.....	57,572,229	53,954,920
Empty.....	31,942,432	27,164,483
Caboose.....	2,164,946	2,006,816
Total Freight Car-Miles.....	91,679,607	83,126,219
Passenger Car-Miles:		
Passenger.....	3,923,343	3,787,547
Sleeping and Parlor.....	3,270,173	3,337,011
Other Passenger Train Cars.....	5,860,353	5,835,200
Total Passenger Car-Miles.....	13,053,869	12,959,758
Total Revenue Car Mileage.....	104,733,476	96,085,977
Non-revenue Service Car-Miles.....	666,209	415,753
Train Mileage, Revenue Service:		
Freight Train-Miles.....	2,971,264	2,869,653
Passenger Train-Miles.....	1,909,100	1,820,049
Total Revenue Train Mileage.....	4,880,364	4,689,702
Non-revenue Service Train-Miles.....	77,033	64,070
Average Number of Passengers per Car-Mile	8.04	7.50
Average Number of Passengers per Train-Mile.....	30.29	29.38
Average Number of Passenger Cars per Train-Mile.....	6.84	7.12
Average Number of Tons of Revenue Freight per Loaded Car-Mile.....	23.35	21.39
Average Number of Tons of Revenue Freight per Train-Mile.....	452.44	402.24
Average Number of Freight Cars per Train-Mile.....	30.86	28.97
Average Number of Loaded Cars per Train-Mile	19.38	18.80
Average Number of Empty Cars per Train-Mile	10.75	9.47
Average Mileage Operated During Year...	3,232.63	3,247.88

ADDITIONS AND BETTERMENTS TO ROAD

Year Ended December 31, 1937

Engineering.....	\$	2,146.73
Land for Transportation Purposes.....	Cr.	5,613.39
Other Right of Way Expenditures.....		150.32
Grading.....		1,443.88
Bridges, Trestles and Culverts.....		47,457.10
Ties.....	Cr.	13,239.43
Rails.....	Cr.	13,811.83
Other Track Material.....		136,068.92
Ballast.....		30,230.11
Track Laying and Surfacing.....		7,210.54
Fences, Snowsheds and Signs.....	Cr.	2,104.57
Crossings and Signs (Old Account #15).....	Cr.	12,125.94
Station and Office Buildings.....		2,437.61
Roadway Buildings.....	Cr.	3,849.49
Water Stations.....		6,774.67
Fuel Stations.....		2,462.45
Shops and Enginehouses.....		40,609.33
Telegraph and Telephone Lines.....		1,059.79
Signals and Interlockers.....		334.16
Power Plants.....		919.01
Power Transmission Systems.....		3,120.51
Miscellaneous Structures.....		541.50
Roadway Machines.....	Cr.	2,310.75
Roadway Small Tools.....	Cr.	8,567.54
Public Improvements—Construction.....		25,766.09
Shop Machinery.....		50,377.24
Power Plant Machinery.....		1,722.28
Organization Expenses.....	Cr.	17.63
General Officers and Clerks.....	Cr.	289.09
Law.....	Cr.	14.10
Stationery and Printing.....	Cr.	14.10
Taxes.....	Cr.	7.05
Interest during Construction.....	Cr.	4,165.32
Other Expenditures—General.....	Cr.	10.58
Total.....	\$	294,691.43

RESERVE FOR EQUIPMENT DEPRECIATION

As of December 31, 1937

Depreciation on Locomotives.....	\$	3,098,752.68
Depreciation on Freight Cars.....		8,521,780.42
Depreciation on Passenger Cars.....		1,844,933.42
Depreciation on Work Cars.....		406,928.43
Depreciation on Miscellaneous Equipment.....		5,636.12
Depreciation on Leased Equipment.....		80,652.37
Total.....	\$	13,958,683.44

ADDITIONS AND BETTERMENTS TO EQUIPMENT

Year Ended December 31, 1937

ADDITIONS:

	Locomotives—Power Reverse Gears and Truck Side Frames.....	\$ 546.00
	Locomotives—Construct 2 Water Tanks (Installed on Flat Cars).....	2,704.62
100	Automobile Cars.....	312,887.78
	Automobile Cars—Changes to Auto Loaders and Miscellaneous Improvements.....	7,563.56
100	Ballast Cars.....	295,977.41
	Box Cars—Youngstown Steel Doors and Brake Beam Supports.....	668.89
85	Flat Cars—(Reclassified account Remodeled from Refrigerator Cars).....	168,167.67
	Freight Train Cars—Miscellaneous Improvements.....	119.38
	Baggage and Smoking Cars—Install Sleeping Bunks and Miscellaneous Improvements.....	1,338.20
2	Mail and Express Cars (Second-Hand Cars purchased from the Wisconsin Central Ry.).....	6,728.00
	Passenger Train Cars, Miscellaneous Improvements.....	206.89
2	Other Company Service Equipment—(1-Car Converted from Revenue Service).....	15,612.10
	Other Company Service Equipment—Modernize Jordan Spreader-Ditcher.....	5,681.00
8	Automobiles.....	7,082.20
	Miscellaneous Accounting Adjustments.....	Cr. 85.26
	Total.....	\$ 825,198.71

DEDUCTIONS:

18	Locomotives—(17-Locomotives Sold to Wisconsin Central Ry.).....	\$ 1,197,802.13
	Locomotives (Retire Steam Grate Shakers from 19 Locomotives).....	5,052.00
3	Automobile Cars.....	3,899.68
1	Ballast Car.....	871.92
2040	Box Cars (1837-Box Cars Sold to Wisconsin Central Ry.).....	2,898,680.94
8	Caboose Cars.....	11,217.37
20	Flat Cars.....	14,666.19
100	Gondola Cars (Sold to Wisconsin Central Ry.).....	171,817.14
638	Ore Cars (Sold to Wisconsin Central Ry.).....	678,243.21
168	Refrigerator Cars (85 Cars Reclassified account Remodeled into Flat Cars).....	515,540.36
5	Baggage Cars (4-Cars Sold to Wisconsin Central Ry.).....	52,690.18
	Baggage Cars (Retire Unnecessary Equipment from 17 Cars).....	1,917.24
4	Baggage and Smoking Cars (Sold to Wisconsin Central Ry.).....	77,689.00
	Baggage and Smoking Cars (Retire 2 Coach Seats to provide Space for Sleeping Bunks).....	279.40
2	Mail and Express Cars (1-Car Sold to Wisconsin Central Ry., and 1-Car Converted to Work Service).....	21,591.81
	Passenger Coaches (Retire 2 Baker Heaters from 2 Coaches).....	706.66
2	Sleeping Cars (Sold to Wisconsin Central Ry.).....	124,064.62
1	Steam Shovel.....	8,466.39
4	Other Company Service Equipment.....	2,031.29
4	Automobiles.....	2,438.84
	Total.....	5,789,666.37
	Net Deductions.....	\$ 4,964,467.66

EQUIPMENT OWNED DECEMBER 31, 1937**Equipment Owned and Operated****STEAM LOCOMOTIVES**

Steam Locomotives—all classes.....	191
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FREIGHT TRAIN CARS

Automobile Cars.....	500
Ballast Cars.....	328
Box Cars.....	6,201
Caboose Cars.....	148
Flat Cars.....	336
Gondola Cars.....	700
Ore Cars.....	1,119
Refrigerator Cars.....	41
Stock Cars.....	397
Tank Cars.....	9
Total Freight Train Cars.....	9,779

PASSENGER TRAIN CARS

Baggage Cars.....	26
Baggage and Smoking Cars.....	4
Buffet-Sun Parlor-Lounge Cars.....	4
Cafe-Observation Cars.....	3
Dining Cars.....	9
Mail and Express Cars.....	36
Milk Cars.....	1
Motor Cars.....	1
Observation Cars.....	2
Parlor Cars.....	3
Parlor and Cafe.....	2
Passenger Coaches.....	57
Passenger and Baggage Cars.....	8
Sleeping Cars.....	14
Tourist Cars.....	6
Total Passenger Train Cars.....	176

WORK EQUIPMENT

Officers' Cars.....	6
Derrick Cars.....	2
Steam Shovels.....	1
Wrecking Cars (Steam).....	5
Other Company Service Equipment.....	212
Total Work Equipment.....	226

MISCELLANEOUS EQUIPMENT

Automobiles.....	10
Electric Trucks.....	3
Lime Spreader.....	1
Spraying Outfit.....	1
Total Miscellaneous Equipment.....	15

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

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

EQUIPMENT OWNED DECEMBER 31, 1937**Equipment Owned But Not Operated****LEASED TO THE DULUTH, SOUTH SHORE & ATLANTIC RY. CO.****FREIGHT TRAIN CARS**

Box Cars..... 49

LEASED TO MINNESOTA NORTHWESTERN ELECTRIC RY. CO.**PASSENGER TRAIN CARS**

Motor Car..... 1

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 Jet., Mich.....	30.54
Gladstone Coal Dock, Gladstone, Mich.....		.74
Wisconsin Jet., Wis.....	to Winnebago Jet., Wis.....	118.68
North Wye, Wis.....	to Appleton, Wis.....	1.07
Rhineland, Wis., Mill Tracks.....		.35
Cameron, Wis.....	to Rice Lake, Wis.....	6.68
Barron, Wis.....	to Ridgeland, Wis.....	18.52
Dresser Jet., Wis.....	to Boylston Jet., Wis.....	96.79
Summit, Wis.....	to St. Croix Falls, Wis.....	2.04
Cardigan Jet., Minn.....	to St. Paul, Minn., 7th St. Frt. Hse....	8.13
Hilo Jet., Mpls., Minn.....	to Columbia Hts. Jet., Mpls., Minn....	1.09
Columbia Hts. Jet., Mpls., Minn.....	to Columbia Hts., Minn.....	1.16
Minneapolis, Minn., 5th Ave. No.....	to Portal, N. D.....	549.43
Brooten, Minn.....	to Duluth, Minn.....	186.35
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 Iron-ton, Minn.....	1.00
Glenwood, Minn.....	to Noyes, Minn.....	265.05
Dakota Jet., 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 Jet., N. D.....	to Sanish, N. D.....	32.80
Flaxton, N. D.....	to Whitetail, Mont.....	136.62
Total Mileage Owned and Operated.....		3,168.83

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.....		3,168.83
Trackage Rights Over W. C. Ry:		
Superior, Wis., 28th St.....to Tower Ave.....	2.44	
Duluth, Minn., Berwind Jct.....to 6th Ave.....	4.71	
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	
Total.....		25.06
Other Trackage Rights:		
Sault Ste. Marie, Mich.—Union Depot Co.....	.53	
Deerwood—McGregor, Minn., N. P. Ry.....	30.84	
Total.....		31.37
Total Soo Line Mileage Operated.....		3,232.41
Owned but not Operated:		
Leased to: M. N. W. E. Ry., Thief River Falls to Goodridge, Minn..		18.67

CENTRAL TERMINAL

GENERAL BALANCE SHEET, DECEMBER 31, 1937

ASSETS

Property Investment.....		\$ 6,315,384.49
Sinking Fund:		
First Mortgage Chicago Terminal 4% 30 Year Gold Bonds:		
Bonds Held by Trustee.....	\$ 4,769,000.00	
Cash Held by Trustee	412.31	
Total.....		4,769,412.31
Miscellaneous Physical Property.....		176,719.01
Investments:		
M.St.P. & S.S.M.Ry. Co. 4% Leased Line Certificates.....		219,258.93
Current Assets:		
Cash.....	\$ 79,881.32	
Miscellaneous Accounts Receivable.....	8,095.47	
Total.....		87,976.79
Unadjusted Debits:		
Discount on Funded Debt.....		14,156.50
Grand Total.....		<u><u>\$ 11,582,908.03</u></u>

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.....		2,618,604.87
Current Liabilities:		
Audited Vouchers.....	\$ 1,349.18	
Interest Matured Unpaid.....	20.00	
Unmatured Interest Accrued on Funded Debt..	8,206.67	
Other Current Liabilities.....	45,357.79	
Total		54,933.64
Deferred Liabilities.....		2,352.45
Unadjusted Credits:		
Tax Liability.....	\$ 144,696.76	
Other Unadjusted Credits.....	2,000.00	
Total.....		146,696.76
Corporate Surplus:		
Additions to Property thru Income and Surplus.	\$ 4,856.54	
Profit and Loss, Credit Balance.....	755,463.77	
Total.....		760,320.31
Grand Total		<u><u>\$ 11,582,908.03</u></u>

RAILWAY COMPANY

INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1937

Railway Tax Accruals.....	\$	*40,825.06
Railway Operating Income.....	\$Dr.	40,825.06
Non-Operating Income:		
Income from Lease of Road and Equipment.....	\$	180,000.00
Miscellaneous Rent Income.....		84,339.83
Total Non-Operating Income.....		264,339.83
Gross Income.....	\$	223,514.77
Deductions from Gross Income:		
Interest on Funded Debt.....	\$	57,975.67
Interest on Non-Negotiable Debt.....		106,029.75
Interest on Unfunded Debt.....		12,576.84
Amortization of Discount on Funded Debt.....		4,298.50
Maintenance of Investment Organization.....		40.00
Miscellaneous Income Charges.....		855.53
Total deductions from Gross Income.....		181,776.29
Net Income Transferred to Profit and Loss.....	\$	41,738.48

*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, 1937

Credit Balance December 31, 1936.....	\$	709,620.17
Net Income for year ended December 31, 1937.....	\$	41,738.48
Profit and Loss additions for the year 1937:		
Miscellaneous Credits to Profit and Loss.....		8,038.12
Total.....	\$	49,776.60
Profit and Loss deductions for year 1937:		
Miscellaneous Debits to Profit and Loss.....		3,933.00
Profit and Loss Net Credit for year ended Dec. 31, 1937...		45,843.60
Credit Balance, December 31, 1937.....	\$	755,463.77