

# ANNUAL REPORT

OF THE

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

FOR THE YEAR ENDED

DECEMBER 31

1945



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## OFFICERS

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

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**DIRECTORS**

- HENRY E. ATWOOD.....Minneapolis, Minn.  
*President, First National Bank*
- JOHN E. BLUNT.....Chicago, Illinois  
*Retired. Formerly Vice President, Continental Illinois National  
Bank & Trust Co.*
- \*JOSEPH CHAPMAN.....Minneapolis, Minn.  
*President, Citizens Utilities Company*
- D. C. COLEMAN.....Montreal, Que.  
*Chairman & President, Canadian Pacific Ry. Co.*
- PAUL V. EAMES.....Minneapolis, Minn.  
*President, Shevlin, Carpenter & Clark Co.*
- \*HORACE C. GROUT.....Minneapolis, Minn.  
*President, M. St. P. & S. S. M. R. R.*
- FRANK T. HEFFELFINGER.....Minneapolis, Minn.  
*Chairman of the Board, F. H. Peavey & Co.*
- \*CLIVE T. JAFFRAY.....Minneapolis, Minn.  
*Chairman, First Bank Stock Corp.*
- HENRY S. KINGMAN.....Minneapolis, Minn.  
*President, Farmers and Mechanics Savings Bank*
- HENRY LALIBERTE.....Duluth, Minn.  
*President, Cutler Wagner Co.*
- \*HENRY S. MITCHELL.....Minneapolis, Minn.  
*Counsel, Canadian Pacific Railway Co.*
- COLA G. PARKER.....Neenah, Wisconsin  
*President, Kimberly-Clark Corp.*
- JOHN S. PILLSBURY.....Minneapolis, Minn.  
*Chairman, Pillsbury Mills, Inc.*
- \*HOMER B. VANDERBLUE.....Evanston, Illinois  
*Professor of Business Economics & Dean, School of Commerce,  
Northwestern University*
- G. W. WEBSTER.....Minneapolis, Minn.  
*Retired. Formerly President of M. St. P. & S. S. M. Ry.*

\*Member of Executive Committee

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

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**TRANSFER AND FISCAL AGENTS**

**FIRST MORTGAGE BONDS**

**Transfer Agents:**

THE NORTHERN TRUST COMPANY  
50 S. La Salle Street, Chicago 90, Ill.

BANK OF MONTREAL TRUST COMPANY  
64 Wall Street, New York 5, N. Y.

**Fiscal Agents:**

THE NORTHERN TRUST COMPANY  
50 S. La Salle Street, Chicago 90, Ill.

AGENCY, BANK OF MONTREAL  
64 Wall Street, New York 5, N. Y.

**GENERAL MORTGAGE BONDS**

**Transfer Agents:**

HARRIS TRUST AND SAVINGS BANK  
115 W. Monroe Street, Chicago 90, Ill.

CENTRAL HANOVER BANK & TRUST COMPANY  
70 Broadway, New York 15, N. Y.

**Fiscal Agents:**

HARRIS TRUST AND SAVINGS BANK  
115 W. Monroe Street, Chicago 90, Ill.

CENTRAL HANOVER BANK & TRUST COMPANY  
70 Broadway, New York 15, N. Y.

**VOTING TRUST CERTIFICATES**

**Transfer Agent and Depositary:**

BANK OF NEW YORK  
48 Wall Street, New York 15, N. Y.

**Registrar:**

CENTRAL HANOVER BANK & TRUST COMPANY  
70 Broadway, New York 15, N. Y.

**ANNUAL STOCKHOLDERS MEETING**

3rd Tuesday in May at Minneapolis, Minn.

# ANNUAL REPORT OF THE MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILROAD COMPANY

## TO THE STOCKHOLDERS:

The following report is submitted as of December 31, 1945.

For comparative purposes, statistics shown herein include, wherever practicable, operations of the predecessor company prior to September 1, 1944. A condensed income statement showing the results of operations for the year 1945, together with comparisons for the year 1944 follows:

	1945	1944*
Railway Operating Revenues.....	\$28,469,789	\$29,886,386
Railway Operating Expenses.....	22,137,767	21,497,840
Net Revenue from Railway Operations.....	6,332,022	8,388,546
Net Equipment Rents, Joint Facility Rents and Taxes—Dr.....	3,527,787	2,678,377
Net Railway Operating Income.....	2,804,235	5,710,169
Other Income less Miscellaneous Deductions.....	128,527	139,529
Income before Fixed Charges.....	2,932,762	5,849,698
Fixed Charges.....	6,502	37,542
Income after Fixed Charges.....	2,926,260	5,812,156
Elimination of Charges to Operating Expenses applic- able to period prior to Sept. 8, 1944, on account of non-depreciable property retired and not re- placed (Article I, (3), (a) of the Mortgages).....	12,473	57,998
Adjustments included in Profit and Loss Account applicable to Income for prior years (Article I, (3), (b) of the Mortgages).....	Nil	Nil
Available Net Income as defined in Article I of the Mortgages.....	2,938,733	5,870,154
Interest on First Mortgage Bonds.....	359,634	362,327
Balance.....	2,579,099	5,507,827
Interest on General Mortgage Bonds.....	711,548	788,480
Sinking Fund—General Mortgage.....	100,645	100,645
Balance available for other Corporate purposes.....	\$ 1,766,906	\$ 4,618,702

\* The results for the Year 1944 include the interest and sinking fund charges applicable to bonds of the Company issued in the reorganization as of September 1, 1944. However, the Federal Income Taxes included in Railway Tax Accruals for 1944 reflect the benefit derived from the inclusion of accruals of interest on the bonds of the predecessor company during the first eight months of that year.

## REVENUES

**Freight Revenues** amounted to \$24,588,804 in 1945 as compared to \$26,075,774 in 1944, a decrease of \$1,486,970, or 5.70%.

**Products of Agriculture.** It is estimated that the 1945 grain crop produced in this company's territory, west of Minneapolis,

and Duluth, amounted to approximately 70,170,000 bushels. Together with the carry-over from the 1944 crop there were 45,748,000 bushels moved to market between August 1 and December 31, 1945. As of December 31, 1945, it is estimated that there remained in elevators and on farms along the line approximately 32,791,000 bushels as compared to approximately 37,321,000 bushels on December 31, 1944.

Revenue from the movement of grain during the entire year 1945 amounted to \$9,801,050, as compared to \$11,594,123 in 1944, a decrease of \$1,793,073, or 15.47%, due to the reduction in the amount of Canadian grain moved from Noyes, Minnesota, to the Head of the Lakes for reshipment to eastern points, which more than offset an increase in revenue from grain originating on line. Loadings of grain on line would have been greater had it not been for an acute shortage of grain box cars during the early part of the year.

The following table shows the annual movement of grain in bushels, beginning with 1924, separated between that originated on line and that received from connections in the grain territory, and other movements consisting chiefly of transfers of grain between Minneapolis and the Head of the Lakes.

(000 omitted from bushels)

	Originated on Line		Total	Received from Connections		Other Movements	Total
	Jan. 1 to July 31	Aug. 1 to Dec. 31		from	Total		
1924.....	12,299	46,441	58,740	2,173	60,913	5,736	66,649
1925.....	17,673	37,944	55,617	2,182	57,799	5,136	62,935
1926.....	14,935	18,272	33,207	1,930	35,137	5,939	41,076
1927.....	10,410	36,716	47,126	1,698	48,824	6,072	54,896
1928.....	16,145	38,275	54,420	1,774	56,194	8,950	65,144
1929.....	16,625	20,725	37,350	1,297	38,647	7,168	45,815
1930.....	11,087	26,625	37,712	1,407	39,119	4,689	43,808
1931.....	13,652	7,801	21,453	730	22,183	3,185	25,368
1932.....	3,705	13,207	16,912	747	17,659	2,720	20,379
1933.....	10,558	10,021	20,579	645	21,224	3,409	24,633
1934.....	6,394	4,954	11,348	1,996	13,344	5,534	18,878
1935.....	3,105	14,046	17,151	927	18,078	4,201	22,279
1936.....	6,379	3,517	9,896	1,112	11,008	3,871	14,879
1937.....	2,147	12,427	14,574	587	15,161	3,706	18,867
1938.....	4,859	15,058	19,917	916	20,833	4,719	25,552
1939.....	7,941	17,625	25,566	1,594	27,160	3,104	30,264
1940.....	10,886	18,766	29,652	7,831	37,483	2,447	39,930
1941.....	13,549	26,165	39,714	3,433	43,147	5,127	48,274
1942.....	16,941	29,854	46,795	1,642	48,437	4,073	52,510
1943.....	26,953	38,110	65,063	14,228	79,291	10,136	89,427
1944.....	34,453	34,399	68,852	34,578	103,430	6,743	110,173
1945.....	30,437	45,748	76,185	3,692	79,877	8,832	88,709

Revenues from other products of Agriculture amounted to \$1,431,344 in 1945 as compared to \$1,475,857 in 1944, a decrease of \$44,513, or 3.02%.

**Animals and Products.** Due chiefly to a lighter movement of hogs and fresh meats, there was a decrease in revenue in this class

of traffic of \$83,868 or 8.89% as compared with the previous year.

**Products of Mines.** There was an increase in revenues of \$382,404, or 9.69% as compared with the previous year. Increased shipments of bituminous coal, iron ore and crude petroleum resulted in increased revenues of \$111,081, \$272,174, and \$35,416, respectively. These, with minor increases in other products of mines, were partially offset by decreased revenue from shipments of lignite coal to the extent of \$53,888. Total iron ore tonnage amounted to 1,811,445 long tons in 1945 as compared with 1,390,497 long tons in 1944. Tonnage from the Cuyuna Range to the Superior Ore Dock amounted to 1,051,227 long tons in 1945 compared with 993,021 long tons in 1944. In addition, 395,064 long tons were forwarded from the Cuyuna Range to the Head of the Lakes for delivery to other railroads, and 64,579 long tons moved all rail from the Cuyuna Range to St. Louis. The remaining tonnage involved interchange and switch movements to and from connecting railroads, including 130,911 long tons of Canadian ore received at West Duluth for loading through the Superior Ore Dock and 45,444 long tons handled from connecting lines to the sintering plant on the Cuyuna Range and returned to connecting lines.

**Products of Forests.** Revenues decreased \$150,353 or 6.61% compared with the previous year as a result of a decline in the volume of lumber, shingles, lath and other wood products, which was offset in part by increased revenue from pulpwood traffic.

**Manufactures and Miscellaneous.** There was an increase in revenues amounting to \$21,217, or .43%. Increases in revenue from petroleum products, iron and steel, cement and agricultural implements were nearly offset by decreases in revenues from other commodities in the group. With the discontinuance of gasoline rationing and the lifting of certain O. D. T. orders, the revenue from the movement of petroleum products increased substantially.

**Less-Than-Carload Freight.** There was an increase in revenues in this class of business of \$181,216, or 19.39%, due in part to increased business on account of strikes on over-the-road truck lines during the latter part of the year.

**Passenger Revenue** amounted to \$1,906,743, a decrease of \$42,719, or 2.19%, as compared with the previous year. The number of revenue passengers carried decreased 2.05%.

**All Other Revenue** amounted to \$1,974,242 in 1945 as compared to \$1,861,150 in 1944, an increase of \$113,092 or 6.08%. Express and milk revenue on passenger trains contributed largely to this increase.



## EXPENSES

**Maintenance of Way and Structures Expense** decreased \$155,041, or 3.20%. Reductions in track maintenance (other than tie renewals), maintenance of shops and enginehouses, retirements of non-depreciable property and injuries to persons, together with adjustments required under the amended Wisconsin Central Operating Agreement accounted for the major decreases. The reduced expenses were offset in part by the increased cost of ties and for snow removal, together with increased vacation costs, occasioned by the allowance of 12 days vacation in 1945 as compared with 6 days in 1944. The ratio of Maintenance of Way and Structures Expenses to Railway Operating Revenues increased from 16.22% in 1944 to 16.49% in 1945.

**Maintenance of Equipment Expense** increased \$485,332 or 10.07% brought about principally by the Company's election to charge off the entire unamortized balance under Amortization of Defense Projects, and by increased cost of repairs to freight cars because of adjustments in rates of pay, and vacation allowance of 12 days instead of 6 allowed in 1944, together with adjustments applied under the amended Wisconsin Central Operating Agreement. The ratio of Maintenance of Equipment Expense to Railway Operating Revenues increased from 16.13% in 1944 to 18.63% in 1945.

**Traffic Expenses** increased \$72,961, or 17.85%, chiefly due to certain adjustments made in 1944 accounts because of the amended Wisconsin Central Operating Agreement and to an increase in solicitation and advertising. The ratio of Traffic Expenses to Railway Operating Revenues increased from 1.37% in 1944 to 1.69% in 1945.

**Transportation Expenses** increased \$235,432, or 2.23%. The ratio to Railway Operating Revenues increased from 35.40% in 1944 to 37.99% in 1945. The increased expense was caused mainly by increased vacation allowances to station employees from 6 to 12 days, higher cost of coal, grain and coal doors, and greater expenses incurred on account of lost and damaged freight and injuries to persons. The increases were offset in part by a reduction in train miles operated, together with adjustments required under the amended Wisconsin Central Operating Agreement. Variations in operating factors are shown below:

	1945	1944
Freight train load—gross tons per train.....	1,686	1,751
Freight car load—net tons.....	33.3	33.9
Freight-train fuel consumption—pounds per 1,000 gross ton miles.....	110	103
Freight train speed—miles per hour.....	17.1	17.4
Gross ton miles per freight train hour.....	28,815	30,420
Passenger miles per train mile.....	59.5	55.7

Tons carried one mile decreased from 2,839,201,893 to 2,603,529,788, or 8.31%, as compared with a decrease in freight train miles of 4.15%.

Passengers carried one mile decreased from 105,619,905 to 103,142,357 or 2.35%, as compared with a decrease in passenger-train miles of 8.63%.

**Railway Tax Accruals** for the year 1945 amounted to \$3,603,529, as compared with \$2,840,791 for the year 1944, an increase of \$762,738, or 26.85%, comprised as follows:

	1945	1944	Increase or Decrease	
			Amount	Per Cent
Railroad Retirement.....	\$ 416,420	\$ 444,102	\$ 27,682	6.23%
Railroad Unemployment.....	376,440	386,206	9,766	2.53
Federal Income Tax.....	1,613,316	720,000	893,316	124.07
Federal Capital Stock.....	20,000	70,000	90,000	.....
State, Local and Other.....	1,217,353	1,220,483	3,130	.26
	<u>\$3,603,529</u>	<u>\$2,840,791</u>	<u>\$762,738</u>	<u>26.85%</u>

Of the Federal Income Taxes accrued during the year, \$1,637,000 is applicable to the operations of the Company for the year 1945. Credits for over accruals amounting to \$23,684, applicable to the operations of the Company for the period from September 1, 1944, to December 31, 1944, reduced the charges for the year 1945 to a net amount of \$1,613,316. Federal Capital Stock Taxes for the same period in 1944 were over accrued in the amount of \$20,000, which was credited to the accounts in 1945.

**Equipment Rents** for the year 1945 amounted to a net credit of \$433,608 as compared with a net credit of \$302,237 for the previous year, an increase of \$131,371, or 43.47%. There was a substantial increase in the net rental received from foreign lines, which was partially offset by adjustments required in connection with apportionment of per diem under the amended Wisconsin Central Operating Agreement.

**Joint Facility Rents.** Net charges for the year 1945 amounted to \$357,866 as compared with \$139,823 for the previous year, an increase of \$218,043, or 155.94%. This increase was largely attributable to adjustments required under the amended Wisconsin Central Operating Agreement together with increased payments to foreign lines for use of foreign owned facilities.

## PROPERTY INVESTMENT

There was a net increase during the year in Investment in Road and Equipment charges (exclusive of adjustments required by the Interstate Commerce Commission incident to reorganization) of \$241,197 as follows:

	Road	Equipment	Total
Expenditures for Additions and Betterments.....	\$464,384	\$220,393	\$684,777
Less Retirements.....	167,189	276,391	443,580
Net Increase or Decrease.....	\$297,195	\$55,998	\$241,197

Among the more important improvements made during the year were the following:

Bridge renewals and filling.....	\$64,639
Improvements of and additions to shop and engine terminal facilities.....	48,654
Additional side and yard tracks for various industries.....	22,699
Additional tie plates.....	43,071
Relaying of rail in main track, new 90 pound rail replacing 80 and 85 pound rail, 35.2 miles.....	60,006
Additions and improvements to station structures.....	43,705
Relocation of main track at Ashley, North Dakota, 2.82 miles.....	55,236
Purchase of 1 Diesel switching locomotive.....	77,814
Application of "AB" brake equipment to 888 freight train cars.....	95,326

## REDUCTION IN DEBT

Long term debt was reduced by \$2,034,300 during the year. First Mortgage Bonds in the face amount of \$117,000, and General Mortgage Bonds in the face amount of \$1,419,000 were purchased by the Company and are being held in the treasury. General Mortgage Bonds in the face amount of \$498,300 were retired through the sinking fund.

On July 26, 1945, the Trustees of the Wisconsin Central Railway Company exercised the preferential right provided in the General Mortgage to purchase the stock of The Belt Railway Company of Chicago, which was specifically pledged and deposited with the Trustee of the Mortgage. The proceeds from the sale, \$240,000, were duly deposited in the sinking fund and used in the purchase of some of the General Mortgage Bonds retired during the year.

## DIVIDEND

On March 13, 1946, the Board of Directors declared a dividend of \$2.50 per share on the Stock of this Company, payable April 15, 1946, to holders of record as of the close of business on April 1, 1946, amounting to \$1,797,760. This dividend will be distributed by the Voting Trustees to the holders of Voting Trust Certificates, Series "A." In declaring this dividend, the Board took into consideration the earnings for the sixteen month period from September 1, 1944 (date of reorganization), to December 31, 1945, and the present and future financial requirements of the Company.

## FREIGHT RATES

Increased freight rates on certain commodities, which became effective March 18, 1942, were suspended effective May 15, 1943,

and by successive orders of the Interstate Commerce Commission have been further suspended to six months after the legal termination of the war.

By an Act of Congress, land grant rates on the transportation of Government military traffic were repealed, effective October 1, 1946. While the Company is not a land grant railroad, it is a party to an equalization agreement under which it is required to meet the lowest net land grant rate.

On May 15, 1945, the Interstate Commerce Commission ordered the ultimate application of a uniform level of class rates east of the Rocky Mountains and a uniform classification, the two to be made effective simultaneously. Pending the establishment of such uniform class rates and classification, a so-called "ad interim" basis of rates was prescribed which would reduce this Company's rates on substantially all of its less-than-carload traffic by 10%, but affect its carload traffic only slightly. A temporary injunction has been secured against the temporary and permanent orders, and hearings on a permanent injunction are being held before the District Court of the United States for the Northern District of New York.

### CANADIAN PACIFIC RAILWAY

During the latter part of the year the Canadian Pacific elected to extend the Traffic Agreement for a period of eight years from January 1, 1951, and exercised the option to purchase 182,489.97 shares of this Company's Capital Stock represented by Voting Trust Certificates, Series "B." The Series "B" Certificates were called for redemption and a like amount of Series "A" Certificates were delivered to the Canadian Pacific. Only the Series "A" Certificates, representing the entire 719,104 shares of this Company's Capital Stock, are now outstanding.

### WISCONSIN CENTRAL RAILWAY

This Company continues to operate the Wisconsin Central properties as Agent for the Trustees with the approval of the Court and pursuant to the Operating Agreement, as amended, and the revised Schedule of Bases made effective July 1, 1943.

Pursuant to an order of the U. S. District Court, entered on February 19, 1945, in the Wisconsin Central Reorganization Proceeding, this Company transferred to the Trustees of the Wisconsin Central the sum of \$1,275,000, being the amount withheld from revenues of the Wisconsin Central against possible liability for land grant claims to the U. S. Government. Under the provisions of the Court Order the Trustees of the Wisconsin Central were instructed to keep this sum in a separate fiduciary account for the purpose of paying land grant claims or for reimbursing this Company as and when such claims may be paid by it. The transfer of these funds is reflected in the Comparative General Balance Sheet included herein as decreases under "Deferred Assets" and "Unadjusted Credits."

In accordance with the requirements of the amended Wisconsin Central Operating Agreement and Schedule of Bases, effective July 1, 1943, and pursuant to order of the Court dated April 2, 1945, this Company sold the materials and supplies located on the lines of the Wisconsin Central Railway, which had previously been owned by this Company, to the Wisconsin Central Railway for \$980,396. Subsequent purchases of material and supplies are to be made directly by the Wisconsin Central Railway.

### DIRECTORATE

The Board of Directors have adopted a resolution expressing their deep regret in the death, on July 25, 1945, of Mr. L. E. Wakefield, and their appreciation of his services as a director of this Company and its predecessor since November 30, 1932. Mr. H. E. Atwood was elected to fill the vacancy.

### EMPLOYEES IN MILITARY SERVICE

Of the 1,543 employees who were granted leave to serve in the armed forces of our country, 524 have returned to service with this Company.

FOR THE BOARD OF DIRECTORS :



Minneapolis, Minnesota  
April 6, 1946.

*President*

PEAT, MARWICK, MITCHELL & CO.

ACCOUNTANTS AND AUDITORS

NEW YORK  
ATLANTA  
BOSTON  
CHARLOTTE  
CHICAGO  
CLEVELAND  
DALLAS  
DENVER  
DETROIT  
HOUSTON  
INDIANAPOLIS  
KANSAS CITY  
LOS ANGELES  
MEMPHIS  
MILWAUKEE  
MINNEAPOLIS  
NEW ORLEANS  
NEWARK  
PHILADELPHIA  
PITTSBURGH  
PORTLAND  
ST. LOUIS  
SALT LAKE CITY  
SAN FRANCISCO  
SEATTLE  
TULSA  
WASHINGTON  
WORCESTER  
HAVANA, CUBA

CANADA  
GREAT BRITAIN  
EUROPE

NORTHWESTERN BANK BUILDING  
MINNEAPOLIS 2, MINN.

April 6, 1946.

To the Board of Directors,

Minneapolis, St. Paul & Sault  
Ste. Marie Railroad Company:

We have examined the general balance sheet of the Minneapolis, St. Paul & Sault Ste. Marie Railroad Company as of December 31, 1945, and the related statements of income and earned surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying general balance sheet and statements of income and earned surplus, with notes thereon, present fairly the position of the Minneapolis, St. Paul & Sault Ste. Marie Railroad Company at December 31, 1945 and the results of its operations for the year, in conformity with principles of accounting prescribed by the Interstate Commerce Commission.

*Peat Marwick Mitchell*



## COMPARATIVE GENERAL

## ASSET SIDE

	Dec. 31, 1945	Dec. 31, 1944	Increase or Decrease
<b>INVESTMENTS:</b>			
Road and Equipment Property:			
Road.....	\$102,572,647	\$102,054,771	\$ 517,876
Equipment.....	26,186,507	26,242,505	55,998
Total.....	128,759,154	128,297,276	461,878
Less:			
Acquisition adjustment.....	16,510,829	24,002,538	7,491,709
Donations and grants.....	5,857	4,364	1,493
Accrued depreciation—road.....	8,756,680	755,028	8,001,652
Accrued depreciation—equipment.....	17,001,140	16,503,307	497,833
Accrued amortization of Defense Projects— equipment.....	3,216,212	2,411,477	804,735
Total.....	45,490,718	43,676,714	1,814,004
Net.....	83,268,436	84,620,562	1,352,126
Sinking fund—General Mortgage.....	1,330	919	411
Deposits with The Northern Trust Co.....	19,702	.....	19,702
Capital fund—Cash.....	119,159	391,670	272,511
Miscellaneous physical property.....	182,376	174,418	7,958
Investments in affiliated companies: (See page 19)			
Stocks—Pledged under First Mortgage....	272,375	272,375	.....
Stocks—Pledged under Gen'l Mortgage....	900,000	1,140,000	240,000
Advances—Pledged under Gen'l Mortgage....	11,800	23,600	11,800
Advances—all other.....	662,243	636,645	25,598
Other Investments: (See page 19)			
U. S. Government Bonds.....	4,000,000	.....	4,000,000
Miscellaneous.....	6,206	9,052	2,846
Total Investments.....	89,443,627	87,269,241	2,174,386
<b>CURRENT ASSETS:</b>			
Cash.....	7,882,473	7,104,894	777,579
U. S. Government securities:			
Reserve for land grant deductions.....	730,000	730,000	.....
All other.....	8,120,000	6,850,000	1,270,000
Special Deposits:			
For interest and other obligations.....	119,710	1,454,892	1,335,182
Employees' Income Tax and War Bonds....	169,356	169,430	74
For distribution to holders of First Consolidated Bonds.....	58,349	149,880	91,531
Other special deposits.....	293	17,275	16,982
Traffic and car-service balances—Dr.....	.....	78,424	78,424
Agents and conductors' balances.....	437,637	443,437	5,800
Miscellaneous accounts receivable.....	887,849	1,043,735	155,886
Material and supplies.....	3,453,320	4,106,773	653,453
Interest and dividends receivable.....	40,931	50,249	9,318
Accrued accounts receivable.....	577,448	510,697	66,851
Other current assets.....	35,534	37,305	1,771
Total.....	22,512,900	22,746,891	233,991
<b>DEFERRED ASSETS:</b>			
Working fund advances.....	20,735	25,131	4,396
Fiduciary account for Land Grant Claims for Trustees W. C. Ry. Co.....	.....	1,250,000	1,250,000
Other deferred assets.....	411,186	324,944	86,242
Total.....	431,921	1,600,075	1,168,154
<b>UNADJUSTED DEBITS:</b>			
Prepayments.....	33,807	27,762	6,045
Discount on funded debt.....	79,199	53,416	25,783
Other unadjusted debits.....	401,244	695,258	294,014
Total.....	514,250	776,436	262,186
<b>GRAND TOTAL.....</b>	<b>\$112,902,698</b>	<b>\$112,392,643</b>	<b>\$ 510,055</b>

See Notes to Financial Statements, page 18.

## BALANCE SHEET

## LIABILITY SIDE

	Dec. 31, 1945	Dec. 31, 1944	Increase or Decrease
<b>CAPITAL STOCK:</b>			
719,104 shares no par value stated at \$86.50 per share—represented by Voting Trust Cer- tificates of Series A.....	\$ 62,202,496	\$ 62,202,496	\$.....
<b>LONG-TERM DEBT:</b>			
First Mortgage, 4½%, Cumulative Income Bonds, Series A, 1-1-71.....	7,934,630	8,051,630	117,000
Issued \$10,000,000. Held in Treasury \$2,065,370.			
Gen'l Mortgage, 4%, Income Bonds, Series A, 1-1-91.....	17,794,700	19,712,000	1,917,300
Issued \$20,129,000. Retired through Sinking Fund \$915,300. Held in Treasury \$1,419,000.			
Total.....	25,729,330	27,763,630	2,034,300
<b>CURRENT LIABILITIES:</b>			
Traffic and car-service balances—Cr.....	156,144		156,144
Audited accounts payable.....	913,411	951,328	37,917
Wages payable.....	1,843,385	1,714,071	129,314
Miscellaneous accounts payable.....	758,661	200,129	558,532
Interest matured unpaid.....	1,188,559	1,346,159	157,600
Accrued accounts payable.....	508,133	399,938	108,195
Taxes accrued.....	2,609,996	2,107,384	502,612
Trustees, Wisconsin Central Railway Co.....	326,994	212,408	114,586
Other current liabilities.....	342,350	396,642	54,292
Total.....	8,647,633	7,328,059	1,319,574
<b>DEFERRED LIABILITIES</b> .....	496,178	411,248	84,930
<b>UNADJUSTED CREDITS:</b>			
Reserves for Land Grant Deductions:			
M. St. P. & S. S. M. R. R. Co.....	715,000	730,000	15,000
Trustees, W. C. Ry. Co.....		1,250,000	1,250,000
Other unadjusted credits.....	177,651	141,111	36,540
Total.....	892,651	2,121,111	1,228,460
<b>SURPLUS:</b>			
Earned Surplus—Appropriated, prior to September 1, 1944.....	869,032	869,032	
Earned Surplus—Appropriated, September 1, 1944 to December 31, 1945.....	134,193	33,548	100,645
Earned surplus—Unappropriated, prior to September 1, 1944.....	10,495,106	10,495,106	
Earned surplus—Unappropriated, September 1, 1944 to December 31, 1945.....	3,436,079	1,168,413	2,267,666
Total.....	14,934,410	12,566,099	2,368,311
<b>GRAND TOTAL</b> .....	\$112,902,698	\$112,392,643	\$ 510,055

In accordance with Minnesota law, the Unappropriated Earned Surplus of \$10,495,106 as adjusted at September 1, 1944, together with the Appropriated Surplus in the amount of \$869,032 at September 1, 1944, an aggregate of \$11,364,138 is designated as "Paid-in Surplus."

This Company is jointly and severally liable, with seven other owner railroads, for the principal and interest on \$14,497,000 of First and Refunding Mortgage 3-¼% Bonds Series "B" of The Saint Paul Union Depot Company. Interest has been paid by The Saint Paul Union Depot Company on these Bonds as it matured.

The stated liabilities do not include usual and customary claims arising from operations of the railroad, the extent of liability for which is at present indeterminable.

See Notes to Financial Statements, page 18.



## INCOME ACCOUNT

	1945	1944	Increase or Decrease
<b>Railway Operating Revenues:</b>			
Freight Revenue.....	\$ 24,588,804	\$ 26,075,774	\$ 1,486,970
Passenger Revenue.....	1,906,743	1,949,462	42,719
All Other Revenue.....	1,974,242	1,861,150	113,092
Total Railway Operating Revenues.....	28,469,789	29,886,386	1,416,597
<b>Railway Operating Expenses:</b>			
Maintenance of Way and Structures.....	4,693,232	4,848,273	155,041
Maintenance of Equipment.....	5,304,848	4,819,516	485,332
Traffic.....	481,621	408,660	72,961
Transportation.....	10,815,950	10,580,518	235,432
Miscellaneous.....	117,820	113,882	3,938
General.....	724,296	726,991	2,695
Total Railway Operating Expenses.....	22,137,767	21,497,840	639,927
Net Revenue from Railway Operations..	6,332,022	8,388,546	2,056,524
Railway Tax Accruals (See Note 3).....	3,603,529	2,840,791	762,738
Railway Operating Income.....	2,728,493	5,547,755	2,819,262
Equipment Rents—Net.....	433,608	302,237	131,371
Joint Facility Rents—Net.....	357,866	139,823	218,043
Net Railway Operating Income.....	2,804,235	5,710,169	2,905,934
Other Income.....	155,765	176,375	20,610
Total Income.....	2,960,000	5,886,544	2,926,544
Miscellaneous Deductions from Income.....	27,238	36,846	9,608
Income Available for Fixed and Con- tingent Charges.....	2,932,762	5,849,698	2,916,936
<b>Fixed Charges:</b>			
Rent for Leased Road and Equipment.....	2,218	1,440	778
Interest on Equipment Purchase Contracts.....		26,855	26,855
Interest on Unfunded Debt.....	901	7,669	6,768
Amortization of Discount on Funded Debt.....	3,383	1,678	1,805
Total.....	6,502	37,542	31,040
Interest on Notes issued to the R. R. C.....		13,673	13,673
Interest accrued but not paid.....		4,354,144	4,354,144
Total Fixed Charges.....	6,502	4,405,359	4,398,857
Income after Fixed Charges.....	2,926,260	1,444,339	1,481,921
<b>Contingent Charges:</b>			
Contingent Interest on New Bonds.....	1,071,182	372,483	698,699
Sinking Fund Appropriations.....	100,645	33,548	67,097
Total Contingent Charges.....	1,171,827	406,031	765,796
Net Income.....	\$ 1,754,433	\$ 1,038,308	\$ 716,125

See Notes to Financial Statements, page 18.

**EARNED SURPLUS ACCOUNT****For the Year Ended December 31, 1945**

<b>APPROPRIATED SURPLUS:</b>		
Applicable to period prior to September 1, 1944:		
Amount at December 31, 1944 and 1945		
(No change) .....		\$ 869,032
Applicable to period subsequent to September 1, 1944:		
Amount at December 1, 1944 .....	\$ 33,548	
Sinking Fund Accrued—Year 1945 .....	100,645	
Amount at December 31, 1945 .....		134,193
<b>UNAPPROPRIATED SURPLUS:</b>		
Applicable to period prior to September 1, 1944:		
Amount at December 31, 1944 and 1945		
(No change) .....		10,495,106
Applicable to period subsequent to September 1, 1944:		
Amount at December 31, 1944 .....		1,168,413
Profit and Loss Account—Year 1945:		
Net Income .....	1,754,433	
Credits from General Mortgage Bonds retired through Sinking Fund .....	143,781	
Credits from First Mortgage Bonds purchased by the Company .....	697	
Credits from General Mortgage Bonds purchased by the Company .....	386,223	
Miscellaneous Credits .....	22,792	
Total Credits .....	2,307,926	
Deduct:		
Miscellaneous Debits .....	40,260	
Net Addition to Surplus for Year 1945 ..		2,267,666
Amount at December 31, 1945 .....		3,436,079
Total Surplus at December 31, 1945 .....		<u>\$14,934,410</u>

See Notes to Financial Statements, Page 18

## NOTES TO FINANCIAL STATEMENTS

1. Depreciation of Roadway Property (other than certain roadbed and track elements) has been accrued since January 1, 1943, in accordance with regulations issued and at rates approved by the I. C. C. The net increase in Accrued depreciation-road for the year was \$8,001,652 of which \$7,587,488 represents estimated depreciation accrued prior to January 1, 1943, which was recorded on the books in 1945 and charged against Acquisition Adjustment in accordance with requirements of the I. C. C. This latter amount, together with other modifications required by the Commission, resulted in a net decrease of \$7,491,709 in the Acquisition Adjustment during the year 1945.

2. The assignment of operating revenues, operating expenses, railway tax accruals and equipment and joint facility rents between the Trustees of the Wisconsin Central Railway Company and the Minneapolis, St. Paul & Sault Ste. Marie Railroad Company is being made under the revised schedule of bases approved by the U. S. District Court on April 15, 1944. The original accounting under the revised schedule from the effective date, July 1, 1943, is reflected in the accompanying financial statements, but is subject to audit.

3. The federal income tax returns of the predecessor Company and its Trustees for the year 1943 and the eight months to August 31, 1944 have been filed, no tax liability being shown therein, but have not been examined by the Bureau of Internal Revenue. The returns of the Company for the period from September 1, 1944 to December 31, 1944 have been filed but not examined by the Bureau of Internal Revenue. Provision in the amount of \$1,637,000 has been made in the accounts for income tax liability for the year 1945. The tax return to be filed for that period will not show any liability for excess profits tax.

4. Material and Supplies are stated on the basis of physical inventories taken as of September 30, 1945 except Store Department Material and Stationery which were taken as of August 31, 1945, under the direction of officers of the Company and adjusted for transactions to December 31, 1945. The basis of valuation is cost.

5. A reserve has been provided under unadjusted credits in the amount of \$715,000 which has been deducted from revenue in prior years against possible liability for refunds to the U. S. Government for material transported for various agencies thereof. This amount represents the estimated difference between charges assessed at tariff rates and the charges which might eventually be assessed on the basis of land grant rates. A special fund to cover these anticipated land grant claims has been set aside as shown on the accompanying balance sheet. During the year 1945, the balance was invested in U. S. Government securities.

6. Amounts shown for 1944 have been restated to reflect I. C. C. requirements as to accounting as of December 31, 1945.

## INVESTMENTS IN AFFILIATED COMPANIES

	Number of Shares	Par Value	Book Value
<b>STOCKS—Pledged under First</b>			
<b>Mortgage:</b>			
Western Express Co. (See Note).....	500	\$ 50,000	\$ 12,000
Sainte Marie Union Depot Co.....	375	37,500	37,500
Sault Ste. Marie Bridge Co.....	2,500	250,000	500
Minnesota Transfer Railway Co.....	913	91,300	91,300
The Saint Paul Union Depot Co.....	1,036	103,600	130,475
Railway Express Agency, Inc.....	6	No Par	600
<b>TOTAL</b> .....		<u>\$ 532,400</u>	<u>\$ 272,375</u>
<b>STOCKS—Pledged under General</b>			
<b>Mortgage:</b>			
Tri-State Land Co. (See Note).....	25,000	<u>\$2,500,000</u>	<u>\$ 900,000</u>
<b>ADVANCES—Pledged under General</b>			
<b>Mortgage:</b>			
The Railroad Credit Corporation.....			<u>\$ 11,800</u>
<b>ADVANCES—All Other:</b>			
Sainte Marie Union Depot Co.....			\$ 26,790
Minnesota Transfer Ry.—Sinking Fund.....			21,111
Minnesota Transfer Ry.—Diesels.....			20,698
Railway Express Agency, Inc.....			145,465
Sault Ste. Marie Bridge Co.—U. S. Funds...			4,655
Sault Ste. Marie Bridge Co.—Canadian Funds			4,383
Tri-State Land Co.....			433,630
St. Paul Union Depot Co.....			5,511
<b>TOTAL</b> .....			<u>\$ 662,243</u>

## OTHER INVESTMENTS

<b>BONDS:</b>			
United States Treasury Bonds—1967-72		<u>\$ 4,000,000</u>	<u>\$4,000,000</u>
<b>STOCKS:</b>			
Wisconsin Central Ry. Co. Common..	103,595	<u>\$10,359,500</u>	<u>\$ 1</u>
<b>OTHER SECURED OBLIGATIONS:</b>			
Clarkson Coal Mining Co. Note.....		\$ 182,014	\$ 606
Real Estate Sales Contracts.....		5,597	5,597
<b>TOTAL</b> .....		<u>\$ 187,611</u>	<u>\$ 6,203</u>
<b>ADVANCES:</b>			
Wisconsin Central Ry. Co. (prior to Receivership)		\$ 7,062,018	\$ 1
Central Terminal Ry. Co.....			1
<b>TOTAL</b> .....			<u>\$ 2</u>

NOTE: The equity of the Company in the net worth (capital stock and surplus) of the Tri-State Land Company and the Western Express Company, both solely owned subsidiaries, has been written down on the Soo Line books to the estimated value as determined by appraisal as of September 1, 1944. The amounts of these equities are \$900,000 and \$12,000 respectively, as shown under the column headed "Book Value." The net worths of these companies as reflected on their books at December 31, 1945 are \$1,419,420 and \$38,397 respectively, and the net results for the year 1945 were a net deficit of \$3,321 and a net income of \$59, respectively.

## OPERATING REVENUES

	1945	1944	Increase or Decrease	
			Amount	PerCent
<b>Freight Revenue:</b>				
<b>Products of Agriculture:</b>				
Grain.....	\$ 9,801,050	\$11,594,123	\$ 1,793,073	15.47
Flour.....	170,975	203,160	32,185	15.84
Potatoes.....	215,698	265,907	50,209	18.88
All Other.....	1,044,671	1,006,790	37,881	3.76
Total.....	11,232,394	13,069,980	1,837,586	14.06
<b>Animals and Products:</b>				
Cattle and Calves.....	301,933	292,303	9,630	3.29
Hogs.....	55,132	123,290	68,158	55.28
Butter.....	92,558	91,333	1,225	1.34
All Other.....	409,438	436,003	26,565	6.09
Total.....	859,061	942,929	83,868	8.89
<b>Products of Mines:</b>				
Bituminous Coal.....	1,155,724	1,044,643	111,081	10.63
Lignite Coal.....	558,397	612,285	53,888	8.80
Iron Ore.....	1,332,371	1,060,197	272,174	25.67
Petroleum Crude.....	713,640	678,224	35,416	5.22
All Other.....	567,793	550,172	17,621	3.20
Total.....	4,327,925	3,945,521	382,404	9.69
<b>Products of Forests:</b>				
Posts, Poles and Piling.....	150,872	163,165	12,293	7.53
Pulpwood.....	810,803	719,305	91,498	12.72
Lumber, Shingles and Lath.....	888,845	1,062,262	173,417	18.33
All Other.....	275,064	331,205	56,141	16.95
Total.....	2,125,584	2,275,937	150,353	6.61
<b>Manufactures and Miscellaneous:</b>				
Petroleum Oils, refined, etc.....	842,958	709,856	133,102	18.75
Fuel and Road Oils, etc.....	193,579	147,927	45,652	30.86
Iron and Steel (5th Class).....	246,903	191,417	55,486	28.99
Cement, building.....	139,712	107,300	32,412	30.21
Agricultural Implements and Parts.....	161,272	142,005	19,267	13.57
Tractors and Parts.....	229,579	242,713	13,134	5.41
Fertilizers.....	213,034	251,525	38,491	15.30
Newsprint Paper.....	473,538	511,612	38,074	7.44
All Other.....	2,427,486	2,602,489	175,003	6.72
Total.....	4,928,061	4,906,844	21,217	.43
<b>Less-than-carload Freight.....</b>	1,115,779	934,563	181,216	19.39
<b>Total Freight Revenue.....</b>	24,588,804	26,075,774	1,486,970	5.70
<b>Passenger.....</b>	1,906,743	1,949,462	42,719	2.19
<b>Mail.....</b>	603,882	619,970	16,088	2.59
<b>Express.....</b>	428,528	382,061	46,467	12.16
<b>Miscellaneous.....</b>	552,400	496,973	55,427	11.15
<b>Incidental.....</b>	389,432	362,146	27,286	7.53
<b>Total Operating Revenue.....</b>	\$28,469,780	\$29,886,386	\$ 1,416,597	4.74

## OPERATING EXPENSES

OPERATING EXPENSES	1945	1944	Increase or Decrease	
			Amount	Per Cent
<b>Maintenance of Way and Structures:</b>				
Superintendence.....	\$ 198,559	\$ 216,564	\$ 18,005	8.31
Roadway Maintenance.....	565,566	565,026	540	.10
Tunnels and Subways.....	140	610	476	77.27
Bridges, Trestles and Culverts.....	111,195	127,317	16,122	12.66
Ties.....	628,790	522,918	105,872	20.25
Rails.....	124,024	133,635	9,611	7.19
Other Track Material.....	147,769	182,407	34,638	18.99
Ballast.....	72,570	135,553	62,983	46.46
Track Laying and Surfacing.....	1,422,498	1,493,150	70,652	4.73
Fences, Snowsheds, and Signs.....	69,363	83,246	13,883	16.68
Station and Office Buildings.....	138,503	135,504	3,059	2.26
Roadway Buildings.....	1,853	3,019	1,166	38.82
Water Stations.....	47,376	46,927	449	.96
Fuel Stations.....	18,544	19,098	554	2.90
Shops and Enginehouses.....	73,331	101,109	27,778	27.47
Telegraph and Telephone Lines.....	80,221	78,101	2,120	2.71
Signals and Interlockers.....	28,921	20,053	8,868	44.22
Power Plants.....	3,149	4,852	1,703	35.10
Power Transmission Systems.....	350	648	298	45.99
Road Property—Depreciation.....	454,568	447,121	7,447	1.67
Retirements—Road.....	49,940	73,750	23,810	32.28
Roadway Machines.....	65,520	79,714	14,194	17.81
Dismantling Retired Road Property.....	11,136	13,624	2,488	18.26
Small Tools and Supplies.....	47,440	46,600	840	1.80
Removing Snow, Ice and Sand.....	151,217	92,251	58,966	63.92
Public Improvements—Maintenance.....	35,526	34,019	1,507	4.43
Injuries to Persons.....	16,212	30,935	14,723	47.59
Insurance.....	9,311	5,532	3,779	68.31
Stationery and Printing.....	4,010	3,888	122	3.14
Other Expenses.....	6,191	11,803	5,612	47.55
Maintaining Jt. Trks., Yds. and Other				
Fac.—Dr.....	121,814	150,048	28,234	18.82
Maintaining Jt. Trks., Yds. and Other				
Fac.—Cr.....	15,108	12,851	2,257	17.56
Right-of-Way Expenses.....	2,673	2,096	577	27.53
<b>Total.....</b>	<b>\$ 4,693,232</b>	<b>\$ 4,848,273</b>	<b>\$ 155,041</b>	<b>3.20</b>
Ratio of M of W & S Expenses to Revenues.....	16.49	16.22	.27	.....
<b>Maintenance of Equipment:</b>				
Superintendence.....	\$ 98,280	\$ 88,082	\$ 10,198	11.58
Shop Machinery.....	63,235	67,757	4,522	6.67
Power Plant Machinery.....	19,683	14,872	4,811	32.35
Shop and Power Plant Mach.—Deprecn.....	10,200	16,659	6,459	38.77
Dismantling Retired Shop & P. P. Mach.....	163	102	61	59.80
Steam Locomotives—Repairs.....	1,445,718	1,361,532	84,186	6.18
Other Locomotives—Repairs.....	7,798	18,188	10,390	57.13
Freight Train Cars—Repairs.....	1,598,735	1,452,962	145,773	10.03
Passenger Train Cars—Repairs.....	305,983	348,895	42,912	12.30
Work Equipment—Repairs.....	72,345	58,750	13,595	23.14
Miscellaneous Equipment—Repairs.....	9,207	8,527	680	7.97
Dismantling Retired Equipment.....	868	354	514	145.20
Equipment—Depreciation.....	805,809	684,134	121,675	17.79
Equip.—Amortization of Def. Projects:				
Amortization in excess of Normal Depreciation.....	707,019	544,137	162,882	29.93
Amortization Equivalent to Normal Depreciation.....	90,695	99,748	53	.05
Credits in Connection with Retirements.....		1,104	1,104	.....
Injuries to Persons.....	13,815	19,269	5,454	28.30
Insurance.....	8,878	5,666	3,212	56.69
Stationery and Printing.....	3,247	2,808	441	15.72
Other Expenses.....	11,847	4,242	16,089	.....
Joint Maint. of Equip. Expenses—Dr.....	24,808	34,835	10,027	28.78
Joint Maint. of Equip. Expenses—Cr.....	2,485	2,413	72	2.98
<b>Total.....</b>	<b>\$ 5,304,848</b>	<b>\$ 4,819,516</b>	<b>\$ 485,332</b>	<b>10.07</b>
Ratio of M. of Equip. Expenses to Revenues.....	18.63	16.13	2.50	.....

# **OPERATING EXPENSES** **Continued**

OPERATING EXPENSES	1945	1944	Increase or Decrease	
			Amount	Per Cent
Traffic Expenses:				
Superintendence.....	\$ 171,446	\$ 135,014	\$ 36,432	26.98
Outside Agencies.....	235,148	213,026	22,122	10.38
Advertising.....	32,087	22,053	10,034	45.50
Traffic Associations.....	11,064	11,515	451	3.92
Industrial and Immigration Bureaus.....	4,757	5,468	701	12.84
Insurance.....	82	80	2	2.50
Stationery and Printing.....	27,037	21,514	5,523	25.67
Total.....	\$ 481,621	\$ 408,660	\$ 72,961	17.85
Ratio of Traffic Expenses to Revenues.....	1.69	1.37	.32	.....
Transportation Expenses:				
Superintendence.....	\$ 249,599	\$ 243,487	\$ 6,112	2.51
Dispatching Trains.....	121,883	116,950	4,933	4.22
Station Employees.....	1,516,918	1,431,543	85,375	5.96
Weighing Insp. and Dem. Bureaus.....	19,483	20,525	1,042	5.08
Station Supplies and Expenses.....	96,245	94,479	1,766	1.87
Yard Masters and Yard Clerks.....	201,762	204,756	2,994	1.46
Yard Conductors and Brakemen.....	511,490	491,642	19,848	4.04
Yard Switch and Signal Tenders.....	21,002	23,302	2,300	9.87
Yard Enginemen.....	296,823	282,820	14,003	4.95
Yard Motormen.....	43,640	43,429	211	.49
Yard Switching Fuel.....	233,384	209,087	24,297	11.62
Water for Yard Locomotives.....	10,917	9,351	1,566	16.75
Lubricants for Yard Locomotives.....	5,620	6,246	626	10.02
Other Supplies for Yard Locomotives.....	2,925	3,003	78	2.60
Enginehouse Expenses—Yard.....	111,779	124,856	13,077	10.47
Yard Supplies and Expenses.....	7,544	6,979	565	8.10
Opr. Joint Yards & Terminals—Dr.....	448,606	523,804	75,198	14.36
Opr. Joint Yards & Terminals—Cr.....	36,096	28,815	7,281	25.27
Train Enginemen.....	1,206,012	1,257,359	51,347	4.08
Train Fuel.....	2,218,204	2,146,014	72,190	3.36
Water for Train Locomotives.....	84,230	76,282	7,948	10.42
Lubricants for Train Locomotives.....	42,112	45,808	3,696	8.07
Other Supplies for Train Locomotives.....	21,676	21,928	252	1.15
Enginehouse Expenses—Train.....	249,806	284,581	34,775	12.22
Trainmen.....	1,623,817	1,703,771	79,954	4.69
Train Supplies and Expenses.....	762,171	569,047	193,124	33.94
Operating Sleeping Cars.....	45,679	39,379	7,300	19.02
Signal and Interlocker Operation.....	63,049	61,968	1,081	1.74
Crossing Protection.....	33,285	33,286	1	.....
Drawbridge Operation.....	.....	1	1	.....
Telegraph and Telephone Operation.....	43,792	44,423	631	1.42
Stationery and Printing.....	34,575	36,143	1,568	4.34
Other Expenses.....	77,197	74,897	2,300	3.07
Operating Jt. Trks. & Facilities—Dr.....	93,735	106,964	13,229	12.37
Operating Jt. Trks. & Facilities—Cr.....	18,622	19,132	510	2.67
Insurance.....	4,592	3,773	819	21.71
Clearing Wrecks.....	49,962	40,951	9,011	22.00
Damage to Property.....	17,456	17,671	215	1.22
Damage to Live Stock on R. of W.....	17,258	21,449	4,191	19.54
Loss and Damage—Freight.....	131,127	85,468	45,659	53.42
Loss and Damage—Baggage.....	233	124	109	87.90
Injuries to Persons.....	151,080	121,919	29,161	23.92
Total.....	\$10,815,950	\$10,580,618	\$ 235,432	2.23
Ratio of Transportation Exp. to Revenues.....	37.99	35.40	2.59	.....
Miscellaneous Operations:				
Dining and Buffet Service.....	\$ 117,820	\$ 113,882	\$ 3,938	3.46
Ratio of Misc. Operations to Revenues.....	.41	.38	.03	.....

## OPERATING EXPENSES

### Concluded

OPERATING EXPENSES	1945	1944	Increase or Decrease	
			Amount	Per Cent
<b>General Expenses:</b>				
Sal. & Exp. of General Officers.....	\$ 97,620	\$ 122,361	\$ 24,741	20.22
Sal. & Exp. of Clerks & Attendants.....	437,192	406,789	30,403	7.47
General Office Supplies and Expenses....	29,276	37,880	8,613	22.73
Law Expenses.....	70,582	78,007	7,425	9.52
Insurance.....	489	1,173	684	58.31
Pensions.....	13,702	13,943	241	1.73
Stationery and Printing.....	22,715	23,562	847	3.59
Valuation Expenses.....	650	343	307	89.50
Other Expenses.....	46,479	37,462	9,017	24.07
General Joint Facilities—Dr.....	8,253	7,397	856	11.57
General Joint Facilities—Cr.....	2,662	1,935	727	37.57
<b>Total.....</b>	<b>\$ 724,296</b>	<b>\$ 720,991</b>	<b>\$ 2,895</b>	<b>.37</b>
Ratio of General Expenses to Revenues..	2.55	2.43	.12	.....
Railway Operating Expenses.....	\$22,137,767	\$21,497,840	\$ 639,927	2.98
Ratio of Operating Exp. to Revenues....	77.76	71.93	5.83	.....



# **TRAFFIC AND MILEAGE STATISTICS** **Per Interstate Commerce Commission Classification**

	Year Ended Dec. 31, 1945	Year Ended Dec. 31, 1944
	Passengers, Tonnage, Rates and Revenues	Passengers, Tonnage, Rates and Revenues
<b>Passenger Traffic</b>		
Number of Passengers Carried		
Earning Revenue.....	595,118	607,586
Number of Passengers Carried One Mile.....	103,142,357	105,619,905
Number of Passengers Carried One Mile per Mile of Road.....	31,992	32,807
Average Distance Carried, Miles.	173 31	173 84
Total Passenger Revenue.....	\$1,906,743 13	\$1,949,462 24
Average Amount Received from Each Passenger.....	\$3 2040	\$3 2085
Average Receipts per Passenger per Mile.....	\$ 01849	\$ 01846
Total Passenger Service Train Revenue.....	\$3,261,412 13	\$3,207,005 99
Passenger Service Train Revenue per Mile of Road.....	\$1,011 59	\$996 13
Passenger Service Train Revenue per Train Mile.....	\$1 88260	\$1 69148
<b>Freight Traffic</b>		
Number of Tons Carried of Freight Earning Revenue.....	10,651,748	10,889,387
Number of Tons Carried One Mile	2,603,529,788	2,839,201,893
Number of Tons Carried One Mile per Mile of Road.....	807,539	881,885
Average Distance Haul of One Ton, Miles.....	244 42	260 73
Total Freight Revenue.....	\$24,588,804 03	\$26,075,773 60
Average Amount Received for Each Ton of Freight.....	\$2 30843	\$2 39460
Average Receipts per Ton per Mile.....	\$ 00944	\$ 00918
Freight Revenue per Mile of Road	\$7,626 73	\$8,099 40
Freight Revenue per Train Mile.	\$7 25110	\$7 37011
<b>Total Traffic</b>		
Operating Revenue.....	\$28,469,788 61	\$29,886,385 90
Operating Revenue per Mile of Road.....	\$8,830 50	\$9,283 01
Operating Revenue per Train Mile.....	\$5 55677	\$5 49987
Operating Expenses.....	\$22,137,767 05	\$21,497,839 51
Operating Expenses per Mile of Road.....	\$6,866 49	\$6,677 45
Operating Expenses per Train Mile.....	\$4 32088	\$3 95616
Net Operating Revenue.....	\$6,332,021 56	\$8,388,546 39
Net Operating Revenue per Mile of Road.....	\$1,964 01	\$2,605 57

## TRAFFIC AND MILEAGE STATISTICS—Continued

CLASSIFICATION	Year Ended Dec. 31, 1945	Year Ended Dec. 31, 1944
<b>Locomotive Mileage, Revenue Service:</b>		
Freight Locomotive-Miles.....	3,441,932	3,585,282
Passenger Locomotive-Miles.....	1,751,410	1,919,589
Switching Locomotive-Miles.....	913,220	911,394
Total Revenue Locomotive Mileage.....	6,106,562	6,416,265
Non-revenue Service Locomotive-Miles.....	99,722	139,365
<b>Car Mileage, Revenue Service:</b>		
<b>Freight Car-Miles:</b>		
Loaded.....	78,151,468	83,708,204
Empty.....	46,723,358	51,572,253
Caboose.....	2,687,504	2,838,207
Total Freight Car-Miles.....	127,562,330	138,118,664
<b>Passenger Car-Miles:</b>		
Passenger.....	4,103,339	4,339,469
Sleeping and Parlor.....	1,997,712	2,028,058
Other Passenger Train Cars.....	4,998,146	4,848,960
Total Passenger Car-Miles.....	11,099,197	11,216,487
Total Revenue Car Mileage.....	138,661,527	149,335,151
Non-revenue Service Car-Miles.....	645,379	1,274,773
<b>Train Mileage, Revenue Service:</b>		
Freight Train-Miles.....	3,391,046	3,538,042
Passenger Train-Miles.....	1,732,398	1,895,971
Total Revenue Train Mileage.....	5,123,444	5,434,013
Non-revenue Service Train-Miles.....	82,844	121,953
Average Number of Passengers per Car-Mile....	16.91	16.59
Average Number of Passengers per Train-Mile..	59.54	55.71
Average Number of Passenger Cars per Train-Mile.....	6.41	5.92
Average Number of Tons of Revenue Freight per Loaded Car-Mile.....	33.31	33.92
Average Number of Tons of Revenue Freight per Train-Mile.....	767.77	802.47
Average Number of Freight Cars per Train-Mile	37.62	39.04
Average Number of Loaded Cars per Train-Mile	23.05	23.66
Average Number of Empty Cars per Train-Mile	13.78	14.58
Average Mileage Operated During Year.....	3,224.03	3,219.47

## COMPARATIVE STATEMENT OF REVENUES AND EXPENSES

## REVENUES

Year Ended December 31

	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936
Freight.....	\$24,588,804	\$26,075,774	\$22,935,576	\$20,177,264	\$17,663,283	\$15,208,573	\$13,254,476	\$11,667,245	\$12,739,868	\$11,935,939
Passenger.....	1,906,743	1,940,462	1,761,256	1,031,452	657,090	652,228	608,078	790,780	812,654	868,050
Mail.....	603,882	619,970	615,126	617,895	625,416	619,170	634,088	636,153	643,055	643,726
Express.....	428,528	382,061	327,016	222,973	137,930	126,981	117,252	116,423	134,945	138,671
Miscellaneous.....	552,400	498,973	452,363	367,527	286,572	284,198	292,928	284,967	274,543	274,585
Incidental.....	389,432	362,146	352,821	300,911	283,640	246,829	249,270	197,144	273,563	248,470
Total.....	28,469,789	29,886,386	26,444,158	22,718,022	19,731,911	17,137,579	15,345,090	13,692,718	15,001,430	14,109,841

  

	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936
Maintenance of Way and Structures.....	\$ 4,693,232	\$ 4,848,273	\$ 4,579,550	\$ 3,700,300	\$ 3,481,240	\$ 2,935,535	\$ 2,625,302	\$ 2,214,324	\$ 2,315,037	\$ 2,200,002
Transportation Expenses.....	5,304,848	4,819,516	4,379,242	3,999,802	3,470,755	2,682,768	2,667,320	2,669,510	2,637,622	2,701,068
Trunk Expenses.....	481,621	408,560	478,570	456,788	428,825	418,095	414,144	400,094	415,584	425,468
Transportation Expenses.....	10,815,950	10,580,512	9,360,110	8,179,482	7,432,759	6,709,801	6,449,780	6,239,799	6,529,779	6,047,232
Miscellaneous Operations.....	117,820	113,882	115,710	75,636	75,636	65,087	79,820	70,461	70,291	62,864
General Expenses.....	724,296	726,991	714,925	660,940	642,309	574,418	577,133	569,702	661,344	703,695
Transportation for Investment—Or.....					91,449	28,199	19,857	19,814	19,814	21,177
Total.....	22,137,767	21,497,840	19,628,107	17,076,896	15,500,031	13,359,436	12,799,611	12,144,256	12,790,832	12,119,152
Percentage of Expenses to Earnings.....	77.8	71.9	74.2	75.2	78.5	77.9	83.4	88.7	85.3	85.9
Net Revenue from Ry. Operations.....	\$ 6,332,022	\$ 8,388,546	\$ 6,816,051	\$ 5,641,126	\$ 4,231,880	\$ 3,778,143	\$ 2,545,479	\$ 1,548,462	\$ 2,210,598	\$ 1,990,689
Railway Tax Accruals.....	3,603,529	2,840,791	1,815,912	1,569,512	1,464,717	1,273,346	1,230,813	1,231,308	867,244	1,130,001
Railway Operating Income.....	2,728,493	5,547,755	5,000,139	4,071,614	2,767,163	2,504,797	1,314,666	317,154	1,343,354	860,688
Hire of Equipment—Net.....	433,608	302,237	336,085	99,064	199,289	210,211	287,198	210,211	249,401	172,791
Joint Facility Rents—Net Dr.....	587,484	180,226	194,182	106,344	291,194	164,390	164,401	161,406	216,193	194,192
Net Railway Operating Income.....	2,804,235	5,710,169	5,141,092	3,964,434	2,313,569	2,036,278	842,973	164,194	768,560	395,924
Non-Operating Income—Net.....	128,527	139,529	105,426	19,348	130,808	131,677	149,998	173,300	149,031	306,659
Income Before Fixed and Contingent Charges.....	2,932,762	5,849,698	5,246,518	3,971,188	2,444,177	2,167,955	992,971	18,404	917,591	702,583
Fixed Charges.....	6,502	4,405,359	6,587,071	6,604,783	6,606,813	6,596,754	6,625,356	6,556,714	6,652,688	6,264,435
Contingent Charges.....	1,171,827	406,031								
Net Income or Deficit.....	\$ 1,754,433	\$ 1,038,308	\$ 1,048,361	\$ 2,837,194	\$ 4,102,806	\$ 4,426,798	\$ 5,002,308	\$ 6,000,210	\$ 5,718,907	\$ 5,591,812

  

	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936
Average Miles Operated.....	3,224.03	3,219.47	3,219.08	3,219.21	3,223.76	3,224.18	3,227.18	3,228.98	3,232.63	3,247.58
Operating Revenue Per Mile of Road.....	\$ 8,830.50	\$ 9,283.01	\$ 8,214.82	\$ 7,057.02	\$ 6,120.77	\$ 5,315.33	\$ 4,754.95	\$ 4,240.57	\$ 4,640.63	\$ 4,344.32
Operating Expenses Per Mile of Road.....	\$ 6,866.49	\$ 6,677.45	\$ 6,097.43	\$ 5,304.69	\$ 4,808.06	\$ 4,143.51	\$ 3,966.19	\$ 3,761.02	\$ 3,956.79	\$ 3,731.40
Net Income Per Mile of Road.....	\$ 544.17	\$ 322.51	\$ 416.44	\$ 811.89	\$ 1,411.21	\$ 1,571.82	\$ 1,788.76	\$ 2,045.88	\$ 1,714.11	\$ 1,712.92

## ADDITIONS AND BETTERMENTS TO ROAD

Year Ended December 31, 1945

	Amount
Engineering .....	\$ 2,030
Land for Transportation Purposes .....	5,157
Other Right-of-Way Expenditures .....	3,077
Grading .....	29,683
Bridges, Trestles and Culverts .....	7,341
Ties .....	17,269
Rails .....	29,004
Other Track Material .....	74,178
Ballast .....	8,103
Track Laying and Surfacing .....	17,103
Fences, Snowsheds and Signs .....	5,457
Station and Office Buildings .....	32,165
Roadway Buildings .....	704
Water Stations .....	543
Fuel Stations .....	1,651
Shops and Enginehouses .....	40,344
Telegraph and Telephone Lines .....	5,027
Signals and Interlockers .....	34,877
Power Plants .....	383
Power Transmission Systems .....	2,050
Roadway Machines .....	6,994
Public Improvements—Construction .....	2,669
Other Expenditures—Road .....	768
Shop Machinery .....	3,468
Power Plant Machinery .....	330
General Officers and Clerks .....	516
Law .....	315
Stationery and Printing .....	38
Taxes .....	176
Interest during Construction .....	5,832
Other Expenditures—General .....	113
Adjustments required by Interstate Commerce Commission incident to reorganization .....	220,681
Total .....	<u>\$517,876</u>

## ADDITIONS AND BETTERMENTS TO EQUIPMENT

Year Ended December 31, 1945

## ADDITIONS:

## Steam Locomotives:

Mechanical lubricators on 5 units.....	\$ 6,066
Miscellaneous minor improvements.....	4,778
Miscellaneous accounting adjustments.....	1,989

## Other Locomotives:

1 Diesel Switching Locomotive.....	77,814
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## Freight-Train Cars:

Reinforce underframes of 60 ore cars.....	4,492
AB brake equipment to 888 cars.....	95,326
Steel bottoms to 40 gondola cars.....	3,260
Corrugated steel doors to 80 gondola cars.....	4,946
Miscellaneous minor improvements.....	882

## Passenger-Train Cars:

Miscellaneous minor improvements.....	937
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## Work Equipment:

1 unit—Purchase of 1 Burro Crane.....	9,929
18 units, 15 converted from Revenue Service.....	9,807
Miscellaneous minor improvements.....	2,934
Miscellaneous accounting adjustments.....	59

## Miscellaneous Equipment:

1 International truck.....	1,056
Ford truck bukits (6).....	214

Total.....	\$ 220,393
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## DEDUCTIONS:

## Steam Locomotives:

3 extra tenders retired (2 converted into water cars)...	\$ 7,947
10 Priest flangers retired.....	866

## Freight-Train Cars:

13 Automobile cars retired (1 converted into work serv.)	19,869
8 Ballast cars retired.....	8,974
141 Box cars retired (2 converted into work service)...	186,393
8 Flat cars retired (4 converted into work service)....	5,857
1 Refrigerator car retired.....	1,791

## Passenger-Train Cars:

2 Baggage cars converted into work service.....	11,157
3 Passenger coaches converted into work service.....	29,238

## Work Equipment:

5 units of other company service equipment retired....	3,219
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## Miscellaneous Equipment:

1 Chevrolet truck retired.....	1,080
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Total.....	\$ 276,391
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Net Deductions.....	\$ 55,998
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**EQUIPMENT OWNED—DECEMBER 31, 1945****Equipment Owned and Operated**

	Jan. 1st 1945	Addi- tions	Deduc- tions	Dec. 31st 1945
<b>STEAM LOCOMOTIVES</b>				
Steam Locomotives—All Classes....	169	0	0	169
<b>OTHER LOCOMOTIVES</b>				
Diesel.....	4	1	0	5
<b>FREIGHT-TRAIN CARS</b>				
Automobile cars.....	660	0	13	647
Ballast cars.....	261	0	8	253
Box cars.....	5,881	0	141	5,740
Caboose cars.....	133	0	0	133
Flat cars.....	384	0	8	376
Gondola cars.....	705	0	0	705
Ore cars.....	1,112	0	0	1,112
Refrigerator cars.....	7	0	1	6
Stock cars.....	395	0	0	395
Tank cars.....	*4	0	0	*4
Total Freight-Train Cars.....	9,542	0	171	9,371
<b>PASSENGER-TRAIN CARS</b>				
Baggage cars.....	31	0	2	29
Baggage and smoking cars.....	1	0	0	1
Coach-Caboose.....	1	0	0	1
Dining cars.....	4	0	0	4
Mail and Express cars.....	28	0	0	28
Mail, Express and Coach.....	6	0	0	6
Passenger coaches.....	41	0	3	38
Coach-Cafe-Lounge.....	2	0	0	2
Passenger and baggage cars.....	6	0	0	6
Sleeping cars.....	5	0	0	5
Tourist cars.....	6	0	0	6
Sleeping-Restaurant and Lounge...	2	0	0	2
Drovers cars.....	5	0	0	5
Total Passenger-Train Cars.....	138	0	5	133
<b>WORK EQUIPMENT</b>				
Business cars.....	4	0	0	4
Derrick cars.....	2	0	0	2
Wrecking cars (steam).....	5	0	0	5
Other Company service equipment...	193	19	5	207
Total Work Equipment.....	204	19	5	218
<b>MISCELLANEOUS EQUIP.</b>				
Automobiles.....	20	1	1	20
Lime spreader.....	1	0	0	1
Spraying outfit.....	1	0	0	1
Total Miscellaneous Equip.....	22	1	1	22

\*Tanks owned by Gedney Pickle Co. mounted on four flat cars owned by this company.

## MILES OF ROAD OPERATED, DECEMBER 31, 1945

### SOLELY OWNED

**Minnesota Division**

	Miles
Portal, N. D.....to Minneapolis, Minn., W. Switch, Humboldt Yard.....	543.85
Whitetail, Mont.....to Flaxton, N. D.....	136.62
Sanish, N. D.....to Prairie Junction, N. D.....	32.80
Plaza, N. D.....to Max, N. D.....	35.58
Max, N. D.....to Drake, N. D.....	48.17
Max, N. D.....to Hankinson, N. D.....	304.31
Pollock, S. D.....to Wishek, N. D.....	70.75
Grenville, S. D.....to Fairmount, N. D.....	83.61
<b>Total Minnesota Division.....</b>	<b>1,255.69</b>

**Winnipeg Division**

Noyes, Minn.....to Glenwood, Minn.....	265.05
Kenmare, N. D.....to Dakota Junction, Minn.....	296.44
Armourdale, N. D.....to Egeland, N. D.....	21.88
Drake, N. D.....to Fordville, N. D.....	130.43
<b>Total Winnipeg Division.....</b>	<b>713.80</b>

**Minneapolis-Duluth Division**

Minneapolis, Minn., 5th Avenue North.....to W. Switch, Humboldt Yard.....	4.71
Minneapolis, Minn., Camden Place.....to Weyerhaeuser, Wis.....	112.86
Minneapolis, Minn., Columbia Heights.....to Hilo Junction.....	1.11
St. Paul, Minn.....to Cardigan Junction, Minn.....	8.15
Dresser Jet., Wis.....to Superior, Wis., 28th Street.....	103.30
Superior, Wis., 12th Street Junction.....to Interstate Bridge.....	1.80
Duluth, Minn., Interstate Bridge.....to 10th Ave., Freight House.....	1.39
Summit, Wis.....to St. Croix Falls, Wis.....	2.04
Ridgeland, Wis.....to Barron, Wis.....	18.52
Rice Lake, Wis.....to Cameron, Wis.....	6.68
Superior, Wis.....to Conn. with N. P. Ry.....	.68
Plummer, Minn.....to Moose Lake, Minn.....	192.55
Lawler, Minn.....to East Lake, Minn.....	6.51
Ironton, Minn.....to Crosby, Minn.....	1.00
Boylston Jet., Wis.....to Brocton, Minn.....	175.89
McGregor, Minn.....to Conn. with N. P. Ry.....	.06
<b>Total Minneapolis-Duluth Division.....</b>	<b>637.34</b>

**Gladstone Division**

Weyerhaeuser, Wis.....to Sault Ste. Marie, Mich.....	378.72
Wisconsin Jet., Wis.....to Winnebago Junction, Wis.....	118.80
Appleton, Wis., North Wye...to End of track.....	1.07
Rapid River, Mich.....to Eben Junction, Mich.....	30.54
<b>Total Gladstone Division.....</b>	<b>529.13</b>
<b>Total Solely Owned.....</b>	<b>3,135.96</b>

**JOINTLY OWNED**

Sault Ste. Marie, Mich.—Joint with D. S. S. & A. Ry. Co.....	1.71
Minneapolis, Minn.—Joint with N. P. Ry.....	.88
Bemidji, Minn.—Joint with N. P. Ry.....	.19
Deerwood, Minn., to Cuyuna Range Mines—Joint with N. P. Ry.,...	21.51
<b>Total Jointly Owned.....</b>	<b>24.29</b>
<b>Total Mileage Owned and Operated.....</b>	<b>3,160.25</b>

## MILES OF ROAD OPERATED, DECEMBER 31, 1945

### Continued

Total Mileage Owned and Operated..... 3,160.25

### TRACKAGE RIGHTS

<b>Over Wisconsin Central Railway</b>		
Superior, Wis., 28th Street....to Tower Avenue.....	2.44	
Duluth, Minn., Berwind Jet....to 6th Avenue.....	4.71	
Winnebago Jet., Wis.....to Menasha, Wis.....	4.17	
Ladysmith, Wis.....	.86	
Total Over W. C. Ry.....		12.18
<b>Joint With Wisconsin Central Railway</b>		
St. Paul, Minn.....N. P. Ry., Soo Line Jet. to 3rd St.....	2.42	
St. P. U. D. Co., 3rd St. to Sibley St.....	.85	
C. St. P. M. & O. Ry. and C. M. St. P. & P. R. R., Sibley St. to Chestnut St. to Minneapolis, Minn.....	.79	
Minneapolis, Minn.....M. & St. L. Ry., 20th Ave. South to 4th Ave. North.....	10.54	
Superior, Wis.....N. P. Ry., 4th Ave. N. to 14th Ave. N. D. S. Br. Co., Superior, Wis., to Interstate Bridge.....	.80	
L. S. T. & T. Ry., Tower Ave.....	.66	
N. P. Ry., Grassy Point Line, Superior, Wis., to Duluth, Minn.....	.54	
Duluth, Minn.....N. P. & C. St. P. M. & O., 8th to 15th Ave. West.....	.43	
	1.96	
	.37	
Total Joint with W. C. Ry.....		19.36
<b>Other</b>		
Sault Ste. Marie, Mich.—Union Depot Co.....	.52	
Sault Ste. Marie, Mich.—Ste. Marie Bridge Co.....	.52	
Deerwood—McGregor, Minn., N. P. Ry.....	30.95	
Superior—Ore Dock Line & Hill Ave. Yard—N. P. Ry.....	.47	
Total Other.....		32.46
Total Soo Line Mileage Operated.....		3,224.25
Mileage operated as Agent for Trustees of Wisconsin Central Ry. Co.....		1,050.91
Less mileage common to both Soo Line and W. C. Ry. Co.....		77.08
Total System Mileage Operated.....		<u>4,198.08</u>