

REPORT OF
HARVEY FISK & SONS
STATIONER & PRINTER
PRINTED BY HARRISON & PARSONS, CHICAGO

TWENTY-SIXTH

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ANNUAL REPORT

OF THE

Chicago, Milwaukee & St. Paul

RAILWAY COMPANY,

For the Fiscal Year Ending June 30th, 1890.

1890.

June 21 19/89

NOTES OF VARIOUS INTERESTS.

The United States Trust Company of New-York has filed in the office of the Secretary of State of Illinois a release of a mortgage held against the property of the Chicago, Milwaukee and St. Paul Railway and the Chicago, Evanston and Lake Superior Railway. The mortgage was executed in September, 1883, and was for \$2,500,000 to secure additional tracks and terminal facilities in Chicago, and to build an extension in Northern Wisconsin.

1890.

TWENTY-SIXTH ANNUAL REPORT

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Chicago, Milwaukee & St. Paul

RAILWAY COMPANY,

For the Fiscal Year Ending June 30th, 1890.

MILWAUKEE:
CRAMER, AIKENS & CRAMER, PRINTERS.
1890.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
TWENTY-SIXTH ANNUAL REPORT
OF THE DIRECTORS OF THE
CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY,
TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1890.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1890, and of the condition of its property and finances at the close of that year.

The Company owns and operates 5,656.88 miles of railway, as follows:

MILES OF TRACK.

Main track owned solely by this Company...	5,647.66	
Main track owned jointly with other Companies	9.17	
Total length of main track.....		5,656.83
Second and third tracks and connection tracks owned solely by this Company.....	78.67	
Second and third tracks and connection tracks owned jointly with other Companies.	2.82	
Total length of second and third tracks and connections.....		76.49
Tracks owned by other Companies, but used by this Company under agreements.....		44.81
Yard tracks, sidings and spur tracks owned solely by this Company.....	1,108.92	
Yard tracks, sidings and spur tracks owned jointly with other Companies.....	19.14	
Total length of yard tracks, sidings and spur tracks.....		1,128.06
Total miles of track:.....		<u>6,901.19</u>

The miles of main track owned solely by this Company show a decrease of about 22 miles from the number of miles as stated in report for year ending June 30th, 1889.

This is caused by the abandonment and taking up of track between Emmetsburg and Estherville, in Iowa.

The lines of road are located as follows:

In Illinois.....	918.08	miles.
“ Wisconsin.....	1,910.09	“
“ Iowa.....	1,558.27	“
“ Minnesota.....	1,120.09	“
“ North Dakota.....	118.21	“
“ South Dakota.....	1,096.82	“
“ Missouri.....	140.27	“
Total length of main track.....	5,656.83	“

The construction of the following new road has been begun during the year, but is not yet completed:

From Necedah, on the Necedah Branch of the La Crosse Division, to Dexterville Junction, on the Wisconsin Valley Division, a distance of 17 miles; and from Lynn, Clark County, Wisconsin, northwesterly in the direction of Greenwood, Clark County, a distance of 12 miles. This construction is being done under the name of the Lisbon, Necedah and Lake Superior Railway Co., and has been undertaken in order to open the hardwood country in that section, and make it tributary to the main lines of this Company. Negotiations have been concluded, to take effect July first, for the acquisition of the railroad already constructed from Dexterville Junction to Lynn, with branches, aggregating 40.92 miles at a cost of \$581,960.

Construction of the following second main track, aggregating 85 miles, has been begun and will be completed by winter:

Lake to Minerva, on the Chicago and Milwaukee Division.

Savanna to Mt. Carroll, Cragin to Mont Clare, and Genoa to Davis Junction, on the Chicago and Council Bluffs Division.

The line from Estherville to Emmetsburg in Iowa, not covered by any mortgage, about 22 miles in length, has been abandoned and the track taken up. This action was ordered by the Board, because the line did not pay operating expenses, and required the expenditure of a considerable sum for renewals.

This Company has concluded a contract with the Union Pacific Railway Company by which it obtains the right to the use of the Union Pacific main tracks from the terminus of this Company's tracks in Council Bluffs, Iowa, to a point in South Omaha, including the use of the bridge over the Missouri River and the Union Passenger Station in Omaha, with other rights necessary to place this Company on the same basis as if it owned its own tracks from Council Bluffs to South Omaha. This contract is for a period of nine hundred and ninety-nine years. It obviates the necessity of building another bridge at Omaha, which had been seriously considered by the Board.

The following statement shows the earnings, expenses, and statistics relating to traffic, for the years ending June 30th, 1889 and 1890, respectively:

COMPARATIVE SUMMARY OF OPERATION.

GROSS EARNINGS.		
1889.....	\$25,422,559 22	
1890.....	26,405,708 35	Increase..... \$983,149 13
OPERATING EXPENSES.		
1889.....	\$16,548,385 41	
1890.....	17,173,097 79	Increase..... \$624,712 38
NET EARNINGS.		
1889.....	\$8,874,173 81	
1890.....	9,232,610 56	Increase..... \$358,436 75
TONS OF FREIGHT CARRIED.		
1889.....	7,769,875	
1890.....	9,292,992	Increase..... 1,523 117
NUMBER OF PASSENGERS CARRIED.		
1889.....	7,888,332	
1890.....	7,505,946	Decrease..... 382,386
MILES RUN BY REVENUE TRAINS.		
1889.....	18,609,618	
1890.....	19,581,174	Increase..... 971,556
MILEAGE OF LOADED FREIGHT CARS.		
1889.....	173,687,993	
1890.....	186,715,164	Increase..... 13,027,171
MILEAGE OF EMPTY FREIGHT CARS.		
1889.....	67,006,264	
1890.....	71,739,953	Increase..... 4,733,689
COST OF OPERATING ROAD PER REVENUE TRAIN MILE RUN.		
1889.....	88.92 cts.	
1890.....	87.70 cts.	Decrease..... 1.22 cts.
GROSS EARNINGS PER MILE OF ROAD.		
1889.....	\$4,480 54	
1890.....	4,667 79	Increase..... \$187 25
OPERATING EXPENSES PER MILE OF ROAD.		
1889.....	\$2,916 53	
1890.....	3,035 72	Increase..... \$119 19
NET EARNINGS PER MILE OF ROAD.		
1889.....	\$1,564 01	
1890.....	1,632 07	Increase..... \$68 06
AVERAGE MILES OF ROAD OPERATED DURING THE YEAR.		
1889.....	5,674	
1890.....	5,657	Decrease..... 17

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1865.....4.11 cts.	1874.....2.88 cts.	1883.....1.89 cts.
1866.....3.76 cts.	1875.....2.10 cts.	1884.....1.29 cts.
1867.....3.94 cts.	1876.....2.04 cts.	1885.....1.28 cts.
1868.....3.49 cts.	1877.....2.08 cts.	1886.....1.17 cts.
1869.....3.10 cts.	1878.....1.80 cts.	1887.....1.09 cts.
1870.....2.82 cts.	1879.....1.72 cts.	1888.....1.006 cts.
1871.....2.54 cts.	1880.....1.76 cts.	1889.....1.059 cts.
1872.....2.48 cts.	1881.....1.70 cts.	1890.....0.995 cts.
1873.....2.50 cts.	1882.....1.48 cts.	

Seventeen thousand three hundred and eighteen tons of steel rails and 1,481,878 cross-ties have been put in the track, and there are now 4,074.77 miles of main track laid with steel and 1,582.06 miles with iron rails.

About 4½ miles of pile and trestle bridges have been filled with earth, and a large number of wooden culverts have been replaced with iron.

The entire cost of filling has been charged to operating expenses.

About 1,600 feet of wooden bridges have been, or are in process of being, replaced with iron structures. Of the amount expended in this work during the year, \$29,968.44, representing the cost of replacement with wooden structures, has been charged to operating expenses, and \$61,526.05 has been charged to permanent improvements.

During the year 12 locomotives have been purchased at a cost of \$102,768.06, and 2 have been built at the West Milwaukee shops at a cost of \$14,677.86; 9 locomotives have been scrapped, and 12, too light for service, have been sold.

Two hundred and fifteen furniture cars, costing \$104,000.48; 400 lumber cars, costing \$178,174.98; 3 baggage, mail and express cars, costing \$9,548.74; and 1 flat car, costing \$291.22, have been built at the West Milwaukee shops.

There has also been expended during the year in the Com

pany's shops, for steam heat and electric light equipment, air brakes, automatic couplers, and other improvements to rolling stock, the sum of \$109,098.95.

Of the above expenditure for new rolling stock, the sum of \$197,857.55, has been charged to expenses during the year, for the purpose of maintaining at the cost of operating expenses, the full capacity of the equipment.

The rate per ton per mile on the freight traffic of the past year, was $\frac{22\frac{1}{2}}{1000}$ of a cent. In the previous year it was $1\frac{11\frac{1}{2}}{1000}$ cents.

If the freight tonnage of the past year had been carried at the average rate of the previous year, the revenues of the Company would have been increased \$1,176,184.95, all of which would have been net revenue.

During the past year traffic conditions have been unfavorable. The withdrawal of some of the most important lines from the Interstate Association deprived the railways of an influence which, although it could not altogether prevent reductions of rates, yet exerted a most wholesome restraint and saved much revenue.

It is not apparent how a more effective agreement can be devised. A provision for division of tonnage may be added, but that cannot be efficient and fully satisfactory unless coupled with a division of revenue. The Interstate Law prohibits this, and the consequence is fluctuating rates—the natural result of unrestrained competition, and the source of the worst form of discrimination.

The conditions which have led to low rates on competitive traffic have also reduced rates on local traffic through the operation of the long and short haul clause of the Interstate Law.

It is easy to say that these results can be avoided by simply obeying the law and maintaining rates. Obedience to the law will cure some of the evils that prevail, but will not enable inferior lines to compete with superior lines on even terms and secure a sufficient share of the traffic to support them.

The only result possible under the law, as it now stands, is the absorption of the weaker by the stronger; and that is a painful process which can stop only when there is but one corporation, and competition is absolutely destroyed. Unrestrained competition will, in the end, destroy all competition.

The efforts of Legislatures and Railway Commissions have also contributed not a little toward reduction of rates. An improvement in public sentiment had been hoped for, but is not yet apparent. It can hardly be expected until hostility to rail-ways ceases to be a short route to political preferment. In some of the States recent legislation is practical confiscation under the form of law, by the reduction of revenues and the increase of burdens.

The decision of the Supreme Court of the United States in the case of this Company against the State of Minnesota, known as the "Milk Case," rendered at its last session, is very important, as settling and defining the powers of the Legislature in fixing rates of transportation.

The statute of that State authorized the Railroad Commission, in certain contingencies, to fix the compensation to be paid railroad companies for transportation.

The Commission assumed to fix the rates of this Company for the transportation of milk.

The Company claimed that the compensation fixed was inadequate and unreasonably low, and refused to comply with the order of the Commission establishing the rate. The Commission applied to the Supreme Court for a mandamus to compel the Company to adopt the rate fixed. The Company answered that it was unjust and unreasonable. The Supreme Court of Minnesota held that the statute authorized the Commissioners to fix the rate; that the Company could not be heard to object that the rate was not a reasonable and just rate; that the rate fixed by the Commissioners was the only reasonable rate under the law; that the Company was bound to obey it, and that the Court had no power to inquire into the question as to the reasonableness of the rate fixed by the Commission.

The Company removed the case by writ of error to the Supreme Court of the United States, and that Court filed a decision by which the decision of the Supreme Court of Minnesota was reversed, the Court holding that although the Legislature had the power to regulate and control railroads, they were not authorized to fix their compensation below what was reasonable

for the service rendered; that the question as to what was a reasonable compensation was a judicial question to be decided by the courts, and not by the Legislature; and that any statute that attempted to fix the compensation of railroads beyond the power of the courts to inquire into its reasonableness was unconstitutional and void. .

The effect of this decision is to enable a railroad company to question any rate established by a Legislature or Commission, and to show that it is in fact unreasonable and unjust; and if so held by the Court, to defeat its operation. In other words, that Railway Companies have the right to a hearing in the courts the same as other persons, and are not subject to the arbitrary will of the Legislature or Commissioners in the matter of fixing rates of transportation.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors,

ROSWELL MILLER,

President.

SEPTEMBER, 1890.

To the President :—

Herewith are submitted Statements of Operation and of the General Accounts for the fiscal year ending June 30th, 1890.

JAMES P. WHALING,
General Auditor.

DETAILED STATEMENT

OF

EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30, 1889 AND 1890.

EARNINGS.

	1889.	1890.
From Freight.....	\$17,168,721 94	\$18,387,009 51
From Passengers.....	6,241,090 89	5,981,639 36
From Mails, Express, Etc.....	2,017,746 99	2,087,059 48
Gross Earnings.....	\$25,422,559 22	\$26,405,708 35

EXPENSES.

	1889.	1890.
Repairs of Track.....	\$1,095,141 02	\$1,224,684 23
Renewal of Rails.....	848,578 83	274,918 72
Renewal of Ties.....	851,228 64	632,547 31
Repairs of Bridges.....	612,361 50	781,395 61
Repairs of Fences.....	49,297 98	48,220 89
Repairs of Buildings.....	170,233 16	157,947 58
Repairs of Locomotives.....	1,102,413 84	1,147,851 61
Repairs of Cars.....	1,289,919 06	1,373,950 61
Repairs of Tools and Machinery.	109,785 30	118,047 58
Carried forward.....	\$5,623,959 28	\$5,759,564 14

	1889.	1890.
Brought forward.....	\$5,628,959 28	\$5,759,564 14
Management and General Offices.	546,815 99	556,608 17
Foreign Agency and Advertising.	202,227 80	219,177 60
Station Service	2,506,746 48	2,595,822 08
Conductors, Bag'ge and Brakemen	1,948,759 11	1,420,854 12
Engineers, Firemen and Wipers..	1,710,379 06	1,776,800 80
Train and Station Supplies	445,395 90	464,194 84
Fuel Consumed.....	2,087,890 72	1,998,325 42
Oil and Waste.....	192,200 92	125,576 78
Personal Injuries	172,454 71	170,022 66
Damage to Property.....	69,967 27	62,988 98
Loss and Damage of Fr't and B'ge	42,776 86	89,800 84
Legal Expenses.....	116,723 16	115,552 35
New York Office Expenses	26,824 84	27,393 67
Taxes	808,517 80	880,046 55
Insurance.....	50,962 00	57,126 24
Miscellaneous Expenses	177,415 18	195,106 88
Stock Yard Expenses.....	12,657 51	19,531 98
Expenses of Elevators.....	52,376 27	47,882 32
Mileage of Cars.....	172,904 07	207,665 58
Trackage and Switching Charges.	251,482 08	440,612 44
Total Expenses.....	\$16,548,385 41	\$17,178,097 79

RECAPITULATION.

	1889.	1890.	Increase.
Gross Earnings... ..	\$25,422,559 22	\$26,405,708 35	\$983,149 13
Total Expenses.....	16,548,385 41	17,173,097 79	624,712 38
Net Earnings.....	\$8,874,173 81	\$9,232,610 56	\$358,436 75

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT.	PASSENGER.	MAILS, EXPRESS, ETC.	GROSS EARNINGS.	OPERATING EX- PENSES.	NET EARNINGS.
July, 1889.....	\$1,226,696 30	\$580,103 85	\$170,597 66	\$1,977,397 81	\$1,373,488 27	\$603,909 54
August, ".....	1,355,847 34	678,388 42	178,956 33	2,212,692 09	1,440,969 00	771,723 09
September, ".....	1,725,777 38	651,876 58	172,540 83	2,550,194 77	1,522,557 89	1,027,636 88
October, ".....	2,226,389 84	553,462 59	171,987 50	2,951,839 93	1,619,667 69	1,332,172 24
November, ".....	2,077,061 69	485,759 44	174,555 27	2,737,376 40	1,583,896 68	1,143,479 72
December, ".....	1,721,663 55	452,860 13	187,275 31	2,361,798 99	1,320,067 23	1,041,731 76
January, 1890.....	1,236,361 46	393,705 53	174,344 17	1,794,411 16	1,341,167 13	453,244 03
February, ".....	1,281,700 79	355,109 99	156,335 54	1,793,146 32	1,350,595 34	442,550 98
March, ".....	1,481,905 00	435,330 34	159,918 95	2,077,754 29	1,332,258 20	745,496 09
April, ".....	1,379,363 96	448,580 10	171,021 73	1,998,965 79	1,462,635 31	536,330 48
May, ".....	1,372,651 12	442,773 91	184,829 31	2,000,254 34	1,505,721 51	494,532 83
June, ".....	1,252,091 08	513,088 50	184,696 88	1,949,876 46	1,310,073 54	639,802 92
Total.....	\$18,337,009 51	\$5,981,639 36	\$2,087,059 48	\$26,405,708 35	\$17,173,097 79	\$9,232,610 56

EQUIPMENT IN SERVICE JUNE 30th, 1890.

Locomotives	776
Passenger Cars	349
Sleeping Cars	9
Parlor Cars	9
Dining Cars	10
Baggage, Postal, Mail and Express Cars	247
Box Cars	15,648
Stock Cars	2,499
Flat and Coal Cars	4,101
Refrigerator Cars	468
Caboose, Wrecking, Tool Cars, etc	514

In addition to the equipment above mentioned, Pullman's Palace Car Company controls and operates on the lines of the Company forty-five sleeping cars in which this Company owns a three-fourths interest.

MILEAGE AND REVENUE OF FREIGHT, YEAR ENDING JUNE 30th, 1890.

	EASTWARD.	WESTWARD.	TOTAL.
No. Tons Freight carried.....	5,182,362	4,110,630	9,292,992
No. Tons Freight carried one mile.....	1,124,480,493	718,309,352	1,842,789,845
Total Freight Earnings.....	\$11,184,843 47.	\$7,152,166 04	\$18,337,009 51
Rate per Ton per mile, 1890.....	.995 cents.	.996 cents.	.995 cents.
Rate per Ton per mile, 1889.....	1.101 cents.	1.005 cents.	1.059 cents.

MILEAGE AND REVENUE OF PASSENGERS, YEAR ENDING JUNE 30th, 1890.

	EASTWARD.	WESTWARD.	TOTAL.
No. Passengers carried	3,849,910	3,656,036	7,505,946
No. Passengers carried one mile	123,140,624	133,248,721	256,389,345
Total Passenger Earnings	\$2,919,103 87	\$3,062,535 49	\$5,981,639 36
Rate per Passenger per mile, 1890	2.371 cents.	2.298 cents.	2.333 cents.
Rate per Passenger per mile, 1889	2.521 cents.	2.329 cents.	2.418 cents.

STATEMENT OF COMMODITIES TRANSPORTED.

DURING THE YEARS ENDING JUNE 30TH, 1889 AND 1890.

COMMODITIES.	1889.		1890.	
	Tons.	Per Cent.	Tons.	Per Cent.
Flour.....	363,835	4.67	335,846	3.61
Mill Feed.....	79,866	1.04	73,721	.79
Wheat.....	662,584	8.53	827,517	8.91
Rye.....	39,146	.50	65,612	.71
Barley.....	288,951	3.72	330,183	3.55
Oats.....	190,951	2.46	308,031	3.32
Corn.....	248,024	3.19	391,314	4.21
Flax Seed.....	79,257	1.02	90,339	.97
Hay.....	119,247	1.54	95,953	1.03
Dairy Products.....	42,282	.54	52,571	.57
Other Agricultural Products.....	87,577	1.12	103,046	1.11
Provisions.....	186,033	2.40	223,431	2.40
Salt.....	105,109	1.35	75,821	.82
Lime, Cement and Plaster.....	150,142	1.93	158,216	1.70
Brick and Stone.....	294,941	3.80	377,583	4.06
Iron, Merchant, Pig and R. R. . .	150,278	1.93	243,215	2.62
Manufactures and Agricul't Imp.	222,923	2.87	259,579	2.79
Coal.....	932,039	12.00	1,007,080	10.84
Live Stock.....	457,221	5.88	643,122	6.92
Lumber.....	1,347,745	17.35	1,340,252	14.42
Merchandise.....	746,956	9.61	850,492	9.15
Miscellaneous.....	974,768	12.55	1,440,068	15.50
Totals.....	7,769,875	100.00	9,292,992	100.00

DETAIL OF EQUIPMENT AND IMPROVEMENT EXPENDITURES

FOR THE YEAR ENDING JUNE 30TH, 1890.

Additional Equipment.....	\$320,892 19
Real Estate, Chicago.....	5,863 28
Real Estate, Omaha.....	89,521 85
Real Estate, sundry points.....	30,450 28
Freight House, Milwaukee.....	13,557 10
Round House and Shops, Milwaukee.....	8,562 74
Dock, Milwaukee.....	2,920 82
Pavement, Chicago.....	5,568 25
Car Repair Shed, Minneapolis.....	3,301 24
Transfer House, Western Avenue.....	4,480 52
Machine Shop, Sanborn.....	2,592 82
Rail Mill, Savanna.....	5,021 38
Round House, Calmar, Steam Heating.....	2,815 46
Round House, Mason City, Steam Heating.....	3,203 73
Depot, Darlington.....	2,379 96
Sewer, Minneapolis Shops.....	2,367 08
Interlocking Signal, Grayland.....	2,285 29
Interlocking Signal, Duplainville.....	1,166 59
Turn Table, Perry.....	2,172 96
Bridge Yard and Office, Tomah.....	3,535 41
Depots, Warehouses, Coal Sheds and Water Tanks at sundry points }.....	112,546 45
Iron Bridges and Viaducts, sundry points.....	112,130 91
New Fences.....	105,237 38
New Culverts.....	23,563 82
Yard Improvements, Chicago.....	6,891 44
Yard Improvements, Milwaukee.....	17,678 19
Yard Improvements, Yankton.....	11,580 87
Yard Improvements, Spaulding.....	9,713 91
Yard Improvements, Rondout.....	6,652 94
Yard Improvements, Janesville.....	5,978 68
Yard Improvements, Winona.....	3,290 65
Yard Improvements, St. Paul.....	9,646 20
Yard Improvements, sundry points.....	23,374 09
Second Track, Cragin to Mont Clare.....	15,377 56
Second Track, Savanna to Mt. Carroll.....	22,979 38
Second Track, Lake to Minerva.....	28,098 27
Second Track, Genoa to Davis Junction.....	17,699 49
Widening Embankments, Raising Grades, Ballasting, Filling and rip-rapping }.....	291,166 31
New Side Tracks, sundry points.....	122,628 31
Miscellaneous Expenditures.....	203,106 19
Total.....	\$1,661,799 99

NOTE.—Expenditures made necessary by orders of State, County, City or other officers, included above, \$98,366.26.

MATERIAL AND FUEL ON HAND.

Coal	48,549 Tons,	\$80,240 89
Wood.....	17,995 Cords,	88,665 80
Ties.....	965,671 Number,	408,777 49
New Steel Rails.....	9,071 Tons,	294,786 57
Old Steel Rails	5,254 Tons,	122,208 06
Old Iron Rails.....	1,985 Tons,	41,586 55
Oil.....	128,998 Gallons,	28,827 17
Waste.....	110,482 Pounds,	7,806 97
Splices, Bolts and Spikes	4,718,807 Pounds,	102,928 65
Iron (worked and unworked)..	7,984,842 Pounds,	148,989 81
Copper and Brass.....	898,610 Pounds,	51,227 61
Lumber and Timber.....	18,801,687 Feet,	285,809 47
Piles	519,110 Feet,	71,269 91
Posts.....	80,824 Number,	4,178 90
Engine and Car Wheels.....	5,211 Number,	87,522 89
Engine and Car Wheels (on axles)	2,928 Pairs,	68,191 91
Engine and Car Axles	887,288 Pounds,	19,778 44
Tires.....	171,808 Pounds,	4,282 57
Steel and Steel Springs.....	699,892 Pounds,	87,954 56
Engine, Car and Road Castings.	5,086,841 Pounds,	88,858 41
Paints and Oils.....		9,218 80
Stationery Supplies.....		18,181 79
Other Supplies		492,798 84
Total June 30th, 1890.....		\$2,407,869 56
Total June 30th, 1889.....		\$1,982,490 95
Increase.....		\$474,878 61

NOTE.—A statement of material on hand on the 30th June, necessarily includes a large amount of track and bridge material accumulated for the summer work.

TRANSPORTATION STATISTICS.

FOR THE YEARS ENDING JUNE 30TH, 1889 AND 1890.

	1889.	1890.
Miles run by Passenger trains.....	7,152,101	7,131,071
Miles run by Freight trains.....	10,780,603	11,655,518
Miles run by Mixed trains.....	676,914	794,585
Miles run by revenue trains.....	18,609,618	19,581,174
Miles run by Switching trains.....	4,334,982	4,599,181
Miles run by Construction and other trains.....	769,853	794,277
Total miles run by trains.....	23,714,453	24,974,632
Number of passengers carried.....	7,888,332	7,505,946
Number of passengers carried one mile.....	258,067,706	256,389,345
Average miles each passenger was carried.....	32.72	34.16
Revenue per passenger per mile.....	2.418 cts.	2.333 cts.
Revenue from passengers per train mile run.....	85.25 cts.	81.61 cts.
Number of tons of freight carried.....	7,769,875	9,292,992
Number of tons of freight carried one mile.....	1,620,923,961	1,842,789,845
Average miles each ton was carried.....	208.62	198.30
Revenue per ton per mile.....	1.059 cts.	.995 cts.
Revenue from freight per train mile run.....	\$1.5205	\$1.4967
Repairs of Locomotives per revenue train mile run..	5.92 cts.	5.86 cts.
Repairs of Cars " " " " " ..	6.93 cts.	7.02 cts.
Station Service " " " " " ..	13.47 cts.	13.26 cts.
Train Service " " " " " ..	7.25 cts.	7.26 cts.
Locomotive Service " " " " " ..	9.19 cts.	9.07 cts.
Train and Station Supplies " " " " " ..	2.39 cts.	2.37 cts.
Fuel " " " " " ..	11.22 cts.	10.20 cts.
Oil and Waste " " " " " ..	.71 cts.	.64 cts.
All other expenses " " " " " ..	31.84 cts.	32.02 cts.
Total operating expenses " " " " " ..	88.92 cts.	87.70 cts.
Percentage of expenses (including taxes) to earnings..	65.09%	65.04%

LAND DEPARTMENT.

On the 1st of July, 1889, the Company owned lands in Iowa, Minnesota and Wisconsin, amounting to.....	67,267.84 acres.
It received during the year.....	8,298.62 "
	<hr/>
	75,566.46 acres.
And sold during the year.....	9,208.67 "
	<hr/>
Unsold June 30th, 1890.....	66,357.79 acres.
	<hr/> <hr/>
Estimated value of unsold lands.....	\$165,769 98
Balance due on lands previously sold.....	248,809 80
	<hr/>
Total, June 30th, 1890.....	<u>\$414,572 68</u>

STATEMENT OF INCOME ACCOUNT

FOR THE FISCAL YEAR ENDING JUNE 30TH, 1890.

Balance at credit July 1st, 1889		\$1,538,682 44
✓ Old Accounts charged off	\$56,794 22	
✓ Additional interest accrued prior to July 1st, 1889, on Funded Debt	4,025 00	
Dividend No. 39, payable Oct. 21st, 1889, from net earnings of fiscal year ending June 30th, 1889; 2½% on \$21,610,900 pre- ferred stock	540,272 50	601,091 72
		<u>\$937,590 72</u>
Gross Earnings	\$26,405,708 35	
Less Operating Expenses (including taxes) ..	17,173,097 79	
Net Earnings	9,232,610 56	
✓ Income from other sources	220,024 61	
Net Revenue for the year		<u>9,452,635 17</u>
Total		<u>\$10,390,225 89</u>
✓ Interest accrued during the year on Funded Debt	\$7,214,154 84	
Dividend No. 40, payable April 16th, 1890, from net earnings of fiscal year ending June 30th, 1890; 3½% on \$21,615,900 pre- ferred stock	756,556 50	7,970,711 34
Balance at credit June 30th, 1890		<u>\$2,419,514 55</u>

FUNDED DEBT, JUNE 30th, 1890.

Total Funded Debt at date of last report, including all liens on purchased roads..		\$123,765,000 00
Issued during the year: General Mortgage Bonds, as follows:		
For Land Grant Income Bonds cancelled.	\$840,000 00	
For Income Sinking Fund Convertible Bonds cancelled.....	80,000 00	
For Wisconsin Valley Division Bonds cancelled.....	50,000 00	
For expenditures for additional property and improvements, May 1st to December 31st, 1889, under provisions of General Mortgage.....	1,132,000 00	
For balance of 6,000 Bonds authorized by Article I, General Mortgage.....	1,000,000 00	3,102,000 00
		<u>\$126,867,000 00</u>
Less Bonds redeemed and cancelled:		
Land Grant Income Bonds.....	\$840,000 00	
Income Sinking Fund Convertible Bonds.	80,000 00	
Wisconsin Valley Division Bonds.....	25,000 00	
Milwaukee & St. Paul Railway Bonds....	229,000 00	1,174,000 00
Funded Debt, June 30th, 1890.....		<u>\$125,693,000 00</u>

Two thousand two hundred and ninety shares of Preferred Stock were issued during the year in exchange for 229 Milwaukee & St. Paul Railway Bonds.

Of the total amount of bonds outstanding, as stated above, there remain in the treasury, unsold, \$2,178,000.

FUNDED DEBT, JUNE 30th, 1890.

DESCRIPTION OF BONDS.	TIME.		AMOUNT OUTSTANDING.	RATE.	INTEREST.		AMOUNT PAID OR CURED DURING YEAR.
	DATE OF ISSUE.	WHEN DUE.			WHEN PAYABLE.	AMOUNT AC-CRUED DURING THE YEAR.	
Milwaukee & St. Paul R'y.....	1863	1893	\$1,980,000 00	7 per cent.	Jan. and July.	\$356,440 00	\$365,435 00
Iowa & Minnesota Division.....	1867	1897	3,198,000 00	7 "	" "	223,860 00	225,155 00
Prairie du Chien " 1st Mortgage.....	1868	1898	3,674,000 00	8 "	Feb. and Aug.	293,920 00	294,800 00
Prairie du Chien " 2d Mortgage.....	1868	1898	1,241,000 00	7.3 "	" "	90,593 00	90,410 50
Chicago & Milwaukee ".....	1873	1903	2,393,000 00	7 "	Jan. and July.	167,510 00	167,475 00
St. Paul (or River) ".....	1872	1902	3,262,000 00	7 "	" "	228,340 00	225,085 00
St. Paul (or River) " Sterling.....	1872	1902	542,500 00	7 "	" "	37,975 00	41,352 50
Iowa & Dakota ".....	1869	1899	541,000 00	7 "	" "	37,870 00	38,255 00
Hastings & Dakota ".....	1872	1902	89,000 00	7 "	" "	6,230 00	6,265 00
Consolidated.....	1875	1905	11,486,000 00	7 "	" "	803,320 00	803,040 00
Terminal.....	1884	1914	4,773,000 00	5 "	" "	238,650 00	236,975 00
Iowa & Dakota Division Extension.....	1878	1908	3,505,000 00	7 "	" "	245,350 00	245,595 00
Hastings & Dakota Division Extension.....	1880	1910	5,680,000 00	7 "	" "	397,600 00	394,625 00
Hastings & Dakota Division Extension.....	1880	1910	990,000 00	5 "	" "	49,500 00	49,500 00
Southwestern Division.....	1879	1909	4,000,000 00	6 "	" "	240,000 00	241,280 00
La Crosse & Davenport Division.....	1879	1919	2,500,000 00	5 "	" "	125,000 00	125,100 00
Chicago & Pacific ".....	1880	1910	3,000,000 00	6 "	" "	180,000 00	180,120 00
Chicago & Pacific Western ".....	1881	1921	25,340,000 00	5 "	" "	1,267,000 00	1,263,525 00
Southern Minnesota ".....	1880	1910	7,432,000 00	6 "	" "	445,800 00	445,590 00
Mineral Point ".....	1880	1910	2,840,000 00	5 "	" "	143,000 00	141,875 00
Dubuque ".....	1880	1920	6,565,000 00	6 "	" "	393,360 00	393,930 00
Wisconsin Valley ".....	1880	1920	2,416,000 00	6 "	" "	109,560 00	101,670 00
Wisconsin & Minnesota ".....	1881	1921	4,755,000 00	5 "	" "	237,750 00	238,125 00
Chicago & Lake Superior ".....	1881	1921	1,360,000 00	5 "	" "	68,000 00	68,225 00
Chicago & Missouri River ".....	1886	1926	3,083,000 00	5 "	" "	164,150 00	153,940 00
Dakota & Great Southern R'y.....	1886	1916	2,856,000 00	5 "	" "	142,500 00	142,500 00
Fargo & Southern R'y.....	1883	1924	1,250,000 00	6 "	" "	75,000 00	75,000 00
Minnesota Central R. R.....	1864	1894	123,000 00	7 "	" "	8,610 00	8,820 00
Milwaukee & Western R. R.....	1861	1891	215,000 00	7 "	" "	14,980 00	14,980 00
Wisconsin Valley R. R.....	1879	1909	1,106,500 00	7 "	" "	77,455 00	77,455 00
Fargo & Southern R'y, Income.....	1885	1895	200,000 00	6 "	April and Oct.	12,000 00	11,010 00
Real Estate.....	1884	1894	225,000 00	5 "	Mar. and Sept.	11,250 00	11,535 00
Real Estate.....	1885	1890	50,000 00	6 "	April and Oct.	2,500 00	2,500 00
Income Sinking Fund Convertible.....	1886	1916	*1,920,000 00	5 "	Jan. and July.	98,000 00	100,000 00
General Mortgage.....	1889	1989	3,102,000 00	4 "	" "	202,681 84	114,800 54
Land Grant Income (matured and paid).....						29,400 00	58,800 00
Total.....			\$123,693,000 00			\$7,314,154 84	\$7,154,718 54

* The authorized issue of these bonds is \$5,000,000, of which but \$2,000,000 have been sold.

PROPERTY OF
HARVEY FISK & SONS.
STATISTICAL DEPARTMENT.

→←
NOT TO BE LOANED OR TAKEN FROM OFFICE

TWENTY-SEVENTH

ANNUAL REPORT

OF THE

Chicago, Milwaukee & St. Paul

RAILWAY COMPANY,

For the Fiscal Year Ending June 30th, 1891.

1891.

PROPERTY OF
HARVEY FISK & SONS.
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TWENTY-SEVENTH ANNUAL REPORT

OF THE

Chicago, Milwaukee & St. Paul

RAILWAY COMPANY,

For the Fiscal Year Ending June 30th, 1891.

MILWAUKEE :
CRAMER, AIKENS & CRAMER, PRINTERS,
1891.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
TWENTY-SEVENTH ANNUAL REPORT
 OF THE DIRECTORS OF THE
CHICAGO, MILWAUKEE & ST. PAUL
 RAILWAY COMPANY,
 TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1891.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1891, and of the condition of its property and finances at the close of that year.

The operation for the year shows the following result:

Gross Earnings.....	\$27,504,224 49
Operating Expenses.....	18,866,500 07
Net Earnings.....	\$9,187,724 42
Income from other sources.....	884,207 40
Total.....	\$9,471,981 82
Fixed Charges, Interest on Bonds.....	7,287,251 61
Balance above Fixed Charges.....	\$2,284,680 21

Out of above balance 3½% dividend on Preferred Stock, amounting to \$767,756.50, was declared, payable in April, 1891.

The Company owns and operates 5,721.40 miles of railway, as follows:

Main track owned solely by this Company...	5,711.95	
Main track owned jointly with other Companies	9.45	
		5,721.40
Total length of main track		5,721.40
Second and third tracks and connection tracks owned solely by this Company	110.16	
Second and third tracks and connection tracks owned jointly with other Companies	2.82	
		112.98
Total length of second and third tracks and connections		112.98
Tracks owned by other Companies, but used by this Company under agreements		44.81
Yard tracks, sidings and spur tracks owned solely by this Company	1,147.84	
Yard tracks, sidings and spur tracks owned jointly with other Companies	21.94	
		1,169.78
Total length of yard tracks, sidings and spur tracks		1,169.78
Total miles of track		7,048.97

The lines of road are located as follows:

In Illinois	818.08	miles.
“ Wisconsin	1,874.66	“
“ Iowa	1,558.27	“
“ Minnesota	1,120.09	“
“ North Dakota	118.21	“
“ South Dakota	1,096.82	“
“ Missouri	140.27	“
Total length of main track	5,721.40	“

Your Company has acquired, by purchase of the Capital Stock of the Milwaukee & Northern Railroad Company, a control of the following lines of railway, namely:

Main line, Milwaukee & Northern Railroad from Milwaukee, Wisconsin, to Champion, Michigan . . .	254.20	miles.
Ontonagon & Brule River Railway from Ontonagon, Michigan, to Sidnaw, Michigan	46.00	"
Oconto & Southwestern Railway from Oconto Jct. to Oconto, Wisconsin	12.50	"
Branch from Hilbert, Wisconsin, to Neenah and Appleton, Wisconsin	22.00	"
Branch from Ellis Junction, Wisconsin, to Marinette, Wisconsin, and Menominee, Michigan	27.55	"
Total miles of main track	362.25	"

For this purchase the Chicago, Milwaukee & St. Paul Railway Company has issued 61,588 shares of its Common Stock for 61,582½ shares of the Capital Stock of the Milwaukee & Northern Railroad Company.

The lines of road included in this purchase have been merged into the Milwaukee & Northern Railroad, and are subject to an issue of first mortgage bonds of that Company at the rate of \$17,000 per mile, bearing interest at the rate of six per cent. per annum. There is no other incumbrance on the property. It is in excellent condition, and has a fair equipment of rolling stock. It is operated in connection with the lines of your Company, but the revenue and expense accounts are kept separate and distinct, and the division of joint rates is made upon the basis prescribed by a contract in force at the time of purchase.

These lines of railway are a valuable acquisition to your Company—especially because they give access to the iron regions of the Peninsula of Michigan.

A report of the Milwaukee & Northern Railroad Company is appended hereto. The net earnings for the year ending June 30th, 1891, were \$619,802.58, from which the Chicago, Milwaukee & St. Paul Railway Company, as the sole stockholder of the Milwaukee & Northern Railroad Company, has received a dividend of 4 per cent.

Construction of the following branches and extensions begun during the year ending June 30th, 1890, has been completed during the past year:

From Necedah, on the Necedah Branch of the La Crosse Division, to Babcock, on the Wisconsin Valley Division, a distance of 18.94 miles; and from Lynn, Clark County, Wisconsin, northwesterly in the direction of Greenwood, Clark County, 2.45 miles. This construction was done under the name of the Lisbon, Necedah & Lake Superior Railway Company, which Company has since sold and conveyed its property to the Chicago, Milwaukee & St. Paul Railway Company for \$153,000, the cost of construction at date of sale.

The lines of road from Dexterville Junction, on the Wisconsin Valley Division, to Lynn, Clark County, Wisconsin, and to Pittsville and Vesper, in Wood County, Wisconsin, aggregating 40.92 miles of road, built by the Wisconsin, Pittsville & Superior and the Milwaukee, Dexterville & Northern Railroad Companies, have been acquired at a cost of \$547,000. All the Stock and Bonds of these Companies were purchased for cash by the Chicago, Milwaukee & St. Paul Railway Company, and deeds of conveyance, covering the railway property above described, have since been executed and placed on record.

These branches and extensions, located in a section of country which contains valuable hard wood timber, will be good feeders to the main lines of your Company.

DOUBLE TRACK.

Construction of the following sections of second main track has been substantially completed, and they are in use:

On the Chicago & Milwaukee Division,	
Lake to Minerva	5.71 miles.
On the Chicago & Council Bluffs Division in Illinois,	
Savanna to Mount Carroll.....	10.21 "
Cragin to Mont Clare.....	4.27 "
Genoa to Davis Junction.....	20.61 "
Total.....	40.80 "

The completion of this second track gave such relief that it was not necessary to construct more during the past year. Addi-

tional second track will, however, soon be required on the Chicago & Council Bluffs Division in Illinois, and also on the Northern Division from Milwaukee to Schwartzburg.

The Company has added to its plant at West Milwaukee, at a cost of \$41,864.91 the additional buildings and machinery necessary for the construction of ten freight cars per day. With these facilities the Company can build cars at less cost than it can buy them.

The contract between this Company and the Pullman Car Company, made in September, 1882, having expired by limitation, has not been renewed. Some controversy has arisen between this Company and the Pullman Company relative to the final settlement of claims and accounts under the contract, which will doubtless be settled by the courts.

Our operation of the Sleeping Car Lines has proven very satisfactory to ourselves as well as to the traveling public.

The following statement shows the earnings, expenses and statistics relating to traffic for the years ending June 30th, 1890 and 1891, respectively:

COMPARATIVE SUMMARY OF OPERATION.

GROSS EARNINGS.		
1890	\$26,405,708 35	
1891	27,504,224 49	Increase
		\$1,098,516 14
OPERATING EXPENSES.		
1890	\$17,173,097 79	
1891	18,366,500 07	Increase
		\$1,193,402 28
NET EARNINGS.		
1890	\$9,232,610 56	
1891	9,137,724 42	Decrease
		\$94,886 14
TONS OF FREIGHT CARRIED.		
1890	9,292,992	
1891	10,397,035	Increase
		1,104,043
NUMBER OF PASSENGERS CARRIED.		
1890	7,505,946	
1891	7,919,229	Increase
		413,283
MILES RUN BY REVENUE TRAINS.		
1890	19,581,174	
1891	19,985,317	Increase
		404,143
MILEAGE OF LOADED FREIGHT CARS.		
1890	186,715,164	
1891	190,973,870	Increase
		4,258,706

MILEAGE OF EMPTY FREIGHT CARS.		
1890	71,739,953	
1891	71,481,974	Decrease..... 257,979
COST OF OPERATING ROAD PER REVENUE TRAIN MILE RUN.		
1890	87.70 cts.	
1891	91.90 cts.	Increase..... 4.20 cts.
GROSS EARNINGS PER MILE OF ROAD.		
1890	\$4,667 79	
1891	4,816 85	Increase .....\$149 06
OPERATING EXPENSES PER MILE OF ROAD.		
1890	\$3,035 72	
1891	3,216 55	Increase .....\$180 83
NET EARNINGS PER MILE OF ROAD.		
1890	\$1,632 07	
1891	1,600 30	Decrease .....\$31 77
AVERAGE MILES OF ROAD OPERATED DURING THE YEAR.		
1890	5,657	
1891	5,710	Increase 53

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1865.....4.11 cts.	1874.....2.98 cts.	1888.....1.39 cts.
1866.....8.76 "	1875.....2.10 "	1884.....1.29 "
1867.....3.94 "	1876.....2.04 "	1885.....1.28 "
1868.....3.49 "	1877.....2.08 "	1886.....1.17 "
1869.....3.10 "	1878.....1.80 "	1887.....1.09 "
1870.....2.82 "	1879.....1.72 "	1888.....1.006 "
1871.....2.54 "	1880.....1.76 "	1889.....1.059 "
1872.....2.48 "	1881.....1.70 "	1890.....0.995 "
1873.....2.50 "	1882.....1.48 "	1891.....1.008 "

Thirty-two thousand three hundred and thirty-three tons of steel rails and 1,419,713 cross-ties have been put in the track, and there are now 4,220 miles of main track laid with steel and 1,501.40 miles with iron rails.

About 2.82 miles of pile and trestle bridges have been filled with earth, and 185 wooden culverts have been replaced with iron.

The entire cost of filling has been charged to operating expenses.

About 228 feet of wooden bridges have been replaced with iron structures. The pontoon bridge across the Mississippi at Read's Landing is being rebuilt on a heavier and better plan and is nearly completed. The iron bridge, 600 feet long, across the Mississippi at Hastings, has been replaced with an iron bridge of a heavier type.

During the year the following rolling-stock has been purchased:

18 Locomotives	Costing, \$181,559 85
125 Ore Cars	" 53,567 38
100 Flat Cars	" 33,730 24
150 Gravel Dump Cars	" 51,936 20
1,475 Box Cars	" 786,143 88
3 Parlor Cars	" 28,819 57
3 Sleeping Cars	" 42,834 38
3 Coaches	" 13,333 09
	<hr/> \$1,191,924 59

And rolling-stock as follows has been built at the West Milwaukee Shops:

200 Furniture Cars	Costing, \$111,609 13
250 Lumber Cars	" 134,251 04
50 Refrigerator Cars	" 45,708 83
150 Flat Cars	" 54,520 62
65 Log Cars	" 17,846 65
3 Postal Cars	" 10,925 14
1 Ore Car (Experimental)	" 627 99
7 Locomotives without Tenders	" 46,664 66
2 Locomotives	" 14,482 92
10 Tenders	" 9,116 77
	<hr/> 445,753 75

There has also been expended during the year in the Company's shops, for power brakes, automatic couplers, steam-heat and electric-light equipment, and other improvements to rolling-stock, the sum of . . .

	119,855 12
	<hr/> \$1,757,533 46

One locomotive has been scrapped and one, too light for service, has been sold.

Of the above expenditure for new rolling-stock the sum of \$288,174.94 has been charged to expenses during the year, for the purpose of maintaining at the cost of operating expenses the full capacity of the equipment.

The operation of your Company's lines for the year shows increase of gross earnings, \$1,098,516.14; increase of expenses, \$1,193,402.28, and decrease of net earnings, \$94,886.14.

Of the total increase in expenses, \$819,512.00 were for the maintenance of property—being \$644,268.94 for maintenance of way, and \$175,243.06 for maintenance of motive power, machinery and cars.

The maintenance of way expenses included \$250,000 for the repair of damage by floods in Iowa, in the early part of the year, which made it necessary to rebuild forty miles of road bed, and to relay the track with new rails.

The maintenance of bridges shows a decrease of \$98,715.06, as compared with last year—the expenditures of last year having been very heavy in consequence of the renewal of a large number of wooden bridges on lines that were constructed about the same time.

Of the total increase in expenses, \$350,174.95 were for conducting transportation. This was partially due to increased tonnage, and partially to increase of wages and reduction of the standard of a day's work, in train service, from twelve to ten hours—which had effect only during the latter part of the year, and will be felt more in the coming year, because it will apply to the entire year.

It is an unavoidable conclusion that when so large an increase of gross earnings produces no increase of net revenue the rates obtained for transportation are too low. This conclusion is often met by the assertion that existing rates would be sufficient for all needs if they were maintained.

It seems idle to prescribe maintenance of rates in view of the fact that legislation has prohibited pooling—the only satisfactory method of providing for the necessities of railways whose disadvantages prevent them from competing on equal terms with railways that are more favorably situated; and the only efficient means of restraining within safe bounds the destructive competition that results from the existence of too many competitors.

Maintenance of rates will not relieve American Railways from the disastrous effects of the competition of foreign railways, for legislation has tied up American Railways and leaves foreign railways free to carry off their traffic. American Railways are compelled either to reduce through rates, under penalty of probably reducing intermediate rates, or pay subsidies to foreign railways, or lose the traffic.

Maintenance of rates will not cure the evil effects of the unremitting efforts of state authorities to reduce local tariffs.

In view of these conditions, it is not surprising that the efforts made by railway managements to maintain rates have not been fully successful, but that they should have had even a moderate and spasmodic success is surprising, when all the conditions have been adverse.

During the past year efforts to improve the general situation gave rise to the Western Traffic Association, which has this feature that especially distinguishes it from former Associations—that the governing authority rests in the Boards of Directors of the various companies. It is not to be expected that any Association of so strong competitive elements should at once cure all the evils it has to deal with. It should be judged by general results, after fair and patient trial. Certainly this Association, notwithstanding the fact that the co-operation of all lines has not been secured, has been of valuable service to railway interests in bringing, for the first time, into the determination of questions arising between competing lines the highest representatives of the companies, as a permanent Board of Control; in terminating the demoralization which existed when the Association was formed; and in since preventing hasty and needless reductions of rates. It is with railways as with individuals—absolute independence of action is impossible. The railway systems are so interwoven that the policy of each is subject to the dictation of its competitors; and more so when each assumes to act independently than when all are restrained by association.

It is often asserted that present rates would be sufficient to meet all needs if the companies were not over-capitalized, but it can hardly be demonstrated that the principal lines of rail-

way in the West are over-capitalized, or even that their capitalization represents so much as the present value of their physical property. It is not material whether the present owners have paid dollar for dollar for their interest in the railways, for the history of railways in the West shows that more actual money has been put into them than is now represented in their capitalization. If, in some cases, individuals have taken out more than they have put in, in more cases other individuals have hopelessly buried all they have put in. This has resulted from the anticipation of the needs of the country, for which the public is as much responsible as investors, and from which the public has reaped the principal benefit. The development of the country has been hastened, and the farmer finds that land for which he paid five dollars per acre is now worth thirty, because there is a railway to haul his products to market; while the owner of railway property finds it a constant struggle to save his original investment.

The principal lines of railway in the West cannot be duplicated for their present capitalization. This is the material point. There seems to be no good reason why the owners of a railway which it would cost more than its present capitalization to duplicate, should be deprived of the right to a fair return on the value of its physical property, any more in the case of railway property than in the case of mills, or farms, or factories, or newspapers, or any other property; nor should owners of railway property be denied all benefit from appreciation of value, while owners of other forms of property have the benefit of an appreciation to which railways have contributed no small part.

A constant pressure has resulted in a considerable advance in wages, without a corresponding increase in net revenue. It is impossible that a liberal standard of wages can long be maintained, unless the capital which sustains the enterprises in which labor is employed is permitted also to receive a liberal compensation for its use. This conclusion concerns not only labor directly employed by railways, but the many other commercial and industrial interests which absorb the wages of railway labor, or employ the multitude of workmen who are engaged in the production of the enormous amount of supplies and material which railways consume—the cost of which consists principally of wages paid for

labor in production. The difference between the value of iron in the ground and in a rail, or of a tree in the forest and in lumber, or of coal in the mine and on the tender of a locomotive, is mostly labor.

The railways, directly and indirectly, are the largest employers of labor, and labor has more interest in their welfare than capital. It is not unreasonable, therefore, to expect that the element of labor, which ambitious politicians are so eager to propitiate, will, with a more intelligent appreciation of its own interests, exercise in time a strong influence in securing legislative action relative to railways, which shall be dictated by a just regard for the welfare of so important an interest.

The payments of this Company for labor directly employed in its service during the past year, were \$12,468,862.94; and for material and supplies, \$6,955,777.07, of which at least 75%, or \$5,216,832.80, were for labor in production, making a total of \$17,680,195.74 expended for labor. Nearly all of this sum is distributed among the sellers of merchandise, food products and fuel, so that the larger part of payments for transportation, goes directly back to the sources from which it came.

Whoever takes the narrow view that, because he owns no railway stock, it is no concern of his whether anything is paid on the stock, is about as sensible as the man who, because he owns no farm, and grows no corn, thinks it no concern of his if the corn crop is a failure. The same nerve runs through all commercial and industrial interests, and most of the errors of railway legislation have sprung from the assumption that one can be injured without detriment to the others.

Another important element is beginning to interest the public in the necessity for an increase in the net revenue of railways. The development of the country and consequent increase of commerce demand more and better facilities and a higher standard of railway property. How can these be furnished unless the net income of railways is increased? If railway companies are not permitted to earn enough to pay for improving their property, they must borrow; and how can they borrow unless they can show a reasonable certainty of enough net earnings to pay for borrowed money? It is not sufficient to earn merely enough to

pay interest on mortgages. No company can obtain money on favorable terms, if for a long time it can pay nothing to its stockholders. It is a very easy matter for legislatures or boards of railway commissioners to legislate that a railway company shall expend a million of dollars in equipping freight cars with air-brakes, or in building viaducts over street crossings; but neither legislatures nor commissioners, nor railway companies themselves, can provide the means to meet the cost, when earnings are insufficient to furnish good credit.

It is apparent that the railways of the West cannot meet such demands without a very considerable increase in their capitalization. The proper way to accomplish this is to make the shares of the companies a safe and sure investment, so that they can raise money by sale of shares instead of sale of bonds. While it is a proper subject for the care of legislatures and courts that such increase of capital shall be represented by additional property and facilities, it is vital that equal care shall be taken that the revenues of the companies shall protect the increased capitalization, and prevent the disaster that will surely result from expenditure that cannot be made remunerative. It is an impossibility that increased capitalization shall represent only actual additions to property if its rates and revenues do not enable a company to place its bonds and stock at par.

The necessity for more and better facilities and a higher standard of railway property should therefore produce an enlightened and liberal view as to rates of transportation and the regulation of railways, for upon them depends the fulfillment of the public needs.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors,

ROSWELL MILLER,

President.

AUGUST, 1891.

To the President:—

Herewith are submitted Statements of Operation and of the General Accounts for the fiscal year ending June 30th, 1891.

W. N. D. WINNE,
General Auditor.

DETAILED STATEMENT

OF

EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30, 1890 AND 1891.

EARNINGS.

	1890.	1891.
From Freight.....	\$18,887,009 51	\$19,012,159 12
From Passengers.....	5,981,639 86	6,277,774 05
From Mails, Express, Etc.....	2,087,059 48	2,214,291 82
Gross Earnings.....	\$26,405,708 85	\$27,504,224 49

EXPENSES.

	1890.	1891.
Repairs of Track.....	\$1,224,684 28	\$1,517,324 90
Renewal of Rails.....	274,918 72	457,657 02
Renewal of Ties.....	632,547 31	838,189 83
Repairs of Bridges.....	781,395 61	682,680 55
Repairs of Fences.....	48,220 89	60,461 17
Repairs of Buildings.....	157,947 58	212,669 81
Repairs of Locomotives.....	1,147,851 61	1,177,122 26
Repairs of Cars.....	1,373,950 61	1,519,923 02
Repairs of Tools and Machinery.	118,047 58	90,879 02
Carried forward.....	\$5,759,564 14	\$6,551,907 58

	1890.	1891.
Brought forward.....	\$ 5,759,564 14	\$ 6,551,907 58
Management and General Offices.	556,608 17	587,180 92
Foreign Agency and Advertising.	219,177 60	192,195 72
Station Service.....	2,595,822 08	2,750,056 79
Conductors, Bag'ge and Brakemen	1,420,854 12	1,455,192 01
Engineers, Firemen and Wipers.	1,776,300 80	1,889,459 51
Train and Station Supplies.....	464,194 34	508,088 86
Fuel Consumed.....	1,998,925 42	2,040,290 97
Oil and Waste.....	125,576 73	148,159 20
Personal Injuries.....	170,022 66	204,648 24
Damage to Property.....	62,988 98	88,610 23
Loss and Damage of Fr't and B'ge	89,800 84	68,498 57
Legal Expenses.....	115,552 35	124,985 07
New York Office Expenses.....	27,398 67	27,448 29
Taxes.....	880,046 55	857,906 53
Insurance.....	57,126 24	57,518 39
Miscellaneous Expenses.....	195,106 88	242,214 69
Stock Yard Expenses.....	18,581 93	14,255 50
Expenses of Elevators.....	47,982 32	42,942 10
Mileage of Cars.....	207,665 58	287,607 52
Sleeping and Parlor Car Expenses		42,458 44
Trackage and Switching Charges.	440,612 44	254,984 94
Total Expenses.....	\$17,173,097 79	\$18,866,500 07

RECAPITULATION.

	1890.	1891.	Increase.	Decrease.
Gross Earnings.	\$26,405,708 35	\$27,504,224 49	\$1,098,516 14	.....
Total Expenses.	17,173,097 79	18,366,500 07	1,193,402 28	.....
Net Earnings	\$9,232,610 56	\$9,137,724 42	.....	\$94,886 14

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT.	PASSENGER.	MAILS, EXPRESS, ETC.	GROSS EARNINGS.	OPERATING EXPENSES.	NET EARNINGS.
July, 1890.....	\$1,327,300 20	\$634,854 21	\$186,913 15	\$2,149,067 56	\$1,482,342 18	666,725 38
August, ".....	1,527,816 58	604,982 83	189,889 33	2,322,688 74	1,570,805 62	751,883 12
September, ".....	1,816,005 24	717,524 41	181,098 51	2,714,628 16	1,692,878 53	1,021,749 63
October, ".....	2,143,311 75	594,001 77	168,457 03	2,905,770 55	1,729,779 94	1,175,990 61
November, ".....	1,992,066 44	473,585 34	185,293 95	2,650,985 73	1,593,038 92	1,057,946 81
December, ".....	1,779,529 94	479,757 75	193,992 27	2,453,279 96	1,497,675 99	955,603 97
January, 1891.....	1,328,676 54	434,866 35	182,653 18	1,946,196 07	1,427,280 39	518,915 68
February, ".....	1,308,063 52	388,373 35	182,555 77	1,878,992 64	1,466,396 71	412,595 93
March, ".....	1,499,418 49	456,410 36	176,064 14	2,131,892 99	1,378,795 33	753,097 66
April, ".....	1,442,380 87	482,421 57	180,757 42	2,105,559 86	1,509,415 19	596,144 67
May, ".....	1,445,031 26	468,399 71	184,116 60	2,097,547 57	1,545,093 59	552,453 98
June, ".....	1,402,528 29	542,586 40	202,498 97	2,147,614 66	1,473,997 68	674,616 98
Total.....	\$19,012,159 12	\$6,277,774 05	\$2,214,291 32	\$27,504,224 49	\$18,366,500 07	\$9,137,724 42

EQUIPMENT IN SERVICE JUNE 30th, 1891.

Locomotives.....	801
Passenger Cars.....	352
Sleeping Cars.....	57
Parlor Cars.....	12
Dining Cars.....	9
Baggage, Postal, Mail and Express Cars.....	248
Box Cars.....	17,447
Stock Cars.....	2,340
Flat and Coal Cars.....	4,327
Refrigerator Cars.....	509
Ore Cars.....	126
Log Cars.....	65
Caboose, Wrecking, Tool Cars, etc.....	503

MILEAGE AND REVENUE OF FREIGHT, YEAR ENDING JUNE 30th, 1891.

	EASTWARD.	WESTWARD.	TOTAL.
No. Tons Freight carried.....	5,808,976	4,588,059	10,397,035
No. Tons Freight carried one mile.....	1,138,763,045	756,872,066	1,895,635,111
Total Freight Earnings.....	\$11,848,613 19	\$7,163,545 93	\$19,012,159 12
Rate per Ton per mile, 1891.....	1.040 cents.	.946 cents.	1.003 cents.
Rate per Ton per mile, 1890.....	.995 cents.	.996 cents.	.995 cents.

MILEAGE AND REVENUE OF PASSENGERS, YEAR ENDING JUNE 30th, 1891.

	EASTWARD.	WESTWARD.	TOTAL.
No. Passengers carried.....	4,072,678	3,846,551	7,919,229
No. Passengers carried one mile.....	127,978,200	134,572,900	262,551,100
Total Passenger Earnings.....	\$3,085,912 33	\$3,191,861 72	\$6,277,774 05
Rate per Passenger per mile, 1891.....	2.411 cents.	2.372 cents.	2.391 cents.
Rate per Passenger per mile, 1890.....	2.371 cents.	2.298 cents.	2.333 cents.

STATEMENT OF COMMODITIES TRANSPORTED

DURING THE YEARS ENDING JUNE 30TH, 1890 AND 1891.

COMMODITIES.	1890.		1891.	
	Tons.	Per Cent.	Tons.	Per Cent.
Flour	335,846	3.614	417,006	4.011
Mill Feed	73,721	.793	91,538	.881
Wheat	827,517	8.905	708,162	6.811
Rye	65,612	.706	61,562	.592
Barley	330,183	3.553	426,042	4.098
Oats	308,031	3.315	410,647	3.950
Corn	391,314	4.211	335,822	3.227
Flax Seed	90,339	.972	161,796	1.556
Hay	95,953	1.033	108,479	1.043
Dairy Products	52,571	.566	56,065	.539
Other Agricultural Products ..	103,046	1.109	121,786	1.172
Provisions	223,431	2.404	223,168	2.147
Salt	75,821	.816	63,051	.607
Lime, Cement and Plaster	158,216	1.702	177,260	1.705
Brick and Stone	377,583	4.063	498,693	4.796
Iron and Steel	243,215	2.617	233,230	2.243
Manuf'r and Agricult'l Imp	259,579	2.793	342,869	3.298
Coal	1,007,080	10.837	1,141,555	10.980
Live Stock	643,122	6.921	674,559	6.489
Lumber	1,340,252	14.422	1,824,786	17.551
Merchandise	850,492	9.152	822,240	7.909
Ice			389,190	3.743
Miscellaneous	1,440,068	15.496	1,107,529	10.652
Totals	9,292,992	100.000	10,397,035	100.000

DETAIL OF EQUIPMENT AND IMPROVEMENT EXPENDITURES

FOR THE YEAR ENDING JUNE 30TH, 1891.

Additional Equipment.....	\$1,519,359 12
Real Estate, Chicago.....	30,290 00
Real Estate, Omaha.....	34,492 80
Real Estate, Galewood.....	67,094 95
Real Estate, Kirkland.....	410 00
Real Estate, Milan.....	25 00
Real Estate, Rockton.....	2,479 50
Right-of-Way.....	51,464 84
New Car Shops, Milwaukee.....	41,864 91
Paving Yard, Milwaukee.....	5,008 83
Retaining Wall, St. Paul.....	25,249 72
Water Trough, Wadsworth.....	7,337 18
Coal Chute, Minneapolis.....	4,734 38
Depot, Whitewater.....	7,056 49
Coal Chute, La Crosse.....	5,452 98
Coal Dock, Chicago.....	3,285 33
Rail Mill, Savanna.....	24,893 86
Coal Chute, Savanna.....	6,491 34
Freight House, Sioux City.....	6,081 36
Depot, Dawson.....	1,404 92
Stock Yard, Kirkland.....	4,815 11
Interlocking Signal, Milwaukee.....	3,457 72
Record Room, Chicago.....	1,055 47
Dickens, Depot.....	1,461 67
Depots, Warehouses, Coal Sheds and Water Tanks at sundry points }.....	88,475 42
Iron Bridges and Viaducts, sundry points.....	75,413 14
New Fences.....	60,912 42
New Culverts.....	34,246 81
Yard Improvements, Milwaukee.....	33,509 20
Yard Improvements, Watertown.....	11,532 08
Yard Improvements, Janesville.....	12,556 92
Yard Improvements, Marion.....	12,592 56
Yard Improvements, Tomahawk.....	5,191 91
Yard Improvements, Deering.....	5,213 53
Yard Improvements, Rockton.....	4,945 42
Yard Improvements, Mosinee.....	7,919 41
Yard Improvements, Mont Clare.....	3,473 96
Yard Improvements, Savanna.....	3,907 05
Yard Improvements, sundry points.....	15,103 33
Second Track, Savanna to Mt. Carroll.....	77,729 90
Second Track, Lake to Minerva.....	62,687 07
Second Track, Genoa to Davis Junction.....	187,440 56
Joint Tracks, Omaha.....	12,690 88
Widening Embankments, Raising Grades, Ballasting, Filling and Rip-rapping }.....	250,079 96
New Side Tracks, sundry points.....	117,101 57
Miscellaneous Expenditures.....	287,049 14
 Total.....	 <u>\$3,225,039 72</u>
Less proceeds of sales of Real Estate.....	277,771 25
 Total.....	 <u>\$2,947,268 47</u>

MATERIAL AND FUEL ON HAND.

Coal.....	58,252 Tons,	\$99,068 58
Wood.....	22,148 Cords,	44,187 91
Ties.....	620,404 Number,	226,224 01
New Steel Rails.....	7,422 Tons,	226,045 50
Old Steel Rails.....	10,502 Tons,	246,504 06
Old Iron Rails.....	2,888 Tons,	58,784 85
Oil.....	122,856 Gallons,	17,662 06
Waste.....	108,827 Pounds,	7,650 63
Splices, Bolts and Spikes.....	406,415 Pounds,	10,649 99
Iron (worked and unworked).....	10,441,161 Pounds,	181,298 25
Copper and Brass.....	547,415 Pounds,	59,488 47
Lumber and Timber.....	20,824,774 Feet,	886,762 78
Piles.....	507,619 Feet,	68,781 10
Posts.....	78,804 Number,	9,882 85
Engine and Car Wheels.....	4,495 Number,	81,048 50
Engine and Car Wheels (on axles).....	8,079 Pairs,	68,090 87
Engine and Car Axles.....	514,865 Pounds,	12,274 94
Tires.....	117,785 Pounds,	8,977 10
Steel and Steel Springs.....	691,670 Pounds,	89,718 16
Engine, Car and Road Castings.....	5,598,070 Pounds,	89,487 63
Paints and Oils.....		9,147 88
Stationery Supplies.....		20,275 57
Other Supplies.....		401,828 21
Total June 30th, 1891.....		<u>\$2,318,228 80</u>
Total June 30th, 1890.....		<u>\$2,407,869 56</u>
Decrease.....		<u>\$94,146 26</u>

NOTE—The above includes material valued at \$157,545.90 for new cars and new locomotives now in course of construction.

TRANSPORTATION STATISTICS

FOR THE YEARS ENDING JUNE 30TH, 1890 AND 1891.

	1890.	1891.
Miles run by passenger trains.....	7,131,071	7,300,932
Miles run by freight trains.....	11,655,518	11,866,637
Miles run by mixed trains.....	794,585	817,748
Miles run by revenue trains.....	19,581,174	19,985,317
Miles run by switching trains.....	4,599,181	4,979,318
Miles run by construction and other trains.....	794,277	833,227
Total miles run by trains.....	24,974,632	25,797,862
Number of passengers carried.....	7,505,946	7,919,229
Number of passengers carried one mile.....	256,389,345	262,551,100
Average miles each passenger was carried.....	34.16	33.15
Revenue per passenger per mile.....	2.333 cts.	2.391 cts.
Revenue from passengers per train mile run.....	81.61 cts.	83.64 cts.
Number of tons of freight carried.....	9,292,992	10,397,035
Number of tons of freight carried one mile.....	1,842,789,845	1,895,635,111
Average miles each ton was carried.....	198.30	182.32
Revenue per ton per mile.....	.995 cts.	1.003 cts.
Revenue from freight per train mile run.....	\$1.4967	\$1.5234
Repairs of locomotives per revenue train mile run..	5.86 cts.	5.89 cts.
Repairs of cars " " " " " ..	7.02 cts.	7.60 cts.
Station service " " " " " ..	13.26 cts.	13.76 cts.
Train service " " " " " ..	7.26 cts.	7.28 cts.
Locomotive service " " " " " ..	9.07 cts.	9.20 cts.
Train and station supplies " " " " " ..	2.37 cts.	2.52 cts.
Fuel " " " " " ..	10.20 cts.	10.21 cts.
Oil and waste " " " " " ..	.64 cts.	.72 cts.
All other expenses " " " " " ..	32.02 cts.	34.72 cts.
Total operating expenses " " " " " ..	87.70 cts.	91.90 cts.
Percentage of expenses (including taxes) to earnings	65.04%	66.78%

LAND DEPARTMENT.

On the 1st of July, 1890, the Company owned lands in Iowa, Minnesota and Wisconsin, amounting to.....	66,857.79 acres.
It received during the year.....	6,982.28 "
	<u>78,290.07 acres.</u>
And sold during the year.....	14,130.58 "
Unsold June 30th, 1891.....	<u>59,159.49 acres.</u>
<hr/>	
Estimated value of unsold lands.....	\$166,018 90
Balance due on lands previously sold.....	218,177 48
Total, June 30th, 1891.....	<u>\$879,196 88</u>

STATEMENT OF INCOME ACCOUNT

FOR THE FISCAL YEAR ENDING JUNE 30TH, 1891.

Balance at credit July 1st, 1890.....		\$2,419,514 55
Old Accounts charged off.....	\$27,189 10	
Dividend No. 41, payable October 22d, 1890, from net earnings of fiscal year ending June 30th, 1890; 3½ % on \$21,839,900 pre- ferred stock.....	764,396 50	791,585 60
		<u>\$1,627,928 95</u>
Gross Earnings.....	\$27,504,224 49	
Less Operating Expenses (including taxes).....	18,366,500 07	
Net Earnings.....	9,137,724 42	
Dividend of 4% on 61,578½ shares of Mil. & Northern R. R. Co. stock owned by the Company.....	246,314 00	
Income from other sources.....	172,110 73	
Net Revenue for the year.....		<u>9,556,149 15</u>
Total.....		<u>\$11,184,078 10</u>
✓ Interest accrued during the year on Funded Debt.....	\$7,237,251 61	✓
✓ Interest and Exchange.....	84,217 33	✓
Dividend No. 42, payable April 12th, 1891, from net earnings of fiscal year ending June 30th, 1891; 3¼ % on \$21,935,900 pre- ferred stock.....	767,756 50	8,089,225 44
Balance at credit June 30th, 1891.....		<u><u>\$3,094,852 66</u></u>

Dr. GENERAL ACCOUNT, JUNE 30th, 1891. Cr.

Cost of Road and Equipment.					
Bonds, Stock, etc., of other Companies.....		✓	\$189,624,727 91		
Balances due from Agents, Conductors, etc.....	\$7,337,240 72	✓			
Due from United States Government	256,954 26	✓			
Miscellaneous Accounts.....	276,251 11	✓			
Stock of Material and Fuel on hand.....	2,021,462 62	✓			
Stock of the Company, held in its Treasury	2,313,223 30	✓			
Mortgage Bonds of the Company unsold, held in its Treasury or due from Trustee	4,821 00	✓			
Cash on hand.....	5,692,000 00	✓			
	3,493,766 00	✓	21,395,713 01		
			\$211,020,440 92		
Capital Stock, Preferred.....				\$22,198,900 00	✓
" " Common.....				46,027,261 00	✓
Funded Debt.....					129,797,000 00
Pay Rolls, Vouchers and Accounts				2,786,778 16	
Loans and Bills Payable.....				3,477,228 44	
Dividends Unclaimed.....				30,027 08	
Interest Coupons not presented.....				61,618 16	
Interest accrued, not yet payable.....				3,546,775 42	9,902,427 26
Income Account.....					3,094,852 66
					\$211,020,440 92

CAPITAL STOCK, JUNE 30th, 1891.

Total Preferred Stock at date of last report,		\$21,839,900 00
Issued during the year:		
In exchange for Milwaukee & St. Paul Railway Bonds.....	\$357,000 00	
In exchange for Prairie du Chien Division: Second Mortgage Bonds.....	2,000 00	359,000 00
Total Preferred Stock June 30th, 1891..		\$22,198,900 00
 Total Common Stock at date of last report.		 \$39,868,961 00
Amount issued during the year, for ex- change for, or purchase of, Milwaukee & Northern R. R. Co. Stock		6,158,300 00
Total Common Stock, June 30th, 1891..		\$46,027,261 00
Total Capital Stock, June 30th, 1891....		\$68,226,161 00

FUNDED DEBT, JUNE 30th, 1891.

Total Funded Debt at date of last report, including all liens on purchased roads..		\$125,693,000 00
Issued during the year: General Mort- gage Bonds, as follows:		
For Income Sinking Fund Convertible Bonds canceled	\$80,000 00	✓
For Wisconsin Valley Division Bonds can- celed	25,000 00	✓
For Real Estate Bonds canceled	50,000 00	✓
For expenditures for additional equip- ment January 1st to December 31st, 1890, under provisions of the General Mort- gage	1,174,000 00	
For expenditures for additional property and improvements January 1st to December 31st, 1890, under provisions of the General Mortgage	1,409,000 00	
For expenditures for construction of second main track, January 1st to December 31st, 1890, under provisions of the General Mortgage	390,000 00	
Bonds due from Trustee for purchase of Wisconsin, Pittsville & Superior, Mil- waukee, Dexterville & Northern, and Lisbon, Necedah & Lake Superior Rail- ways, and for additional equipment, real estate and improvements, January 1st to June 30th, 1891, under provisions of the General Mortgage	1,490,000 00	4,618,000 00
		<u>\$130,311,000 00</u>
Redeemed and canceled during the year:		
Income Sinking Fund Convertible Bonds.	\$80,000 00	
Wisconsin Valley Division Bonds	25,000 00	
Real Estate Bonds	50,000 00	
Milwaukee & St. Paul Railway Bonds	357,000 00	
Prairie du Chien Division Second Mort- gage Bonds	2,000 00	514,000 00
Funded Debt, June 30th, 1891		<u>\$129,797,000 00</u>

Of the total amount of bonds outstanding, as stated above, there remain in the treasury, unsold, or due from Trustee, \$5,692,000.

FUNDED DEBT JUNE 30th, 1891.

DESCRIPTION OF BONDS.	DATE OF ISSUE.	TIME.	AMOUNT OUTSTANDING.	INTEREST.			AMOUNT PAID DURING YEAR.
				RATE.	WHEN PAYABLE.	AMOUNT ACCRUED DURING THE YEAR.	
Milwaukee & St. Paul R'y.	1853	1893	\$4,623,000 00	7 per cent.	Jan. and July.	\$332,745 00	\$344,505 00
Iowa & Minnesota Division	1867	1897	3,198,000 00	7 "	"	223,860 00	221,900 00
Prairie du Chien 1st Mortgage	1868	1898	3,674,000 00	8 "	"	293,920 00	295,000 00
Prairie du Chien 2d Mortgage	1868	1898	1,239,000 00	7.3 "	Feb. and Aug.	90,532 17	91,140 50
Chicago & Milwaukee	1873	1903	2,393,000 00	7 "	Jan. and July	167,510 00	167,650 00
St. Paul (or River)	1872	1902	3,283,000 00	7 "	"	229,810 00	228,655 00
St. Paul (or River) Sterling	1872	1902	521,500 00	7 "	"	36,505 00	38,010 00
Iowa & Dakota	1869	1899	541,000 00	7 "	"	37,870 00	37,520 00
Hastings & Dakota	1872	1902	89,000 00	7 "	"	6,230 00	6,230 00
Consolidated	1875	1905	11,486,000 00	7 "	"	803,320 00	803,425 00
Terminal	1884	1914	4,773,000 00	5 "	"	238,650 00	237,675 00
Iowa & Dakota Division Extension	1878	1908	3,505,000 00	7 "	"	245,350 00	245,350 00
Hastings & Dakota Division Extension	1880	1910	5,680,000 00	7 "	"	397,600 00	393,085 00
Hastings & Dakota Division Extension	1880	1910	990,000 00	5 "	"	49,500 00	49,475 00
Southwestern Division	1879	1909	4,000,000 00	6 "	"	240,000 00	238,320 00
La Crosse & Davenport Division	1879	1919	2,500,000 00	5 "	"	125,000 00	124,700 00
Chicago and Pacific	1880	1910	3,000,000 00	5 "	"	180,000 00	180,270 00
Chicago & Pacific Western	1881	1921	25,340,000 00	5 "	"	1,267,000 00	1,260,275 00
Southern Minnesota	1880	1910	7,432,000 00	6 "	"	445,800 00	446,010 00
Mineral Point	1880	1910	2,840,000 00	5 "	"	142,000 00	142,075 00
Dubuque	1880	1920	6,565,000 00	6 "	"	393,360 00	393,390 00
Wisconsin Valley	1880	1920	2,391,000 00	6 "	"	114,300 00	119,940 00
Wisconsin & Minnesota	1881	1921	4,755,000 00	5 "	"	237,750 00	238,775 00
Chicago & Lake Superior	1881	1921	1,360,000 00	5 "	"	68,000 00	67,800 00
Chicago & Missouri River	1886	1926	3,083,000 00	5 "	"	154,150 00	154,400 00
Dakota & Great Southern R'y	1886	1916	2,856,000 00	5 "	"	142,500 00	142,500 00
Fargo & Southern R'y	1883	1924	1,250,000 00	6 "	"	75,000 00	75,000 00
Minnesota Central R. R.	1864	1894	123,000 00	7 "	"	8,610 00	8,610 00
Milwaukee & Western R. R.	1861	1891	215,000 00	7 "	"	14,980 00	14,945 00
Wisconsin Valley R. R.	1879	1909	1,106,500 00	7 "	"	77,455 00	77,455 00
Fargo & Southern R'y, Income	1885	1895	200,000 00	6 "	April and Oct.	12,000 00	11,040 00
Real Estate	1884	1894	225,000 00	5 "	Mar. and Sept.	11,250 00	10,940 00
Income Sinking Fund Convertible	1886	1916	*1,840,000 00	5 "	Jan. and July.	94,000 00	96,040 00
General Mortgage	1889	1989	12,720,000 00	4 "	"	280,000 00	251,426 30
Real Estate (matured and paid)	.....	.....	.....	.....	.....	694 44	1,260 00
Total	.....	.....	\$129,797,000 00	.....	.....	\$7,237,251 61	\$7,214,741 80

*The authorized issue of these bonds is \$5,000,000, of which but \$2,000,000 have been sold.

To the President:—

Herewith are submitted statements of the Operation and Income Accounts of the Milwaukee & Northern Railroad Company for the fiscal year ending June 30th, 1891.

W. N. D. WINNE,
Auditor.

DETAILED STATEMENT
 OF
EARNINGS AND EXPENSES
Milwaukee & Northern Railroad Company

FOR THE YEAR ENDING JUNE 30, 1891.

EARNINGS.

From Freight.....	\$1,204,842 32
From Passengers.....	865,565 62
From Mails, Express, Etc.....	60,538 78
Gross Earnings.....	\$1,680,441 67

EXPENSES.

Repairs of Track.....	\$105,865 14
Renewal of Rails.....	2,873 75
Renewal of Ties.....	25,404 39
Repairs of Bridges.....	21,941 11
Repairs of Fences.....	4,110 35
Repairs of Buildings.....	8,059 03
Repairs of Locomotives.....	56,141 24
Repairs of Cars.....	83,279 93
Repairs of Tools and Machinery.....	5,896 18
Carried forward.....	\$813,071 12

40 MILWAUKEE & NORTHERN RAILROAD COMPANY.

Brought forward.....	\$818,071	12
Management and General Offices.....	54,138	44
Foreign Agency and Advertising.....	22,573	64
Station Service.....	110,751	25
Conductors, Bag'e and Brakemen.....	85,945	41
Engineers, Firemen and Wipers.....	120,540	86
Train and Station Supplies.....	18,862	61
Fuel Consumed.....	135,617	47
Oil and Waste.....	9,270	81
Personal Injuries.....	28,533	26
Damage to Property.....	2,473	14
Loss and Damage of Freight and Baggage....	1,480	97
Legal Expenses.....	3,930	54
Taxes.....	51,492	72
Insurance.....	2,625	59
Miscellaneous Expenses.....	8,082	50
Mileage of Cars.....	17,541	82
Trackage and Switching Charges.....	28,706	94
Total Expenses.....	\$1,010,639	09

RECAPITULATION.

Gross Earnings.....	\$1,630,441	67
Total Expenses.....	1,010,639	09
Net Earnings.....	\$619,802	58

STATEMENT OF INCOME ACCOUNT.

FOR THE FISCAL YEAR ENDING JUNE 30TH, 1891.

Gross Earnings.....	\$1,630,441 67	
Less Operating Expenses (including taxes).....	<u>1,010,639 09</u>	
Net Earnings.....		\$619,802 58
Income from other sources.....		<u>627 80</u>
Net revenue.....		\$620,430 38
Interest accrued during the year on Funded Debt.....	\$369,480 00	
Dividend from net earnings of fiscal year ending June 30th, 1891; 4% on \$6,158,250 of stock.....	246,330 00	615,810 00
Balance.....		<u>\$4,620 38</u>

HARVEY FISK & SONS,
STATISTICAL DEPARTMENT.

NOT TO BE LOANED OR TAKEN FROM OFFICE
TWENTY EIGHTH

ANNUAL REPORT

OF THE

Chicago, Milwaukee & St. Paul

8500
1352

RAILWAY COMPANY,

For the Fiscal Year Ending June 30th, 1892.

1892.

1892.

TWENTY-EIGHTH ANNUAL REPORT

OF THE

Chicago, Milwaukee & St. Paul

RAILWAY COMPANY,

For the Fiscal Year Ending June 30th, 1892.

MILWAUKEE:
CRAMER, AIKENS & CRAMER, PRINTERS.
1892.

DIRECTORS AND OFFICERS

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

DIRECTORS.

PHILIP D. ARMOUR,	CHICAGO.
AUGUST BELMONT,	NEW YORK.
FRANK S. BOND,	"
CHARLES D. DICKEY, JR.,	"
PETER GEDDES,	"
FREDERICK LAYTON,	MILWAUKEE.
JOSEPH MILBANK,	NEW YORK.
ROSWELL MILLER,	CHICAGO.
WILLIAM ROCKEFELLER,	NEW YORK.
SAMUEL SPENCER,	"
A. VAN SANTVOORD,	"
J. HOOD WRIGHT,	"

OFFICERS.

ROSWELL MILLER, President,	CHICAGO.
FRANK S. BOND, Vice-President,	NEW YORK.
E. P. RIPLEY, Third Vice-President,	CHICAGO.
A. J. EARLING, General Manager,	"
W. G. COLLINS, General Superintendent,	"
P. M. MYERS, Secretary,	MILWAUKEE.
J. M. MCKINLAY, Assistant Secretary and Transfer Agent,	NEW YORK.
C. B. FERRY, Assistant Secretary and Transfer Agent,	"
W. S. THORN, JR., Assistant Secretary and Transfer Agent,	"
F. G. RANNEY, Treasurer,	CHICAGO.
JOHN W. CARY, General Counsel,	"
JOHN T. FISH, General Solicitor,	"
W. N. D. WINNE, General Auditor,	"

REPORT
OF THE
BOARD OF DIRECTORS.

THE
 TWENTY-EIGHTH ANNUAL REPORT
 OF THE DIRECTORS OF THE
CHICAGO, MILWAUKEE & ST. PAUL
 RAILWAY COMPANY,
 TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1892.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1892, and of the condition of its property and finances at the close of that year.

The operation for the year shows the following result:

Gross Earnings	\$82,288,508 84
Operating Expenses	20,815,004 50
Net Earnings.....	\$11,468,508 84
Income from other sources	124,989 49
Total	\$11,593,448 88
Fixed charges—interest on bonds	7,161,786 56
Balance above fixed charges.....	\$4,431,706 77

Out of above balance $3\frac{1}{4}\%$ dividend on preferred stock, amounting to \$795,651.50, was declared, payable in April, 1892.

The Company owns and operates 5,721.40 miles of railway, as follows:

Main track owned solely by this Company.....	5,712.07	
Main track owned jointly with other Companies.....	9.88	
Total length of main track.....		5,721.40
Second and third tracks and connection tracks owned solely by this Company.....	110.72	
Second and third tracks and connection tracks owned jointly with other Companies.....	2.82	
Total length of second and third tracks and connections.....		118.54
Tracks owned by other Companies, but used by this Company under agreements.....		62.01
Yard tracks, sidings and spur tracks owned solely by this Company.....	1,175.16	
Yard tracks, sidings and spur tracks owned jointly with other Companies.....	22.09	
Total length of yard tracks, sidings and spur tracks.....		1,197.25
Total miles of track.....		<u>7,094.20</u>

The lines of road are located as follows:

In Illinois	818.08	miles.
" Wisconsin.....	1,874.66	"
" Iowa.....	1,558.27	"
" Minnesota.....	1,120.09	"
" North Dakota.....	118.21	"
" South Dakota.....	1,096.82	"
" Missouri.....	140.27	"
Total length of main track.....	<u>5,721.40</u>	"

DOUBLE TRACK.

Construction of the following sections of second main track has been begun, and will be completed this summer:

Chicago & Milwaukee Division:

Forest Glen to Wadsworth.....	82.7 miles.
Lake to Western Union Junction.....	16.1 "

Chicago & Council Bluffs Division:

Mont Clare to Franklin Park.....	8.5 "
Kittredge to Mt. Carroll.....	11.2 "

Northern Division:

Grand Avenue to North Milwaukee.....	5.0 "
Total.....	68.5 "

COMPARATIVE SUMMARY OF OPERATION.**Gross Earnings.**

1891	\$27,504,224 49		
1892	32,283,508 34	Increase.....	\$4,779,283 85

Operating Expenses.

1891	\$18,366,500 07		
1892	20,815,004 50	Increase.....	\$2,448,504 43

Net Earnings.

1891	\$9,137,724 42		
1892	11,468,503 84	Increase.....	\$2,330,779 42

Tons of Freight Carried.

1891.....	10,397,035		
1892.....	11,568,930	Increase.....	1,171,895

Number of Passengers Carried.

1891.....	7,919,229		
1892.....	8,026,906	Increase.....	107,677

Miles Run by Revenue Trains.

1891.....	19,985,317		
1892.....	22,458,299	Increase.....	2,472,982

Mileage of Loaded Freight Cars.

1891.....	190,973,870		
1892.....	219,965,905	Increase.....	28,992,035

Mileage of Empty Freight Cars.

1891.....	71,481,974		
1892.....	80,978,980	Increase.....	9,497,006

 Cost of Operating Road Per Revenue Train Mile Run.

1891.....	91.90	cts.	
1892.....	92.68	"	Increase..... .78 cts.

Gross Earnings Per Mile of Road.

1891.....	\$4,816	85	
1892.....	5,642	98	Increase..... \$826 13

Operating Expenses Per Mile of Road.

1891.....	\$3,218	55	
1892.....	3,638	35	Increase..... \$421 80

Net Earnings Per Mile of Road.

1891.....	\$1,600	30	
1892.....	2,004	63	Increase..... \$404 33

Average Miles of Road Operated During the Year.

1891.....	5,710		
1892.....	5,721		Increase..... 11

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1865.....	4.11	cts.	1875.....	2.10	cts.	1885.....	1.28	cts.
1866.....	3.76	"	1876.....	2.04	"	1886.....	1.17	"
1867.....	3.94	"	1877.....	2.08	"	1887.....	1.09	"
1868.....	3.49	"	1878.....	1.80	"	1888.....	1.006	"
1869.....	3.10	"	1879.....	1.72	"	1889.....	1.059	"
1870.....	2.82	"	1880.....	1.76	"	1890.....	0.995	"
1871.....	2.54	"	1881.....	1.70	"	1891.....	1.008	"
1872.....	2.48	"	1882.....	1.48	"	1892.....	1.026	"
1873.....	2.50	"	1883.....	1.89	"			
1874.....	2.38	"	1884.....	1.29	"			

Twenty-seven thousand eight hundred and fifty-two tons of steel rails and 1,597,570 cross-ties have been put in the track during the year, and there are now 4,895.06 miles of main track laid with steel and 1,326.34 miles with iron rails.

About two and seven-tenths miles of pile and trestle bridges have been filled with earth, and one hundred and sixty-seven wooden culverts have been replaced with iron, at cost of operating expenses.

The replacement of about three hundred and fifty-three feet of wooden bridges and one hundred and sixty-five feet of embankment, with iron structures, has been completed during the year and other work of this character is in progress.

During the year the following rolling-stock has been purchased:

26 Locomotives.....	\$236,866 59	
100 Ore Cars.....	51,230 22	
2 Coaches.....	9,739 59	
1 Parlor Car.....	9,341 44	
		\$307,177 84

The following rolling-stock has been built at the Company's shops:

100 Refrigerator Cars.....	\$90,170 98	
1,400 Box Cars.....	784,194 06	
350 Stable Stock Cars.....	204,414 67	
8 Baggage, Mail and Express Cars.....	23,916 69	
4 Tenders.....	3,875 00	
		1,106,571 40

There has also been expended during the year, in the Company's shops, for power brakes, automatic couplers, steam-heat and electric-light equipment, and other improvements to rolling-stock, the sum of

153,999.74
\$1,567,748.98

The sum of \$524,598.11 has been charged to operating expenses for the purpose of maintaining car equipment by the replacement of cars worn out, destroyed by wreck, fire, or on foreign roads; and \$280,866.59 for the replacement of 29 old, small locomotives scrapped.

The operation of your Company's lines for the year shows increase of gross earnings, \$4,779,288.85; increase of expenses, \$2,448,504.48, and increase in net earnings, \$2,330,779.42.

The increase in earnings is due to good crops, to the increase in general traffic in consequence of good crops, to the development of the territory and industries along the lines of your Company, and to maintenance of rates in the larger part of the territory.

The principal items of increase in expenses were in maintenance of property and conducting transportation.

Maintenance of track increased \$581,576.54; fences, \$80,-882.80; buildings, \$58,905.14. Maintenance of motive power, machinery and cars increased \$1,096,448.98, being \$785,464.70 for replacement as stated above, and \$810,984.28 for repairs.

Maintenance of bridges decreased \$144,782.99, in consequence of large renewals in previous years.

For conducting transportation there was an increase in expenses as follows: Station service, \$100,885.99; train service, \$188,801.72; locomotive service, \$187,981.75; train and station supplies, \$65,688.05; fuel, oil and waste, \$266,849.81—a total of \$704,556.82.

The payments of this Company for labor directly employed in its service during the past year were \$18,257,797.99, and for material and supplies \$7,598,471.11.

Since the termination of the Pullman contract, the past year was the first full year of operation by this Company of its sleeping car lines. The gross earnings were \$196,066.82, operating expenses \$82,546.52, and net earnings \$113,519.80.

The investment of this Company in its sleeping cars stands on its books at \$678,965.18 for 52 cars. It will appear, therefore, that the net earnings are sufficient to pay for the new cars required each year to replace old cars, and pay a fair return on the investment. The result is specially gratifying, because it has not been obtained by impairing the service, which has been satisfactory to the public.

The net earnings of the Milwaukee & Northern Railroad Company, for the fiscal year ending June 30th, 1892, were \$642,904.18, against \$819,802.58 for the last fiscal year, an increase of \$28,101.55. No dividend has been declared on its stock (which is owned by the Chicago, Milwaukee & St. Paul Railway Company) pending the decision of the question of combining the two properties, which may make it desirable to use the net earnings of the year in payment of the improvement account for the past two years.

The Milwaukee & Northern Railroad Company has commenced the construction of a line of road about forty-five miles in length, from Channing, on its main line, to Sidnaw, the terminus

of its Ontonagon Line. It is expected that this will be completed this season, and close the gap which has heretofore existed between those points.

The Board have to place upon record a minute of the death, on the second day of June, 1892, of Hugh T. Dickey, a member of the Board.

He was first elected a Director of this Company on the 7th of June, 1879, and from that date served continuously as a Director and as a Member of the Executive Committee to the time of his death. He was faithful, earnest and devoted in the discharge of his duties as a Director, and his advice and counsel in regard to the management and business of the Company were always highly appreciated by his associates. In his intercourse with the other members of the Board he was always kind and considerate. We deeply deplore his loss, and regret that we shall hereafter be deprived of his wise counsel.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors,

ROSWELL MILLER,

President.

AUGUST, 1892.

To the President:—

Herewith are submitted Statements of Operation and of the General Accounts for the fiscal year ending June 30th, 1892.

W. N. D. WINNE,
General Auditor.

DETAILED STATEMENT

OF

EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30, 1891 AND 1892.

EARNINGS.

	1891.	1892.
From Freight.....	\$19,012,159 12	\$28,241,420 76
From Passengers.....	6,277,774 05	6,689,186 75
From Mails, Express, etc.....	2,214,291 82	2,402,950 88
Gross Earnings.....	\$27,504,224 49	\$37,333,558 39

EXPENSES.

	1891.	1892.
✓ Repairs of Track	\$1,517,824 90	\$1,756,214 62
✓ Renewal of Rails.....	457,657 02	744,556 46
✓ Renewal of Ties	888,189 88	888,977 21
✓ Repairs of Bridges.....	682,680 55	587,897 56
✓ Repairs of Fences	60,461 17	91,298 47 4
✓ Repairs of Buildings.....	212,669 81	266,574 95 235,514 27
Repairs of Locomotives.....	1,177,122 26	1,597,876 66
Repairs of Cars.....	1,519,928 02	2,184,082 05
Repairs of Tools and Machinery	90,879 02	102,964 57
Carried forward.....	\$6,551,907 58	\$8,119,887 55 2,884,373.28

	1891.	1892.
Brought forward.....	\$6,551,907 58	\$8,119,887 55
Management and General Offices	587,180 92	600,690 21 ✓
Foreign Agency and Advertising	192,195 72	189,872 40 ✓
Station Service.....	2,750,056 79	2,850,892 78
Conductors, Bag'ge and Brakemen	1,455,192 01	1,588,998 78
Engineers, Firemen and Wipers	1,889,459 51	1,977,891 26
Train and Station Supplies....	508,088 86	568,726 91
Fuel Consumed.....	2,040,290 97	2,284,281 28
Oil and Waste.....	148,159 20	165,518 20
Personal Injuries.....	204,648 24	207,628 17 ✓
Damage to Property.....	88,610 28	78,281 82
Loss and Damage of Fr't and B'ge	68,498 57	102,752 54
Legal Expenses.....	124,985 07	182,767 18 ✓
New York Office Expenses	27,448 29	26,097 88 ✓
Taxes	857,906 58	988,147 64
Insurance.....	57,518 89	65,999 91 ✓
Miscellaneous Expenses.....	242,214 69	246,158 81 ✓
Stock Yard Expenses.....	14,255 50	14,718 76 ✓
Expenses of Elevators.....	42,942 10	47,085 56 ✓
Mileage of Cars.....	287,607 52	221,568 78 ✓
Sleeping and Parlor Car Expenses	42,456 44	92,218 08
Trackage and Switching Charges	254,984 94	805,891 65
Total Expenses.....	<u>\$18,866,500 07</u>	<u>\$20,815,004 50</u>

RECAPITULATION.

	1891.	1892.	Increase.
Gross Earnings.....	\$27,504,224 49	\$32,283,508 34	\$4,779,283 85
Total Expenses.....	18,866,500 07	20,815,004 50	2,448,504 43
Net Earnings.....	<u>\$9,137,724 42</u>	<u>\$11,468,503 84</u>	<u>\$2,330,779 42</u>

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT.	PASSENGER.	MAILS, EXPRESS, ETC.	GROSS EARNINGS.	OPERATING EXPENSES.	NET EARNINGS.
July, 1891.....	\$1,447,377 68	\$657,557 99	\$204,616 21	\$2,309,551 88	\$1,584,240 33	\$725,311 55
August, "	1,562,623 92	609,755 03	194,627 17	2,367,006 12	1,712,111 86	654,894 27
September, "	2,207,999 26	685,505 99	200,103 75	3,093,609 00	1,763,732 43	1,329,876 57
October, "	2,669,357 49	588,192 45	219,106 11	3,476,656 05	1,904,632 00	1,572,024 05
November, "	2,532,807 80	484,119 02	197,235 19	3,214,162 01	1,809,867 13	1,404,294 88
December, "	2,339,578 94	540,860 92	211,610 20	3,092,050 06	1,719,551 88	1,372,498 18
January, 1892.....	1,750,659 52	476,736 81	193,530 89	2,420,917 22	1,741,395 17	679,522 05
February, "	1,671,979 14	441,995 12	190,128 30	2,304,102 56	1,720,179 27	583,923 29
March, "	1,987,539 08	560,681 70	192,819 71	2,741,040 49	1,667,035 10	1,074,005 39
April, "	1,719,536 34	512,671 78	195,808 03	2,428,016 15	1,730,220 88	697,795 27
May, "	1,576,569 48	476,069 30	198,979 86	2,251,618 64	1,678,128 41	573,490 23
June, "	1,775,392 11	604,990 64	204,395 41	2,584,778 16	1,763,910 05	800,868 11
Total.....	\$23,241,420 76	\$6,639,136 75	\$2,402,950 83	\$32,283,508 34	\$20,815,004 50	\$11,468,503 84

EQUIPMENT IN SERVICE JUNE 30th, 1892.

STANDARD GAUGE.

Locomotives.....	791
Passenger Cars.....	354
Sleeping Cars.....	52
Parlor Cars.....	13
Dining Cars.....	8
Baggage, Postal, Mail and Express Cars.....	248
Box Cars.....	18,037
Stock Cars.....	2,442
Flat, Coal and Dump Cars.....	4,018
Refrigerator Beer Cars.....	158
Refrigerator Cars.....	392
Ore Cars.....	225
Log Cars.....	65
Caboose Cars.....	426
Wrecking, Tool Cars, etc.....	61

NARROW GAUGE.

Locomotives.....	7
Passenger Cars.....	3
Baggage, Mail and Express Cars.....	6
Box Cars.....	204
Stock Cars.....	54
Flat Cars.....	50
Caboose Cars.....	6

Operating expenses for the year have been charged with \$136,670.00 being the sum needed to replace rolling stock worn out and destroyed and not yet actually replaced, viz.: three locomotives, ten cabooses and two hundred and fifty-seven flat and dump cars, of the standard gauge, and nine box cars, nine stock cars and two flat cars, of narrow gauge.

STATEMENT OF COMMODITIES TRANSPORTED

DURING THE YEARS ENDING JUNE 30TH, 1891 AND 1892.

COMMODITIES.	1891.		1892.	
	Tons.	Per Cent.	Tons.	Per Cent.
Flour.....	417,006	4.011	485,350	4.195
Mill Feed.....	91,538	.881	106,540	.921
Wheat.....	708,162	6.811	1,219,383	10.540
Rye.....	61,562	.592	83,675	.723
Barley.....	428,042	4.098	587,743	5.081
Oats.....	410,647	3.950	400,382	3.461
Corn.....	335,822	3.227	301,695	2.608
Flax Seed.....	161,796	1.556	234,890	2.030
Hay.....	108,479	1.043	131,793	1.139
Dairy Products.....	56,065	.539	53,654	.464
Other Agricultural Products..	121,786	1.172	117,778	1.018
Provisions.....	223,168	2.147	229,966	1.988
Salt.....	63,051	.607	60,221	.520
Lime, Cement and Plaster....	177,280	1.705	215,967	1.867
Brick and Stone.....	498,693	4.796	482,093	4.167
Iron and Steel.....	233,230	2.243	267,655	2.314
Manufactures.....	342,869	3.298	457,469	3.954
Coal.....	1,141,555	10.980	1,367,646	11.822
Live Stock.....	674,559	6.489	654,412	5.657
Lumber.....	1,824,786	17.551	1,894,191	16.373
Merchandise.....	822,240	7.909	841,341	7.272
Ice.....	389,190	3.743	252,774	2.185
Miscellaneous.....	1,107,529	10.652	1,122,312	9.701
Totals.....	10,397,035	100.000	11,568,930	100.000

DETAIL OF EQUIPMENT AND IMPROVEMENT EXPENDITURES

FOR THE YEAR ENDING JUNE 30th, 1892.

Additional Equipment.....		\$918,954 28 ✓
Real Estate—		
Pacific Junction, Ill.....	\$14,523 00	
Galewood, Ill., Yard.....	27,748 05	
Chicago, Ill.....	12,500 00	
Omaha, Neb.....	14,856 71	
Council Bluffs, Ia.....	500 00	
Hartland, Wis.....	3,912 50	
Right-of-Way.....	34,343 52	108,383 78 ✓
Buildings—		
Milwaukee, Wis., Car Shops.....	\$26,677 41	
Milwaukee, Wis., Shops, Humboldt Ave....	2,707 01	
Dubuque, Ia., Shops.....	2,652 00	
Chicago, Ill., Boiler House, Western Ave..	2,618 18	
Austin, Minn., Turn Table.....	1,353 22	
Milbank, So. Dak., Turn Table.....	1,138 53	
Mystic, Ia., Turn Table.....	932 91	
Sioux City, Ia., Track Scale.....	1,012 20	
Chicago, Ill., Depot, Michigan Street.....	1,073 76	
Cylinder, Ia., Depot.....	1,063 25	
Volga, Ia., Coal House.....	984 91	
Milwaukee, Wis., Traveling Hoist.....	1,134 42	
Sundry points.....	38,708 52	82,056 32
Chicago, Ill., Street Improvements.....		11,272 86
Iron Bridges and Viaducts, sundry points...		41,433 20 ✓
New Fences.....		15,047 35
New Culverts.....		2,091 93
Yard Improvements—		
Milwaukee, Wis.....	\$29,186 32	
Milwaukee, Wis., Paving.....	5,526 39	
St. Paul, Minn., Retaining Wall.....	7,076 75	
Mosinee, Wis.....	18,001 90	
Wabasha, Minn.....	3,795 71	
Delmar Junction, Ia.....	7,907 09	
Pickering, Ia.....	1,992 02	
Tomahawk, Wis.....	1,324 80	
Cragin, Ill.....	2,264 54	
Chicago, Ill.....	14,685 01	91,760 53
Second Track—		
Milwaukee to Lake.....	\$ 2,438 17	
Genoa to Davis Junction.....	10,889 35	
Savanna to Mt. Carroll.....	4,175 79	
Lake to Western Union Junction.....	29,269 47	
Forest Glen to Wadsworth.....	15,459 24	
Mont Clare to Franklin Park.....	6,360 69	
Kittredge to Mt. Carroll.....	24,620 12	
Grand Avenue to North Milwaukee.....	8,003 44	101,216 27 ✓
Widening Embankments, Raising Grades, } Ballasting, Filling and Rip-rapping, }		215,692 09 ✓
New Side Tracks, sundry points.....		30,220 57
Miscellaneous Expenditures.....		22,958 93
Total.....		\$1,641,138 11

MATERIAL AND FUEL ON HAND.

Coal.....	40,298 Tons,	\$82,286 54
Wood.....	17,089 Cords,	27,562 88
Ties.....	716,677 Number,	258,862 88
New Steel Rails.....	5,199 Tons,	160,861 10
Old Steel Rails.....	7,548 Tons,	168,611 12
Old Iron Rails.....	7,988 Tons,	158,282 85
Oil.....	72,418 Gallons,	15,404 62
Waste.....	117,662 Pounds,	7,976 62
Splices, Bolts and Spikes.....	169,988 Pounds,	4,167 57
Iron (worked and unworked)...	10,844,175 Pounds,	182,792 58
Copper and Brass.....	488,878 Pounds,	89,440 81
Lumber and Timber.....	18,564,427 Feet,	820,174 92
Piles.....	856,014 Feet,	44,928 28
Posts.....	58,874 Number,	5,688 57
Engine and Car Wheels.....	4,500 Number,	29,907 85
Engine and Car Wheels (on axles)	2,955 Pairs,	66,256 22
Engine and Car Axles.....	787,871 Pounds,	17,068 26
Tires.....	149,908 Pounds,	9,258 94
Steel and Steel Springs.....	582,186 Pounds,	84,085 75
Engine, Car and Road Castings.	6,082,158 Pounds,	98,664 44
Paints and Oils.....		6,158 89
Stationery Supplies.....		17,515 41
Other Supplies.....		649,661 18
Total June 30th, 1892.....		<u>\$2,885,001 68</u>
Total June 30th, 1891.....		<u>\$2,818,228 80</u>
Increase.....		<u>\$71,778 88</u>

TRANSPORTATION STATISTICS.

FOR THE YEARS ENDING JUNE 30TH, 1891 AND 1892.

	1891.	1892.
Miles run by passenger trains.....	7,300,932	7,405,805
Miles run by freight trains.....	11,866,637	14,172,436
Miles run by mixed trains.....	817,748	880,058
Miles run by revenue trains.....	19,985,317	22,458,299
Miles run by switching trains.....	4,979,318	5,065,468
Miles run by construction and other trains.....	833,227	733,924
Total miles run by trains.....	<u>25,797,862</u>	<u>28,257,689</u>
Number of passengers carried.....	7,919,229	8,026,906
Number of passengers carried one mile.....	262,551,100	270,817,683
Average miles each passenger was carried.....	33.15	33.74
Revenue per passenger per mile.....	2.391 cts.	2.452 cts.
Revenue from passengers per train mile run.....	83.64 cts.	87.06 cts.
Number of tons of freight carried.....	10,397,035	11,568,930
Number of tons of freight carried one mile.....	1,895,635,111	2,265,933,468
Number of tons of freight carried per loaded car.....	9.93	10.30
Average miles each ton was carried.....	182.32	195.87
Revenue per ton per mile.....	1.003 cts.	1.026 cts.
Revenue from freight per train mile run.....	\$1.5234	\$1.5669
Repairs of locomotives per revenue train mile run..	5.89 cts.	7.11 cts.
Repairs of cars " " " " " ..	7.60 cts.	9.73 cts.
Station service " " " " " ..	13.76 cts.	12.69 cts.
Train service " " " " " ..	7.28 cts.	7.08 cts.
Locomotive service " " " " " ..	9.20 cts.	8.80 cts.
Train and station supplies " " " " " ..	2.52 cts.	2.53 cts.
Fuel " " " " " ..	10.21 cts.	10.17 cts.
Oil and waste " " " " " ..	.72 cts.	.74 cts.
All other expenses " " " " " ..	34.72 cts.	33.83 cts.
Total operating expenses " " " " " ..	91.90 cts.	92.68 cts.
Percentage of expenses (including taxes) to earnings..	66.78%	64.48%

LAND DEPARTMENT.

On the 1st of July, 1891, the Company owned lands in Iowa, Minnesota and Wisconsin amounting to.....	59,159.49 acres.
It received during the year.....	4,244.69 "
	<hr/> 68,404.18 acres.
And sold during the year.....	58,882.57 "
Unsold June 30th, 1892.....	4,521.61 acres.
	<hr/>
Estimated value of unsold lands	\$22,608 05
Balance due on lands previously sold.....	125,022 20
	<hr/> \$147,680 25

STATEMENT OF INCOME ACCOUNT

FOR THE FISCAL YEAR ENDING JUNE 30TH, 1892.

Balance at credit July 1st, 1891		\$3,094,852 66	—
Old Accounts charged off	\$84,737 63		
Dividend No. 43, payable October 22d, 1891, from net earnings of fiscal year ending June 30th, 1891 3½% on \$22,198,900 pre- ferred stock	776,961 50	861,699 13	
		\$2,233,153 53	—
Gross Earnings	\$32,283,508 34		
Less Operating Expenses (including taxes)	20,815,004 50		10,881,852.86
Net Earnings	\$11,468,503 84		
Income from other sources	237,353 61		
Net Revenue for the year		11,705,857 45	
Total		\$13,939,010 98	
Interest accrued during the year on funded debt	\$7,161,796 56		
Interest and Exchange	112,414 12		
Dividend No. 44, payable April 19th, 1892, from net earnings of fiscal year ending June 30th, 1892; 3½% on \$22,732,900 pre- ferred stock	795,651 50	8,069,802 18	
Balance at credit June 30th, 1892		\$5,869,206 80	—

GENERAL ACCOUNT, JUNE 30th, 1892.		Cr.	
Dr. Cost of Road and Equipment. Bonds, Stock etc., of other Companies..... Balance due from Agents, Conductors, etc..... Due from United States Gov- ernment..... Stock of Material and Fuel on hand..... Stock of the Company, held in its Treasury..... Mortgage Bonds of the Com- pany unsold, held in its Treasury or due from Trustee Cash on hand.....	\$191,544,852 57 7,419,240 72 232,971 68 256,159 94 2,385,001 63 4,770 00 5,986,000 00 4,043,530 96	Capital Stock, Preferred..... " " Common..... Funded Debt..... Pay Rolls, Vouchers and Ac- counts..... Miscellaneous Accounts..... Dividends Unclaimed..... Interest Coupons not pre- sented..... Interest accrued, not yet pay- able..... Income Account.....	\$24,364,900 00 46,027,261 00 2,792,549 27 131,631 94 27,265 58 58,353 16 3,486,338 75 6,426,157 70 5,869,208 80 \$211,882,527 50
10 5 2 3 4 5 7 6 8 12,918,434 21			
			\$211,882,527 50

CAPITAL STOCK JUNE 30th, 1892.

PREFERRED STOCK.

Amount of Preferred Stock June 30th, 1891,		\$22,198,900 00
Issued during the year in exchange for Bonds convertible into Preferred Stock by terms of mortgage, viz.:		
For 2088 Bonds, Milwaukee & St. Paul B'y Co.	\$2,088,000 00	✓
For 4 Bonds, Prairie du Chien Division:		
Second Mortgage.....	4,000 00	✓
For 72 Bonds, Iowa & Minnesota Division.	72,000 00	✓
For 1 Bond, Iowa & Dakota Division.....	1,000 00	✓
For 1 Bond, Consolidated Mortgage.....	1,000 00	✓
		<u>2,166,000 00</u>
Total Preferred Stock June 30th, 1892...		<u>\$24,364,900 00</u>

COMMON STOCK.

Amount of Common Stock June 30th, 1891.	\$46,027,261 00
Total Common Stock June 30th, 1892 ...	46,027,261 00
Total Capital Stock June 30th, 1892.....	<u>\$70,392,161 00</u>

FUNDED DEBT, JUNE 30th, 1892.

Total Funded Debt at date of last report, including all liens on purchased roads..		\$129,797,000 00
Issued during the year: General Mortgage Bonds, as follows:		
For Milwaukee & Western Railroad Bonds, canceled.....		215,000 00
For balance of expenditures for purchase of road, and for additional equipment, real estate and improvements, January 1st to June 30th, 1891, under provisions of the General Mortgage...		14,000 00
Bonds due from Trustee for additional equipment, real estate and improvements, July 1st, 1891, to June 30th, 1892, under provisions of the General Mortgage.....		1,680,000 00
		<u>\$131,706,000 00</u>
Redeemed and canceled during the year:		
Income Sinking Fund Convertible Bonds.	\$80,000 00	
Wisconsin Valley Division Bonds.....	25,000 00	
Terminal Bonds.....	25,000 00	
Milwaukee & St. Paul Railway Bonds...	2,088,000 00	✓
Prairie du Chien Division Second Mortgage Bonds.....	4,000 00	✓
Consolidated Mortgage Bonds.....	1,000 00	✓
Iowa & Minnesota Division Bonds.....	72,000 00	✓
Iowa & Dakota Division Bonds.....	1,000 00	✓
Milwaukee & Western Railroad Bonds..	215,000 00	•
		<u>2,511,000 00</u>
Funded Debt, June 30th, 1892.....		<u>\$129,195,000 00</u>

Of the total amount of bonds outstanding, as stated above, there remain in the treasury, unsold, or due from Trustee, \$5,996,000.

FUNDED DEBT, JUNE 30th, 1892.

DESCRIPTION OF BONDS.	TIME.		AMOUNT OUTSTANDING.	RATE.	WHEN PAYABLE.	INTEREST.	
	DATE OF ISSUE.	WHEN DUE.				AMOUNT ACCRUED DURING THE YEAR.	AMOUNT PAID DURING YEAR.
a Milwaukee & St. Paul R'y.....	1863	1893	\$2,535,000 00	7 per cent.	Jan. and July.	\$221,655 00	\$304,955 00
a Iowa & Minnesota Division.....	1867	1897	3,126,000 00	7 "	" "	221,025 00	225,820 00
a Prairie du Chien " 1st Mortgage	1868	1898	3,674,000 00	8 "	Feb. and Aug.	293,920 00	283,400 00
a Prairie du Chien " 2d Mortgage	1868	1898	1,235,000 00	7.3 "	" "	90,325 33	89,680 50
a Chicago & Milwaukee ".....	1873	1903	2,393,000 00	7 "	Jan. and July.	167,510 00	167,720 00
a St. Paul (or River) ".....	1872	1902	3,305,000 00	7 "	" "	231,350 00	231,000 00
a St. Paul (or River) " Sterling.	1872	1902	499,500 00	7 "	" "	34,965 00	34,737 50
a Iowa & Dakota ".....	1869	1899	540,000 00	7 "	" "	37,835 00	38,255 00
a Hastings & Dakota ".....	1872	1902	89,000 00	7 "	" "	6,230 00	6,195 00
a Consolidated.....	1874	1904	186,000 00	7 "	" "	13,020 00	13,020 00
a Terminal.....	1875	1905	11,299,000 00	7 "	" "	790,265 00	790,195 00
a Iowa & Dakota Division Extension.	1884	1914	4,748,000 00	5 "	" "	237,400 00	240,325 00
a Hastings & Dakota Div. Extension.	1878	1908	3,605,000 00	7 "	" "	245,350 00	244,930 00
a Hastings & Dakota Div. Extension.	1880	1910	5,680,000 00	7 "	" "	397,600 00	402,150 00
a Southwestern Division.....	1880	1910	990,000 00	5 "	" "	49,500 00	49,525 00
a La Crosse & Davenport Division.....	1879	1909	4,000,000 00	6 "	" "	240,000 00	241,170 00
a Chicago & Pacific.....	1880	1910	2,500,000 00	5 "	" "	125,000 00	125,175 00
a Chicago & Pacific Western ".....	1881	1921	3,000,000 00	6 "	" "	180,000 00	179,760 00
a Southern Minnesota.....	1880	1910	25,340,000 00	5 "	" "	1,267,000 00	1,272,350 00
a Mineral Point.....	1880	1910	7,432,000 00	6 "	" "	445,800 00	446,850 00
a Dubuque.....	1880	1910	2,840,000 00	5 "	" "	142,000 00	142,175 00
a Wisconsin Valley.....	1880	1920	6,565,000 00	6 "	" "	393,360 00	391,770 00
a Wisconsin & Minnesota.....	1880	1920	2,366,000 00	6 "	" "	119,040 00	107,910 00
a Chicago & Lake Superior.....	1881	1921	4,755,000 00	5 "	" "	237,760 00	237,825 00
a Chicago & Missouri River.....	1886	1926	1,360,000 00	5 "	" "	68,000 00	68,100 00
a Dakota & Great Southern R'y.....	1886	1916	3,083,000 00	5 "	" "	154,150 00	154,175 00
a Fargo & Southern R'y.....	1886	1916	2,856,000 00	5 "	" "	142,500 00	142,450 00
a Fargo & Southern R'y.....	1883	1924	1,250,000 00	6 "	" "	75,000 00	75,000 00
a Minnesota Central R. R.....	1864	1894	123,000 00	7 "	" "	8,610 00	8,400 00
a Wisconsin Valley R. R.....	1879	1909	1,106,500 00	7 "	" "	77,455 00	77,455 00
a Fargo & Southern R'y, Income.....	1885	1895	200,000 00	6 "	April and Oct.	12,000 00	11,010 00
a Real Estate.....	1884	1894	225,000 00	5 "	Mar. and Sept.	11,250 00	11,300 00
a Income Sinking Fund Convertible.....	1886	1916	1,760,000 00	5 "	Jan. and July.	90,000 00	92,000 00
a General Mortgage.....	1889	1889	14,629,000 00	4 "	" "	384,871 23	301,131 23
a Ml. & Western R. R. (matured & paid)							7,625 00
Total.....			\$129,195,000 00			\$7,161,736 56	\$7,225,439 23

a Bonds thus designated are convertible into Preferred Stock at any time within ten (10) days after a Dividend becomes payable on said Preferred Stock.
 b Bonds thus designated are convertible into Preferred Stock at any time within fifteen (15) days after a Dividend becomes payable on said Preferred Stock.
 c Bonds thus designated are exchangeable for Common Stock at any time within sixty (60) days after any Dividend becomes payable on the stock of the company. The authorized issue of these bonds is \$6,000,000, of which but \$2,000,000 have been sold.
 d Bonds thus designated are payable, principal and interest, in gold, at the office of the company, in the City of New York.

To the President:

Herewith are submitted statements of the Operation and
Income Accounts of the Milwaukee & Northern Railroad Com-
pany for the fiscal year ending June 30th, 1892.

W. N. D. WINNE,
Auditor.

DETAILED STATEMENT
 OF
EARNINGS AND EXPENSES
Milwaukee & Northern Railroad Company

FOR THE YEAR ENDING JUNE 30, 1892.

EARNINGS.

From Freight.....	\$1,818,448 61
From Passengers.....	882,298 85
From Mails, Express, Etc.....	64,619 92
	\$1,765,366 88

EXPENSES.

Repairs of Track	\$99,676 77	
Renewal of Rails	887 46	
Renewal of Ties.....	48,248 82	
Repairs of Bridges.....	65,046 66	
Repairs of Fences	<u>1,645 69</u>	210.449
Repairs of Buildings.....	10,892 79	
Repairs of Locomotives.....	62,276 86	
Repairs of Cars.....	74,064 15	
Repairs of Tools and Machinery.....	5,974 28	
	\$868,657 98	152.20

MILWAUKEE & NORTHERN RAILROAD COMPANY. 81

Brought forward.....	\$868,657 98
Management and General Offices.....	50,468 44
Foreign Agency and Advertising.....	24,558 64
Station Service.....	111,998 26
Conductors, Bag'e and Brakemen.....	91,560 97
Engineers, Firemen and Wipers.....	120,658 48
Train and Station Supplies.....	18,811 62
Fuel Consumed.....	148,776 48
Oil and Waste.....	9,175 84
Personal Injuries.....	12,400 08
Damage to Property.....	10,746 28
Loss and Damage of Freight and Baggage....	5,181 26
Legal Expenses.....	5,979 12
Taxes.....	61,210 74
Insurance.....	8,906 57
Miscellaneous Expenses.....	8,549 91
Mileage of Cars.....	46,782 68
Trackage and Switching Charges.....	27,447 82
Mileage of Locomotives.....	6,097 18
Total Expenses.....	<u>\$1,122,462 75</u>

RECAPITULATION.

Gross Earnings.....	\$1,765,866 88
Total Expenses.....	<u>1,122,462 75</u>
Net Earnings.....	<u>\$642,904 18</u>

STATEMENT OF INCOME ACCOUNT.

FOR THE FISCAL YEAR ENDING JUNE 30TH, 1892.

Gross Earnings.....		\$1,765,368 88
Less Operating Expenses (including taxes).....		1,122,462 75
Net Earnings.....		<u>\$642,904 13</u>
Interest accrued during the year on Funded Debt.....	\$369,480 00	
Interest and Exchange.....	198 55	369,678 55
Balance.....		<u><u>\$273,225 58</u></u>

PROPERTY OF
1893
HARVEY FISK & SONS,
STATISTICAL DEPARTMENT,
NOT TO BE LOANED OR TAKEN FROM OFFICE

TWENTY-NINTH

ANNUAL REPORT

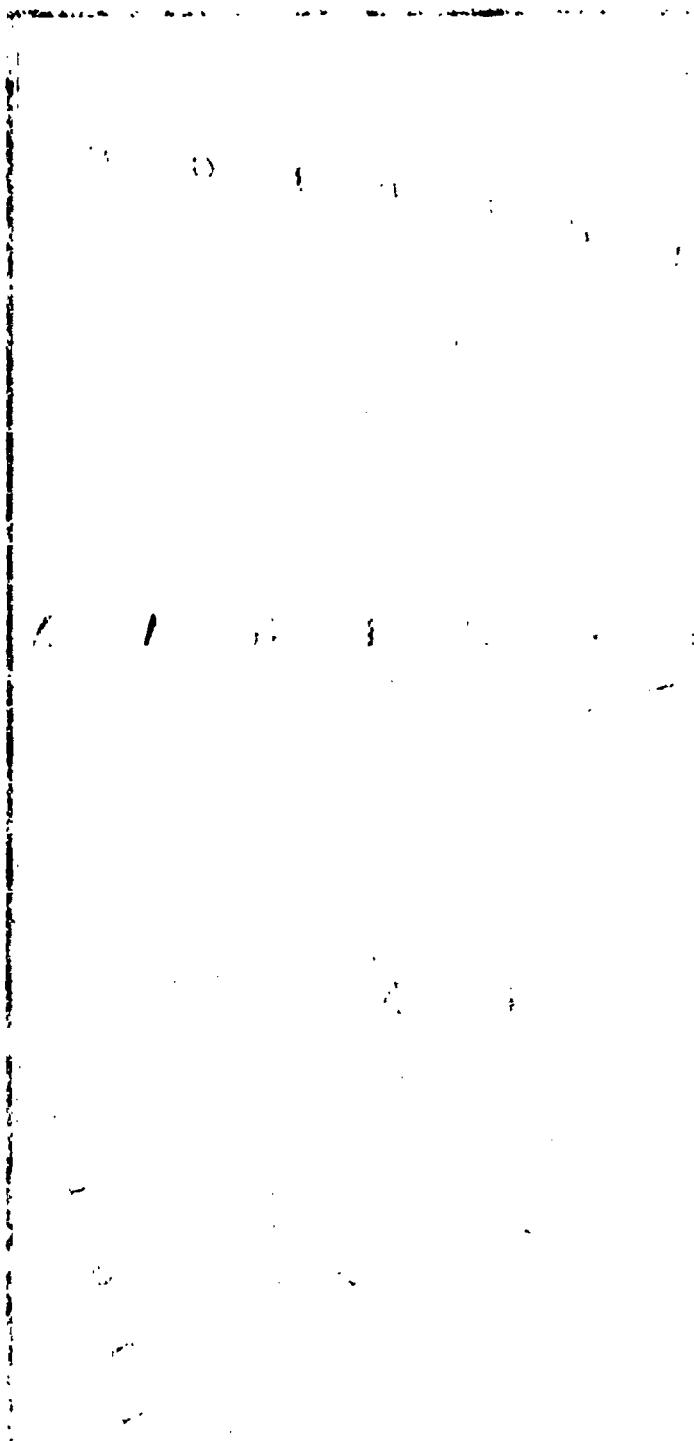
OF THE

Chicago, Milwaukee & St. Paul

RAILWAY COMPANY,

Map

For the Fiscal Year Ending June 30th, 1893.



1893.

TWENTY-NINTH ANNUAL REPORT

OF THE

Chicago, Milwaukee & St. Paul

RAILWAY COMPANY,

For the Fiscal Year Ending June 30th, 1893.

MILWAUKEE :
THE EVENING WISCONSIN COMPANY, PRINTERS.
1893.

DIRECTORS AND OFFICERS

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

DIRECTORS.

PHILIP D. ARMOUR,	- - - - -	CHICAGO.
AUGUST BELMONT,	- - - - -	NEW YORK.
FRANK S. BOND,	- - - - -	NEW YORK.
CHARLES D. DICKEY, JR.,	- - - - -	NEW YORK.
PETER GEDDES,	- - - - -	NEW YORK.
FREDERICK LAYTON,	- - - - -	MILWAUKEE.
JOSEPH MILBANK,	- - - - -	NEW YORK.
ROSWELL MILLER,	- - - - -	CHICAGO.
J. M. MCKINLAY,	- - - - -	NEW YORK.
WILLIAM ROCKEFELLER,	- - - - -	NEW YORK.
SAMUEL SPENCER,	- - - - -	NEW YORK.
A. VAN SANTVOORD,	- - - - -	NEW YORK.
J. HOOD WRIGHT,	- - - - -	NEW YORK.

OFFICERS.

ROSWELL MILLER,	- President,	- - - - -	CHICAGO.
FRANK S. BOND,	- Vice-President,	- - - - -	NEW YORK.
E. P. RIPLEY,	- Third Vice-President,	- - - - -	CHICAGO.
A. J. EARLING,	- General Manager,	- - - - -	CHICAGO.
W. G. COLLINS,	- General Superintendent,	- - - - -	CHICAGO.
P. M. MYERS,	- Secretary,	- - - - -	MILWAUKEE.
J. M. MCKINLAY,	- Assistant Secretary and Transfer Agent,	- - - - -	NEW YORK.
C. B. FERRY,	- Assistant Secretary and Transfer Agent,	- - - - -	NEW YORK.
H. C. WESTON,	- Assistant Secretary and Transfer Agent,	- - - - -	NEW YORK.
F. G. RANNEY,	- Treasurer,	- - - - -	CHICAGO.
JOHN W. CARY,	- General Counsel,	- - - - -	CHICAGO.
JOHN T. FISH,	- General Solicitor,	- - - - -	CHICAGO.
W. N. D. WINNE,	- General Auditor,	- - - - -	CHICAGO.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
TWENTY-NINTH ANNUAL REPORT
 OF THE DIRECTORS OF THE
CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY,
 TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1893.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1893, and of the condition of its property and finances at the close of that year.

The operation for the year shows the following result:

Gross Earnings.....	\$33,975,054	71
Operating Expenses.....	22,488,107	83
Net Earnings.....	<u>\$11,486,946</u>	<u>88</u>
Income from other sources.....	\$122,139	92
Less Interest and exchange.....	21,470	32
Total.....	<u>100,669</u>	<u>60</u>
Net Total.....	<u>\$11,587,616</u>	<u>48</u>
Fixed charges—interest on bonds.....	7,065,215	71
Balance above fixed charges.....	<u>\$4,522,400</u>	<u>77</u>

During the year two dividends aggregating seven per cent. were paid on preferred stock, and two dividends aggregating four per cent. were paid on common stock.

MILES OF TRACK.

The Company owns and operates 5,724.13 miles of railway, as follows :

Main track owned solely by this Company.....	5,714.80	
Main track owned jointly with other Companies.....	9.33	
		5,724.13
Total length of main track.....		5,724.13
Second and third tracks and connection tracks owned solely by this Company.....	203.51	
Second and third tracks and connection tracks owned jointly with other Companies.....	2.82	
		206.33
Total length of second and third tracks and connections.....		206.33
Tracks owned by other Companies, but used by this Company under agreements.....		62.01
Yard tracks, sidings and spur tracks owned solely by this Company.....	1,200.11	
Yard tracks, sidings and spur tracks owned jointly with other Companies.....	22.81	
		1,222.92
Total length of yard tracks, sidings and spur tracks.....		1,222.92
Total miles of track.....		7,215.39

The lines of road are located as follows :

In Illinois.....	318.08	miles.
“ Wisconsin.....	1,377.41	“
“ Iowa.....	1,553.25	“
“ Minnesota.....	1,120.09	“
“ North Dakota.....	118.21	“
“ South Dakota.....	1,096.82	“
“ Missouri.....	140.27	“
Total length of main track.....	5,724.13	“

DOUBLE TRACK.

The following sections of second main track have been completed during the year :

Chicago & Milwaukee Division:

Forest Glen to Lake..... 67.43 miles.

Chicago & Council Bluffs Division :

Mont Clare to Bensenville..... 8.00 “

Kittredge to Mt. Carroll..... 11.40 “

Northern Division :

Milwaukee to North Milwaukee..... 5.06 “

Total..... 91.89 “

Second main track is now completed between Chicago and Milwaukee. The grading for second main track on Chicago & Council Bluffs Division in Illinois, Bensenville to Genoa, 41.72 miles, is now under construction under contract made last fall. The track will not be laid this season.

ROLLING STOCK.

The following rolling-stock has been purchased:

23 Locomotives.....	\$179,686 67	
2 Sleeping Cars.....	31,041 31	
38 Coaches.....	201,533 01	
3 Parlor Cars.....	30,641 20	
	<u> </u>	\$442,902 19

The following rolling-stock has been built at the Company's shops :

1,500 Flat Cars.....	\$518,957 29	
350 Stable Stock Cars.....	201,370 48	
13 Baggage, Postal, Mail and Express Cars..	27,338 04	
24 Caboose Cars.....	13,400 62	
5 Narrow Gauge Stock Cars.....	1,036 93	
	<u> </u>	\$762,103 36

There has also been expended during the year, in the Company's shops, for power brakes, automatic couplers, steam-heat and electric-light equipment and other improvements to rolling-stock, the sum of

	153,747 74	
Total.....	<u>\$1,358,753 29</u>	

Of this amount the sum of \$379,734.10 has been charged to operating expenses for the purpose of maintaining car equipment by the replacement of cars worn out, destroyed by wreck, fire, or on foreign roads; and \$179,686.67 for the replacement of twenty-three old, small locomotives scrapped.

COMPARATIVE SUMMARY OF OPERATION.

Gross Earnings.		
1892	\$32,283,508 34	
1893.....	33,975,054 71	Increase.....\$1,691,546 37
Operating Expenses.		
1892.....	\$20,815,004 50	
1893.....	22,488,107 83	Increase.....\$1,673,103 33
Net Earnings.		
1892.....	\$11,468,503 84	
1893.....	11,486,946 88	Increase..... \$18,443 04
Tons of Freight Carried.		
1892.....	11,568,930	
1893.....	12,261,705	Increase..... 692,775
Number of Passengers Carried.		
1892.....	8,026,906	
1893.....	8,279,158	Increase..... 252,252
Miles Run by Revenue Trains.		
1892.....	22,458,299	
1893.....	23,236,121	Increase..... 777,822
Mileage of Loaded Freight Cars.		
1892.....	219,905,905	
1893.....	226,684,888	Increase..... 6,718,983
Mileage of Empty Freight Cars.		
1892.....	80,978,980	
1893.....	82,615,404	Increase..... 1,636,424
Cost of Operating Road Per Revenue Train Mile Run.		
1892.....	.92.68 cts.	
1893.....	.96.78 cts.	Increase..... 4.10 cts.
Gross Earnings Per Mile of Road.		
1892.....	\$5,642 98	
1893.....	5,936 58	Increase..... \$293 60
Operating Expenses Per Mile of Road.		
1892.....	\$3,638 35	
1893.....	3,929 42	Increase..... \$291 07

Net earnings per mile

Net Earnings Per Mile of Road.

1892.....	\$2,004 63		
1893.....	2,007 16	Increase.....	\$2 53

Average Miles of Road Operated During the Year.

1892.....	5,721		
1893.....	5,723	Increase.....	2

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1865.....	4.11 cts.	1875.....	2.10 cts.	1885.....	1.28 cts.
1866.....	3.76 "	1876.....	2.04 "	1886.....	1.17 "
1867.....	3.94 "	1877.....	2.08 "	1887.....	1.09 "
1868.....	3.49 "	1878.....	1.80 "	1888.....	1.006 "
1869.....	3.10 "	1879.....	1.72 "	1889.....	1.059 "
1870.....	2.82 "	1880.....	1.76 "	1890.....	0.995 "
1871.....	2.54 "	1881.....	1.70 "	1891.....	1.003 "
1872.....	2.43 "	1882.....	1.48 "	1892.....	1.026 "
1873.....	2.50 "	1883.....	1.39 "	1893.....	1.026 "
1874.....	2.38 "	1884.....	1.29 "		

GENERAL REMARKS.

The operation of your Company's lines for the year shows increase of gross earnings, \$1,691,546.37; increase of expenses, \$1,673,103.33, and increase in net earnings, \$18,443.04.

The principal items of increase in expenses were in maintenance of property and conducting transportation.

Maintenance of track and bridges increased \$793,312.23.

Forty-one thousand and fifty-one tons of steel rails and 1,745,606 cross-ties have been put in the track during the year, and there are now 4,735.70 miles of main track laid with steel and 988.43 miles with iron rails.

About two miles of pile and trestle bridges have been filled with earth, and one hundred and thirty-eight wooden culverts have been replaced with iron, and cost charged to operating expenses.

The replacement of 1,513 feet of wooden bridges by iron structures has been completed during the year, and seven wooden bridges have been replaced with stone, rail-covered and arch culverts. Other work of this character is in progress.

Maintenance of motive power, machinery and cars decreased \$223,129.95 in consequence of large replacements during the previous year.

For conducting transportation there was an increase in expenses as follows: Station service, \$162,857.05; conductors, baggagemen and brakemen, \$133,302.41; engineers, firemen and wipers, \$149,817.43; train and station supplies, \$28,697.58; fuel, oil and waste, \$265,597.29—a total of \$740,271.76.

The payments of this Company for labor directly employed in its service during the past year were \$14,585,874.09, and for material and supplies \$9,313,036.44.

The gross earnings from sleeping cars were \$190,125.11, a decrease of \$5,941.21 from the previous year. The operating expenses were \$84,540.43, and net earnings \$105,584.68. Two new sleeping cars, costing \$31,041.31, were bought for replacement account and charged to the operating expense account of repairs of cars.

The net earnings of the Milwaukee & Northern Railroad Company, for the fiscal year ending June 30th, 1893, were \$543,538.65, against \$642,904.13 for the last fiscal year, a decrease of \$99,365.48. The decrease is due to the depressed condition of the iron industry.

Your Board has decided that, for greater convenience and economy of operation, the Milwaukee & Northern Railroad should be purchased and merged with the property of your Company, which owns all of the stock of the Milwaukee & Northern Company. You will, therefore, be asked to take the necessary action at your annual meeting in September next to ratify and approve such purchase and transfer of the Milwaukee & Northern property, subject to a mortgage of seventeen thousand dollars per mile.

The floating indebtedness of your Company, consisting of bills payable, is \$3,240,000, against which there is in the treasury of the Company and due from Trustees \$8,824,000 of bonds which may be sold.

The principal items of this indebtedness were incurred by the redemption of La Crosse Division and other bonds, under-

lying the general mortgage, that have matured or been retired for sinking fund purposes, for which a like amount of general mortgage bonds have been or will be issued ; also for building 64 miles of Milwaukee & Northern R. R. extension, for which \$1,089,000 Milwaukee & Northern R. R. Co. 6% Consolidated bonds have been issued and are in the Company's treasury, or due from Trustees.

So soon as the bonds issued for these purposes shall be sold this floating indebtedness will disappear and there will still remain in the treasury over \$5,000,000 of the \$8,824,000 of bonds referred to above as available for sale.

Your Board has not deemed it advisable to offer bonds for sale in the present condition of the money market, preferring to borrow money temporarily to recoup the treasury funds used, which they have been able to do without difficulty.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors,

ROSWELL MILLER,

President.

AUGUST, 1893.

To the President:—

Herewith are submitted Statements of Operation and of the General Accounts for the fiscal year ending June 30th, 1893.

W. N. D. WINNE,
General Auditor.

DETAILED STATEMENT

OF

EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30, 1892 AND 1893.

EARNINGS.

	<u>1892.</u>	<u>1893.</u>
From Freight.....	\$23,241,420 76	\$24,393,848 64
From Passengers.....	6,639,136 75	7,138,560 75
From Mails, Express, Etc.....	2,402,950 83	2,442,645 32
Gross Earnings.....	<u>\$32,283,508 34</u>	<u>\$33,975,054 71</u>

EXPENSES.

	<u>1892.</u>	<u>1893.</u>
Repairs of Track.....	\$1,756,214 62	\$2,139,340 81
Renewal of Rails.....	744,556 46	1,030,525 89
Renewal of Ties.....	838,977 21	935,955 27
Trackage and Switching Charges	305,391 65	341,519 60
Repairs of Bridges.....	537,897 56	565,136 11
Repairs of Fences.....	91,293 47	65,964 47
Repairs of Buildings.....	266,574 95	267,240 23
Repairs of Locomotives.....	1,597,376 66	1,459,081 93
Repairs of Cars	2,184,032 05	2,087,555 93
Repairs of Tools and Machinery	102,964 57	114,605 47
Carried forward.....	<u>\$8,425,279 20</u>	<u>\$9,006,925 71</u>

	<u>1892.</u>	<u>1893.</u>
Brought forward.....	\$8,425,279 20	\$9,006,925 71
Management and General Offices	600,690 21	630,476 60
Foreign Agency and Advertising	189,872 40	199,209 99
Station Service.....	2,850,892 78	3,013,749 83
Conductors, B'g'e and Brakemen	1,588,993 73	1,722,296 14
Engineers, Firemen and Wipers	1,977,391 26	2,127,208 69
Train and Station Supplies.....	568,726 91	597,424 49
Fuel Consumed.....	2,284,281 28	2,552,376 54
Oil and Waste.....	165,518 20	163,020 23
Personal Injuries.....	207,628 17	276,856 37
Damage to Property.....	73,231 32	51,014 43
Loss and Damage of F't and B'ge	102,752 54	104,847 57
Legal Expenses.....	132,767 18	148,490 85
New York Office Expenses.....	26,097 33	23,635 00
Taxes.....	<u>933,147 64</u>	<u>1,058,319.93</u>
Insurance.....	65,999 91	79,983 93
Miscellaneous Expenses.....	246,158 31	257,113 55
Stock Yard Expenses.....	14,713 76	14,217 58
Expenses of Elevators.....	47,085 56	48,632 65
Mileage of Cars.....	221,563 78	317,537 35
Sleep'g and Parlor Car Expenses	92,213 03	94,770 40
Total Expenses.....	<u>\$20,815,004 50</u>	<u>\$22,488,107 83</u>

RECAPITULATION.

	<u>1892.</u>	<u>1893.</u>	<u>Increase.</u>
Gross Earnings.....	\$32,283,508 34	\$33,975,054 71	\$1,691,546 37
Total Expenses.....	20,815,004 50	22,488,107 83	1,673,103 33
Net Earnings.....	<u>\$11,468,503 84</u>	<u>\$11,486,946 88</u>	<u>\$18,443 04</u>

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT.	PASSENGER.	MAILS, EXPRESS, ETC.	GROSS EARNINGS.	OPERATING EXPENSES.	NET EARNINGS.
1892.....						
July,	\$1,875,256 62	\$638,599 47	\$203,142 44	\$2,716,988 53	\$1,855,648 40	\$861,350 13
August,	1,879,397 00	674,335 41	206,278 91	2,760,011 32	1,929,148 64	830,862 68
September,	2,196,655 31	712,087 06	200,632 29	3,109,374 66	1,914,448 96	1,114,925 71
October,	2,696,941 66	649,865 50	208,712 95	3,553,520 11	2,121,246 68	1,432,273 43
November,	2,586,921 35	552,487 60	200,872 18	3,340,281 13	2,001,115 87	1,339,165 26
December,	2,366,227 60	569,598 15	203,128 64	3,138,954 39	1,863,825 27	1,275,129 12
1893.....						
January,	1,886,205 36	496,970 24	202,006 43	2,555,182 03	1,884,472 75	670,709 28
February,	1,572,931 57	400,940 81	187,573 51	2,161,445 89	1,731,060 54	430,385 35
March,	1,974,123 58	539,697 89	192,534 63	2,706,356 10	1,700,439 18	1,005,916 92
April,	1,914,602 85	525,702 07	204,352 65	2,644,657 57	1,861,587 82	783,069 75
May,	1,715,554 76	607,859 54	216,879 75	2,540,294 05	1,801,187 04	739,107 01
June,	1,729,030 98	800,417 01	218,530 94	2,747,978 93	1,743,896 09	1,004,082 24
Total.....	\$24,363,848 64	\$7,138,560 75	\$2,442,645 32	\$33,975,054 71	\$22,488,107 83	\$11,486,946 88

EQUIPMENT IN SERVICE JUNE 30th, 1893.

STANDARD GAUGE.

Locomotives.....		790
Passenger Cars.....		392
Sleeping Cars.....		53
Parlor Cars.....		16
Dining Cars.....		8
Baggage, Postal, Mail and Express Cars.....		260
Freight Cars—		
Box Cars.....	17,994	
Stock Cars.....	2,710	
Flat, Coal, Ore and Dump Cars.....	5,627	
Refrigerator Cars.....	390	26,721
Caboose Cars.....		440
Wrecking, Tool Cars, etc.....		61

NARROW GAUGE.

Locomotives.....		7
Passenger Cars.....		3
Baggage, Mail and Express Cars.....		6
Freight Cars—		
Box Cars.....	203	
Stock Cars.....	59	
Flat Cars.....	49	311
Caboose Cars.....		6

Operating expenses for the year have been charged with \$46,369.36, being the sum needed to replace rolling stock worn out and destroyed and not yet actually replaced.

Three hundred and seventy-eight passenger cars are equipped for steam heat, 6,160 freight cars are equipped with air-brakes and 9,000 freight cars have automatic couplers.

STATEMENT OF COMMODITIES TRANSPORTED

DURING THE YEARS ENDING JUNE 30TH, 1892 AND 1893.

COMMODITIES.	1892.		1893.	
	Tons.	Per Cent.	Tons.	Per Cent.
Flour.....	485,350	4.195	429,704	3.504
Mill Feed.....	106,540	.921	156,201	1.274
Wheat.....	1,219,383	10.540	1,476,071	12.038
Rye.....	83,675	.723	61,587	.502
Barley.....	587,743	5.081	585,047	4.771
Oats.....	400,382	3.461	455,926	3.718
Corn.....	301,695	2.608	251,220	2.049
Flax Seed.....	234,890	2.030	140,617	1.147
Hay.....	131,793	1.139	151,404	1.235
Dairy Products.....	53,654	.464	44,788	.365
Other Agricultural Products ..	117,778	1.018	184,253	1.503
Provisions.....	229,966	1.988	188,208	1.535
Salt.....	60,221	.520	68,939	.562
Lime, Cement and Plaster.....	215,967	1.867	170,632	1.392
Brick and Stone.....	482,093	4.167	639,945	5.219
Iron and Steel.....	267,655	2.314	330,066	2.692
Manufactures.....	457,469	3.954	519,035	4.233
Coal.....	1,367,646	11.822	1,568,006	12.788
Live Stock.....	654,412	5.657	608,599	4.963
Lumber.....	1,894,191	16.373	2,038,329	16.624
Merchandise.....	841,341	7.272	1,135,727	9.263
Ice.....	252,774	2.185	178,432	1.455
Miscellaneous.....	1,122,312	9.701	878,969	7.168
Totals.....	11,568,930	100.000	12,261,705	100.000

DETAIL OF EQUIPMENT AND IMPROVEMENT EXPENDITURES

FOR THE YEAR ENDING JUNE 30th, 1893.

Additional Equipment.....		\$799,332 52 ✓
Real Estate—		
Chicago, Ill.....	3,250 00	
Milwaukee, Wis.....	2,400 00	
Omaha, Neb.....	12,039 22	
Galewood, Ill.....	26,516 12	
Other Points.....	1,987 00	
Right-of-Way.....	96,102 53	142,294 87 ✓
Buildings—		
Ottumwa, Ia., Depot.....	7,219 69	
Milwaukee, Wis., Boiler House.....	26,178 80	
Oxford Junction, Ia., Coal Chute.....	4,389 68	
Chicago, Ill., Depot, Kinzie Street.....	4,121 97	
Babcock, Wis., Depot.....	1,932 77	
North Milwaukee, Wis., Depot.....	2,293 57	
Hartford, Wis., Depot.....	1,863 34	
Foster, Ia., Depot.....	1,454 82	
Racine Junction, Wis., Depot.....	3,026 70	
Savanna Stock Yard.....	2,213 97	
Milwaukee, Wis., Car Shops.....	5,648 19	
Chula, Mo., Depot.....	1,769 96	
Elm Grove, Wis., Depot.....	1,882 84	
Mason City, Ia., Depot.....	2,663 83	
Sundry points.....	82,840 42	149,500 55
Iron Bridges and Viaducts, sundry points....		114,002 85 ✓
New Fences.....		46,569 93
New Culverts.....		22,592 74
Yard Improvements—		
Milwaukee, Wis.....	10,812 35	
Milwaukee, Wis., Paving.....	21,067 29	
Minneapolis, Minn.....	4,435 45	
Minneapolis, Minn., Paving.....	12,882 39	
Chicago Outside Yard, Galewood.....	66,562 68	
Milwaukee Stock Yards, Wis.....	7,007 38	
Wausau, Wis.....	2,995 69	
Mystic, Ia.....	2,943 09	
Freeport, Ill.....	2,227 96	
Manilla, Ia.....	2,978 79	
Rathbun, Ia.....	2,618 51	
Nekoosa, Wis.....	13,590 94	
St. Paul, Minn., Retaining Wall.....	11,032 68	161,155 20
Second Track—		
Chicago & Milwaukee Division.....	616,214 74	
Chicago & Council Bluffs Division.....	255,614 12	
Milwaukee to North Milwaukee.....	46,808 18	918,637 04 ✓
Widening Embankments, Raising Grades, } Ballasting, Filling and Rip-rapping, }		450,645 04 ✓
New Side Tracks, sundry points.....		19,651 69 ✓
Miscellaneous Expenditures.....		53,435 46
Total.....		\$2,877,817 89

MATERIAL AND FUEL ON HAND.

Coal.....	51,457 Tons,	94,881 10
Wood	16,895 Cords,	31,690 77
Ties.....	758,247 Number,	255,988 58
New Steel Rails.....	16,432 Tons,	495,297 55
Old Steel Rails.....	7,805 Tons,	169,018 18
Old Iron Rails.....	11,305 Tons,	227,962 65
Oil.....	131,444 Gallons,	25,072 11
Waste	57,715 Pounds,	4,150 37
Splices, Bolts and Spikes.....	354,400 Pounds,	8,165 37
Iron, (worked and unworked)..	11,661,212 Pounds,	203,226 28
Copper and Brass.....	344,878 Pounds,	33,754 59
Lumber and Timber.....	20,670,572 Feet,	373,303 61
Piles	294,265 Feet,	36,546 42
Posts.....	62,591 Number,	6,145 98
Engine and Car Wheels	2,539 Number,	17,396 87
Engine & Car Wheels (on axles)	2,475 Pairs,	61,167 81
Engine and Car Axles.....	874,906 Pounds,	22,951 47
Tires.....	159,886 Pounds,	11,343 34
Steel and Steel Springs.....	1,047,508 Pounds,	49,612 57
Engine, Car and Road Castings	6,433,523 Pounds,	102,026 40
Paints and Oils		13,613 94
Stationery Supplies.....		23,573 66
Other Supplies.....		364,776 37
Total June 30th, 1893.....		<u>\$2,631,665 99</u>
Total June 30th, 1892.....		<u>2,385,001 63</u>
Increase.....		<u><u>\$246,664 36</u></u>

TRANSPORTATION STATISTICS.

FOR THE YEARS ENDING JUNE 30TH, 1892 AND 1893.

	1892.	1893.
Miles run by passenger trains.....	7,405,805	7,441,245
Miles run by freight trains.....	14,172,436	14,853,528
Miles run by mixed trains.....	880,058	941,348
Miles run by revenue trains.....	22,458,299	23,236,121
Miles run by switching trains.....	5,065,466	5,557,134
Miles run by construction and other trains.....	733,924	1,209,719
Total miles run by trains.....	28,257,689	30,002,974
Number of passengers carried.....	8,026,906	8,279,158
Number of passengers carried one mile.....	270,817,683	299,057,356
Average miles each passenger was carried.....	33.74	36.12
Revenue per passenger per mile.....	2.452 cts.	2.387 cts.
Revenue from passengers per train mile run.....	87.06 cts.	92.99 cts.
Number of tons of freight carried.....	11,568,930	12,261,705
Number of tons of freight carried one mile.....	2,265,993,968	2,378,470,481
Number of tons of freight carried per loaded car.....	10.30	10.49
Average miles each ton was carried.....	195.87	193.98
Revenue per ton per mile.....	1.026 cts.	1.026 cts.
Revenue from freight per train mile run.....	\$1.5669	\$1.5678
Repairs of locomotives per revenue train mile run.....	7.11 cts.	6.28 cts.
Repairs of cars " " " " "	9.73 cts.	8.98 cts.
Station service " " " " "	12.69 cts.	12.97 cts.
Train service " " " " "	7.08 cts.	7.41 cts.
Locomotive service " " " " "	8.80 cts.	9.16 cts.
Train and station supplies " " " " "	2.53 cts.	2.57 cts.
Fuel " " " " "	10.17 cts.	10.99 cts.
Oil and waste " " " " " .....	.74 cts.	.70 cts.
All other expenses " " " " "	33.83 cts.	37.72 cts.
Total operating expenses " " " " "	92.68 cts.	96.78 cts.
Percentage of expenses (including taxes) to earnings...	64.48%	66.19%

LAND DEPARTMENT.

On the 1st of July, 1892, the Company owned lands in Iowa and Minnesota amounting to	4,521.61 acres.
It received during the year.....	1,914.52 acres.
	<u>6,436.13 acres.</u>
And sold during the year.....	1,728.74 acres.
Unsold June 30th, 1893	<u>4,707.39 acres.</u>

Estimated value of unsold lands.....	\$ 23,536 95
Balance due on lands previously sold.....	89,759 56
	<u>\$113,296 51</u>

STATEMENT OF INCOME ACCOUNT

FOR THE FISCAL YEAR ENDING JUNE 30TH, 1893.

Balance at credit July 1st, 1892.....	\$5,869,208 80
Dividend No. 45, payable October 20th, 1892, from net earnings of fiscal year ending June 30th, 1892.	
3½% on \$24,364,900 preferred stock.....	\$852,771 50
2% on \$45,957,691 common stock.....	919,153 82
Amount set apart as an insurance fund, in accordance with resolution of the Board of Directors adopted Dec. 29th, 1892, and of the Executive Committee adopted February 2d, 1893.....	300,000 00
Old Accounts charged off.....	14,044 88
	2,085,970 20
	\$3,783,238 60
Gross Earnings.....	\$33,975,054 71
Less Operating Expenses (including taxes)	22,488,107 83
Net Earnings.....	\$11,486,946 88
Income from other sources.....	122,139 92
Net Revenue for the year.....	11,609,086 80
Total.....	\$15,392,325 40
Interest accrued during the year on funded debt.....	\$7,065,215 71
Interest and Exchange.....	21,470 32
Dividend No. 46, payable April 19th, 1893, from net earnings of fiscal year ending June 30th, 1893.	
3½% on \$25,673,900 preferred stock.....	898,586 50
2% on \$45,957,691 common stock.....	919,153 82
	8,904,426 35
Balance at credit June 30th, 1893.....	\$6,487,899 05

Dr.

GENERAL ACCOUNT, JUNE 30th, 1893.

Cr

Cost of Road and Equipment.....							
Bonds, Stock, etc., of other Companies				\$195,223 233 67			\$71,798,161 00
-Due from Agents, Conductors, etc.....	324,568 27			7,173,493 22			130,806,500 00
-Due from sundry Companies and individuals.....		332,592 93					
-Due from U. S. Government.....		258,420 18					
(Sinking Funds :							
Vice-President in Special Trust, Account							
Dubuque Div. Sinking Fund.....							
N. E. Trust Co., Trustee.....							
U. S. Trust Co., Trustee.....							
Farmers' Loan & Trust Co., Trustee.....		464,460 33					
Stock of Material and Fuel.....		2,031,665 99					
Stock of the Company held in its Treasury..		4,770 00					
Mortgage bonds of the Company unsold,							
held in its Treasury or due from							
Trustees.....		7,735,000 00					
Milwaukee & Northern R. R. Co. 6% Consolidated bonds, unsold, held in the Treasury of the Company or due from Trustees.....							
-Loans and Bills Receivable.....		1,089,000 00					
-Cash on hand.....		700,000 00					
		2,662,813 67		✓ 16,203,291 37			
							\$218,600,018 26
Capital Stock, Preferred.....							\$25,767,900 00
Capital Stock, Common.....							46,027,261 00
Funded Debt.....							
Pay Rolls and Vouchers.....							2,665,149 49
Loans and Bills Payable.....							3,240,000 00
Wis. Valley Div. Sinking Fund.....							180 00
Dubuque Div. Sinking Fund.....							58,480 00
Dividends Unclaimed.....							37,819 64
Interest Coupons not presented.....							62,606 16
Interest accrued, not yet payable.....							9,511,458 21
Income Account.....							6,487,899 05

CAPITAL STOCK JUNE 30th, 1893.

PREFERRED STOCK.

Amount of Preferred Stock June 30th, 1892,		\$24,364,900 00
Issued during the year in exchange for Bonds convertible into Preferred Stock by terms of mortgage, viz.:		
For 1,287 Bonds, Milwaukee & St. Paul Railway Company.....	\$1,287,000 00	
For 114 Bonds, Iowa & Minnesota Division	114,000 00	
For 2 Bonds, Prairie du Chien Division, Second Mortgage.....	2,000 00	1,403,000 00
Total Preferred Stock June 30th, 1893..		<u>\$25,767,900 00</u>

COMMON STOCK.

Total Common Stock June 30th, 1892.....	\$46,027,261 00	
Total Common Stock June 30th, 1893.....		46,027,261 00
Total Capital Stock June 30th, 1893.....		<u>\$71,795,161 00</u>

FUNDED DEBT, JUNE 30th, 1893.

Total Funded Debt June 30th, 1892, including all liens on purchased roads.....		\$129,195,000 00
Issued during the year: General Mortgage Bonds, as follows:		
For expenditures for additional equipment, real estate and improvements, July 1st 1891, to June 30th, 1892.....	\$1,620,000 00	
For Wisconsin Valley Division Bonds canceled.....	50,000 00	
For Income Sinking Fund Convertible Bonds, canceled.....	160,000 00	
	<u>\$1,830,000 00</u>	
Less amount included in previous report	1,680,000 00	150,000 00
For expenditures for additional equipment, real estate and improvements, July 1st, 1892, to December 31st, 1892.....	1,678,000 00	
For Milwaukee & St. Paul Railway Company Bonds, canceled.....	1,180,000 00	
For Fargo & Southern Railway Company Income Bonds, canceled.....	159,000 00	
For cancellation and satisfaction of Oshkosh & Miss. River Ry. Co's Mortgage..	29,000 00	3,046,000 00
Bonds due from Trustees for Expenditures for additional equipment, real estate and improvements, January 1st, 1893, to June 30th, 1893.....		<u>1,305,000 00</u>
		<u>\$133,696,000 00</u>
Redeemed and canceled during the year:		
Income Sinking Fund Convertible Bonds	80,000 00	
Wisconsin Valley Division Bonds.....	25,000 00	
Milwaukee & St. Paul Railway Company Bonds.....	1,220,000 00	
Fargo & Southern Railway Company Income Bonds.....	162,500 00	
Received in exchange for Preferred Stock and canceled:		
Milwaukee & St. Paul Railway Company Bonds.....	1,287,000 00 ✓	
Iowa & Minnesota Division Bonds.....	114,000 00 ✓	
Prairie du Chien Division Second Mortgage Bonds.....	2,000 00 ✓	2,890,500 00
Funded Debt, June 30th, 1893.....		<u><u>\$130,805,500 00</u></u>

Of the total amount of bonds outstanding, as stated above, there remain in the treasury, unsold, or due from Trustees, \$7,735,000.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

FUNDED DEBT, JUNE 30th, 1893.

DESCRIPTION OF BONDS.	TIME.		AMOUNT OUTSTANDING.	RATE.	INTEREST.		AMOUNT AC-CRUED DURING YEAR.	AMOUNT PAID DURING YEAR.
	DATE OF ISSUE.	WHEN DUE.			WHEN PAYABLE.	THE YEAR.		
Milwaukee & St. Paul R'y.....	1863	1893	28,000 00	7 per cent.	Jan. and July.	33,014 46	110,819 46	
Iowa & Minnesota Division.....	1867	1897	3,012,000 00	8 "	Feb. and Aug.	214,130 00	218,050 00	
Prairie du Chien " 1st Mortgage.	1868	1898	3,674,000 00	7.3 "	" "	293,920 00	294,280 00	
Prairie du Chien " 2d Mortgage.	1868	1898	1,233,000 00	7 "	" "	90,921 17	88,950 50	
Chicago & Milwaukee " "	1873	1903	2,333,000 00	7 "	Jan. and July.	167,510 00	167,440 00	
St. Paul (or River) " "	1872	1902	3,343,000 00	7 "	" "	234,305 00	233,485 00	
St. Paul (or River) " Sterling.	1872	1902	461,500 00	7 "	" "	32,302 50	32,532 50	
Iowa & Dakota " "	1869	1899	540,000 00	7 "	" "	37,800 00	37,695 00	
Hastings & Dakota " "	1872	1902	89,000 00	7 "	" "	6,230 00	6,265 00	
Consolidated Mortgage.....	1874	1904	186,000 00	7 "	" "	13,020 00	13,020 00	
Terminal.....	1875	1905	11,239,000 00	7 "	" "	790,580 00	791,175 00	
Iowa & Dakota Division Extension..	1884	1914	4,748,000 00	5 "	" "	237,400 00	237,225 00	
Hastings & Dakota Div. Extension..	1878	1908	3,505,000 00	7 "	" "	245,350 00	245,140 00	
Hastings & Dakota Div. Extension..	1880	1910	5,680,000 00	7 "	" "	397,600 00	395,290 00	
Southern Division.....	1880	1910	990,000 00	5 "	" "	49,500 00	49,225 00	
La Crosse & Davenport Division.....	1879	1909	4,000,000 00	6 "	" "	240,000 00	239,070 00	
Chicago & Pacific " "	1879	1919	2,500,000 00	5 "	" "	125,000 00	124,475 00	
Chicago & Pacific " "	1880	1910	3,000,000 00	6 "	" "	180,000 00	179,730 00	
Southern Minnesota " "	1881	1921	25,340,000 00	5 "	" "	1,267,000 00	1,270,650 00	
Mineral Point " "	1880	1910	7,432,000 00	6 "	" "	445,800 00	446,370 00	
Dubuque " "	1880	1910	2,840,000 00	5 "	" "	142,000 00	141,850 00	
Wisconsin Valley " "	1880	1920	6,565,000 00	6 "	" "	393,360 00	394,410 00	
Wisconsin & Minnesota " "	1881	1921	2,341,000 00	6 "	" "	124,020 00	119,130 00	
Chicago & Lake Superior " "	1881	1921	4,755,000 00	5 "	" "	237,750 00	237,375 00	
Chicago & Missouri River " "	1886	1926	1,360,000 00	5 "	" "	68,000 00	67,850 00	
Dakota & Great Southern R'y.....	1886	1916	3,083,000 00	5 "	" "	154,150 00	153,975 00	
Fargo & Southern R'y.....	1883	1924	2,896,000 00	5 "	" "	142,650 00	142,400 00	
Minnesota Central R. R.....	1883	1924	1,250,000 00	6 "	" "	75,000 00	75,000 00	
Wisconsin Valley R. R.....	1864	1894	123,000 00	7 "	" "	8,610 00	8,785 00	
Fargo & Southern R'y, Income.....	1879	1909	1,106,500 00	7 "	" "	77,455 00	77,455 00	
Real Estate.....	1885	1895	225,000 00	5 "	Mar. and Sept.	9,000 00	11,070 00	
Income Sinking Fund Convertible...	1884	1894	1,680,000 00	5 "	Jan. and July.	82,478 47	88,728 47	
General Mortgage.....	1886	1916	19,130,000 00	4 "	" "	439,241 61	389,821 61	
1889	1919	1919	.....	.....	.....	.....	.....
Total.....	.....	.....	\$130,805,500 00	.....	.....	\$7,065,215 71	\$7,100,077 54

a Bonds thus designated are payable on presentation. Interest ceased January 1, 1893.
 b Bonds thus designated are payable on presentation. Interest ceased April 1, 1893.
 c Bonds thus designated are convertible into Preferred Stock at any time within ten (10) days after a Dividend becomes payable on said Preferred Stock.
 d Bonds thus designated are convertible into Preferred Stock at any time within fifteen (15) days after a Dividend becomes payable on said Preferred Stock.
 e Bonds thus designated are exchangeable for Common Stock at any time within sixty (60) days after any Dividend becomes payable on the stock of the company. The authorized issue of these bonds is \$5,000,000, of which but \$2,000,000 have been sold.
 f Bonds thus designated are payable, principal and interest, in gold, at the office of the company, in New York.
 g Bonds thus designated are payable, principal and interest, in gold, in London.

To the President :

Herewith are submitted statements of the Operation and
Income Accounts of the Milwaukee & Northern Railroad Com-
pany for the fiscal year ending June 30th, 1893.

W. N. D. WINNE,
Auditor.

DETAILED STATEMENT
 OF
EARNINGS AND EXPENSES
Milwaukee & Northern Railroad Company

FOR THE YEAR ENDING JUNE 30, 1893.

EARNINGS.

From Freight.....	\$1,328,151 91
From Passengers.....	373,196 48
From Mails, Express, Etc.....	67,025 75
	\$1,768,374 14
Gross Earnings.....	\$1,768,374 14

EXPENSES.

Repairs of Track.....	\$126,119 85
Renewal of Rails.....	15,731 64
Renewal of Ties.....	42,246 73
Trackage and Switching Charges.....	31,638 44
Repairs of Bridges.....	44,674 84
Repairs of Fences.....	1,693 63
Repairs of Buildings.....	9,708 13
Repairs of Locomotives.....	73,666 75
Repairs of Cars.....	74,621 96
Repairs of Tools and Machinery.....	5,394 95
	\$425,496 92
Carried forward.....	\$425,496 92

34 MILWAUKEE & NORTHERN RAILROAD COMPANY.

Brought forward.....	\$425,496	92
Management and General Offices.....	50,463	44
Foreign Agency and Advertising.....	24,558	64
Station Service.....	118,565	13
Conductors, Baggage-men and Brakemen.....	100,766	95
Engineers, Firemen and Wipers.....	130,034	53
Train and Station Supplies.....	17,978	69
Fuel Consumed.....	162,399	96
Oil and Waste.....	9,496	71
Personal Injuries.....	24,235	93
Damage to Property.....	17,828	22
Loss and Damage of Freight and Baggage.....	2,142	02
Legal Expenses.....	5,133	86
Taxes.....	63,622	72
Insurance.....	5,456	05
Miscellaneous Expenses.....	4,478	11
Mileage of Cars.....	62,177	61
Total Expenses.....	<u>\$1,224,835</u>	<u>49</u>

RECAPITULATION.

Gross Earnings.....	\$1,768,374	14
Total Expenses.....	<u>1,224,835</u>	<u>49</u>
Net Earnings.....	<u>\$543,538</u>	<u>65</u>

STATEMENT OF INCOME ACCOUNT.

FOR THE FISCAL YEAR ENDING JUNE 30TH, 1893.

Gross Earnings	\$1,768,374 14
Less Operating Expenses (including taxes).....	1,224,835 49
Net Earnings.....	<u>\$543,538 65</u>
Income from other sources	444 45
	<u>\$543,983 10</u>
Interest accrued during the year on funded debt.....	369,480 00
Balance.....	<u><u>\$174,503 10</u></u>

PROPERTY OF
HARVEY FISK & SONS
STATISTICAL DEPARTMENT.

NOT TO BE LOANED OR TAKEN FROM OFFICE

1894.

Thirtieth Annual Report

OF THE

Chicago, Milwaukee & St. Paul

RAILWAY COMPANY,

FOR THE FISCAL YEAR ENDING JUNE 30th, 1894.

1894.

THIRTIETH ANNUAL REPORT

OF THE

Chicago, Milwaukee & St. Paul

RAILWAY COMPANY,

For the Fiscal Year Ending June 30th, 1894.

MILWAUKEE:
THE EVENING WISCONSIN COMPANY, PRINTERS.
1894.

DIRECTORS AND OFFICERS

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

DIRECTORS.

PHILIP D. ARMOUR,	- - - - -	CHICAGO.
AUGUST BELMONT,	- - - - -	NEW YORK.
FRANK S. BOND,	- - - - -	NEW YORK.
CHARLES D. DICKEY, JR.,	- - - - -	NEW YORK.
PETER GEDDES,	- - - - -	NEW YORK.
FREDERICK LAYTON,	- - - - -	MILWAUKEE.
JOSEPH MILBANK,	- - - - -	NEW YORK.
ROSWELL MILLER,	- - - - -	CHICAGO.
JAMES M. MCKINLAY,	- - - - -	NEW YORK.
WILLIAM ROCKEFELLER,	- - - - -	NEW YORK.
SAMUEL SPENCER,	- - - - -	NEW YORK.
A. VAN SANTVOORD,	- - - - -	NEW YORK.
J. HOOD WRIGHT,	- - - - -	NEW YORK.

OFFICERS.

ROSWELL MILLER,	- - - - -	President,	- - - - -	CHICAGO.
FRANK S. BOND,	- - - - -	Vice-President,	- - - - -	NEW YORK.
E. P. RIPLEY,	- - - - -	Third Vice-President,	- - - - -	CHICAGO.
A. J. EARLING,	- - - - -	General Manager,	- - - - -	CHICAGO.
W. G. COLLINS,	- - - - -	General Superintendent,	- - - - -	CHICAGO.
P. M. MYERS,	- - - - -	Secretary,	- - - - -	MILWAUKEE.
J. M. MCKINLAY,	- - - - -	Assistant Secretary and Transfer Agent,	- - - - -	NEW YORK.
C. B. FERRY,	- - - - -	Assistant Secretary and Transfer Agent,	- - - - -	NEW YORK.
H. C. WESTON,	- - - - -	Assistant Secretary and Transfer Agent,	- - - - -	NEW YORK.
F. G. RANNEY,	- - - - -	Treasurer,	- - - - -	CHICAGO.
JOHN W. CARY,	- - - - -	General Counsel,	- - - - -	CHICAGO.
W. N. D. WINNE,	- - - - -	General Auditor,	- - - - -	CHICAGO.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
THIRTIETH ANNUAL REPORT
OF THE DIRECTORS OF THE
CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY,
TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1894.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1894, and of the condition of its property and finances at the close of that year.

The operations for the year show the following results:

Gross Earnings.....	\$31,327,950	95
Operating Expenses.....	20,114,332	65
Net Earnings.....	\$11,213,618	30
Income from other sources.....	\$100,684	17
Less Interest and exchange.....	95,821	65
	4,862	52
Total	\$11,218,480	82
Fixed charges—interest on bonds.....	7,503,747	98
Balance above fixed charges.....	\$3,714,732	84

During the year two dividends aggregating seven per cent. were paid on preferred stock, and two dividends aggregating four per cent. were paid on common stock.

MILES OF TRACK.

The Company owns and operates 6,147.77 miles of railway, as follows:

Main track owned solely by this Company.....	6,138.44	
Main track owned jointly with other Companies.....	9.33	
		6,147.77
Total length of main track.....		6,147.77
Second and third tracks and connection tracks owned solely by this Company	212.90	
Second and third tracks and connection tracks owned jointly with other Companies.....	3.42	
		216.32
Total length of second and third tracks and connections.....		216.32
Tracks owned by other Companies, but used by this Company under agreements.....		62.53
Yard tracks, sidings and spur tracks owned solely by this Company.....	1,313.22	
Yard tracks, sidings and spur tracks owned jointly with other Companies.....	36.91	
		1,350.13
Total length of yard tracks, sidings and spur tracks.....		1,350.13
Total miles of track.....		7,776.75

The lines of road are located as follows:

In Illinois.....	318.08	miles.
“ Wisconsin.....	1,644.73	“
“ Iowa	1,553.25	“
“ Minnesota.....	1,120.09	“
“ North Dakota.....	118.21	“
“ South Dakota.....	1,101.06	“
“ Missouri.....	140.27	“
“ Michigan.....	152.08	“
		6,147.77
Total length of main track.....	6,147.77	“

On account of the opening of the Sisseton Reservation, the branch line from Milbank, on the Hastings and Dakota Division, has been extended from its former terminus into the reservation to Sisseton, a distance of 4.24 miles. The cost of extension to date is shown on page 27 of this report.

The grading for second main track on the Chicago and Council Bluffs Division in Illinois, from Bensenville to Genoa, 41.72 miles, under construction at date of last report, has been completed, and 5.54 miles of track have been laid thereon.

ROLLING STOCK.

The following rolling-stock has been purchased:

2 Compartment Sleeping Cars.....	\$39,171 93	
2 Buffet Cars.....	21,446 74	
1 Standard Mail Car.....	3,333 82	
		63,952 49

The following rolling-stock has been built at the Company's shops:

4 Locomotives.....	\$30,000 00	
100 Refrigerator Cars.....	84,428 00	
10 Box Carriage Cars	6,776 38	
		121,204 38

There has also been expended during the year, for power brakes, automatic couplers, steam-heat equipment and other improvements to rolling-stock, the sum of.....

50,070 63

Total \$235,227 50

Of this amount the sum of \$118,954.47 has been charged to operating expenses, for replacement of cars worn out or destroyed by wreck, fire and on foreign roads, and one locomotive worn out.

The remainder of the rolling-stock enumerated above—three locomotives, two buffet cars, one compartment sleeping car and one mail car—being additions to rolling-stock, has been charged to "Cost of Road and Equipment," as shown on page 27 of this report.

The following equipment was acquired in the purchase of the Milwaukee & Northern R. R.: Thirty-four locomotives, twenty passenger cars, seventeen baggage, postal, mail and express cars, twenty-two caboose cars, six hundred and sixteen box cars, ten stock cars, three hundred and forty-two flat, coal, ore and dump cars, two wrecking and tool cars.

COMPARATIVE SUMMARY OF OPERATION.

Gross Earnings.		
1893.....	\$35,743,428 85	
1894.....	31,327,950 95	Decrease.....\$4,415,477 90
Operating Expenses.		
1893.....	\$23,712,943 32	
1894.....	20,114,332 65	Decrease.....\$3,598,610 67
Net Earnings.		
1893.....	\$12,030,485 53	
1894.....	11,213,618 30	Decrease..... \$816,867 23
Tons of Freight Carried.		
1893.....	13,453,349	
1894.....	10,794,058	Decrease..... 2,659,291
Number of Passengers Carried.		
1893.....	8,634,707	
1894.....	7,921,882	Decrease..... 712,825
Miles Run by Revenue Trains.		
1893.....	24,583,573	
1894.....	21,705,624	Decrease..... 2,877,949
Mileage of Loaded Freight Cars.		
1893.....	238,700,274	
1894.....	209,261,693	Decrease..... 29,438,581
Mileage of Empty Freight Cars.		
1893.....	87,923,783	
1894.....	80,883,822	Decrease..... 7,039,961
Cost of Operating Road Per Revenue Train Mile Run.		
1893.....	96.46 cts.	
1894.....	92.87 cts.	Decrease..... 3.79 cts.
Gross Earnings Per Mile of Road.		
1893.....	\$5,851 02	
1894.....	5,096 40	Decrease..... \$754 62
Operating Expenses Per Mile of Road.		
1893.....	\$3,881 69	
1894.....	3,272 18	Decrease..... \$609 51
Net Earnings Per Mile of Road.		
1893.....	\$1,969 33	
1894.....	1,824 22	Decrease..... \$145 11
Average Miles of Road Operated During the Year.		
1893.....	6,108 92	
1894.....	6,147 08	Increase..... 38 16

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1865.....4.11 cts.	1875.....2.10 cts.	1885.....1.28 cts.
1866.....3.76 "	1876.....2.04 "	1886.....1.17 "
1867.....3.94 "	1877.....2.08 "	1887.....1.09 "
1868.....3.49 "	1878.....1.80 "	1888.....1.006 "
1869.....3.10 "	1879.....1.72 "	1889.....1.059 "
1870.....2.82 "	1880.....1.76 "	1890.....0.995 "
1871.....2.54 "	1881.....1.70 "	1891.....1.003 "
1872.....2.43 "	1882.....1.48 "	1892.....1.026 "
1873.....2.50 "	1883.....1.39 "	1893.....1.026 "
1874.....2.38 "	1884.....1.29 "	1894.....1.037 "

GENERAL REMARKS.

The results from operation of your Company's lines, compared with the previous year, show a decrease of gross earnings, \$4,415,477.90; decrease of expenses, \$3,598,610.67, and decrease of net earnings, \$816,867.23.

The decrease of earnings is due to the general depression in industrial and commercial affairs which has prevailed during the year.

The earnings from freight traffic decreased \$4,171,313.76. Reference to the table of commodities in this report will show the items in which the decrease was greatest. As compared with the previous year, the tons of freight carried decreased 2,659,291 tons, or 19.77%; the tons of freight carried one mile decreased 428,981,223, or 17.11%; the revenue per ton increased 8.46 cts., or 4.42%; and the revenue per ton per mile increased .011 cts., or 1.07%.

The earnings from passenger traffic decreased \$199,935.13. The four months of July, August, September and October show an increase of \$769,972.62, in consequence of the World's Fair; while the other months of the year show a decrease of \$969,907.75. The gain in passenger traffic by reason of the World's Fair was not as large as was anticipated, and it was les-

sened by the decrease in other passenger traffic in consequence of the commercial depression, and by reduced rates for all passenger traffic during the six months of the Fair.

The number of passengers carried during the year, as compared with the previous year, decreased 712,825, or 8.26%; the number of passengers carried one mile increased 24,253,483, or 7.75%; the revenue per passenger increased 5.31 cts., or 6.10%; and the revenue per passenger per mile decreased .232 cts., or 9.66%.

The expenses of operation for the year, as compared with the previous year, decreased \$3,598,610.67.

Repairs of track decreased \$372,597.75, which is accounted for by the fact that the expenditures in this item were unusually large in 1893—being \$2,265,460.66—and included a large expenditure for reballasting some of the principal lines.

Renewal of rails decreased \$453,178.61 in consequence of very large renewals during the previous two years—which amounted to sixty-eight thousand nine hundred and three tons. Renewal of ties decreased \$16,165.11. Fifteen thousand and six tons of steel rails and 1,877,953 cross-ties have been put in the track during the year; and there are now 5,247.94 miles of main track laid with steel and 899.83 miles with iron rails. Repairs of bridges increased \$88,174.71. Repairs of fences increased \$6,228.80.

Repairs of locomotives decreased \$436,318.86. Part of this decrease is accounted for by the fact that the expenses of last year included \$163,686.67 for replacement of twenty-one small, worn-out locomotives, completing the replacement of that part of the locomotive equipment not fit for use.

Repairs of cars decreased \$632,931.58. Part of this decrease is accounted for by the fact that the expenses of last year included \$305,433.46, for replacement of six hundred and twenty-seven cars which were worn out or destroyed, while this year the number of cars lost through the same causes was three hundred and ninety-four, and the cost of replacement, included in expenses, was \$183,754.16—a reduction of \$121,679.30 in this item.

In respect to both locomotives and cars, the decrease in volume of traffic has decreased the cost of ordinary repairs, as well as the number of cars destroyed.

In all items which pertain to maintenance of property, the very liberal expenditures made in previous years have rendered it possible to meet the reduced revenues by reduction of these expenditures, without detriment to the property.

In the items which pertain to conducting transportation, there was a decrease in expenses as follows: Station service, \$349,286.69; conductors, baggagemen and brakemen, \$229,073.29; engineers, firemen and wipers, \$332,226.68; fuel, \$438,282.06; oil and waste, \$35,078.71; total, \$1,383,947.43. The reduction in these items is principally due to decrease in tonnage and train service. The wages paid station and trainmen were the same as the previous year.

The amount paid for mileage of cars, in excess of the amount received, decreased \$162,533.81—part of which is due to reduction of traffic, and part to additions to equipment.

The amount of taxes paid increased \$77,134.35—which is due to increased assessments.

For the purpose of comparison, there is appended to this report a condensed statement of earnings and expenses, for the four years, 1891 to 1894, inclusive.

There was charged to operating expenses during the year the sum of \$183,254.16 for replacement of rolling stock, of which \$118,954.47 was actually expended as shown on page 9, and the balance \$64,299.69 was carried to credit of Rolling Stock Replacement Fund, which, at this date, amounts to \$110,669.05.

During the fiscal year, there were constructed 36 iron bridges and viaducts, aggregating 8,360 feet in length, replacing an equal number of wooden structures; about two and one-half miles of wooden pile and trestle bridges were filled with earth—267 bridges being completely filled and 111 others reduced in length by filling—and 306 wooden culverts were replaced with iron.

The most important items of this work are the following: an iron railway and highway bridge, 507 feet long, over the Wisconsin River, on the Wisconsin Valley Division; two iron spans, 126 and 156 feet long respectively, over the Minnesota River, at

Fort Snelling; an iron bridge, 137 feet long, at Medford, on the Iowa and Minnesota Division; an iron bridge, 126 feet long, over the Whitewater River, on the River Division; an iron bridge, 154 feet long, over the Skunk River; an iron bridge, 135 feet long, over the Mill Race, at Ottumwa; seven iron viaducts replacing the same number of wooden trestle bridges, aggregating 3,323 feet in length and ranging from 44 to 70 feet in height, and seven wooden trestle bridges, aggregating 2,089 feet in length, and from 32 to 58 feet in height, replaced with embankments and permanent culverts, on the Kansas City Division; two wooden trestle bridges replaced with iron viaducts, one of them 252 feet long and 63 feet high, and the other 189 feet long and 57 feet high, and six wooden trestle bridges, aggregating 1,274 feet in length, and from 24 to 58 feet in height, replaced with embankments and permanent culverts, on the Sioux City and Dakota Division.

Such portion of the cost of this work as represents the excess over the cost of renewal in the original form has been charged to improvement account, so that the expenditures on bridges for the fiscal year amounts to \$697,985.66 charged to expense account and \$275,551.00 charged to improvement account.

During the last three years sixty iron bridges and viaducts, aggregating 10,225 feet in length, have been constructed; seven and one-half miles of wooden pile and trestle bridges have been replaced with earth embankments; and 774 iron pipe culverts, varying in diameter from 20 to 60 inches, have been built.

There are under construction thirty-one iron bridges, aggregating 1,643 feet in length, which will replace an equal number of pile bridges—fourteen of which are located on the La Crosse Division, sixteen on the River Division, and one on the Iowa and Dakota Division. Four and one-half miles of pile and trestle bridges are being filled with earth.

The payments of this Company for labor directly employed in its service during the past year were \$12,614,433.61, and for material and supplies \$5,365,989.37.

By reason of the Company's inability to obtain reasonable rates for insurance, the Board decided on the 29th of December, 1892, to create an Insurance Department to underwrite its fire

risks; and the Executive Committee was authorized to organize such a Department, and to set apart from the balance at credit of Income Account June 30th, 1892, \$300,000 as an insurance fund—such fund with its accumulations to be invested in bonds of the Company, or in any other available securities in the Company's treasury. It was also provided that such fund with all accumulations should be held and used only to guarantee and make good losses by fire, to the extent underwritten by the Insurance Department, on property described in schedules and policies made in the usual manner.

An Insurance Department was accordingly organized under direction of the Executive Committee, and was authorized to underwrite from February 11th, 1893, the schedule of property submitted; and the premium for such insurance was fixed at the lowest rate at which the syndicate of insurance companies had offered to place the same. Monthly payments for such insurance have been made to the Insurance Department from February 11th, 1893, to the end of the fiscal year ending June 30th last—16 months and 20 days; losses have been paid by it as required; and the books of the Insurance Department on that date showed a credit balance (including interest and dividends received on the original guarantee fund of \$300,000) amounting to \$116,257.03. This balance is subject to claims in process of adjustment for losses prior to June 30th, which, it is estimated, will not exceed \$10,000. Added to the original fund, it makes \$416,257.03, in cash and available cash assets, held in the fund, to make good losses by fire to the extent underwritten by the Insurance Department. By direction of the Executive Committee, the fund is carried on the general books of the Company as of the nominal sum of \$10,000. See page 34.

✓ At the annual meeting in September last, the stockholders approved the purchase of the property of the Milwaukee & Northern Railroad Company—the ownership of the capital stock of that Company having been previously acquired by your Company. The purchase has therefore been completed and the property transferred by deed to your Company, subject to a mortgage of seventeen thousand dollars per mile. The transfer was made as of July 1st, 1893, and the operation of the lines heretofore separately reported as lines of the Milwaukee &

Northern Railroad Company, is included in this report as part of the operation of the lines of your Company. All comparisons made in this report with previous years include the Milwaukee & Northern figures for those years. ↙

At the close of the last fiscal year the capitalization of this Company was, as represented by common stock, \$46,027,261; preferred stock, \$25,767,900. This has been increased during the fiscal year ending June 30th, 1894, by the issue of \$206,000 of preferred stock in exchange for a like amount of bonds convertible by terms of mortgage.

At the close of the last fiscal year the total funded debt of this Company was \$130,805,500. To this has been added during the year the mortgage debt of the Milwaukee & Northern Railroad Company, amounting to \$7,247,000; \$911,000 in the general mortgage four per cent. bonds of the Company to represent improvements and additions to property as specified in the statement on pages 27, 28 and 29 of this report; and \$43,500 of the same class of bonds issued in place of bonds paid and canceled prior to July 1st, 1893, and there has been deducted therefrom, \$206,000 for bonds retired by conversion into preferred stock, leaving the total debt on the Company's property, \$138,801,000.

The stock of the Milwaukee & Northern Railroad Company, \$6,157,850, owned by this Company, which appeared in the General Account, June 30th, 1893, in the item "Bonds, Stock, etc., of other Companies," has been transferred to "Cost of Road and Equipment," leaving only a nominal sum of \$30,789.25 to represent this stock on the books of this Company.

Just at the close of the year a strike was inaugurated at some of the principal points on the lines of your Company, by an organization of recent origin, called the American Railway Union. Only a small part of your employes actually quit work, but the consequent interruption to traffic involved many more. Those who quit work had no grievance against the Company. They engaged in the strike at the bidding of the Union, which did not scruple to involve them in a controversy in which neither they nor the Company had the slightest interest.

The management of your Company accepts the fact that labor organizations are not to be prevented, and although their

influence has not always been good, it has not discriminated against those who are members, and has not hesitated to confer with their chosen representatives on matters of mutual interest. The brief career of the American Railway Union, however, has demonstrated that there may be organizations which are administered with so little wisdom and so little regard for public or private rights, and are so reckless of consequences, even to their own members, as to be unworthy of recognition. It is not to be expected that an organization which has involved its members in a controversy in which they had no interest, in the effort to establish a principle which could not possibly prevail, and has needlessly cost them their places in times when men are more abundant than work, will take deep root, or long survive its own folly. Nor would it be prudent for railway companies to give any recognition or standing to an organization which has recklessly involved them in the losses consequent upon an effort to enforce a demand which was inimical alike to the interest of the companies, the employes and the public.

The direct interest of the railway companies in this controversy is of secondary importance to the greater interest of the entire industrial system of the country, which is at stake. The railway companies are compelled to contest the right of any organization to place restrictions on their power to fulfill the obligations which are by law imposed upon them. The transportation system of the country must not be used by any organization as a weapon against those with whom it may have controversy.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors.

ROSWELL MILLER,

President.

AUGUST, 1894.

To the President:—

Herewith are submitted Statements of Operation and of the General Accounts for the fiscal year ending June 30th, 1894.

W. N. D. WINNE,
General Auditor.

DETAILED STATEMENT
OF
EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30, 1893 AND 1894.

EARNINGS.

	<u>1893.</u>	<u>1894.</u>
From Freight.....	\$25,722,000 55	\$21,550,686 79
From Passengers.....	7,511,757 23	7,311,822 10
From Mails, Express, Etc.....	2,509,671 07	2,465,442 06
Gross Earnings.....	<u>\$35,743,428 85</u>	<u>\$31,827,950 95</u>

EXPENSES.

	<u>1893.</u>	<u>1894.</u>
Repairs of Track.....	\$2,265,460 66	\$1,892,862 91
Renewal of Rails.....	1,046,257 53	593,078 92
Renewal of Ties.....	978,202 00	962,036 89
Trackage and Switching Charges	373,158 04	376,233 68
Repairs of Bridges.....	609,810 95	697,985 66
Repairs of Fences.....	67,658 10	73,886 90
Repairs of Buildings.....	276,948 36	249,986 45
Repairs of Locomotives.....	1,532,748 68	1,096,429 82
Repairs of Cars.....	2,162,177 89	1,529,246 31
Repairs of Tools and Machinery	120,000 42	72,783 26
Carried forward.....	<u>\$9,432,422 63</u>	<u>\$7,544,530 80</u>

	1893.	1894.
Brought forward	\$9,432,422 63	\$7,544,530 80
Management and General Offices	680,940 04	657,041 30
Foreign Agency and Advertising	223,768 63	168,005 98
Station Service.....	3,132,314 96	2,783,028 27
Conductors, B'g'e and Brakemen	1,823,063 09	1,593,989 80
Engineers, Firemen and Wipers	2,257,243 22	1,925,016 54
Train and Station Supplies.....	615,403 18	528,825 97
Fuel Consumed.....	2,714,776 50	2,276,494 44
Oil and Waste.....	172,516 94	137,438 23
Personal Injuries.....	301,092 30	275,479 92
Damage to Property.....	68,842 65	56,687 36
Loss and Damage of F't and B'ge	106,989 59	112,011 16
Legal Expenses.....	153,624 71	152,943 32
New York Office Expenses.....	23,635 00	24,298 14
Taxes.....	1,121,942 65	1,199,077 00
Insurance	85,439 98	95,673 19
Miscellaneous Expenses.....	261,591 66	243,816 35
Stock Yard Expenses.....	14,217 58	9,624 47
Expenses of Elevators.....	48,632 65	34,803 76
Mileage of Cars.....	379,714 96	217,181 15
Sleep'g and Parlor Car Expenses	94,770 40	78,365 50
Total Expenses.....	<u>\$23,712,943 32</u>	<u>\$20,114,332 65</u>

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RECAPITULATION.

	1893.	1894.	Decrease.
Gross Earnings.....	\$35,743,428 85	\$31,327,950 95	\$4,415,477 90
Total Expenses.....	23,712,943 32	20,114,332 65	3,598,610 67
Net Earnings.....	<u>\$12,030,485 53</u>	<u>\$11,213,618 30</u>	<u>\$816,867 23</u>

CONDENSED STATEMENT OF EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1891, 1892, 1893 AND 1894.

EARNINGS.

	1891.	1892.	1893.	1894.
From Freight.....	\$20,216,501 44	\$24,559,869 37	\$25,722,000 55	\$21,550,688 79
From Passengers.....	6,643,339 67	7,021,435 10	7,511,737 23	7,311,822 10
From Mails, Express, &c.....	2,274,825 05	2,467,570 75	2,509,671 07	2,465,442 06
Gross Earnings.....	\$29,134,666 16	\$34,048,875 22	\$35,743,428 85	\$31,327,950 95

EXPENSES.

Maintenance of Way and Structures.....	\$3,831,737 05	\$4,456,856 96	\$5,244,337 60	\$4,469,837 73
Maintenance of Rolling Stock.....	2,933,241 65	4,032,785 75	3,814,926 99	2,698,459 39
Conducting Transportation.....	9,495,877 63	10,269,124 78	11,068,475 93	9,621,026 93
Loss and Damage to Persons and Property.....	379,234 41	411,939 60	476,924 54	444,178 44
General Offices, Agencies and Advertising.....	1,012,402 62	1,030,428 32	1,081,968 38	1,002,288 74
Mileage of Cars.....	305,149 34	268,346 41	379,714 96	217,181 15
Taxes.....	909,399 25	994,358 38	1,121,942 65	1,190,077 00
Miscellaneous.....	410,097 21	473,627 05	504,652 27	462,283 27
Total Expenses.....	\$19,377,139 16	\$21,937,467 25	\$23,712,943 32	\$20,114,332 65

RECAPITULATION.

Gross Earnings.....	\$29,134,666 16	\$34,048,875 22	\$35,743,428 85	\$31,327,950 95
Total Expenses.....	19,377,139 16	21,937,467 25	23,712,943 32	20,114,332 65
Net Earnings.....	\$ 9,757,527 00	\$12,111,407 97	\$12,030,485 53	\$11,213,618 30
Average Miles in Operation.....	6,076.83	6,076.83	6,108.92	6,147.06

NOTE.—Statement for years ending June 30th, 1891, 1892 and 1893, includes the mileage, earnings and expenses of the Milwaukee & Northern R. R. operated as the Lake Superior Division from July 1st, 1893.

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT.	PASSENGER.	MAILS, EXPRESS, ETC.	GROSS EARNINGS.	OPERATING EXPENSES.	NET EARNINGS.
July, 1893.....	\$1,578,667 13	\$798,406 45	\$216,281 31	\$2,593,354 89	\$1,857,020 55	\$736,334 34
August, "	1,383,132 66	806,519 08	216,191 07	2,407,842 81	1,767,981 04	639,861 77
September, "	1,875,119 59	931,978 24	216,451 82	3,023,549 65	1,856,380 99	1,167,168 66
October, "	2,640,753 86	1,049,963 08	231,940 94	3,922,657 88	2,031,314 51	1,891,343 37
November, "	2,464,078 76	508,000 88	195,996 56	3,168,076 20	1,889,570 39	1,278,505 81
December, "	1,890,318 36	463,462 61	190,393 57	2,534,174 54	1,674,733 84	859,440 70
January, 1894.....	1,523,021 88	435,180 53	196,620 11	2,154,822 52	1,548,366 54	606,455 98
February, "	1,555,081 31	362,065 33	189,639 19	2,106,785 83	1,531,979 00	574,806 83
March, "	1,830,637 53	494,086 04	191,073 02	2,515,796 59	1,451,453 75	1,064,342 84
April, "	1,624,064 51	442,326 50	190,843 14	2,257,234 15	1,547,813 71	709,420 44
May, "	1,596,777 07	468,773 86	194,163 19	2,259,714 12	1,534,241 41	725,472 71
June, "	1,599,034 13	549,059 50	235,848 14	2,383,941 77	1,423,476 92	960,464 85
Total.....	\$21,550,686 79	\$7,311,822 10	\$2,465,442 06	\$31,327,950 95	\$20,114,332 65	\$11,213,618 30

EQUIPMENT IN SERVICE JUNE 30th, 1894.

STANDARD GAUGE.	
Locomotives.....	828
Passenger Cars.....	412
Sleeping Cars.....	53
Parlor Cars.....	16
Dining Cars.....	8
Baggage, Postal, Mail and Express Cars.....	280
Freight Cars—	
Box Cars.....	18,401
Stock Cars.....	2,062
Flat, Coal, Ore and Dump Cars.....	5,852
Refrigerator Cars.....	480
	27,404
Caboose Cars.....	459
Wrecking, Tool Cars, etc.....	70
NARROW GAUGE.	
Locomotives.....	7
Passenger Cars.....	3
Baggage, Mail and Express Cars.....	6
Freight Cars—	
Box Cars.....	203
Stock Cars.....	59
Flat Cars.....	49
	311
Caboose Cars.....	5
Total.....	29,862

At date of last report, the inventory of equipment in service showed 27,539 freight, caboose and wrecking cars, to which were added during the year, by purchase of the Milwaukee & Northern R. R., 992 cars, making a total of 28,531 of these classes. The inventory in this report shows 28,249 cars, a shortage of 282 cars. There were short also at date of last report 31 cars, which had not been replaced, making the total shortage at this date, 313 cars. Of this shortage 60 cars are accounted for by replacement of 22 narrow gauge cars by 10 fifty-foot carriage cars and 109 stock cars by 61 refrigerator cars, leaving at this date 253 cars to be replaced. The reserve fund for replacement amounts to \$110,669.05 and covers the value of 134 stock, 111 flat and 8 caboose cars—253 cars—the number short as shown.

The inventory in last report showed 797 locomotives—being one short, which has since been replaced. There have been added during the year, by purchase of the Milwaukee & Northern R. R., 34; and as additional equipment 3, making 835 as shown in this report.

The number of sleeping cars shown at date of last report was 53, to which were added one car by purchase as additional equipment and one car in replacement. Capital account includes, however, the cost of 53 sleeping cars only, the cars replaced by charge to expense account have been dropped from the inventory, though still on hand, unfit for service.

The number of baggage, mail and express cars shown at date of last report was 266, to which were added by purchase of the Milwaukee & Northern R. R. 17 cars, and by purchase as additional equipment, two buffet cars and one postal car, making 286 cars, as shown.

Five hundred and eighty-one passenger cars are equipped for steam heat, 6,523 freight cars are equipped with air-brakes and 9,633 freight cars have automatic couplers.

STATEMENT OF COMMODITIES TRANSPORTED

DURING THE YEARS ENDING JUNE 30TH, 1893 AND 1894.

COMMODITIES.	1893.		1894.	
	Tons.	Per Cent.	Tons.	Per Cent.
Flour.....	442,034	3.292	440,193	4.078
Mill Feed.....	163,266	1.214	146,028	1.353
Wheat.....	1,492,698	11.095	940,878	8.717
Rye.....	64,316	.478	45,185	.419
Barley.....	612,465	4.553	516,167	4.782
Oats.....	464,246	3.451	410,020	3.799
Corn.....	256,107	1.904	468,017	4.336
Flax Seed.....	140,811	1.047	116,909	1.083
Hay.....	158,315	1.177	177,482	1.644
Dairy Products.....	50,070	.372	47,753	.442
Other Agricultural Products..	188,646	1.402	173,685	1.609
Provisions.....	192,353	1.430	171,900	1.593
Salt.....	71,644	.532	57,433	.532
Lime, Cement and Plaster....	218,773	1.628	160,093	1.483
Brick and Stone.....	664,564	4.940	438,053	4.058
Iron and Steel.....	359,819	2.674	222,990	2.066
Manufactures.....	573,173	4.260	439,794	4.074
Coal.....	1,616,846	12.018	1,437,393	13.317
Live Stock.....	615,727	4.577	542,434	5.025
Lumber.....	2,579,238	19.172	1,781,492	16.504
Merchandise.....	1,211,971	9.009	1,024,044	9.487
Ice.....	191,355	1.422	233,090	2.159
Miscellaneous.....	1,124,012	8.355	803,025	7.440
Totals.....	13,453,349	100.000	10,794,058	100.000

DETAIL OF EQUIPMENT AND IMPROVEMENT EXPENDITURES

FOR THE YEAR ENDING JUNE 30TH, 1894.

Equipment—		
3 Locomotives.....	\$22,500 00	
2 Buffet Cars.....	21,446 74	
1 Compartment Sleeping Car.....	19,572 46	
1 Mail Car.....	3,333 82	
Air Brakes, Automatic Couplers and other new appliances to Rolling Stock.....	49,420 01	116,273 03 ✓
Extension of branch line to Sisseton, South Dakota, about 4.24 miles—cost to date.....		
Right of Way Evanston, Ill.....	8,946 80	
“ “ Fond du Lac, Wis.....	8,959 48	
“ “ Stillwater, Minn.....	5,306 00	
“ “ Janesville, Wis.....	2,000 00	
“ “ Faribault Co., Minn.....	2,500 00	
“ “ Jackson Co., Mo.....	2,212 00	
“ “ Dickinson Co., Mich.....	2,008 75	
“ “ Iowa Co., Iowa.....	1,928 50	
“ “ Hennepin Co., Minn.....	1,350 00	
“ “ Mower Co., Minn.....	1,016 89	
“ “ at Other Points.....	10,919 21	
Real Estate, Galewood, Ill.....	14,421 40	
“ “ Yankton, S. D.....	577 00	
“ “ Froelich, Iowa.....	350 00	
“ “ Clayton, “.....	190 00	62,686 03 ✓
Station Buildings, New—		
Bouton, Iowa.....	939 83	
Chatsworth, Iowa.....	1,038 33	
Judkins Crossing, Ill.....	969 13	
Prairie Junction, Minn.....	1,132 25	
At Other Points.....	1,682 95	5,782 49
Station Buildings, Additions—		
Chippewa Falls, Wis., filling Depot Grounds.....	5,452 49	
Milwaukee Stock Yards.....	1,927 96	
West Milwaukee Sanitary Closet.....	2,128 78	
At Other Points.....	2,103 80	11,613 03
New Cinder Pits.....		
		1,418 36
New Milk Sheds and Station Platforms.....		
		3,377 57
New Coal and Oil Houses—		
Racine & Southwestern Division.....	566 59	
Chicago & Council Bluffs “.....	714 60	
La Crosse “.....	640 03	
Iowa & Dakota “.....	1,211 58	
Northern “.....	1,254 04	
Kansas City “.....	1,120 27	
Other Divisions.....	1,553 87	7,060 96
Retaining Walls—		
Elgin, Ill.....	211 25	
Fort Snelling, Minn.....	2,564 73	
St. Paul, Minn.....	13,562 30	16,338 28
Carried forward.....		<u>\$244,704 71</u>

Brought forward.....		\$244,704 71
New Iron Turn-Table, Mitchell, S. D.....		688 17
New Stock Yards and Stock Scales.....		3,692 39
New Track Scales, Mystic, Iowa.....		927 06
New Sidewalks—		
Delavan, Wis.....	209 58	
Milwaukee, Wis.....	612 83	
Albert Lea, Minn.....	108 84	
Madison, S. D.....	136 67	
Sheldon, Iowa.....	100 39	
At Other Points.....	846 02	2,014 33
New Water Supply—		
Wadsworth, Ill., Track Tank.....	5,594 35	
Manning, Iowa.....	1,169 48	
At Other Points.....	114 31	6,878 14
Round Houses and Shops—		
Dubuque, Iowa, Iron Turn-Table.....	2,089 21	
Byron, Ill., Round House.....	1,543 02	
Humboldt Ave. Shops, Milwaukee, New Machinery.....	454 02	
West Milwaukee Shops, New Ma- chinery.....	1,492 60	5,578 85
Additions and Improvements to Bridges—		
Chicago & Milwaukee Division.....	7,021 17	
La Crosse “.....	27,074 53	
Iowa & Minnesota “.....	6,040 21	
Sioux City & Dakota “.....	47,594 03	
Chicago & Council Bluffs “.....	14,066 03	
Wisconsin Valley “.....	29,608 46	
Chippewa Valley “.....	2,066 65	
Kansas City “.....	120,323 60	
River “.....	15,719 51	
Other Divisions.....	1,996 95	
New Iron Guard Rails on Bridges.....	4,039 86	275,551 00
New Side Tracks.....		2,670 21
Ballasting Track—		
Sioux City & Dakota Division.....	21,759 80	
Chicago & Council Bluffs “.....	10,645 70	
Kansas City “.....	18,010 26	
Iowa & Dakota “.....	3,854 11	
Other Divisions.....	6,361 67	60,631 54
Raising Grade, Widening and Rip-Rapping Banks—		
Chicago & Council Bluffs Division.....	2,197 66	
Sioux City & Dakota “.....	16,310 96	
La Crosse “.....	1,038 39	
River “.....	1,242 96	
Iowa & Dakota “.....	5,469 19	
Wisconsin Valley “.....	2,269 89	
Chippewa Valley “.....	2,184 31	
Kansas City “.....	4,340 82	
Other Divisions.....	3,525 27	38,579 45
Second Main Track—		
Chicago & Milwaukee Division.....	17,171 93	
Chicago & Council Bluffs “.....	145,787 55	
Northern “.....	822 77	163,782 25
Carried forward.....		\$805,698 10

RAILWAY COMPANY.

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Brought forward.....		\$805,698 10
New Fences—		
Hastings & Dakota Division.....	10,805 01	
Iowa & Dakota "	8,459 01	
Iowa & Minnesota "	972 73	
Wabasha "	1,462 04	
Sioux City & Dakota "	3,172 90	
Southern Minnesota "	4,556 00	
Dubuque "	4,614 41	
Wisconsin Valley "	782 12	
Fargo & Southern "	7,495 45	
Other Divisions.....	1,496 83	43,816 50
New Culverts—		
Chicago & Council Bluffs Division.....	4,668 23	
Sioux City & Dakota "	7,350 23	
Kansas City "	24,054 30	
River "	1,626 03	
Northern "	400 61	
Other Divisions.....	1,354 02	39,453 42
New Signals and Gates, Railroad Crossings—		
Rondout, Ill.....	5,501 39	
Chicago, Ill.....	2,974 36	
Calvary, Ill.....	2,699 11	
Sheridan Park, Ill.....	2,505 79	
Kansas City, Mo.....	2,228 55	
St. Peter Junction, Minn.....	1,959 44	
Racine Junction, Wis.....	1,992 16	
Other Stations.....	2,584 30	
	22,445 10	
Less Proportion Due from Other Companies.....	12,518 13	9,926 97
New Block Signals—		
Chicago & Milwaukee Division.....	1,177 69	
La Crosse "	1,432 53	
River "	921 77	
Chicago & Council Bluffs "	2,388 82	
Chicago & Evanston "	1,645 73	
Other Divisions.....	1,108 87	8,673 41
New Highway Crossing Gates—		
Galewood, Ill.....	994 75	
Racine, Wis.....	359 93	
Cragin, Ill.....	827 19	
Wauwatosa, Wis.....	310 20	
Evanston, Ill.....	385 84	
Other Points.....	323 40	3,201 31
Total		\$910,769 71
Cost of Road and Equipment, July 1st, 1893.....		\$195,223,233 67
Purchase of Milwaukee & Northern Railroad.....		13,284,710 75
Discount on 4 per cent. General Mortgage Bonds.....		1,020,000 00
Equipment and Improvement Expenditures as above		910,769 71
Miscellaneous items.....	11,357 32	
Less sundry credits.....	9,358 00	1,999 32
Cost of Road and Equipment, June 30th, 1894.....		\$210,440,713 45

MATERIAL AND FUEL ON HAND.

Coal.....	51,571 Tons,	\$156,789 28
Wood.....	28,866 Cords,	52,051 99
Ties.....	1,355,703 Number,	442,094 18
New Steel Rails.....	1,491 Tons,	45,712 93
Old Steel Rails.....	6,236 Tons,	95,495 04
Old Iron Rails.....	18,821 Tons,	271,232 63
Oil.....	71,513 Gallons,	13,309 94
Waste.....	35,848 Pounds,	2,496 03
Splices, Bolts and Spikes.....	290,953 Pounds,	5,582 72
Iron (worked and unworked)..	10,653,463 Pounds,	154,354 46
Copper and Brass.....	254,525 Pounds,	20,418 88
Lumber and Timber.....	18,363,767 Feet,	309,189 80
Piles.....	209,929 Feet,	27,412 07
Posts.....	46,555 Number,	4,678 92
Engine and Car Wheels.....	4,840 Number,	24,616 90
Engine & Car Wheels (on axles)	2,273 Pairs,	33,256 83
Engine and Car Axles.....	387,704 Pounds,	7,841 08
Tires.....	65,663 Pounds,	4,920 42
Steel and Steel Springs.....	682,568 Pounds,	30,845 38
Engine, Car and Road Castings	3,518,549 Pounds,	49,607 64
Paints and Oils.....		8,929 71
Stationery Supplies.....		12,401 74
Other Supplies.....		453,329 78
Total, June 30th, 1894.....		\$2,226,568 35
Total, June 30th, 1893.....		2,631,665 99
Decrease.....		<u>\$405,097 64</u>

TRANSPORTATION STATISTICS

FOR THE YEARS ENDING JUNE 30TH, 1893 AND 1894.

	1893.	1894.
Miles run by passenger trains.....	7,947,371	7,848,438
Miles run by freight trains.....	15,590,807	12,869,482
Miles run by mixed trains.....	1,045,395	987,704
Miles run by revenue trains.....	24,583,573 ✓	21,705,624
Miles run by switching trains.....	5,789,514	4,411,146
Miles run by construction and other trains.....	1,377,331	575,700
Total miles run by trains.....	<u>31,750,418</u>	<u>26,692,470</u>
Number of passengers carried.....	8,634,707	7,921,882
Number of passengers carried one mile.....	312,879,855	337,133,338
Average miles each passenger was carried.....	36.24	42.56
Revenue per passenger per mile.....	2.401 cts.	2.169 cts.
Revenue from passengers per train mile run.....	91.51 cts.	90.32 cts.
Number of tons of freight carried.....	13,453,349	10,794,058
Number of tons of freight carried one mile.....	2,506,850,702	2,077,869,479.
Number of tons of freight carried per loaded car.....	10.50	9.93
Average miles each ton of freight was carried ...	186.34	192.50
Revenue per ton of freight per mile.....	1.026 cts.	1.037 cts.
Revenue from freight per train mile run.....	\$1.5701	\$1.5834
Repairs of locomotives per revenue train mile run.....	6.24 cts.	5.05 cts.
Repairs of cars " " " " ".....	8.80 cts.	7.05 cts.
Station service " " " " ".....	12.74 cts.	12.82 cts.
Train service " " " " ".....	7.42 cts.	7.34 cts.
Locomotive service " " " " ".....	9.18 cts.	8.87 cts.
Train and station supplies " " " " ".....	2.50 cts.	2.44 cts.
Fuel " " " " ".....	11.04 cts.	10.49 cts.
Oil and waste " " " " ".....	.70 cts.	.63 cts.
All other expenses " " " " ".....	37.84 cts.	37.98 cts.
Total operating expenses " " " " ".....	96.46 cts.	92.67 cts.
Percentage of expenses (including taxes) to earnings....	66.34%	64.21%

LAND DEPARTMENT.

On the 1st of July, 1893, the Company owned lands in Iowa and Minnesota amounting to	4,707.39 acres.
Sold during the year.....	2,098.52 acres.
Unsold, June 30th, 1894.....	<u>2,608.87 acres.</u>

Estimated value of unsold lands.....	\$13,044 35
Balance due on lands previously sold.....	<u>66,251 20</u>
Total.....	<u>\$79,295 55</u>

STATEMENT OF INCOME ACCOUNT

FOR THE FISCAL YEAR ENDING JUNE 30TH, 1894.

Balance at credit, July 1st, 1893.....		\$6,487,899 05
Dividend No. 47, payable October 20th, 1893, from net earnings of fiscal year ending June 30th, 1893.		
3½% on \$25,767,900 preferred stock.....	901,876 50	
2% on \$45,957,691 common stock.....	919,153 82	
Old Accounts charged off.....	34,071 17	1,855,101 49
		<u>\$4,632,797 56</u>
Gross earnings.....	31,327,950 95	
Less Operating Expenses (including taxes)	20,114,332 65	
Net Earnings.....	11,213,618 30	✓
Income from other sources	100,684 17	✓
Net Revenue for the year.....		<u>11,314,302 47</u>
Total.....		<u>\$15,947,100 03</u>
Interest accrued during the year on funded debt.....	7,503,747 98	✓
Interest and Exchange.....	95,821 65	✓
Dividend No. 48, payable April 19th, 1894, from net earnings of fiscal year ending June 30th, 1894.		
3½% on \$25,923,900 preferred stock.....	907,336 50	
2% on \$45,957,691 common stock.....	919,153 82	9,426,069 95
Balance at credit, June 30th, 1894.....		<u><u>\$6,521,040 08</u></u>

GENERAL ACCOUNT, JUNE 30th, 1894.

Dr.

Cr.

Cost of Road and Equipment..... Bonds, Stock, etc., of other Companies..... Sinking Funds: Vice-President in Special Trust, Account Dubuque Division Sinking Fund..... New England Trust Co., Trustee..... United States Trust Co., Trustee..... Farmers' Loan & Trust Co., Trustee..... *Insurance Department..... Stock of Material and Fuel..... Mortgage bonds of the Company unsold, held in its Treasury or due from Trustees..... Milwaukee & Northern R. R. Co. 6% Con- solidated bonds, unsold, held in the Treasury of this Company..... Stock of the Company held in its Treasury.. Due from Agents, Conductors, etc..... Due from sundry Companies and individu- als..... Due from United States Government..... Loans and Bills Receivable..... Cash on hand.....	\$210,440,713 45 976,357 47 465,000 00 78,020 00 11,477 50 409 08 2,901,800 00 1,089,000 00 4,770 00 450,268 81 443,725 84 271,061 47 829,000 00 3,676,586 40	Capital Stock, Preferred..... Capital Stock, Common..... Funded Debt..... Wis. Valley Div. Sinking Fund.. Dubuque Div. Sinking Fund... Roll'g Stock Replacement Fund Pay Rolls and Vouchers..... Loans and Bills Payable..... Dividends Unclaimed..... Interest Coupons not presented able..... Income Account.....	\$25,973,900 00 46,027,261 00 180 00 81,840 00 1,669,178 96 1,000,000 00 37,136 70 70,569 66 3,581,982 92 6,358,868 24 6,521,040 06
			\$223,874,758 37

* See statement as to Insurance Department on pages 14 and 15.

CAPITAL STOCK, JUNE 30, 1894.

PREFERRED STOCK.

Amount of Preferred Stock, June 30th, 1893,		\$25,767,900 00
Issued during the year in exchange for Bonds convertible into Preferred Stock by terms of mortgage, viz.:		
For 170 Bonds, Iowa & Minnesota Division	170,000 00	
For 36 Bonds, Prairie du Chien Division, Second Mortgage.....	36,000 00	206,000 00
		<hr/>
Total Preferred Stock, June 30th, 1894..		\$25,973,900 00

COMMON STOCK.

Total Common Stock, June 30th, 1893.....	46,027,261 00	
Total Common Stock, June 30th, 1894.....		46,027,261 00
Total Capital Stock, June 30th, 1894.....		<u>\$72,001,161 00</u>

FUNDED DEBT, JUNE 30th, 1894.

Total Funded Debt, June 30th, 1893, including all liens on purchased roads....		\$130,805,500 00
Issued during the year:		
General Mortgage Bonds, as follows:		
For Bonds paid and canceled:		
Wisconsin Valley Division.....	25,000 00	
Fargo & Southern R'y Co. Income.....	41,000 00	
Milwaukee & St. Paul R'y Co.....	58,000 00	
Income Sinking Fund Convertible.....	80,000 00	
Real Estate.....	221,000 00	425,000 00
General Mortgage Bonds due from Trustees:		
For Expenditures for additional equipment, real estate and improvements, July 1st, 1893, to June 30th, 1894.....		
	911,000 00	
For bonds paid and canceled:		
Milwaukee & St. Paul R'y Co.....	2,000 00	
Minnesota Central R'y Co.....	18,000 00	
Real Estate.....	2,800 00	933,800 00
Bonds of the Milwaukee & Northern Railroad Company, viz.:		
First Mortgage.....	2,155,000 00	
Consolidated Mortgage.....	5,092,000 00	7,247,000 00
		<u>\$139,411,300 00</u>
Bonds paid and canceled during the year:		
Income Sinking Fund Convertible.....	80,000 00	
Wisconsin Valley Division.....	25,000 00	
Milwaukee & St. Paul R'y Co.....	20,000 00	
Fargo & Southern R'y Co. Income.....	37,500 00	
Real Estate.....	223,800 00	
Minnesota Central R'y Co.....	18,000 00	
Bonds received in exchange for preferred stock, and canceled:		
Iowa & Minnesota Division.....	170,000 00	
Prairie du Chien Div. Second Mortgage.	38,000 00	610,300 00
Total Funded Debt, June 30th, 1894...		<u>\$138,801,000 00</u>
Of the total amount of bonds outstanding, as stated above, there remain in the treasury, unsold, or due from Trustees.....		
		<u>\$3,990,800 00</u>

RAILWAY COMPANY.

DESCRIPTION OF BONDS.	DATE.		AMOUNT OUTSTANDING.	RATE.	WHEN PAYABLE.	INTEREST.	
	DATE OF ISSUE.	WHEN DUE.				AMOUNT ACCRUED DURING THE YEAR.	AMOUNT PAID DURING THE YEAR.
<i>f</i> Milwaukee & St. Paul R'y.....	1863	1893	8,000 00	7 per cent.			3,990 00
<i>a</i> Iowa & Minnesota Division.....	1867	1897	2,842,000 00	8 "			206,640 00
<i>a</i> Prairie du Chien " 1st Mortgage.	1868	1898	3,674,000 00	8 "			293,920 00
<i>a</i> Prairie du Chien " 2d	1868	1898	1,197,000 00	7.3 "			91,834 00
<i>a</i> Chicago & Milwaukee ".....	1873	1903	2,393,000 00	7 "	Jan. and July.		167,510 00
<i>ad</i> St. Paul (or River) ".....	1872	1902	3,353,000 00	7 "	Feb. and Aug.		240,590 00
<i>ae</i> St. Paul (or River) " Sterling.....	1872	1902	451,500 00	7 "	" "		25,742 50
<i>a</i> Iowa & Dakota ".....	1869	1899	540,000 00	7 "	" "		37,355 00
<i>a</i> Hastings & Dakota ".....	1872	1903	89,000 00	7 "	" "		6,250 00
<i>b</i> Consolidated Mortgage ".....	1874	1904	186,000 00	7 "	" "		13,020 00
<i>a</i> Consolidated Mortgage ".....	1875	1905	11,299,000 00	7 "	" "		790,930 00
<i>d</i> Terminal ".....	1884	1914	4,748,000 00	5 "	" "		237,400 00
<i>a</i> Iowa & Dakota Division Extension.....	1878	1908	3,505,000 00	7 "	" "		245,350 00
Hastings & Dakota ".....	1880	1910	5,680,000 00	7 "	" "		397,600 00
Hastings & Dakota ".....	1880	1910	990,000 00	5 "	" "		49,500 00
Southwestern ".....	1879	1909	4,000,000 00	5 "	" "		240,000 00
La Crosse & Dav'p't ".....	1878	1919	2,500,000 00	5 "	" "		125,000 00
Chicago & Pacific ".....	1880	1910	3,000,000 00	6 "	" "		180,000 00
<i>d</i> Chicago & Pacific Western Division.....	1881	1921	25,340,000 00	5 "	" "		1,267,000 00
Southern Minnesota Division.....	1880	1910	7,432,000 00	5 "	" "		445,920 00
Mineral Point ".....	1880	1910	2,840,000 00	5 "	" "		142,000 00
Dubuque ".....	1880	1920	6,665,000 00	5 "	" "		333,370 00
Wisconsin Valley ".....	1880	1920	2,316,000 00	5 "	" "		123,900 00
Wisconsin & Minnesota ".....	1881	1921	4,755,000 00	5 "	" "		237,750 00
<i>d</i> Chicago & Lake Superior Division.....	1881	1921	1,360,000 00	5 "	" "		68,000 00
Chicago & Missouri River ".....	1886	1926	3,083,000 00	5 "	" "		154,150 00
<i>d</i> Dakota & Great Southern R'y.....	1885	1916	2,856,000 00	5 "	" "		142,800 00
<i>d</i> Fargo & Southern R'y.....	1883	1924	1,250,000 00	5 "	" "		75,000 00
<i>g</i> Minnesota Central R'y.....	1864	1894	105,000 00	7 "	" "		8,676 31
Wisconsin Valley R. R., Income.....	1879	1909	1,106,500 00	7 "	" "		77,455 00
<i>A</i> Fargo & Southern R'y, Income.....	1885	.....	.....	.....	" "		7,710 00
<i>i</i> Real Estate.....	1884	1894	1,200 00	.....	" "		7,497 50
<i>c</i> Income Sinking Fund Convertible.....	1885	1916	1,000,000 00	5 "	Jan. and July.		11,802 50
General Mortgage.....	1880	1916	20,488,800 00	4 "	" "		75,500 00
<i>d</i> Milwaukee & Nor. R. R., 1st Mortgage.....	1880	1910	2,155,000 00	6 "	June and Dec.		456,009 17
Milw. & Nor. R. R., Consolidated.....	1884	1913	5,092,000 00	6 "	" "		114,955 00
Total.....	.....	.....	\$138,801,000 00	.....	.....		\$7,363,747 98

a Bonds thus designated are convertible into Preferred Stock at any time within ten days after a dividend becomes payable on said Preferred Stock.
b Bonds thus designated are convertible into Preferred Stock at any time within fifteen days after a dividend becomes payable on said Preferred Stock.
c Bonds thus designated are convertible into Common Stock at any time within sixty days after any dividend becomes payable on the stock of the Company. The authorized issue of these bonds is \$6,000,000, of which but \$2,000,000 have been sold.
d Bonds thus designated are payable, principal and interest, in gold, at the office of the Company, in New York.
e Bonds thus designated are payable on presentation. Interest ceased January 1st, 1891.
f Bonds thus designated are payable on presentation. Interest ceased January 1st, 1891.
g Fargo & Southern R'y Income Bonds became payable and interest ceased April 1st, 1903.
h Bonds thus designated are payable on presentation. Interest ceased March 1st, 1904.

PROPERTY OF
HARVEY FISK & SONS,
STATISTICAL DEPARTMENT.
NOT TO BE REPRODUCED OR TAKEN FROM OFFICE

1895

THIRTY-FIRST ANNUAL REPORT

OF THE

CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDING JUNE 30, 1895

7/95

St. Paul's Annual Report.

The Chicago, Milwaukee & St. Paul Railway Company reports for the year ending June 30:

	1895.	1894.	Changes.
Gross earnings	\$27,335,369	\$31,327,751	Dec \$3,992,582
Operating expenses	17,043,753	20,114,333	Dec.. 3,070,580
Net earnings	\$10,291,616	\$11,213,618	Dec.. \$922,002
Other income	134,647	100,684	Inc .. 33,963
Total income	\$10,426,263	\$11,314,302	Dec.. \$888,039
Interest on debt	7,629,377	7,503,748	Inc .. 125,629
Balance	\$2,796,886	\$3,810,554	Dec.. \$1,013,668
Dividends	3,199,621	3,647,520	Dec.. 447,899
Deficit	\$402,735	sur\$163,034	Inc .. \$565,769

The dividends included in 1894 are 7% on the preferred and 4% on the common stock; in 1895, 7% on the preferred and 3% on the common stock.

The condensed balance sheet as of as of June 30 shows:

Assets—	1895.	1894.	Changes.
Road & equipment	\$211,168,036	\$210,440,713	Inc .. \$727,324
Bonds & st'ks owned	956,739	976,357	Dec .. 19,618
Due from agents, etc.	280,114	450,269	Dec .. 170,155
Due from co. & ind'vis	906,146	443,726	Inc .. 462,420
Due from U. S. Govt..	271,491	271,062	Inc .. 429
Materials and fuel	1,743,014	2,226,568	Dec.. 483,554
Bonds of co. on hand..	3,529,000	2,901,800	Inc .. 627,200
Stock of co. on hand..	4,770	4,770	.....
Mil. & Mo. bonds unsold	1,089,000	1,089,000	.....
Loans & bills rec'v'ble	600,000	829,000	Dec 229,000
Sinking fund	686,841	554,906	Inc .. 131,935
Cash	2,791,724	3,676,587	Dec.. 884,863
Miscellaneous	10,000	10,000	.....

Total assets... \$224,036,876 \$223,874,758 Inc .. \$162,118

Liabilities.

Stock, com.	\$46,027,261	\$46,027,261	
Stock, pref	26,156,900	25,973,900	Inc .. \$183,000
Funded debt	138,321,000	138,801,000	Inc .. 520,000
Pay roll vouchers	1,574,466	1,669,179	Dec.. 94,713
Due Co's and ind'vis..	867,821	1,000,000	Dec.. 132,179
Interest accrued	3,582,251	3,581,983	Inc .. 268
Sinking Fund	669,680	82,020	Inc .. 587,660
Miscellaneous acc'ts..	357,618	218,375	Inc .. 139,243
Income accounts	5,479,879	6,521,040	Dec.. 1,041,161

Total liabilities... \$224,036,876 \$223,874,758 Inc .. \$162,118

1895

Thirty-first Annual Report

OF THE

Chicago, Milwaukee & St. Paul
Railway Company

FOR THE

Fiscal Year ending June 30, 1895

CHICAGO
CORBITT & BURNHAM, PRINTERS
1895

DIRECTORS AND OFFICERS

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

DIRECTORS.

PHILIP D. ARMOUR,	CHICAGO.
AUGUST BELMONT,	NEW YORK.
FRANK S. BOND,	NEW YORK.
CHARLES H. COSTER,	NEW YORK.
CHARLES D. DICKEY, JR.,	NEW YORK.
PETER GEDDES,	NEW YORK.
FREDERICK LAYTON,	MILWAUKEE.
JOSEPH MILBANK,	NEW YORK.
ROSWELL MILLER,	CHICAGO.
JAMES M. MCKINLAY,	NEW YORK.
WILLIAM ROCKEFELLER,	NEW YORK.
SAMUEL SPENCER,	NEW YORK.
A. VAN SANTVOORD,	NEW YORK.

OFFICERS.

ROSWELL MILLER,	President,	CHICAGO.
FRANK S. BOND,	Vice President,	NEW YORK.
E. P. RIPLEY,	Third Vice-President,	CHICAGO.
A. J. EARLING,	General Manager,	CHICAGO.
W. G. COLLINS,	General Superintendent,	CHICAGO.
P. M. MYERS,	Secretary,	MILWAUKEE.
J. M. MCKINLAY,	Assistant Secretary and Transfer Agent,	NEW YORK.
C. B. FERRY,	Assistant Secretary and Transfer Agent,	NEW YORK.
H. C. WESTON,	Assistant Secretary and Transfer Agent,	NEW YORK.
F. G. RANNEY,	Treasurer,	CHICAGO.
BURTON HANSON,	Assistant General Solicitor,	CHICAGO.
W. N. D. WINNE,	General Auditor,	CHICAGO.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
 THIRTY-FIRST ANNUAL REPORT
 OF THE DIRECTORS OF THE
 CHICAGO, MILWAUKEE & ST. PAUL
 RAILWAY COMPANY
 TO THE STOCKHOLDERS.

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For the Fiscal Year Ending June 30th, 1895.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1895, and of the condition of its property and finances at the close of that year.

The operations for the year show the following results :

Gross Earnings	\$27,335,369 19
Operating Expenses	17,043,753 09
Net Earnings	<u>\$10,291,616 10</u>
Income from other sources	134,647 04
Total	<u>\$10,426,263 14</u>
Fixed charges—interest on bonds	7,629,377 07
Balance above fixed charges	<u><u>\$2,796,886 07</u></u>

During the year two dividends aggregating seven per cent. were paid on preferred stock, and two dividends aggregating three per cent. were paid on common stock—of which, dividend No. 49, paid October 22, 1894—3½ per cent. on preferred and 2 per cent. on common stock—was from net earnings of the previous fiscal year ending June 30th, 1894.

MILES OF TRACK.

The Company owns and operates 6,168.73 miles of railway, as follows:

Main track owned solely by this Company.....	6,159.40	
Main track owned jointly with other Companies	9.33	
Total length of main track.....		6,168.73
Second and third tracks and connection tracks owned solely by this Company.....	211.58	
Second and third tracks and connection tracks owned jointly with other Companies.....	3.42	
Total length of second and third tracks and connections.....		215.00
Tracks owned by other Companies, but used by this Company under agreements.....		61.97
Yard tracks, sidings and spur tracks owned solely by this Company.....	1,326.09	
Yard tracks, sidings and spur tracks owned jointly with other Companies.....	38.23	
Total length of yard tracks, sidings and spur tracks.....		1,364.32
Total miles of track.....		<u>7,810.02</u>

The lines of road are located as follows:

In Illinois	318.08 miles.
“ Wisconsin.....	1,665.57 “
“ Iowa	1,553.37 “
“ Minnesota	1,120.09 “
“ North Dakota.....	118.21 “
“ South Dakota.....	1,101.06 “
“ Missouri	140.27 “
“ Michigan.....	152.08 “
Total length of main track.....	<u>6,168.73 miles.</u>

After the construction of the road from McGregor, Iowa, westward, the transfer of freight and passengers across the Mississippi between Prairie du Chien and McGregor was made, for a time, by steamboats owned and operated by John Lawler. Subsequently Mr. Lawler constructed a pontoon bridge across the river, under the charter of the Prairie du Chien & McGregor Railroad Company, and contracts were from time to time made with him for the transfer of all freight and passengers. At the expiration of the last contract, during the past year, the Prairie du Chien & McGregor Railroad with its franchises and property including the pontoon bridge across the river, was purchased by this Company, for the sum of \$90,000, and is now operated as part of the Prairie du Chien Division.

An extension of the Wisconsin Valley Division, from Minocqua, its former terminus, to Star Lake, a distance of 18.80 miles has been completed at a cost of \$183,623.73.

No other extension has been made.

ROLLING STOCK.

The amount of \$54,905.12 has been expended during the past year for new rolling stock and appliances, of which amount \$26,204.61 has been charged to the Rolling Stock Replacement Fund, and \$28,700.51 has been charged to Cost of Road and Equipment, as follows:

Charged to Rolling Stock Replacement Fund:

100 Flat Cars.....	\$25,203 66	
1 Special Flat Car for heavy machinery.....	1,000 95	\$26,204 61

Charged to Cost of Road and Equipment:

1 Class "C" Locomotive.....	8,000 00	
Power Brakes, Automatic Couplers, Steam-heat Equipment, and other improvements.....	20,700 51	\$28,700 51

COMPARATIVE SUMMARY OF OPERATION.

Gross Earnings.

1894.....	\$31,327,950 05		
1895.....	27,335,369 19	Decrease.....	\$3,992,581 76

Operating Expenses.

1894.....	\$20,114,332 65		
1895.....	17,043,753 00	Decrease.....	\$3,070,579 56

Net Earnings.

1894.....	\$11,213,618 30		
1895.....	10,291,616 10	Decrease.....	\$922,002 20

Tons of Freight Carried.

1894.....	10,794,058		
1895.....	10,475,942	Decrease.....	318,116

Number of Passengers Carried.

1894.....	7,921,882		
1895.....	7,235,299	Decrease.....	686,583

Miles Run by Revenue Trains.

1894.....	21,705,624		
1895.....	19,380,472	Decrease.....	2,325,152

Mileage of Loaded Freight Cars.

1894.....	209,261,693		
1895.....	170,379,217	Decrease.....	20,882,476

Mileage of Empty Freight Cars.

1894.....	80,883,822		
1895.....	78,164,933	Decrease.....	2,718,889

Cost of Operating Road Per Revenue Train Mile Run.

1894.....	92.67 cts.		
1895.....	87.94 cts.	Decrease.....	4.73 cts.

Gross Earnings Per Mile of Road.

1894.....	\$5,090 40		
1895.....	4,438 03	Decrease.....	\$658 37

Operating Expenses Per Mile of Road.

1894.....	\$3,272 18		
1895.....	2,767 14	Decrease.....	\$505 04

Net Earnings Per Mile of Road.

1894.....	\$1,824 22		
1895.....	1,070 80	Decrease.....	\$153 33

Average Miles of Road Operated During the Year.

1894.....	6,147 08		
1895.....	6,150 35	Increase.....	12 27

GENERAL REMARKS.

The results from operation of your Company's lines, compared with the previous year, show a decrease of gross earnings, \$3,992,581.76; decrease of expenses, \$3,070,579.56; and decrease of net earnings, \$922,002.20.

The earnings from freight traffic in the year ending June 30th, 1894, were \$21,550,686.79, and in the year ending June 30th, 1895, \$18,978,262.89—a decrease of \$2,572,423.90, or 11.94%. The principal decrease in tonnage was in the following commodities: Flour and Mill Feed, 35,235 tons; Wheat, 205,135 tons; Oats, 58,511 tons; Corn, 293,971 tons; Flax Seed, 42,966 tons; other grains, 16,598 tons; Hay, 52,471 tons; Lumber, 23,615 tons; Merchandise, 101,512 tons; Miscellaneous, 118,583 tons.

The number of tons of freight carried in 1894 was 10,794,058, and in 1895, 10,475,942—a decrease of 318,116 tons, or 2.95%: the number of tons of freight carried one mile in 1894 was 2,077,869,479, and in 1895, 1,765,245,552—a decrease of 312,623,927, or 15.05%: the revenue per ton per mile in 1894 was 1.037 cts., in 1895, 1.075 cts.—an increase of .038 cts., or 3.66%: the average miles each ton of freight was carried in 1894 was 192.50, and in 1895, 168.50—a reduction of 24 miles, or 12.47%.

The tonnage of grain and its products, and other agricultural products, in 1894 was 3,482,317 tons, in 1895, 2,794,746 tons—a decrease of 19.74%: the tonnage of all other commodities in 1894 was 7,311,741 tons, in 1895, 7,681,196 tons—an increase of 5.05%.

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1866.....3.76 cts.	1876.....2.04 cts.	1886.....1.17 cts.
1867.....3.94 “	1877.....2.08 “	1887.....1.09 “
1868.....3.49 “	1878.....1.80 “	1888.....1.006 “
1869.....3.10 “	1879.....1.72 “	1889.....1.059 “
1870.....2.82 “	1880.....1.76 “	1890.....0.995 “
1871.....2.54 “	1881.....1.70 “	1891.....1.003 “
1872.....2.43 “	1882.....1.48 “	1892.....1.026 “
1873.....2.50 “	1883.....1.39 “	1893.....1.026 “
1874.....2.38 “	1884.....1.29 “	1894.....1.037 “
1875.....2.10 “	1885.....1.28 “	1895.....1.075 “

The principal causes of the large decrease in freight revenues during the past year have been the general commercial depression, and the failure of crops in a considerable section of our territory which had heretofore produced a large volume of long-haul traffic. A loss in traffic receipts of perhaps \$500,000 was caused by the strike which occurred in the month of July—reference to which was made in the last report.

The earnings from passenger traffic in the year ending June 30th, 1894, were \$7,311,822.10, and in the year ending June 30th, 1895, \$5,852,781.16—a decrease of \$1,459,040.94, or 19.95%: the number of passengers carried in 1894 was 7,921,882, and in 1895—7,235,299—a decrease of 686,583, or 8.67%: the number of passengers carried one mile in 1894 was 337,133,338, and in 1895—244,225,688—a decrease of 92,907,650, or 27.56%: the revenue per passenger per mile in 1894 was 2.169 cts., and in 1895—2.396 cts.—an increase of .227 cts. per passenger per mile, or 10.47%.

The expenses of operation for the year as compared with the previous year decreased \$3,070,579.56.

In the expenditures pertaining to maintenance of property there was a decrease in the following items: Repairs of Track, \$467,478.93; Renewal of Rails, \$138,965.36; Renewal of Ties, \$61,795.19; Repairs of Bridges, \$37,652.69; Repairs of Fences, \$6,819.90; Repairs of Buildings, \$53,660.05; Repairs of Locomotives, \$257,421.60; Repairs of Cars, \$333,682.53.

The account of Repairs of Cars includes \$176,145.56 for replacement. Of this sum there was actually expended \$26,204.61, as shown on page 9; and the balance, \$149,940.95, was carried to the credit of Rolling Stock Replacement Fund, which now amounts to \$260,610.00, and is sufficient to replace the shortage in equipment shown on page 23. Although this amount has been charged to operating expenses, it has not been necessary to expend the fund thus created, because we have had sufficient rolling stock to handle our traffic during the period of depression. With an increase of traffic it will be necessary to use this fund in actual replacement of the shortage.

During the year, there were constructed 46 iron bridges, aggregating 3,229 feet in length, replacing an equal number of wooden bridges: about five and nine-tenths miles of pile bridges were filled with earth—322 bridges being completely filled and 80 others reduced in length by filling—and 389 wooden culverts

were replaced with iron. Such portion of the cost of this work as represents the excess over cost of renewal in the original form, has been charged to improvement account, so that of the expenditures on bridges for the year \$660,332.97 was charged to expense account, and \$245,871.43 to improvement account.

There are under construction 47 iron bridges, aggregating 3,848 feet in length, which will replace an equal number of wooden bridges; of which the majority are located on the Chicago & Council Bluffs Division in Illinois, the River and Kansas City Divisions.

In the items which pertain to conducting transportation there was a decrease in expenses as follows: Station Service, \$210,258.97; Conductors, Baggage-men and Brakemen, \$200,411.85; Engineers, Firemen and Wipers, \$214,999.94; Fuel, \$463,078.86; Oil and Waste, \$25,264.12; Total, \$1,114,013.74.

The reduction in these items is principally due to decrease in tonnage and train service. The wages paid station and trainmen were the same as in the previous year. A minor part of the reduction in fuel expense is due to reduced cost of coal.

Liberal expenditures upon the property during recent years; the comparative cheapness of rails, ties and other material; and the reduced volume of traffic, made it possible to reduce maintenance and operation expenses, in the year just closed. The physical condition of the property is excellent.

There are substantial reasons for believing that the period of depression which has prevailed for the past two years, is passing away, and with a good crop—which present indications promise—we may expect better results in the coming year.

At the close of the last fiscal year the share capital of the Company was—Preferred Stock, \$25,973,900; Common Stock, \$46,027,261. It has been increased during the year ending June 30th, 1895, by \$183,000 of Preferred Stock issued in exchange for a like amount of convertible bonds canceled.

At the close of the last fiscal year the funded debt of the Company was \$138,801,000. There has been added during the year \$704,000, general mortgage four per cent bonds of the Company, for improvements and additions to the property, as specified in the statement on pages 25 and 26, and \$218,200 for underlying bonds paid and canceled; and there has been deducted, \$183,000 for bonds retired by conversion into preferred stock,

\$218,200 for bonds paid and canceled, and \$1,000 for a bond lost or destroyed—leaving the total funded debt at the close of the year ending June 30th, 1895, \$139,321,000.

At the close of the last fiscal year the amount of bonds in the treasury unsold or due from Trustees was \$3,990,800. This amount has been increased \$704,000 during the year for improvements and additions to the property, and \$221,200 representing bonds canceled by sinking funds, etc.; and there has been deducted \$100,000 bonds sold to the Insurance Department of the Company, and \$198,000 bonds canceled or set apart for sinking funds; so that there remain in the treasury or due from Trustees, June 30th, 1895, bonds to the amount of \$4,618,000.

The last annual report showed bills payable to the amount of \$1,000,000. During the past year these have been paid off, and there are none now outstanding.

INSURANCE DEPARTMENT.—In the last annual report, statement was made that the Insurance Department had a credit balance of \$116,257.03, at the close of the fiscal year ending June 30, 1894. This amount included income received from the original guarantee fund, and was subject to claims in process of adjustment for losses prior to that date. After adjusting such claims the balance was \$111,909.80. Of this amount \$100,000 was transferred to the guarantee fund and invested in the purchase of \$100,000 general mortgage bonds of this Company, and \$10,000 bonds of the Kansas City Belt Railway Company, leaving a balance of \$11,909.80 carried to the new account.

During the past year the result was as follows:

Amount of premiums received.....	\$91,075 73
Income from investments	18,540 00
Total Receipts	<u>\$109,615 73</u>
Losses paid	\$28,452 29
Expenses paid	4,265 17
Losses not yet adjusted (estimated)	<u>10,000 00</u>
Total Expenditures.....	<u>42,717 46</u>
Net Income for the year.....	\$66,898 27
Balance of Income, June 30, 1894.....	11,909 80
Losses unadjusted	<u>10,000 00</u>
Cash in Bank	<u><u>\$88,808 07</u></u>

The Guarantee Fund is charged on the Insurance Department books at \$400,000, and is invested in the following bonds:

Chicago, Milwaukee & St. Paul Ry. Co. Consolidated	
Bonds, par value.....	10,000 00
Chicago, Milwaukee & St. Paul Ry. Co. So. Minn. Div.	
Bonds, par value	2,000 00
Chicago, Milwaukee & St. Paul Ry. Co. General Mort-	
gage Bonds, par value.....	296,000 00
Dakota & Great Southern Ry. Co. General Mortgage	
Bonds, par value	6,000 00
Kansas City Belt Railway Co. First Mortgage Bonds,	
par value	96,000 00
Total	<u>\$410,000 00</u>

Since its organization, on February 11th, 1893, the revenue of the Insurance Department has exceeded its expenses and losses by \$188,808.07; and the original fund of \$300,000 has been increased to \$410,000, par value of securities held; and there is cash on hand, \$88,808.07—against which there are possible claims for unadjusted fire losses not exceeding \$10,000.

The Board have to place upon record a minute of the death, on the 13th day of November, 1894, of Mr. J. Hood Wright, who had served as a Director since June 1st, 1889. The rectitude of his character, and his faithful and intelligent fulfillment of his duties, rendered his services as Director most valuable to the Company.

The General Counsel of the Company, Mr. John W. Cary, who had been at the head of its Law Department for nearly thirty-two years, died on the 29th of March, 1895. By his death the Company has lost an able, experienced and trusted Counsellor.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors.

ROSWELL MILLER,

AUGUST, 1895.

President.

To the President :

Herewith are submitted Statements of Operation and the
General Accounts for the fiscal year ending June 30th, 1895.

W. N. D. WINNE,
General Auditor.

DETAILED STATEMENT
OF
EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30, 1894 AND 1895.

EARNINGS.

	<u>1894.</u>	<u>1895.</u>
From Freight	\$21,550,686 79	\$18,978,262 89
From Passengers	7,311,822 10	5,852,781 16
From Mails, Express, etc.....	2,465,442 06	2,504,325 14
Gross Earnings	<u>\$31,327,950 95</u>	<u>\$27,335,369 19</u>

EXPENSES.

	<u>1894.</u>	<u>1895.</u>
Repairs of Track	\$1,892,862 91	\$1,425,383 98
Renewal of Rails	593,078 92	454,113 56
Renewal of Ties	962,036 89	900,241 70
Trackage and Switching Charges	376,233 68	312,760 44
Repairs of Bridges	<u>697,985 66</u>	660,332 97
Repairs of Fences	73,886 90	67,067 00
Repairs of Buildings	249,986 45	196,326 40
Repairs of Locomotives	1,096,429 82	839,008 22
Repairs of Cars	1,529,246 31	1,195,563 78
Repairs of Tools and Machinery	72,783 26	50,737 46
Carried forward	<u>\$7,544,530 80</u>	<u>\$6,101,535 51</u>

	1894.	1895.
Brought forward.....	\$7,544,530 80	\$6,101,535 51
Management and General Offices	657,041 30	642,889 31
Foreign Agency and Advertising	168,005 98	160,040 77
Station Service	2,783,028 27	2,572,769 30
Conductors, B'g'e and Brakemen	1,593,989 80	1,393,577 95
Engineers, Firemen and Wipers	1,925,016 54	1,710,016 60
Train and Station Supplies	528,825 97	433,444 10
Fuel Consumed.....	2,276,494 44	1,813,415 58
Oil and Waste.....	137,438 23	112,174 11
Personal Injuries	275,479 92	159,160 65
Damage to Property	56,687 36	65,253 42
Loss and Damage of F't and B'ge	112,011 16	69,017 50
Legal Expenses	152,943 32	140,798 67
New York Office Expenses	24,298 14	23,226 22
Taxes	1,199,077 00	1,084,700 45
Insurance.....	95,673 19	88,847 98
Miscellaneous Expenses.....	243,816 35	234,075 19
Stock Yard Expenses	9,624 47	10,571 67
Expenses of Elevators.....	34,803 76	20,733 18
Mileage of Cars	217,181 15	139,819 66
Sleep'g and Parlor Car Expenses	78,365 50	67,685 27
Total Expenses	<u>\$20,114,332 65</u>	<u>\$17,043,753 09</u>

15,959,052 64

RECAPITULATION.

	1894.	1895.	Decrease.
Gross Earnings	\$31,327,950 95	\$27,335,369 19	\$3,992,581 76
Total Expenses.....	20,114,332 65	17,043,753 09	3,070,579 56
Net Earnings.....	<u>\$11,213,618 30</u>	<u>\$10,291,616 10</u>	<u>\$922,002 20</u>

CONDENSED STATEMENT OF EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1892, 1893, 1894 AND 1895.

EARNINGS.

	1892.	1893.	1894.	1895.
From Freight.....	\$24,559,860 37	\$25,722,000 55	\$21,550,686 79	\$18,978,262 89
From Passengers.....	7,021,435 10	7,511,757 23	7,311,822 10	5,852,781 16
From Mails, Express, etc.....	2,487,570 75	2,569,971 07	2,465,442 06	2,504,325 14
Gross Earnings.....	\$34,048,875 22	\$35,743,428 85	\$31,327,950 95	\$27,335,369 19

EXPENSES.

Maintenance of Way and Structures.....	\$4,456,856 96	\$5,244,337 60	\$4,469,837 73	\$3,703,465 61
Maintenance of Rolling Stock.....	4,032,785 75	3,814,926 90	2,698,459 39	2,085,309 46
Conducting Transportation.....	10,269,124 78	11,088,475 93	9,621,926 93	8,348,158 08
Loss and Damage to Persons and Property.....	411,939 60	476,924 54	444,178 44	283,431 57
General Offices, Agencies and Advertising.....	1,030,428 32	1,081,968 38	1,002,288 74	966,954 97
Mileage of Cars.....	268,346 41	379,714 96	217,181 15	139,819 66
Taxes.....	994,358 38	1,121,942 65	1,199,077 00	1,084,700 45
Miscellaneous.....	473,927 05	504,952 27	462,283 27	421,913 29
Total Expenses.....	\$21,937,467 25	\$23,712,943 32	\$20,114,332 65	\$17,043,753 06

RECAPITULATION.

Gross Earnings.....	\$34,048,875 22	\$35,743,428 85	\$31,327,950 95	\$27,335,369 19
Total Expenses.....	21,937,467 25	23,712,943 32	20,114,332 65	17,043,753 06
Net Earnings.....	\$12,111,407 97	\$12,030,485 53	\$11,213,618 30	\$10,291,616 10
Average Miles in Operation.....	6,076.83	6,108.92	6,147.08	6,159.35

NOTE.—Statement for years ending June 30th, 1893 and 1893 includes the mileage, earnings and expenses of the Milwaukee & Northern R. R. operated as the Superior Division from July 1st, 1893.

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT.	PASSENGER.	MAILS, EXPRESS, ETC.	GROSS EARNINGS.	OPERATING EXPENSES.	NET EARNINGS.
July, 1894.....	\$1,043,443 61	\$525,384 76	\$210,398 07	\$1,779,226 44	\$1,401,056 03	\$378,170 41
August, ".....	1,720,839 18	565,002 98	206,575 56	2,493,077 72	1,668,155 56	824,922 16
September, ".....	1,905,796 75	603,975 11	209,603 09	2,809,374 95	1,803,765 11	1,005,609 84
October, ".....	2,231,581 86	549,382 37	209,009 62	2,990,873 85	1,752,917 27	1,237,956 58
November, ".....	1,857,870 50	454,908 34	206,235 08	2,519,013 92	1,532,858 13	986,155 79
December, ".....	1,536,147 45	458,583 94	208,792 20	2,203,523 59	1,302,275 80	901,247 79
January, 1895.....	1,253,267 75	432,051 21	209,059 55	1,894,378 51	1,254,918 96	639,459 55
February, ".....	1,384,479 25	341,060 82	201,951 99	1,927,522 06	1,331,928 98	595,593 08
March, ".....	1,580,004 89	463,545 37	203,680 40	2,256,236 66	1,220,099 87	1,035,536 79
April, ".....	1,398,221 44	453,016 71	202,944 80	2,054,182 95	1,318,395 09	735,787 86
May, ".....	1,485,592 87	452,531 91	205,968 76	2,144,063 54	1,311,303 83	832,789 71
June, ".....	1,482,017 34	552,047 64	220,200 02	2,263,865 00	1,145,478 46	1,118,386 54
Total.....	\$18,978,262 89	\$5,852,761 16	\$2,504,325 14	\$27,335,369 19	\$17,043,753 09	\$10,291,616 10

EQUIPMENT IN SERVICE JUNE 30TH, 1895.

STANDARD GAUGE.

Locomotives		829
Passenger Cars		411
Sleeping Cars		53
Parlor Cars		16
Dining Cars		8
Baggage, Postal, Mail and Express Cars		279
Freight Cars—		
Box Cars	18,180	
Stock Cars	2,587	
Flat, Coal, Ore and Dump Cars	5,831	
Refrigerator Cars	488	27,086
Caboose Cars		457
Wrecking, Tool Cars, etc.		72

NARROW GAUGE.

Locomotives		7
Passenger Cars		3
Baggage, Mail and Express Cars		6
Freight Cars—		
Box Cars	203	
Stock Cars	59	
Flat Cars	49	311
Caboose Cars		5
Total		<u>29,543</u>

At date of last report a shortage of 253 cars was shown by the inventory of Equipment. During the past year 421 cars of various classes were worn out, wrecked or otherwise destroyed, 1 combination car was changed to a caboose car, 10 stock cars were changed to flat (coal) cars, and 3 flat cars were changed to flangers in the wrecking and tool car class. Of the cars so destroyed 100 flat cars were replaced with 100 new flat cars, and 2 flat cars were replaced with 1 special flat car for heavy machinery, leaving a shortage for the year of 319 cars, which number added to the shortage at date of last report—253 cars—makes a total shortage of 572 cars June 30th, 1895—comprising 1 passenger, 1 combination passenger and baggage, 221 box, 209 stock, 128 flat, 1 refrigerator, 10 caboose and 1 wrecking car.

The amount necessary for the replacement of the 572 cars—\$260,610.00—has been charged to Operating Expenses during this and previous years, and stands at the credit of "Rolling Stock Replacement Fund," as shown on page 30 of this report.

STATEMENT OF COMMODITIES TRANSPORTED

DURING THE YEARS ENDING JUNE 30TH, 1893, 1894 AND 1895.

COMMODITIES.	1893.		1894.		1895.	
	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.
Flour.....	442,934	3.292	440,193	4.078	413,677	3.949
Mill Feed.....	163,266	1.214	146,028	1.353	137,309	1.311
Wheat.....	1,492,698	11.085	940,878	8.717	735,743	7.023
Rye.....	64,316	.478	45,185	.419	39,865	.381
Barley.....	612,465	4.553	516,167	4.782	504,889	4.819
Oats.....	464,246	3.451	410,020	3.799	351,509	3.355
Corn.....	256,107	1.904	468,017	4.336	174,046	1.681
Flax Seed.....	140,811	1.047	116,909	1.083	73,943	.706
Hay.....	158,315	1.177	177,482	1.644	125,011	1.198
Dairy Products.....	50,070	.372	47,753	.442	47,744	.456
Other Agricultural Products.....	188,646	1.402	173,685	1.609	191,010	1.823
Provisions.....	192,353	1.430	171,900	1.593	191,770	1.831
Salt.....	71,644	.532	57,433	.532	58,360	.557
Lime, Cement and Plaster.....	218,773	1.626	160,093	1.483	153,153	1.462
Brick and Stone.....	664,564	4.940	438,053	4.058	515,998	4.926
Iron and Steel.....	359,819	2.674	222,990	2.066	273,912	2.615
Manufactures.....	573,173	4.260	439,794	4.074	518,130	4.947
Coal.....	1,616,846	12.018	1,437,393	13.317	1,585,719	16.137
Live Stock.....	615,727	4.577	542,434	5.025	575,967	5.498
Lumber.....	1,953,122	14.518	1,229,011	11.366	1,205,396	11.506
Other Forest Products.....	626,116	4.654	552,481	5.118	778,327	7.490
Merchandise.....	1,211,971	9.009	1,024,044	9.487	922,532	8.806
Ice.....	191,355	1.422	233,090	2.159	217,490	2.075
Miscellaneous.....	1,124,012	8.355	803,025	7.440	684,442	6.533
Totals.....	13,453,349	100.000	10,794,058	100.000	10,475,942	100.000

**DETAIL OF EXPENDITURES
FOR IMPROVEMENTS AND ADDITIONS TO PROPERTY**

FOR THE YEAR ENDING JUNE 30TH, 1895.

Equipment—		
One Locomotive	8,000 00	
Power Brakes, Automatic Couplers and other improvements.....	20,700 51	28,700 51
Extension of line from Minocqua to Star Lake, Wis., 18.80 miles—cost to date.....	183,623 73	
Purchase of Prairie du Chien & McGregor Railroad.....	90,000 00	273,623 73
Viaduct, 16th St., Milwaukee, Wis.....		125,000 00
Right of Way, Sundry Points.....		13,068 61
Station Buildings—		
Sioux Falls, S. D., Freight.....	5,697 50	
Sioux Falls, S. D., Passenger.....	6,414 15	
Rathbun, Iowa, Freight and Passenger...	1,054 24	
Farmington, Minn., Freight and Passenger	1,412 31	
At Other Points	11,180 46	25,758 66
Station Platforms and Sidewalks.....		2,505 19
Cinder Pits.....		531 69
Coal and Oil Houses.....		2,394 42
Stock Yards, Sheds, Scales, etc.		9,886 21
Water Supply—		
Kirkland, Ill., Stand Pipes.....	1,468 27	
Ferguson, Iowa, Well and Pump.....	1,069 88	
Red Cedar, Wis., Tank and Well.....	1,451 93	3,990 08
Round Houses and Shops—Machinery.....		1,088 63
Bridges—		
Chicago & Council Bluffs Division	8,711 37	
Kansas City	13,411 18	
River	53,104 88	
Iowa & Dakota	6,238 12	
La Crosse	25,234 76	
Prairie du Chien	5,274 61	
Chippewa Valley	1,801 95	
Other Divisions	2,971 56	
Iron Guard Rails on Bridges	2,123 00	120,871 43
Side Tracks		45,506 33
Ballasting Track—		
Chicago & Milwaukee Division.....	1,204 93	
Chicago & Council Bluffs	1,715 04	
Iowa & Dakota	5,027 37	
Hastings & Dakota	3,333 20	
Sioux City & Dakota	726 65	
Southern Minnesota	833 51	
Kansas City	10,243 46	23,084 16
Carried forward		<u>\$676,009 65</u>

Brought forward.....		\$676,009 65
Raising Grade, Widening and Rip-Rapping Banks—		
Iowa & Dakota Division.....	1,927 70	
Wisconsin Valley ".....	10,795 63	
Kansas City ".....	3,580 36	
Sioux City & Dakota ".....	1,621 42	
Dubuque ".....	1,834 02	
La Crosse ".....	1,649 31	
Other Divisions.....	4,997 58	26,406 92
Fences—New		
Iowa & Dakota Division.....	5,162 91	
Sioux City & Dakota ".....	2,098 78	
Southern Minnesota ".....	2,758 12	
Wabasha ".....	1,253 64	
Wisconsin Valley ".....	1,262 07	
Other Divisions.....	2,150 23	14,685 75
Culverts—New		
Chicago & Milwaukee Division.....	1,347 42	
La Crosse ".....	3,483 07	
River ".....	2,197 19	
Chicago & Council Bluffs ".....	1,148 08	
Kansas City ".....	4,526 15	
Other Divisions.....	1,086 22	13,788 13
Block Signals—New		
Sioux City & Dakota Division.....	278 81	
Chicago & Council Bluffs ".....	833 54	
La Crosse ".....	531 07	
River ".....	541 45	
Other Divisions.....	553 68	2,738 55
Highway Crossing Gates.....		1,176 68
		<u>\$734,805 68</u>
Unused material, heretofore charged to Construction Second Main Track.....	9,306 10	
Proportion of cost of Signals and Gates payable by other Companies.....	4,536 45	13,842 55
Total.....		<u>\$720,963 13</u>
Cost of Road and Equipment, July 1st, 1894.....		\$210,440,713 45
Improvements and Additions as above.....		720,963 13
Discount on 4 per cent General Mortgage Bonds.....		10,000 00
Miscellaneous items.....		15,875 00
		<u>\$211,187,551 58</u>
Sundry credits.....		19,514 02
Cost of Road and Equipment, June 30th, 1895.....		<u>\$211,168,036 96</u>

MATERIAL AND FUEL ON HAND.

Coal	36,291 Tons,	62,687 95
Wood	21,600 Cords,	41,804 75
Ties	1,038,094 Number,	301,891 64
New Steel Rails.....	947 Tons,	23,483 66
Old Steel Rails.....	8,957 Tons,	105,404 02
Old Iron Rails.....	18,598 Tons,	268,996 72
Oil	60,353 Gallons,	12,831 10
Waste	41,456 Pounds,	2,881 38
Splices, Bolts and Spikes.....	283,190 Pounds,	5,122 14
Iron (worked and unworked)...	7,218,888 Pounds,	98,291 51
Copper and Brass.....	324,820 Pounds,	23,439 36
Lumber and Timber.....	13,140,923 Feet,	205,675 91
Piles	305,561 Feet,	37,602 62
Posts	49,552 Number,	3,752 12
Engine and Car Wheels.....	3,226 Number,	17,580 68
Engine and Car Wheels (on axles)	1,784 Pairs,	31,630 95
Engine and Car Axles.....	500,062 Pounds,	8,029 91
Tires	68,630 Pounds,	3,000 02
Steel and Steel Springs.....	619,993 Pounds,	29,261 95
Engine, Car and Road Castings	3,168,195 Pounds,	40,470 03
Paints and Oils.....		9,633 92
Stationery Supplies.....		13,422 01
Other Supplies		396,119 17
Total, June 30th, 1895.....		<u>\$1,743,013 52</u>
Total, June 30th, 1894.....		<u>2,226,568 35</u>
Decrease		<u><u>\$483,554 83</u></u>

TRANSPORTATION STATISTICS.

FOR THE YEARS ENDING JUNE 30TH, 1893, 1894 AND 1895.

	1893.	1894.	1895.
Miles run by freight trains	15,590,807	12,869,482	10,911,957
Miles run by passenger trains	7,947,371	7,848,438	7,549,189
Miles run by mixed trains.....	1,045,395	987,704	919,316
Miles run by revenue trains	24,583,573	21,705,624	19,380,472
Miles run by switching trains	5,789,514	4,411,146	3,869,129
Miles run by construction and other trains	1,377,331	575,700	441,227
Total miles run by all trains	31,750,418	26,692,470	23,690,828
Number of tons of freight carried.....	13,453,349	10,704,058	10,475,942
Number of tons of freight carried one mile	2,506,850,702	2,077,869,479	1,765,245,552
Number of tons of freight carried per loaded car	10.50	9.93	9.84
Average miles each ton of freight was carried	186.34	192.50	168.50
Revenue per ton of freight per mile.....	1.026 cts.	1.037 cts.	1.075 cts.
Revenue from freight per train mile run	\$1.5701	\$1.5834	\$1.6359
Number of passengers carried	8,634,707	7,921,882	7,235,299
Number of passengers carried one mile	312,879,855	337,133,338	244,225,088
Average miles each passenger was carried .....	.36.24	42.56	33.75
Revenue per passenger per mile	2.401 cts.	2.169 cts.	2.396 cts.
Revenue from passengers per train mile run.....	91.51 cts.	90.32 cts.	75.25 cts.
Repairs of locomotives per revenue train mile run.....	6.24 cts.	5.05 cts.	4.33 cts.
Repairs of cars	8.80 cts.	7.05 cts.	6.17 cts.
Station service	12.74 cts.	12.82 cts.	13.27 cts.
Train service	7.42 cts.	7.34 cts.	7.19 cts.
Locomotive service	9.18 cts.	8.87 cts.	8.82 cts.
Train and station supplies	2.50 cts.	2.44 cts.	2.24 cts.
Fuel	11.04 cts.	10.49 cts.	9.36 cts.
Oil and waste .....	.70 cts.	.63 cts.	.58 cts.
All other expenses	37.84 cts.	37.98 cts.	35.98 cts.
Total operating expenses	98.46 cts.	92.67 cts.	87.94 cts.
Percentage of expenses (including taxes) to earnings	66.34%	64.21%	62.35%

STATEMENT OF INCOME ACCOUNT

FOR THE FISCAL YEAR ENDING JUNE 30TH, 1895.

Balance at credit June 30th, 1894		\$6,521,040 08
Dubuque Division Sinking Fund, years 1887 to 1894, inclusive	525,000 00	
Dividend No. 49, payable October 22d, 1894, from net earnings of fiscal year ending June 30th, 1894:		
3¼% on \$25,973,000—preferred stock	909,086 50	
2% on \$46,027,261—common stock	920,545 22	
Old Accounts charged off	113,425 81	2,468,057 53
Balance July 1st, 1894		\$4,052,082 55
Gross Earnings	27,335,369 19	
Less Operating Expenses (including taxes)...	17,043,753 09	
Net Earnings	10,291,616 10	
Income from other sources	134,647 04	
Net Revenue for the year		10,426,263 14
Total		\$14,479,245 69
Interest accrued during the year on funded debt	7,629,377 07	
Dividend No. 50, payable April 19th, 1895, from net earnings of fiscal year ending June, 30th, 1895:		
3¼% on \$25,991,900—preferred stock	909,716 50	
1% on \$46,027,261—common stock	460,272 61	8,099,366 18
Balance at credit June 30th, 1895		\$5,479,879 51

CAPITAL STOCK JUNE 30TH, 1895.

PREFERRED STOCK.

Amount of Preferred Stock, June 30th, 1894.....		\$25,973,900 00
Issued during the year in exchange for bonds convertible into preferred stock by terms of mortgage, viz.:		
For 167 bonds, Iowa & Minnesota Division.....	\$167,000 00	
For 16 bonds, Prairie du Chien Division, Second Mortgage	16,000 00	183,000 00
Total Preferred Stock, June 30th, 1895 ..		\$26,156,900 00

COMMON STOCK.

Total Common Stock, June 30th, 1894.....	\$46,027,261 00	
Total Common Stock, June 30th, 1895.....		46,027,261 00
Total Capital Stock, June 30th, 1895.....		\$72,184,161 00

FUNDED DEBT JUNE 30TH, 1895.

Total Funded Debt, June 30th, 1894, including		
all liens on purchased roads		\$138,801,000 00
Issued during the year:		
General Mortgage Bonds as follows:		
For Bonds paid and canceled:		
Income Sinking Fund Convertible.....	80,000 00	
Wisconsin Valley Division	25,000 00	
Milwaukee & St. Paul R'y Co.	7,000 00	
Real Estate	1,200 00	
Minnesota Central R'y Co.	105,000 00	218,200 00
General Mortgage Bonds due from Trustees for		
expenditures for additional equipment, real		
estate and improvements, July 1st, 1894, to		
June 30th, 1895.....		704,000 00
		<u>\$139,723,200 00</u>
Bonds paid and canceled:		
Income Sinking Fund Convertible.....	80,000 00	
Wisconsin Valley Division.....	25,000 00	
Milwaukee & St. Paul R'y Co.....	7,000 00	
Real Estate.....	1,200 00	
Minnesota Central R'y Co.....	105,000 00	
Bonds received in exchange for preferred stock		
and canceled:		
Iowa & Minnesota Division.....	187,000 00	
Prairie du Chien Division, Second Mortgage	16,000 00	
One Milwaukee & St. Paul R'y Co. Mortgage		
Bond undoubtedly destroyed or lost—no cou-		
pons for thirteen years to date of maturity		
having been presented for payment. It has		
therefore been credited to Profit and Loss in		
order to close the La Crosse Division bond		
account	1,000 00	402,200 00
Total Funded Debt, June 30th, 1895		<u>\$139,321,000 00</u>
Increase—For improvements and additions to		
the property	704,000 00	
Decrease—Bonds received in exchange for pre-		
ferred stock and canceled.....	183,000 00	
Decrease—One bond lost or destroyed.....	1,000 00	
Net Increase.....		<u>\$520,000 00</u>
Of the total amount of bonds outstanding as		
stated above, there remain in the treasury,		
unsold, or due from Trustees.....		<u>\$4,618,000 00</u>

RAILWAY COMPANY.

DESCRIPTION OF BONDS.	TIME.		AMOUNT OUTSTANDING.	RATE.	WHEN PAYABLE.	INTEREST.	
	DATE OF ISSUE.	WHEN DUE.				AMOUNT AC-CRUED DURING THE YEAR.	AMOUNT PAID DURING THE YEAR.
a Iowa & Minnesota Division	1867	1897	2,075,000 00	7 per cent.	Jan. and July.	192,465 00	196,945 00
a Prairie du Chien " 1st Mortgage	1868	1898	3,874,000 00	8 " "	Feb. and Aug.	393,920 00	294,320 00
a Prairie du Chien " 2d	1868	1898	1,181,000 00	7.3 " "	" "	86,894 33	87,490 50
a Chicago & Milwaukee " "	1873	1903	2,393,000 00	7 " "	JAN. and July.	167,510 00	167,615 00
ad St. Paul (or River) " Sterling	1872	1902	3,362,000 00	7 " "	" "	235,340 00	234,815 00
ad St. Paul (or River) " "	1872	1902	442,500 00	7 " "	" "	30,975 00	31,062 50
a Iowa & Dakota " "	1869	1899	540,000 00	7 " "	" "	37,800 00	37,485 00
a Hastings & Dakota " "	1872	1903	89,000 00	7 " "	" "	6,230 00	6,230 00
b Consolidated Mortgage	1874	1904	186,000 00	7 " "	" "	13,020 00	13,020 00
a Consolidated Mortgage	1875	1905	11,298,000 00	7 " "	" "	790,930 00	793,240 00
d Terminal	1884	1914	4,748,000 00	5 " "	" "	237,400 00	237,150 00
a Iowa & Dakota Division Extension	1878	1908	3,505,000 00	7 " "	" "	245,350 00	244,300 00
a Hastings & Dakota " "	1880	1910	5,080,000 00	7 " "	" "	397,000 00	395,150 00
a Hastings & Dakota " "	1880	1910	990,000 00	5 " "	" "	40,500 00	49,475 00
a Southwestern " "	1870	1909	4,000,000 00	6 " "	" "	240,000 00	239,340 00
a La Crosse & Dav'p't " "	1878	1919	2,500,000 00	5 " "	" "	125,000 00	125,495 83
a Chicago & Pacific " "	1880	1910	3,000,000 00	6 " "	" "	180,000 00	180,510 00
a Chicago & Pacific Western Division	1881	1921	25,340,000 00	5 " "	" "	1,267,000 00	1,269,825 00
a Southern Minnesota Division	1880	1910	7,432,000 00	6 " "	" "	445,920 00	445,020 00
a Mineral Point " "	1880	1910	2,840,000 00	5 " "	" "	142,000 00	142,125 00
a Dubuque " "	1880	1920	6,565,000 00	6 " "	" "	393,360 00	393,270 00
a Wisconsin Valley " "	1880	1920	2,291,000 00	6 " "	" "	134,820 00	145,590 00
a Wisconsin & Minnesota " "	1881	1921	4,755,000 00	5 " "	" "	237,750 00	236,375 00
a Chicago & Lake Superior Division	1881	1921	1,360,000 00	5 " "	" "	68,000 00	67,925 00
a Chicago & Missouri River " "	1886	1926	3,083,000 00	5 " "	" "	154,150 00	153,925 00
a Dakota & Great Southern Ry.	1886	1916	2,856,000 00	5 " "	" "	142,800 00	143,100 00
a Fargo & Southern Ry.	1883	1924	1,250,000 00	6 " "	" "	75,000 00	75,000 00
a Wisconsin Valley R. R.	1879	1909	1,106,500 00	7 " "	" "	77,455 00	77,455 00
c Income Sinking Fund Convertible	1886	1916	1,520,000 00	5 " "	" "	75,500 00	75,575 00
d General Mortgage	1889	1980	21,411,000 00	4 " "	" "	716,207 74	710,507 74
a Milw. & Nor. R. R. 1st Mortgage	1880	1910	2,155,000 00	6 " "	June and Dec.	129,300 00	128,400 00
a Milw. & Nor. R. R. Consolidated	1884	1913	5,092,000 00	6 " "	" "	240,180 00	242,460 00
Interest on other bonds paid and cancelled during the year							5,467 50
Total			\$139,321,000 00			\$7,620,377 07	\$7,640,054 07

a Bonds thus designated are convertible into Preferred Stock at any time within ten days after a dividend becomes payable on said Preferred Stock.
 b Bonds thus designated are convertible into Preferred Stock at any time within fifteen days after a dividend becomes payable on said Preferred Stock.
 c Bonds thus designated are convertible into Common Stock at any time within sixty days after any dividend becomes payable on the stock of the Company.
 d The authorized issue of these bonds is \$5,000,000, of which but \$3,000,000 have been sold.
 e Bonds thus designated are payable, principal and interest, in gold, at the office of the Company, in New York.
 f Bonds thus designated are payable, principal and interest, in gold, in London.

9/17/9

1896

THIRTY-SECOND ANNUAL REPORT

OF THE

CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDING JUNE 30TH, 1896

PROPERTY OF
HARVEY FISK & SONS
STATISTICAL DEPARTMENT.
NOT TO BE LOANED OR TAKEN FROM CIRCULATION

1896

Thirty-second Annual Report

OF THE

Chicago, Milwaukee & St. Paul
Railway Company

FOR THE

Fiscal Year ending June 30th, 1896

CHICAGO
CORBITT & BURNHAM, PRINTERS
1896

DIRECTORS AND OFFICERS

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

DIRECTORS.

PHILIP D. ARMOUR,	- - - - -	CHICAGO.
AUGUST BELMONT,	- - - - -	NEW YORK.
FRANK S. BOND,	- - - - -	NEW YORK.
CHARLES H. COSTER,	- - - - -	NEW YORK.
CHARLES D. DICKEY, Jr.,	- - - - -	NEW YORK.
PETER GEDDES,	- - - - -	NEW YORK.
FREDERICK LAYTON,	- - - - -	MILWAUKEE.
JOSEPH MILBANK,	- - - - -	NEW YORK.
ROSWELL MILLER,	- - - - -	CHICAGO.
JAMES M. McKINLAY,	- - - - -	NEW YORK.
WILLIAM ROCKEFELLER,	- - - - -	NEW YORK.
SAMUEL SPENCER,	- - - - -	NEW YORK.
A. VAN SANTVOORD,	- - - - -	NEW YORK.

OFFICERS.

ROSWELL MILLER,	- - - - -	President,	- - - - -	CHICAGO.
FRANK S. BOND,	- - - - -	Vice-President,	- - - - -	NEW YORK.
A. J. EARLING,	- - - - -	Second Vice-President and General Manager,	- - - - -	CHICAGO.
W. G. COLLINS,	- - - - -	General Superintendent,	- - - - -	CHICAGO.
P. M. MYERS,	- - - - -	Secretary,	- - - - -	MILWAUKEE.
J. M. McKINLAY,	- - - - -	Assistant Secretary and Transfer Agent,	- - - - -	NEW YORK.
C. B. FERRY,	- - - - -	Assistant Secretary and Transfer Agent,	- - - - -	NEW YORK.
H. C. WESTON,	- - - - -	Assistant Secretary and Transfer Agent,	- - - - -	NEW YORK.
F. G. RANNEY,	- - - - -	Treasurer,	- - - - -	CHICAGO.
W. N. D. WINNE,	- - - - -	General Auditor,	- - - - -	CHICAGO.
GEORGE R. PECK,	- - - - -	General Counsel,	- - - - -	CHICAGO.
BURTON HANSON,	- - - - -	General Solicitor,	- - - - -	CHICAGO.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
 THIRTY-SECOND ANNUAL REPORT
 OF THE DIRECTORS OF THE
 CHICAGO, MILWAUKEE & ST. PAUL
 RAILWAY COMPANY
 TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1896.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1896, and of the condition of its property and finances at the close of that year.

The operations for the year show the following results :

Gross Earnings.....	\$32,681,828 88
Operating Expenses (including taxes).....	19,676,808 04
Net Earnings.....	<u>\$13,005,020 84</u>
Income from other sources.....	64,857 13
Total	<u>\$13,069,877 97</u>
Fixed charges—interest on bonds...\$7,611,928 18	
Premium on bonds purchased.....	57,560 00 7,669,488 18
Balance above all charges.....	<u><u>\$5,400,389 79</u></u>

During the year two dividends aggregating seven per cent were paid on the preferred stock, and two dividends aggregating three per cent were paid on the common stock—of which, the dividend paid October 21st, 1895—3½ per cent on preferred and one per cent on common stock—was from net earnings of the previous fiscal year, ending June 30th, 1895.

MILES OF TRACK.

The Company owns and operates 6,150.75 miles of railway, as follows:

Main track owned solely by this Company.....	6,139.62	
Main track owned jointly with other Companies.....	11.13	6,150.75
Second and third tracks and connection tracks owned solely by this Company.....	212.56	
Second and third tracks and connection tracks owned jointly with other Companies.....	3.42	215.98
Tracks owned by other Companies, but used by this Company under agreements.....		61.45
Yard tracks, sidings and spur tracks owned solely by this Company	1,366.04	
Yard tracks, sidings and spur tracks owned jointly with other Companies	40.67	1,406.71
Total miles of track		<u>7,834.89</u>

The lines of road are located as follows:

In Illinois	317.88	miles.
“ Wisconsin	1,647.79	“
“ Iowa	1,553.37	“
“ Minnesota.....	1,120.09	“
“ North Dakota	118.21	“
“ South Dakota	1,101.06	“
“ Missouri	140.27	“
“ Michigan.....	152.08	“
Total length of main track	<u>6,150.75</u>	<u>miles.</u>

No extension of the Company's lines has been made during the year. The track from Mather to Goodyear, in Wisconsin, and its two short branches, aggregating 18.67 miles in length, has been taken up, as the timber which it was built to reach is exhausted. A sufficient fund is provided out of charges to Operating Expenses to build a like number of miles elsewhere.

ROLLING STOCK.

At the close of the last fiscal year the Rolling Stock Replacement Fund amounted to \$260,610. During the past year the sum of \$362,705.81 was added to the fund by charging to Operating Expenses the cost of making good the losses which occurred during the year; and there was expended out of the fund the sum of \$364,909.81 for actual replacements as follows:

11 Locomotives	\$101,824 36
1 Standard Postal Car	3,291 07
575 Box Cars	257,863 96
5 Flat and Coal Cars	1,930 42

The unexpended balance of this fund now amounts to \$258,406, and is sufficient to replace the shortage of equipment, shown by statement on page 33, and will be expended as needed.

There has also been expended during the year, for new and additional rolling stock, and for air-brakes and automatic couplers, as required by act of Congress, and for other improvements to rolling stock, the sum of \$387,815.72, which has been charged to Capital Account, as follows:

25—50 ft. Carriage Cars	\$15,262 73
1 Standard Postal Car	3,291 07
One-fourth interest in 45 Sleeping Cars, being the interest of the Pullman's Palace Car Co. in said Cars at the termination of the contract with that Company, November 10th, 1890. Settlement made January 31st, 1896	105,260 60
Air Brakes, Automatic Couplers and other improvements to rolling stock	264,001 32

SUMMARY OF CAPITAL EXPENDITURES.

The following expenditures (detailed statement on page 31), representing additions to capital, have been made during the year :

For Equipment.....	\$387,815 72
“ Real Estate	11,009 34
“ Station Buildings at new stations	3,201 16
“ Additions to Station Facilities at old stations....	12,466 01
“ Side-Tracks—new	56,753 10
“ Ballasting Lines not previously ballasted.....	115,036 34
“ New Fences on parts of road not heretofore fenced	15,314 26
“ Viaduct, Minneapolis	10,123 43
Total.....	<u>\$611,719 36</u>

CAPITAL STOCK AND FUNDED DEBT.

At the close of the last fiscal year the share capital of the Company amounted to \$72,184,161; and consisted of \$26,156,900 of preferred stock, and \$46,027,261 of common stock. It has been increased during the year by \$739,000 of preferred stock, issued in exchange for the same amount of convertible bonds canceled, and now amounts to \$72,923,161.

At the close of the last fiscal year the funded debt of the Company was \$139,321,000. There have been added during the year \$579,000 of general mortgage four per cent bonds for additions and improvements to the property (as specified in the statement on page 31); and \$183,000 of general mortgage four per cent bonds issued in exchange for underlying bonds paid and canceled—total additions, \$762,000.

There have been deducted \$739,000 for convertible bonds received in exchange for preferred stock; and \$183,000 for other bonds paid and canceled—total deductions \$922,000; leaving the total funded debt at the close of the fiscal year ending June 30th, 1896, \$139,161,000—a decrease of \$160,000 since last report.

The amount of the capital stock of the Company per mile of road is \$11,866.73; the amount of the funded debt per mile of

road is \$22,645.55, on which the interest charge per mile of road is \$1,238.68. The total capitalization of the Company per mile of road is \$34,512.28.

At the close of the last fiscal year the amount of bonds in the treasury or due from trustees was \$4,618,000. To this there has been added during the year the following amounts: \$309,000 Dubuque Division Bonds, purchased for sinking fund purposes; \$183,000 General Mortgage Bonds, \$56,000 Wisconsin Valley Division Bonds, and \$1,000 La Crosse and Davenport Division Bond, received from trustees for bonds paid and canceled; and \$579,000 General Mortgage Bonds, representing additions and improvements to property during the year; total, \$1,128,000. There has been deducted during the year \$4,000 Wisconsin Valley Division Bonds; \$6,000 Income Sinking Fund Convertible Bonds, and \$86,000 Dubuque Division Bonds canceled by sinking fund; and \$1,104,000 General Mortgage Bonds sold; total, \$1,200,000. There remain in the treasury or due from trustees, June 30th, 1896, bonds to the amount of \$4,546,000.

The bonds in the treasury, excepting those specified as held for sinking fund purposes, represent actual cash expenditures for extensions, improvements, additional property, etc., out of the current cash receipts of the Company from the operation of its lines—which expenditures have not been made good by the sale of bonds, but the bonds issued therefor are held in the treasury as stated.

EARNINGS.

The results from operation of your Company's lines during the year ending June 30th, 1896, compared with the previous year, show an increase of \$5,346,459.69 in gross earnings; an increase of \$2,633,054.95, in operating expenses; and an increase of \$2,713,404.74 in net earnings.

The earnings from freight traffic were \$23,887,930.06—an increase of \$4,909,667.17, or 25.87%.

The number of tons of freight carried was 12,210,055—an increase of 1,734,113 tons, or 16.55%.

The increase in tons of freight carried was principally in the following commodities: flour and mill feed, 73,588 tons; wheat,

356,131 tons; barley, 166,830 tons; oats, 235,467 tons; corn, 64,322 tons; flax seed, 107,703 tons; other grains, 1,683 tons; hay, 28,957 tons; iron and steel, 98,664 tons; manufactures, 79,469 tons; forest products, except lumber, 133,534 tons; live stock, 59,721 tons. There was no decrease in any important item except lumber, which decreased 47,909 tons.

The number of tons of all agricultural products carried during the year was 3,846,426—an increase compared with the previous year of 1,051,680 tons, or 37.63%. Agricultural products made up 31.50% of the total tonnage, as compared with 26.68% of the total tonnage of last year.

The total number of tons of commodities other than agricultural, carried during the year was 8,363,629 as against 7,681,196—an increase of 682,433 tons, or 8.88%—the per cent of total tonnage being 68.50% as against 73.32% last year.

The number of tons of freight carried one mile was 2,381,667,988—an increase of 616,422,436, or 34.92%. The revenue per ton per mile was 1.003 cts.—a decrease of .072 cts. or 6.70%. The average miles each ton of freight was carried was 195.06 miles—an increase of 26.56 miles, or 15.76%.

The number of tons of freight carried per loaded car was 10.90, against 9.84 last year—an increase of 10.77%. The number of tons of freight per freight train mile was 167.08, against 152.16 last year—an increase of 9.81%. The revenue from freight per freight train mile was \$1.6758, as against \$1.6359 last year—an increase of 2.44%.

It is apparent that the increase in revenue from freight was due principally to the increase in tonnage of agricultural products, in consequence of good crops; and to the increase of 26.56 miles in the average miles each ton of freight was carried. These conditions were offset somewhat by the decrease in the rate per ton per mile; and on the other hand the expense of transportation was diminished by the increase of tons of freight per loaded car.

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1867.....3.94 cts.	1877.....2.08 cts.	1887.....1.09 cts.
1868.....3.49 "	1878.....1.80 "	1888.....1.006 "
1869.....3.10 "	1879.....1.72 "	1889.....1.059 "
1870.....2.82 "	1880.....1.76 "	1890.....0.995 "
1871.....2.54 "	1881.....1.70 "	1891.....1.003 "
1872.....2.43 "	1882.....1.48 "	1892.....1.026 "
1873.....2.50 "	1883.....1.39 "	1893.....1.026 "
1874.....2.38 "	1884.....1.29 "	1894.....1.037 "
1875.....2.10 "	1885.....1.28 "	1895.....1.075 "
1876.....2.04 "	1886.....1.17 "	1896.....1.003 "

The earnings from passenger traffic during the year were \$6,147,678.88—an increase of \$294,897.72 over the previous year, or 5.04%. The number of passengers carried was 7,427,614—an increase of 192,315, or 2.66%. The number of passengers carried one mile was 260,821,497—an increase of 16,595,809, or 6.80%; the revenue per passenger per mile was 2.357 cents—a decrease of .039 cents or 1.63%; the average miles each passenger was carried was 35.12 miles—an increase of 1.37 miles or 4.06%.

EXPENDITURES.

In the expenditures pertaining to Maintenance of Way and Structures, there was an increase over the previous year of \$671,258.05, as follows: Repairs of Track, \$377,779.26; Renewal of Rails, \$14,613.57; Renewal of Ties, \$25,137.91; Repairs of Bridges, \$140,715.17; Repairs of Fences, \$7,927.19; Repairs of Buildings, \$105,084.95. The item Repairs of Buildings includes \$72,443.07—cost of replacement of freight houses at Milwaukee, destroyed by fire August 22d, 1895.

New steel rails to the amount of 22,480 tons have been laid during the year—an increase of 6,287 tons over the amount laid during the year ending June 30th, 1895; and 2,021,806 cross-ties have been placed in track—an increase of 84,301 over the number used in the previous year.

The expenditures for Repairs of Bridges include the total cost of 56 iron bridges, aggregating 5,573 feet in length—replacing an equal number of wooden bridges; the filling of about 3.9 miles of pile bridges with earth—289 bridges having been completely filled and 158 reduced in length by filling; and the replacing of 247 wooden culverts with iron.

The expenditures for Maintenance of Rolling Stock during the year were \$2,942,294.65—an increase of \$856,985.19 over the

expenditures of the previous year on this account; and include the amount of \$362,705.81 charged to Repairs of Locomotives and Cars to replace the loss of equipment during the year, as stated on page 9, and also general repairs of 361 locomotives and 14,233 cars.

In the items pertaining to Conducting Transportation, there was an increase in expenses of \$754,627.38, as follows:

Station Service, \$149,004.71; Conductors, Baggage-men and Brakemen, \$191,796.84; Engineers, Firemen and Wipers, \$186,933.21; Train and Station Supplies, \$23,321.66; Fuel, \$195,097.53; Oil and Waste, \$3,352.36; Trackage and Switching Charges, \$5,121.07.

The payments of the Company for labor directly employed in its service during the year were \$12,460,923.03, as compared with \$10,979,624.29 last year, and for material and supplies \$5,820,736.58, as compared with \$3,763,444.89 last year.

INSURANCE DEPARTMENT.

The last annual report of the Company showed that the Insurance Department had a credit balance at the close of its fiscal year ending June 30th, 1895, of.....	\$88,808 07
From which there was paid for fire losses prior to that date....	6,635 73
Making the true credit cash balance as of that date	82,172 34
To enable the department to make a purchase of securities for the Guarantee Fund, there was borrowed, temporarily, the sum of	50,000 00
And from this aggregate sum of	\$132,172 34
\$111,000 par value of bonds were purchased at a cost of	103,250 00
Thus reducing the balance of cash to.....	28,922 34
To this amount add premiums received and due for the year ending June 30th, 1896	81,826 71
The income from investments of the Guarantee Fund	23,055 00
Making a credit balance of	133,804 05
against which there is charged:	
For adjusted losses to June 30th, 1896.....	\$33,556 88
For losses unadjusted, estimated at.....	30,000 00
For expenses paid	1,861 34
For additional expenses, estimated at.....	2,000 00
Total debits.....	117,417 72
Leaving a credit cash balance of.....	16,386 33
To which add amount reserved for unadjusted losses.....	30,000 00
And for estimated expenses.....	2,000 00
Making the cash in bank June 30th, 1896.....	48,386 33

For the year just closed the Railway Company's losses by fire were larger than ever before in a single year. In August, four of the Company's warehouses at Milwaukee and a number of freight cars and contents were destroyed by fire; and in June, thirty-four freight cars and contents were burned at Davis Junction. This last fire occurring so near the end of the year represents nearly all of the unadjusted losses for which \$30,000.00 is set apart in the foregoing statement.

For the current year, therefore, the Insurance Department losses by fire will exceed its income from premiums and from investments by about \$12,536.01—assuming that the amount reserved for unadjusted losses (\$30,000.00) shall be sufficient to provide for the Davis Junction fire.

Taking the whole operations of the Department since its organization in February, 1893, its income has exceeded its expenses and losses by \$176,372.06, and the original Guarantee Fund of \$300,000.00 has been increased to \$503,250.00, which is represented by \$521,000.00 par value of bonds as per list below. The cash balance on hand June 30th, 1896, was \$48,386.33, against which there is reserved for possible claims for unadjusted fire losses and expenses \$32,000.00, leaving a balance of \$16,386.33 applicable to the \$50,000.00 loan made early in the year.

The Guarantee Fund of \$503,250.00 charged on the Insurance Department books, is invested as follows:

\$400,000	Chi., Mil. & St. Paul R'y Co. General Mortgage bonds	.....	4	per cent.
10,000	" " " Consolidated Mortgage bonds	.....	7	" "
2,000	" " " South. Minnesota Div. bonds	.....	6	" "
2,000	" " " La Crosse & Dav. Div. bonds	.....	5	" "
5,000	" " " Chi. & Pac. West. Div. bonds	.....	5	" "
6,000	Dakota & Great Southern Railway Company bonds	.....	5	" "
96,000	Kansas City Belt Railway Company bonds	.....	6	" "
\$521,000	par value of bonds that pay a yearly interest of	.....	\$23,230	

The Insurance Department property is represented on the general books of the Railway Company by the nominal charge of \$10,000.00, that appears on the balance sheet, page 20.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors.

ROSWELL MILLER,
President.

AUGUST, 1896.

To the President:

Herewith are submitted Statements of Operation and the
General Accounts for the fiscal year ending June 30th, 1896.

W. N. D. WINNE,

General Auditor.

STATEMENT OF INCOME ACCOUNT, JUNE 30TH, 1896.

Dividend payable October 21st, 1896, from net earnings of fiscal year ending June 30th, 1896, viz:					
24¢ on \$26,594,900—Preferred Stock					\$5,479,879 51
1¢ on \$46,027,261—Common Stock					56,000 00
Slaking Fund—Dubuque Division Bonds	\$87,100 00		\$915,491 50		
Slaking Fund—Wisconsin Valley Division Bonds	25,170 00		460,272 61		
Slaking Fund—Income Convertible Bonds	80,000 00				
	\$172,270 00				
Less—Par value of General Mortgage Bonds received in exchange for bonds purchased with part of said Slaking Funds and canceled	127,000 00		45,270 00		
Balance July 1st, 1895					\$4,114,945 40
Gross Earnings for the year ending June 30th, 1896				\$32,691,928 88	
Less Operating Expenses (including taxes)				19,676,908 04	
Net Earnings				\$13,005,020 84	
Income from other sources				64,857 13	
Net revenue for the year ending June 30th, 1896				\$13,069,877 97	
Interest accrued during the year on Funded Debt					
Premium on Bonds purchased for cancellation					
Dividend payable April 20th, 1896, from net earnings of fiscal year ending June 30th, 1896, viz:	\$7,011,928 18				
24¢ on \$26,594,900—Preferred Stock	57,560 00				
1¢ on \$46,027,261—Common Stock					
Balance for the year ending June 30th, 1896	980,821 50				
Balance at Credit June 30th, 1896	920,545 23			9,520,854 90	
					3,549,023 07
					\$7,063,868 47

GENERAL ACCOUNT, JUNE 30TH, 1896.

Dr.

Cr.

Cost of Road and Equipment..... Bonds, Stock, etc., of other Companies..... Vice-President C. M. & St. P. R'y Co. in Special Trust, for Dubuque Division and Wisconsin Valley Division Sink- ing Funds..... New England Trust Co., Trustee, Du- buque Division and Wisconsin Valley Division Sinking Funds..... United States Trust Co., Trustee..... Farmers' Loan & Trust Co., Trustee..... United States Trust Co.—Depository of Renewal Fund..... Insurance Department..... Stock of Material and Fuel..... Mortgage Bonds of the Company, unsold, held in its Treasury, or due from Trustees..... Milwaukee & Northern R. R. Co. 6½ Con- solidated Mortgage Bonds, unsold, held in the Treasury of this Company..... Stock of the Company held in its Treasury..... Due from Agents and Conductors..... Due from Sundry Companies—Traffic Balances..... Due from Sundry Companies—Opera- ting Balances..... Miscellaneous Balances..... Due from United States Government..... Cash on deposit and on hand.....	\$211,830,735 42 900,466 12 659,856 00 288 89 1,528 36 400 08 350,000 00 3,457,000 00 1,089,000 00 4,770 00 246,057 81 108,473 51 134,808 53 865,974 20 303,352 95 5,593,619 35 \$227,402,851 68	Capital Stock, Preferred..... Capital Stock, Common..... Funded Debt..... Wisconsin Valley Division Sinking Fund..... Dubuque Division Sinking Fund..... Sinking Fund, Income Convertible Bonds..... Rolling Stock Replacement Fund..... Renewal Fund..... Pay Rolls and Vouchers..... Due Sundry Companies—Traffic Bal- ances..... Due Sundry Companies—Operating Bal- ances..... Miscellaneous Balances..... Dividends Unclaimed..... Interest Coupons not presented..... Interest Accrued, not yet payable, in- cluding interest due July 1st..... Income Account.....	\$26,895,900 00 46,027,261 00 360 00 659,784 89 258,406 00 387,154 83 1,618,831 30 180,162 92 18,617 03 816,426 60 42,210 04 68,703 50 3,603,585 00 6,348,536 39 7,063,868 47 \$ 227,402,851 58
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FUNDED DEBT, JUNE 30TH 1896.

Total Funded Debt, June 30th, 1895, including		
all liens on purchased roads.....		\$139,321,000 00
Issued during the year :		
General Mortgage Bonds as follows :		
For Bonds paid and canceled :		
Income Sinking Fund Convertible.....	\$76,000 00	
Wisconsin Valley Division.....	21,000 00	
Dubuque Division.....	86,000 00	183,000 00
General Mortgage Bonds due from Trustees for		
expenditures for additional equipment, real		
estate and improvements, July 1st, 1895, to		
June 30th, 1896.....		579,000 00
		\$140,093,000 00
Bonds paid and canceled :		
Income Sinking Fund Convertible.....	76,000 00	
Wisconsin Valley Division.....	21,000 00	
Dubuque Division.....	86,000 00	
Bonds received in exchange for preferred stock		
and canceled :		
Iowa & Minnesota Division.....	578,000 00	
Prairie du Chien Division, Second Mortgage.....	57,000 00	
Iowa & Dakota Division.....	96,000 00	
St. Paul (or River) Division.....	4,000 00	
St. Paul (or River) Division—Sterling.....	4,000 00	922,000 00
		922,000 00
Total Funded Debt, June 30th, 1896....		\$139,161,000 00
Decrease—Bonds received in exchange for pre-		
ferred stock and canceled.....	\$739,000 00	
Increase—For additions and improvements to		
the property.....	579,000 00	
Net Decrease		\$160,000 00
Of the total amount of bonds outstanding as		
stated above, there remain in the treasury,		
unsold, or due from Trustees.....		\$4,546,000 00

FUNDED DEBT, JUNE 30TH, 1896.

DESCRIPTION OF BONDS.	TIME.		AMOUNT OUTSTANDING.	RATE.	WHEN PAYABLE.	INTEREST.	
	DATE OF ISSUE.	WHEN DUE.				AMOUNT ACCRUED DURING THE YEAR.	AMOUNT PAID DURING THE YEAR.
a Iowa & Minnesota Division.....	1867	1897	2,097,000 00	7 per cent.	Jan. and July.	146,790 00	146,860 00
a Prairie du Chien Division, 1st Mortgage.....	1867	1898	3,674,000 00	8 " "	Feb. and Aug.	293,920 00	293,960 00
a Prairie du Chien Division, 2d Mortgage.....	1867	1898	1,124,000 00	7.3 " "	" " "	82,052 00	81,869 50
a Chicago & Milwaukee Division.....	1873	1903	2,393,000 00	7 " "	Jan. and July.	167,510 00	167,720 00
ad St. Paul (or River) Division.....	1872	1902	3,359,000 00	7 " "	" " "	235,130 00	234,990 00
ae St. Paul (or River) Division, Sterling.....	1872	1902	437,500 00	7 " "	" " "	30,625 00	30,870 00
a Iowa & Dakota Division.....	1869	1899	444,000 00	7 " "	" " "	31,010 00	31,010 00
a Hastings & Dakota Division.....	1872	1903	89,000 00	7 " "	" " "	6,230 00	6,230 00
b Consolidated Mortgage.....	1874	1904	186,000 00	7 " "	" " "	13,020 00	13,020 00
a Consolidated Mortgage.....	1875	1905	11,299,000 00	7 " "	" " "	790,330 00	788,690 00
d Terminal Mortgage.....	1884	1914	4,748,000 00	5 " "	" " "	237,400 00	237,900 00
a Iowa & Dakota Division Extension.....	1876	1906	2,505,000 00	7 " "	" " "	245,350 00	245,070 00
Hastings & Dakota Division Extension.....	1880	1910	5,680,000 00	7 " "	" " "	397,600 00	395,850 00
Hastings & Dakota Division Extension.....	1880	1910	990,000 00	5 " "	" " "	49,800 00	49,800 00
Southwestern Division.....	1879	1909	4,000,000 00	6 " "	" " "	240,000 00	239,670 00
La Crosse & Davenport Division.....	1879	1919	2,500,000 00	5 " "	" " "	125,000 00	125,445 83
Chicago & Pacific Division.....	1880	1910	3,000,000 00	6 " "	" " "	180,000 00	176,760 00
Chicago & Pacific Western Division.....	1881	1921	25,340,000 00	5 " "	" " "	1,267,000 00	1,266,350 00
Southern Minnesota Division.....	1880	1910	7,432,000 00	6 " "	" " "	445,320 00	445,320 00
Mineral Point Division.....	1880	1910	2,840,000 00	5 " "	" " "	142,000 00	138,950 00
Dubuque Division.....	1880	1920	6,479,000 00	6 " "	" " "	388,740 00	386,400 00
Wisconsin Valley Division.....	1880	1920	2,270,000 00	6 " "	" " "	136,200 00	133,920 00
Wisconsin & Minnesota Division.....	1881	1921	4,755,000 00	5 " "	" " "	237,750 00	238,850 00
Chicago & Lake Superior Division.....	1881	1921	1,360,000 00	5 " "	" " "	68,000 00	68,175 00
Chicago & Missouri River Division.....	1886	1926	3,083,000 00	5 " "	" " "	154,150 00	154,475 00
Dakota & Great Southern Ry Co.....	1886	1916	2,856,000 00	5 " "	" " "	142,800 00	142,725 00
Fargo & Southern Ry Co.....	1883	1924	1,250,000 00	6 " "	" " "	75,000 00	75,000 00
Wisconsin Valley R. R. Co.....	1879	1909	1,106,500 00	7 " "	" " "	77,455 00	37,660 00
Income Sinking Fund Convertible.....	1886	1916	1,444,000 00	5 " "	" " "	72,250 00	72,250 00
General Mortgage.....	1889	1989	23,173,000 00	4 " "	" " "	886,920 00	732,405 27
M.I. & Northern R. R. Co., 1st Mortgage.....	1880	1910	2,155,000 00	6 " "	June and Dec.	129,300 00	130,170 00
M.I. & Northern R. R. Co., Consolidated.....	1884	1913	5,092,000 00	6 " "	" " "	303,520 00	241,050 00
Interest on bonds canceled.....						15,655 91	40,099 66
Less interest accrued on bonds held in the treasury of the Company.....						\$7,816,747 91	
Total.....			\$139,161,000 00			204,819 73	\$7,575,515 26

a Bonds thus designated are convertible into Preferred Stock at any time within ten days after a dividend becomes payable on said Preferred Stock.
 b Bonds thus designated are convertible into Preferred Stock at any time within fifteen days after a dividend becomes payable on said Preferred Stock.
 c Bonds thus designated are convertible into Common Stock at any time within sixty days after any dividend becomes payable on the stock of the Company.
 d The Indianapolis branch and branch lines, in whole and in part, are owned and operated by the Centralization Co., New York.

CAPITAL STOCK, JUNE 30TH, 1896.

PREFERRED STOCK.

Amount of Preferred Stock, June 30th, 1895...		\$26,156,900 00
Issued during the year in exchange for bonds convertible into preferred stock by terms of mortgage, viz.:		
For 578 Bonds, Iowa & Minnesota Division ..	\$578,000 00	
For 57 Bonds, Prairie du Chien Division, Second Mortgage	57,000 00	
For 96 Bonds, Iowa & Dakota Division.....	96,000 00	
For 4 Bonds, St. Paul (or River) Division...	4,000 00	
For 8 Bonds, St. Paul (or River) Division, \$100 each.....	4,000 00	739,000 00
Total Preferred Stock, June 30th, 1896..		\$26,895,900 00

COMMON STOCK.

Total Common Stock, June 30th, 1895.....	\$46,027,261 00	
Total Common Stock, June 30th, 1896.....		46,027,261 00
Total Capital Stock, June 30th, 1896....		<u>\$72,923,161 00</u>

DETAILED STATEMENT
OF
EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1895 AND 1896.

EARNINGS.

	<u>1895.</u>	<u>1896.</u>
From Freight	\$18,978,262 89	\$23,887,930 06
From Passengers	5,852,781 16	6,147,678 88
From Mails, Express, etc.	2,504,325 14	2,646,219 94
Gross Earnings	<u>\$27,335,369 19</u>	<u>\$32,681,828 88</u>

EXPENSES.

	<u>1895.</u>	<u>1896.</u>
Repairs of Track	\$1,425,383 98	\$1,803,163 24
Renewal of Rails	454,113 56	468,727 13
Renewal of Ties	900,241 70	925,379 61
Repairs of Bridges	660,332 97	801,048 14
Repairs of Fences	67,067 00	74,994 19
Repairs of Buildings	196,326 40	301,411 85
Repairs of Locomotives	839,008 22	1,234,446 64
Repairs of Cars	1,195,563 78	1,629,271 08
Repairs of Tools and Machinery...	50,737 46	78,576 93
Management and General Offices.	642,889 31	661,646 47
Foreign Agency and Advertising	160,040 77	170,459 26
Station Service	2,572,769 30	2,721,774 01
Conductors, Bag'ge and Brakemen	1,393,577 95	1,585,374 79
Engineers, Firemen and Wipers..	1,710,016 60	1,896,949 81
Carried forward	<u>\$12,268,069 00</u>	<u>\$14,353,222 65</u>

	1895.	1896.
Brought forward.....	\$12,268,069 00	\$14,353,222 65
Train and Station Supplies.....	433,444 10	456,765 76
Fuel Consumed.....	1,813,415 58	2,008,513 11
Oil and Waste.....	112,174 11	115,526 47
Personal Injuries.....	159,160 65	146,063 17
Damage to Property.....	65,253 42	35,027 59
Loss and Damage, Fr't and Bag'e	69,017 50	70,584 80
Legal Expenses.....	140,798 67	134,004 08
New York Office Expenses.....	23,226 22	25,969 43
Taxes.....	1,084,700 45	1,082,083 74
Insurance.....	88,847 98	80,065 94
Miscellaneous Expenses.....	234,075 19	205,139 93
Stock Yard Expenses.....	10,571 67	10,558 49
Expenses of Elevators.....	20,733 18	27,002 53
Mileage of Cars.....	139,819 66	183,314 33
Sleeping and Parlor Car Expenses	67,685 27	75,084 51
Trackage and Switching Charges	312,760 44	317,881 51
Renewal Account.....	-----	350,000 00
Total Expenses.....	<u>\$17,043,753 09</u>	<u>\$19,676,808 04</u>

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RECAPITULATION.

	1895.	1896.	Increase.
Gross Earnings.....	\$27,335,369 19	\$32,681,828 88	\$5,346,459 69
Total Expenses.....	17,043,753 09	19,676,808 04	2,633,054 95
Net Earnings.....	<u>\$10,291,616 10</u>	<u>\$13,005,020 84</u>	<u>\$2,713,404 74</u>

CONDENSED STATEMENT OF EARNINGS AND EXPENSES

FOR THE YEAR ENDING JUNE 30TH, 1893, 1894, 1895 AND 1896.

EARNINGS.

	1898.	1894.	1895.	1896.
From Freight.....	\$25,722,000 55	\$21,550,686 79	\$18,978,262 89	\$23,887,930 06
From Passengers.....	7,511,767 23	7,311,823 10	5,882,781 16	6,147,678 88
From Mails, Express, etc.	2,508,671 07	2,405,442 06	2,504,325 14	2,646,219 94
Gross Earnings	\$35,743,428 85	\$31,327,950 95	\$27,335,369 19	\$32,681,828 88

EXPENSES.

Maintenance of Way and Structures.....	\$5,244,337 60	\$4,469,837 73	\$3,703,465 61	\$4,374,723 60
Maintenance of Rolling Stock.....	3,814,926 99	2,698,459 39	2,085,309 46	2,942,294 05
Conducting Transportation.....	11,088,475 93	9,621,023 93	8,348,158 08	9,102,785 46
Loss and Damage to Persons and Property.....	476,924 54	444,178 44	293,431 57	281,675 50
General Offices, Agencies and Advertising.....	1,081,908 38	1,002,288 74	966,954 97	992,079 24
Mileage of Cars.....	379,714 96	217,181 15	139,819 66	183,314 33
Taxes.....	1,121,942 65	1,199,077 00	1 084,700 45	1,082,083 74
Renewal Account.....	.....	.....	.....	350,000 00
Miscellaneous.....	504,652 27	462,283 27	421,918 20	\$97,851 40
Total Expenses	\$23,712,943 32	\$20,114,332 65	\$17,043,753 09	\$19,676,808 04

RECAPITULATION.

Gross Earnings.....	\$35,743,428 85	\$31,327,950 95	\$27,335,369 19	\$32,681,828 88
Total Expenses.....	23,712,943 32	20,114,332 65	17,043,753 09	19,676,808 04
Net Earnings	\$12,030,485 53	\$11,213,618 30	\$10,291,616 10	\$13,005,020 84
Average Miles in Operation	6,108.02	6,147.08	6,159.35	6,153.27

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT.	PASSENGER.	MAILS, EXPRESS, ETC.	GROSS EARNINGS.	OPERATING EXPENSES.	NET EARNINGS.
July, 1895	81,433,539 82	8635,432 73	8220,218 16	82,289,240 71	81,552,246 98	8736,993 73
August, "	1,794,621 48	643,032 28	225,332 37	2,662,986 13	1,641,351 37	1,021,634 76
September, "	2,208,992 93	651,453 16	221,865 16	3,082,291 25	1,736,924 22	1,345,367 03
October, "	3,071,283 97	561,318 90	219,260 05	3,851,862 92	1,943,951 46	1,907,911 46
November, "	2,719,776 05	474,061 09	222,250 96	3,416,688 70	1,762,860 03	1,653,828 07
December, "	2,073,614 78	469,830 95	221,206 54	2,764,652 27	1,627,792 01	1,236,859 66
January, 1896	1,673,920 16	434,315 07	221,387 67	2,329,623 90	1,541,909 45	787,713 45
February, "	1,711,911 00	384,700 26	209,068 66	2,306,679 92	1,565,978 55	739,701 37
March, "	2,070,020 48	457,449 05	221,864 91	2,749,354 44	1,034,556 36	1,114,798 08
April, "	1,711,309 35	441,212 70	214,067 95	2,366,590 00	1,590,392 79	776,197 21
May, "	1,572,997 16	458,040 01	226,883 09	2,257,920 26	1,586,789 22	671,131 04
June, "	1,845,943 88	586,202 08	222,794 42	2,604,939 38	1,592,054 40	1,012,884 98
Total	823,887,930 06	86,147,678 86	82,646,219 04	832,681,828 86	819,676,808 04	813,005,020 84

COMPARATIVE SUMMARY OF OPERATION.

Gross Earnings.

1895.....	\$27,335,369 19		
1896.....	32,681,828 88	Increase	\$5,346,459 69

Operating Expenses.

1895.....	\$17,043,753 09		
1896.....	19,076,808 04	Increase	\$2,633,054 95

Net Earnings.

1895.....	\$10,291,616 10		
1896.....	13,005,020 84	Increase	\$2,713,404 74

Gross Earnings per Mile of Road.

1895	\$4,438 03		
1896	5,311 29	Increase	\$873 26

Operating Expenses per Mile of Road.

1895	\$2,767 14		
1896	3,197 78	Increase	\$430 64

Net Earnings per Mile of Road.

1895	\$1,670 89		
1896	2,113 51	Increase	\$442 62

Freight Earnings per Mile of Road.

1895	\$3,081 21		
1896	3,892 15	Increase	\$800 94

Passenger, Mail and Express Earnings per Mile of Road.

1895	\$1,356 82		
1896	1,429 14	Increase	\$72 32

Average Miles of Road Operated During the Year.

1895	6,150.35		
1896	6,153.27	Decrease	6.08

TRANSPORTATION STATISTICS.

FOR THE YEARS ENDING JUNE 30TH, 1894, 1895 AND 1896.

	1894.	1895.	1896.
Miles run by freight trains	12,869,482	10,911,957	13,526,151
Miles run by passenger trains	7,848,438	7,549,199	7,788,709
Miles run by mixed trains	987,704	919,316	970,799
Miles run by revenue trains	21,705,624	19,380,472	22,285,659
Miles run by switching trains	4,411,146	3,869,129	4,005,550
Miles run by construction and other trains	575,700	441,227	609,991
Total miles run by all trains	26,692,470	23,690,828	26,901,200
Number of tons of freight carried	10,794,058	10,475,942	12,210,055
Number of tons of freight carried one mile	2,077,869,479	1,765,245,552	2,381,667,983
Mileage of freight cars—loaded	209,261,693	179,379,217	218,475,022
Mileage of freight cars—empty	80,883,822	78,164,933	92,455,478
Number of tons of freight carried per loaded car ..	9.93	9.84	10.90
Average number of loaded freight cars per train ..	15.38	15.46	15.33
Average miles each ton of freight was carried	192.50	168.50	195.06
Number of tons of freight per freight train mile ..	152.67	152.16	167.03
Revenue per ton of freight per mile	1.037 cts.	1.075 cts.	1.003 cts.
Revenue from freight per freight train mile	\$1.5834	\$1.6359	\$1.6758
Number of passengers carried	7,921,882	7,235,299	7,427,614
Number of passengers carried one mile	337,133,338	344,225,688	260,821,497
Average miles each passenger was carried	42.56	33.75	35.12
Revenue per passenger per mile	2.169 cts.	2.396 cts.	2.357 cts.
Revenue from passengers per passenger train mile ..	90.32 cts.	75.25 cts.	76.55 cts.
Repairs of Locomotives per revenue train mile	5.05 cts.	4.33 cts.	5.54 cts.
Repairs of Cars " " " "	7.05 cts.	6.17 cts.	7.31 cts.
Station Service " " " "	12.82 cts.	13.27 cts.	12.21 cts.
Train Service " " " "	7.34 cts.	7.19 cts.	7.11 cts.
Locomotive Service " " " "	8.87 cts.	8.82 cts.	8.51 cts.
Train and Station Supplies " " " "	2.44 cts.	2.24 cts.	2.05 cts.
Fuel " " " "	10.40 cts.	9.36 cts.	9.01 cts.
Oil and Waste " " " " .....	.63 cts.	.58 cts.	.52 cts.
All Other Expenses " " " "	37.98 cts.	35.98 cts.	36.03 cts.
Total Operating Expenses " " " "	92.67 cts.	87.94 cts.	88.29 cts.
Percentage of Expenses (including Taxes) to Earnings	64.21 %	62.35 %	60.21 %

STATEMENT OF COMMODITIES TRANSPORTED
DURING THE YEARS ENDING JUNE 30TH, 1894, 1895 AND 1896.

COMMODITIES.	1894.		1895.		1896.	
	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.
	Flour	440,193	4.078	413,077	3.949	472,322	3.868
Mill Feed	146,028	1.353	137,309	1.311	152,252	1.247
Wheat	940,878	8.717	735,743	7.023	1,091,874	8.843
Rye	45,185	.419	39,965	.381	41,548	.340
Barley	516,167	4.782	504,889	4.819	671,719	5.501
Oats	410,020	3.799	351,509	3.355	586,978	4.807
Corn	408,017	4.336	174,046	1.661	238,308	1.952
Flax Seed	116,909	1.083	73,943	.706	181,646	1.486
Hay	177,482	1.644	125,011	1.193	153,968	1.261
Dairy Products	47,753	.442	47,744	.456	49,374	.404
Other Agricultural Products	173,685	1.609	191,010	1.823	206,379	1.691
Provisions	171,900	1.593	191,770	1.831	213,121	1.746
Salt	57,433	.533	56,360	.557	66,350	.543
Lime, Cement and Plaster	160,093	1.483	153,153	1.462	151,707	1.242
Brick and Stone	438,053	4.058	515,998	4.928	599,541	4.911
Iron and Steel	222,990	2.066	273,912	2.615	372,576	3.052
Manufactures	439,794	4.074	518,130	4.947	597,599	4.893
Coal	1,437,393	13.317	1,585,719	15.137	1,630,220	13.352
Live Stock	542,434	5.025	575,967	5.498	635,688	5.207
Lumber	1,229,011	11.396	1,205,396	11.506	1,157,487	9.480
Other Forest Products	552,461	5.118	778,327	7.430	911,861	7.468
Merchandise	1,024,044	9.487	922,532	8.806	926,509	7.588
Ice	233,090	2.159	217,490	2.075	210,306	1.722
Miscellaneous	808,025	7.440	684,442	6.533	890,664	7.295
Total	10,794,058	100.000	10,475,942	100.000	12,210,055	100.000

DETAIL OF EXPENDITURES
FOR ADDITIONS AND IMPROVEMENTS TO PROPERTY
FOR THE YEAR ENDING JUNE 30TH, 1896.

Equipment—		
25 Carriage Cars.....	\$15,262 73	
1 Standard Postal Car.....	3,291 07	
One-fourth interest in 45 Sleeping Cars, being the interest of the Pullman's Pal- ace Car Co. in said cars at the termina- tion of the contract with that Company, November 10th, 1890.....	105,260 60	
Air Brakes, Automatic Couplers and other improvements to Rolling Stock.....	264,001 32	\$397,815 72
Right of Way, Sundry Points.....		11,009 34
Viaduct, Minneapolis.....		10,123 43
Station Buildings—		
Minneapolis, Minn., Freight.....	2,865 16	
Sparta, Wis., Freight.....	1,887 58	
Cedar Rapids, Iowa, Freight.....	906 93	
North Chicago, Ill., Freight Office.....	2,156 12	
Giard, Iowa, Freight and Passenger.....	813 01	
Summit, S. D., Freight and Passenger.....	975 78	
Granada, Minn., Freight and Passenger.....	850 82	
At Other Points.....	3,575 53	14,080 91
Engine House, Tank and Well, Star Lake, Wis.		1,636 26
Side Tracks.....		56,753 10
Ballasting Track—		
Iowa & Dakota Division.....	29,461 79	
Hastings & Dakota Division.....	10,163 58	
Sioux City & Dakota Division.....	12,553 09	
Southern Minnesota Division.....	12,286 10	
Kansas City Division.....	15,933 95	
Racine & Southwestern Division.....	12,783 27	
Chicago & Council Bluffs Division—Iowa Branch Lines.....	21,142 52	
Wisconsin Valley Division.....	712 04	115,086 34
Fences—New		
Iowa & Dakota Division.....	2,191 06	
Sioux City & Dakota Division.....	1,565 86	
Southern Minnesota Division.....	2,144 89	
Wabasha Division.....	1,087 51	
Wisconsin Valley Division.....	4,457 19	
Dubuque Division.....	2,143 95	
Other Divisions.....	1,718 80	15,314 26
		\$611,719 36
Sundry credits		32,368 90
Total		<u>\$579,330 46</u>
Cost of Road and Equipment, June 30th, 1895.....	\$211,168,036 96	
Additions and Improvements as above.....	579,330 46	
Discount on General Mortgage Bonds.....	83,320 00	
Purchase of Oshkosh & Mississippi River Ry. Co. Stock.....	48 00	
Cost of Road and Equipment, June 30th, 1896.....	<u>\$211,830,735 42</u>	

MATERIAL AND FUEL ON HAND.

Coal.....	60,965 Tons,	118,058 57
Wood.....	11,390 Cords,	24,871 22
Ties.....	927,191 Number,	295,658 85
New Steel Rails.....	1,390 Tons,	31,842 21
Old Steel Rails.....	11,248 Tons,	152,008 98
Old Iron Rails.....	11,550 Tons,	152,190 86
Oil.....	106,151 Gallons,	16,486 88
Waste.....	57,514 Pounds,	4,381 58
Splices, Bolts and Spikes.....	441,106 Pounds,	8,042 78
Iron (worked and unworked) ...	7,999,958 Pounds,	105,786 50
Copper and Brass.....	326,043 Pounds,	27,982 63
Lumber and Timber.....	15,023,039 Feet,	232,836 79
Piles.....	329,419 Feet,	35,001 69
Posts.....	106,865 Number,	8,001 18
Engine and Car Wheels.....	4,061 Number,	24,071 80
Engine and Car Wheels(on axles)	1,977 Pairs,	33,866 91
Engine and Car Axles.....	834,185 Pounds,	15,188 05
Tires.....	67,082 Pounds,	2,349 33
Steel and Steel Springs.....	548,992 Pounds,	23,142 34
Engine, Car and Road Castings	3,473,890 Pounds,	45,882 30
Paints and Oils.....		9,809 41
Stationery Supplies.....		18,983 55
Other Supplies.....		460,066 95
Total, June 30th, 1896.....		<u>\$1,846,511 36</u>
Total, June 30th, 1895.....		<u>1,743,013 52</u>
Increase.....		<u>\$103,497 84</u>

EQUIPMENT IN SERVICE JUNE 30TH, 1896.

STANDARD GAUGE.

Locomotives		826
Passenger Cars		410
Sleeping Cars		53
Parlor Cars		16
Dining Cars		8
Baggage, Postal, Mail and Express Cars		281
Freight Cars—		
Box Cars	18,460	
Stock Cars	2,472	
Flat, Coal, Ore and Dump Cars	5,706	
Refrigerator Cars	478	27,116
Caboose Cars		456
Wrecking, Tool Cars, etc.		73

NARROW GAUGE.

Locomotives		7
Passenger Cars		3
Baggage, Mail and Express Cars		6
Freight Cars—		
Box Cars	203	
Stock Cars	59	
Flat Cars	40	311
Caboose Cars		5
Total		29,571

During the year ending June 30th, 1896, 14 small locomotives, unfit for further service were scrapped; and Operating Expenses were charged with the cost of fourteen new standard locomotives to replace the same—eleven of which were purchased or built, and the amount required to replace the other three—\$30,000—is in the Replacement Fund.

At the date of last report, a shortage of 572 cars was shown by the inventory of equipment. During the year 109 cars were destroyed by fire (41 by the destruction of freight houses at Milwaukee, August 22d, 1895), 214 were destroyed by wreck on our own and other roads, and 253 old cars of small capacity were taken down as unfit for further service and not good enough to repair.

During the year 581 new cars were built at the cost of Replacement Fund—comprising 575 box, 5 flat and coal, 1 postal car—and at the date of this report the shortage is 567 cars—comprising 2 passenger, 290 stock, 253 flat, 11 refrigerator and 11 caboose cars. The amount necessary for the replacement of these 567 cars—\$228,406.00—has been charged to Operating Expenses and stands to the credit of "Rolling Stock Replacement Fund," as shown on page 20 of this report.

9/9/97

U.S. DEPARTMENT OF COMMERCE
STATISTICAL STATEMENT
FOR THE YEAR ENDING JUNE 30, 1897

1897

THIRTY-THIRD ANNUAL REPORT

OF THE

CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDING JUNE 30TH, 1897

1897

Thirty-third Annual Report

OF THE

Chicago, Milwaukee & St. Paul
Railway Company

FOR THE

Fiscal Year ending June 30th, 1897

CHICAGO
CORBITT & BUTTERFIELD CO., PRINTERS
1897

DIRECTORS AND OFFICERS

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

DIRECTORS.

PHILIP D. ARMOUR,	-	-	-	-	-	-	-	-	-	CHICAGO.
AUGUST BELMONT,	-	-	-	-	-	-	-	-	-	NEW YORK.
FRANK S. BOND,	-	-	-	-	-	-	-	-	-	NEW YORK.
CHARLES H. COSTER,	-	-	-	-	-	-	-	-	-	NEW YORK.
CHARLES D. DICKEY, JR.,	-	-	-	-	-	-	-	-	-	NEW YORK.
PETER GEDDES,	-	-	-	-	-	-	-	-	-	NEW YORK.
CHARLES W. HARKNESS,	-	-	-	-	-	-	-	-	-	NEW YORK.
FREDERICK LAYTON,	-	-	-	-	-	-	-	-	-	MILWAUKEE.
JOSEPH MILBANK,	-	-	-	-	-	-	-	-	-	NEW YORK.
ROSWELL MILLER,	-	-	-	-	-	-	-	-	-	CHICAGO.
WILLIAM ROCKEFELLER,	-	-	-	-	-	-	-	-	-	NEW YORK.
SAMUEL SPENCER,	-	-	-	-	-	-	-	-	-	NEW YORK.
A. VAN SANTVOORD,	-	-	-	-	-	-	-	-	-	NEW YORK.

OFFICERS.

ROSWELL MILLER,	-	President,	-	-	-	-	-	-	-	CHICAGO.
FRANK S. BOND,	-	Vice-President,	-	-	-	-	-	-	-	NEW YORK.
A. J. EARLING,	-	Second Vice-President and General Manager,	-	-	-	-	-	-	-	CHICAGO.
W. G. COLLINS,	-	General Superintendent,	-	-	-	-	-	-	-	CHICAGO.
P. M. MYERS,	-	Secretary,	-	-	-	-	-	-	-	MILWAUKEE.
J. M. MCKINLAY,	-	Assistant Secretary and Transfer Agent,	-	-	-	-	-	-	-	NEW YORK.
C. B. FERRY,	-	Assistant Secretary and Transfer Agent,	-	-	-	-	-	-	-	NEW YORK.
H. C. WESTON,	-	Assistant Secretary and Transfer Agent,	-	-	-	-	-	-	-	NEW YORK.
F. G. RANNEY,	-	Treasurer,	-	-	-	-	-	-	-	CHICAGO.
W. N. D. WINNE,	-	General Auditor,	-	-	-	-	-	-	-	CHICAGO.
GEORGE R. PECK,	-	General Counsel,	-	-	-	-	-	-	-	CHICAGO.
BURTON HANSON,	-	General Solicitor,	-	-	-	-	-	-	-	CHICAGO.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
THIRTY-THIRD ANNUAL REPORT
 OF THE DIRECTORS OF THE
CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY
 TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1897.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1897, and of the condition of its property and finances at the close of that year.

The operations for the year show the following results :

Gross Earnings.....	\$30,486,767 99
Operating Expenses (including taxes).....	18,577,539 08
Net Earnings.....	<u>\$11,909,228 91</u>
Income from other sources.....	162,822 76
Total.....	<u>\$12,072,051 67</u>
Fixed Charges—Interest on Bonds.....	7,488,746 85
Balance above all charges.....	<u><u>\$4,583,304 82</u></u>

During the year two dividends aggregating seven per cent were paid on the preferred stock, and two dividends aggregating four per cent were paid on the common stock—of which, the dividend paid October 21st, 1896—3½ per cent on preferred and two per cent on common stock—was from net earnings of the previous fiscal year, ending June 30th, 1896.

MILES OF TRACK.

Owned solely by this Company :

Main track.....	6,142.64	
Second main track.....	202.36	
Third main track.....	3.25	
Connection tracks.....	30.24	
Yard tracks, sidings and spur tracks.....	1,369.06	7,747.55

Owned jointly with other Companies :

Main track.....	11.19	
Second main track.....	1.83	
Connection tracks.....	1.74	
Yard tracks, sidings and spur tracks.....	42.45	57.21

Used by this Company under contracts :

Main track.....	37.17	
Second main track.....	23.81	
Third main track.....	1.14	62.12

Total miles of track.....7,866.88

The lines of road are located as follows :

In Illinois.....	317.94
“ Wisconsin.....	1,650.71
“ Iowa.....	1,553.47
“ Minnesota.....	1,120.09
“ North Dakota.....	118.21
“ South Dakota.....	1,101.06
“ Missouri.....	140.27
“ Michigan.....	152.08
Total length of main track.....	<u>6,153.83</u>

The miles of main track owned solely by this Company have been increased during the year, as follows :

By a re-measurement of the line from Manilla to Sioux City in Iowa, it has been found that the line is 90.27 miles in length instead of 90.17 miles as previously reported—an increase of10 miles.

The spur track to Nekoosa, Wis. on the Wisconsin Valley Division heretofore classed as a side track, was extended by the construction of a loop, and it is now operated as main track—an increase of .. 2.92 “

Total increase.....3.02 miles.

The miles of second main track owned solely by the Company have been increased 22.65 miles during the year, as follows :

Of the section between Bensenville and Genoa, on the Chicago & Council Bluffs Division in Illinois, a distance of 41.72 miles—begun in 1892—26.90 miles have been completed, of which 4.17 miles were completed prior to July 1st, 1896, an increase during the year of22.73 miles.

Of the remainder of this section, 11.82 miles have been graded and the work of laying the track is in progress.

The work of grading is in progress for the section of second main track between Davis Junction and Kittredge, on the Chicago & Council Bluffs Division in Illinois, a distance of 36.49 miles, but no portion has been completed.

The second main track on the Evanston Division was increased .17 miles, as follows :

By an extension at its north end .....	.11	“
In connection with the rearrangement of joint tracks in Canal Street, Chicago.....	.06	“
	<u>22.90</u>	miles.

Second main track on the Sioux City & Dakota Division east of Sioux City, was taken up by reason of the construction of a single track bridge over the Floyd River, in place of a double track bridge, a decrease of.....

	.25	“
Total increase of second main track.....	<u>22.65</u>	miles.

Under an agreement of the Companies interested, the tracks owned jointly by the Pittsburg, Fort Wayne & Chicago R'y Co., the Chicago & North-Western R'y Co. and this Company, in Canal Street, between Kinzie Street and Fulton Street, Chicago, were rearranged, a second track constructed and the limits of the joint track defined, resulting as follows :

Main track owned jointly with other Companies, an increase of.....	.06	miles.
Second main track owned jointly with other Companies, an increase of.....	.16	miles.

ROLLING STOCK.

At the close of the fiscal year ending June 30th, 1896, the Rolling Stock Replacement Fund amounted to \$258,406.00, of which \$30,000.00 was for the replacement of Locomotives, and \$228,406.00 for the replacement of Cars.

During this year the sum of \$71,446.00 has been added to the fund by charging to Operating Expenses the cost of the replacement of eight locomotives unfit for service and ordered to be scrapped, and there was expended out of the fund for actual replacements, as follows :

5 Locomotives	\$41,446 00
---------------------	-------------

The unexpended balance of the Replacement Fund for Locomotives, June 30th, 1897, amounts to \$60,000.00, and is sufficient to replace the shortage of six locomotives shown by statement on page 35.

The Replacement Fund for Cars at the close of the last fiscal year amounted to \$228,406.00 as stated above.

During this year the sum of \$214,006.69 was added to the fund and Operating Expenses was charged with this sum; and there was expended out of the fund the sum of \$70,880.69 for actual replacements, as follows :

2 Standard Postal Cars	7,039 92
10 Drivers' Caboose.....	7,962 90
166 Coal Cars.....	55,877 87
Total.....	<u>\$70,880 69</u>

The unexpended balance of the Replacement Fund for Cars—June 30th, 1897, amounts to \$371,532.00 and is sufficient to replace the shortage of car equipment shown by statement on page 35, and 4 sleeping cars still serviceable but which must be replaced by cars of modern pattern.

At the close of the year, 33 coal cars, 100 carriage cars and 250 stock cars are under construction in the Company's Shops for replacement at an estimated cost of \$185,000.00, and orders have been given for six locomotives, also for replacement, the cost of which will be about \$60,000.00.

There has also been expended during the year for new and additional rolling stock, and for air-brakes and automatic couplers, as required by Act of Congress, and for other improvements to rolling stock, the sum of \$303,230.69, which has been charged to Cost of Road and Equipment, as follows :

1 Standard Postal Car.....	3,798 46
20 Drivers' Caboose.....	15,925 79
Air Brakes, Automatic Couplers and other improvements to rolling stock	283,506 44
Total.....	<u>\$303,230 69</u>

SUMMARY OF CAPITAL EXPENDITURES.

The following expenditures, representing additions and improvements to the property of the Company, have been made during the year. Detailed statement will be found on page 33 of this report.

For Equipment	\$303,230 69
“ Real Estate.....	6,351 71
“ Station Buildings at new stations	570 83
“ Additions to Station Buildings at old stations ...	15,438 24
“ Nekoosa, Wis., Loop and “Y,” 5,048 feet.....	3,669 68
“ Side Tracks, 16,200 feet	12,747 82
“ Ballasting Lines not previously ballasted.....	206,479 01
“ Changing Grade, Chi. & Co. Bluffs Div., Ill.....	11,723 80
“ New Fences on road never before fenced.....	9,157 20
“ Second Track	185,698 16
“ Water Supply, for protection from fire—West Milwaukee Shops.....	15,281 39
“ New Machinery, West Milwaukee Shops.....	4,973 81
“ Retaining Wall, St. Paul.....	4,958 71
“ Viaduct, Minneapolis—completion.....	196 53
Total	<u>\$780,477 58</u>

CAPITAL STOCK.

At the close of the last fiscal year the share capital of the Company amounted to \$72,923,161; and consisted of \$26,895,900 of preferred stock, and \$46,027,261 of common stock.

It has been increased during the present year by \$2,159,000 of preferred stock, issued in exchange for the same amount of convertible bonds canceled.

It has been decreased by writing off the books fractions of shares of common stock amounting in the aggregate to 6.61 shares, in accordance with a resolution of the Board of Directors, and now amounts to \$75,081,500.

The amount of capital stock per mile of road is \$12,211.89.

FUNDED DEBT.

At the close of the last fiscal year the funded debt of the Company was \$139,161,000.

It has been increased by the issue of general mortgage bonds: \$268,000 for underlying bonds purchased and canceled by sinking funds, \$1,436,000 bonds exchanged for under-

lying bonds, \$221,000 for underlying bonds maturing July 1st, 1897, paid and canceled, and \$759,000 for additions and improvements to the property; total increase \$2,684,000 general mortgage bonds.

It has been decreased \$4,083,000, as follows :

Convertible bonds exchanged for preferred stock and canceled \$2,159,000; bonds purchased with sinking funds and canceled \$267,000; underlying bonds exchanged for general mortgage bonds \$1,436,000; and by the payment of first mortgage Iowa & Minnesota Division bonds due July 1st, 1897, \$221,000.

The funded debt at the close of the fiscal year ending June 30th, 1897 was \$137,762,000—a decrease of \$1,399,000 since last report.

The amount of funded debt per mile of road is \$22,406.77, on which the interest charge per mile of road is \$1,237.86.

The total capitalization of the Company per mile of road is \$34,618.66.

Refunding: Of the \$2,097,000 Iowa & Minnesota Division 7% Bonds maturing July 1st, 1897, \$1,714,000 were exchanged for Preferred Stock, \$221,000 have been paid and canceled and the remaining \$162,000 will be paid as presented.

Of the \$3,674,000 Prairie du Chien Division 8% Bonds maturing February 1st, 1898, \$1,436,000 have been exchanged for General Mortgage 4% Bonds under an arrangement by which holders received in cash the difference in interest equalized on a four per cent basis. A part of the remaining bonds of this issue have been exchanged in a similar manner since June 30th and the balance will be paid when due.

The refunding of these two issues of bonds will reduce the fixed charges of the Company \$158,450 per annum.

Reference is made to statement on page 23 of this report giving in detail the additions and reductions of funded debt.

TREASURY BONDS.

At the close of the last fiscal year, the amount of the Company's bonds in its treasury and due from Trustees was...	\$4,546,000 00
Amount of bonds purchased and held in Investment Account for Sinking Fund purposes, heretofore included with bonds in treasury...	293,000 00
Amount of bonds in treasury, and due from Trustees June 30th, 1896.....	<u>\$4,253,000 00</u>

This has been increased during the present year \$1,180,000 as follows: \$268,000 general mortgage bonds received for underlying bonds canceled by sinking funds; \$153,000 for underlying bonds maturing July 1st, 1897, paid and canceled, and \$759,000 for additions and improvements to the property.

There has been no decrease during the year as no bonds have been sold. Bonds in the treasury or due from Trustees, June 30th, 1897, amount to \$5,433,000 as shown on page 22 of this report.

These treasury bonds represent actual expenditures for extensions, improvements, additional property and underlying bonds paid and canceled, out of the cash receipts of the Company from the operations of its lines; which expenditures have not been made good by the sale of bonds, but bonds issued therefor are held in the treasury or due from Trustees.

BONDS IN INVESTMENT ACCOUNT.

At the close of the last fiscal year, the amount of bonds purchased by the Company and held in investment account for Sinking Fund purposes was as stated above \$293,000 00

During the present year there have been purchased:

100 Income Sinking Fund Convertible Bonds	100,000 00	
25 First Mortgage Bonds, Wisconsin Valley Division	25,000 00	
188 First Mortgage Bonds, Dubuque Division	188,000 00	313,000 00
		<u>\$606,000 00</u>

There have been canceled during the year:

76 Income Sinking Fund Convertible Bonds	76,000 00	
21 First Mortgage Bonds, Wisconsin Valley Division	21,000 00	
109 First Mortgage Bonds, Dubuque Division	109,000 00	206,000 00
Par Value of Bonds in Investment Account, June 30th, 1897, as shown on page 22 of this report.....		<u>\$400,000 00</u>

EARNINGS.

The results from operation of your Company's lines during the year ending June 30th, 1897, compared with the previous year, show a decrease of \$2,195,060.89 in gross earnings; a decrease of \$1,099,268.96 in operating expenses; and a decrease of \$1,095,791.93 in net earnings.

The earnings from freight traffic were \$22,104,802.66—a decrease of \$1,783,127.40, or 7.46%.

The number of tons of freight carried was 11,554,153—a decrease of 655,902 tons, or 5.37%.

The decrease in tons of freight carried was principally in the following commodities: flour and mill feed, 58,311 tons; barley, 76,114 tons; flax seed, 19,260 tons; hay, 52,545 tons; provisions, 19,369 tons; lime, cement and plaster, 27,806 tons; brick and stone, 70,407 tons; iron and steel, 101,148 tons; manufactures, 26,339 tons; coal, 202,112 tons; lumber, 149,992 tons; and merchandise, 81,397 tons.

The following commodities show an increase over the previous year: wheat, 47,533 tons; rye, 19,734 tons; oats, 42,222 tons; corn, 99,222 tons; dairy and other agricultural products, 23,791 tons; and forest products, other than lumber, 36,825 tons.

The number of tons of all agricultural products carried during the year was 3,872,698—an increase compared with the previous year of 26,272 tons, or .68%. Agricultural products made up 33.52% of the total tonnage as compared with 31.50% of the total tonnage of last year.

The total number of tons of commodities other than agricultural, carried during the year was 7,681,455 as against 8,363,629—a decrease of 682,174 tons, or 8.16%—the per cent of the total being 66.48% as against 68.50% last year.

The number of tons of freight carried one mile was 2,193,241,080—a decrease of 188,426,908, or 7.91%. The revenue per ton per mile was 1.008 cts.—an increase of .005 cts. or .50%. The average miles each ton of freight was carried was 189.82 miles—a decrease of 5.24 miles, or 2.69%.

The number of tons of freight carried per loaded car was 10.74, against 10.90 last year—a decrease of 1.47%. The number of tons of freight per freight train mile was 167.02, against 167.08 last year—a decrease of .04%. The revenue from freight per freight train mile was \$1.6834, as against \$1.6758 last year—an increase of .45%.

The decrease in earnings during the past year was due to the general depression in business affairs. There was a considerable increase in agricultural products, but this was more than offset by the decrease in other commodities and by a shorter haul than is usual on wheat.

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1868.....3.49 cts.	1878.....1.80 cts.	1888.....1.006 cts.
1869.....3.10 "	1879.....1.72 "	1889.....1.059 "
1870.....2.82 "	1880.....1.76 "	1890.....0.995 "
1871.....2.54 "	1881.....1.70 "	1891.....1.003 "
1872.....2.43 "	1882.....1.48 "	1892.....1.026 "
1873.....2.50 "	1883.....1.39 "	1893.....1.026 "
1874.....2.38 "	1884.....1.29 "	1894.....1.037 "
1875.....2.10 "	1885.....1.28 "	1895.....1.075 "
1876.....2.04 "	1886.....1.17 "	1896.....1.003 "
1877.....2.08 "	1887.....1.09 "	1897.....1.008 "

The earnings from passenger traffic during the year were \$5,717,495.98—a decrease of \$430,182.90 from the previous year, or 7.00%. The number of passengers carried was 7,154,689—a decrease of 272,925, or 3.67%. The number of passengers carried one mile was 251,110,669—a decrease of 9,710,828, or 3.72%; the revenue per passenger per mile was 2.277 cts.—a decrease of .080 cts., or 3.39%; the average miles each passenger was carried was 35.10 miles—a decrease of .02 miles, or .05%.

EXPENDITURES.

In the expenditures pertaining to Maintenance of Way and Structures, there was an increase from the previous year of Renewal of Rails, \$212,547.23; Repairs of Buildings, \$4,161.44; a decrease of Repairs of Track, \$14,867.28; Renewal of Ties, \$95,558.83; Repairs of Bridges, \$119,730.81; Repairs of Fences, \$26,320.63—making a net decrease from the previous year of \$39,768.88.

New steel rails to the amount of 23,625 tons have been laid during the year—an increase of 1,145 tons over the amount laid during the year ending June 30th, 1896; and 1,880,372 cross-ties have been placed in track—a decrease of 141,434 from the number used in the previous year.

The expenditures for Repairs of Bridges include the total cost of 24 iron bridges, aggregating 3,155 feet in length—

replacing an equal number of wooden bridges; the filling of about 4.1 miles of pile bridges with earth—313 bridges having been completely filled and 116 reduced in length by filling; and the replacing of 130 wooden culverts with iron.

The expenditures for Maintenance of Rolling Stock during the year were \$2,464,838.52—a decrease of \$477,456.13 from the expenditures of the previous year on this account; and include the amount of \$285,452.69 charged to Repairs of Locomotives and Cars to replace the loss of equipment during the year, as stated on page 10, and also general repairs of 247 locomotives and 10,195 cars.

In the items pertaining to Conducting Transportation, there was a decrease in expenses of \$627,472.06, as follows:

Station Service, \$127,520.60; Conductors, Baggage-men and Brakemen, \$87,815.90; Engineers, Firemen and Wipers, \$115,104.34; Train and Station Supplies, \$47,050.96; Fuel, \$210,332.12; Oil and Waste, \$13,905.71; Trackage and Switching Charges, \$25,742.43.

The payments of the Company for labor directly employed in its service during the year were \$11,502,924.27, as compared with \$12,460,923.03 last year, and for material and supplies \$5,114,170.26, as compared with \$5,820,736.58 last year.

INSURANCE DEPARTMENT.

In the last annual report of the Company, the Insurance Department, at the close of its fiscal year, June 30th, 1896, had a cash credit balance in bank of.....	\$48,386 33
From which there has since been paid for fire losses prior to that date.....	\$44,669 17
And for expenses prior to that date.....	1,871 81
	<u>46,540 98</u>
Making the true credit balance as of that date.....	\$ 1,845 35
To this amount add premiums received for year ending June 30th, 1897.....	91,636 66
And the income from Guarantee Fund investments.....	23,230 00
Thus increasing the credit balance to.....	\$116,712 01
against which there has been charged for payments made:	
For adjusted losses for the year.....	\$25,376 48
For expenses for the year.....	4,014 13
For temporary loan (cash borrowed last year).....	50,000 00
For interest on loan.....	1,333 33
Total debits.....	<u>80,723 94</u>
Leaving cash in bank June 30th, 1897.....	\$35,988 07

Against which it is possible that claims may be presented for fire losses unadjusted, that cannot exceed \$3,000 in amount.

In the report for last year, it was stated that Insurance Department fire losses for that year would exceed its income by about \$12,536.01, estimating the losses from Davis Junction fire (that occurred late in June) at \$30,000. The Davis Junction losses were found to exceed \$44,000; thus increasing the actual loss for the year in excess of income, to \$27,076.99. It was in part to meet this loss and in part to pay for securities previously purchased for the Guarantee Fund that a temporary loan of \$50,000 was made, as stated in the report. During the year just closed this loan has been paid, the Davis Junction and all other losses have been adjusted and paid, and the Department has a clear net credit of \$35,988.07 cash in bank.

The operations of the Department since its organization in February, 1893 to June 30th, 1897, show a net profit of \$239,238.07. The original Guarantee Fund of \$300,000 has been increased to \$503,250, represented by \$521,000 par value of bonds as per list below, which is additional to \$35,988.07 cash in bank.

The Guarantee Fund of \$503,250, shown on the Insurance Department books, is invested as follows:

\$400,000	Chi., Mil. & St. Paul R'y Co. General Mortgage bonds	.....	4	per cent.
10,000	" " " Consolidated Mortgage bonds	.....	7	" "
2,000	" " " South. Minnesota Div. bonds	.....	6	" "
2,000	" " " La Crosse & Dav. Div. bonds	.....	5	" "
5,000	" " " Chi. & Pac. West. Div. bonds	.....	5	" "
6,000	Dakota & Great Southern Railway Company bonds	.....	5	" "
96,000	Kansas City Belt Railway Company bonds	.....	6	" "
<hr/>				
\$521,000	par value of bonds that pay a yearly interest of		.....	\$23,230

The Insurance Department property is represented on the general books of the Railway Company by the nominal charge of \$10,000 to Insurance Department, that appears on the balance sheet, page 22.

The Supreme Court has decided that Railway Associations are a violation of the law against Trusts. Therefore all attempt at maintenance of such Associations has been abandoned in the territory in which your lines are situated. No great harm is likely to follow, inasmuch as the Associations had ceased to be of any special value; and were not likely to be, so long as pooling is

prohibited by law. It is to be hoped that, in time, Congress will see the wisdom of permitting pooling and make it practicable to maintain rates and avoid discrimination.

To the officers and employes of the Company much credit is due for the faithful and efficient manner in which they have performed the duties assigned them.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors.

ROSWELL MILLER,

President.

AUGUST, 1897.

To the President:

Herewith are submitted Statements of Operation and the
General Accounts for the fiscal year ending June 30th, 1897.

W. N. D. WINNE,

General Auditor.

STATEMENT OF INCOME ACCOUNT, JUNE 30TH, 1897.

Balance at Credit, June 30th, 1896.....			\$7,663,868 47
Dividend payable October 21st, 1896, from net earnings of fiscal year ending June 30th, 1896, viz.:			
3¼% on \$26,885,900—Preferred Stock.....	\$841,356 50		
2% on \$46,027,261—Common Stock.....	920,545 22		1,861,901 72
Balance July 1st, 1896.....			\$5,801,966 75
Gross Earnings for the year ending June 30th, 1897.....	\$30,486,767 99		
Less Operating Expenses (including taxes).....	18,577,539 08		
Net Earnings.....	\$11,909,228 91		
Income from other sources.....	162,822 76		
Net revenue for the year ending June 30th, 1897.....	\$12,072,051 67		
Interest accrued during the year on Funded Debt.....		\$7,488,746 85	
Dividend payable April 19th, 1897, from net earnings of fiscal year ending June 30th, 1897, viz.:			
3¼% on \$27,285,900—Preferred Stock.....	955,000 50		
2% on \$46,027,261—Common Stock.....	920,545 22		9,364,208 57
Balance for the year ending June 30th, 1897.....			
Balance at Credit June 30th, 1897.....			2,707,753 10
			\$8,509,719 85

Dr.

GENERAL ACCOUNT, JUNE 30TH, 1897.

Cr.

Cost of Road and Equipment					\$29,054,900 00		75,081,500 00
Bonds, Stock, etc., of other Companies.....					46,026,600 00		137,702,000 00
Cash, and Bonds held in Special Trust, for Dubuque Division and Wisconsin Valley Division Sinking Funds.....		589,506 00				75 00	
New England Trust Co., Trustee, Dubuque Division and Wisconsin Valley Division Sinking Funds			288 89			589,044 80	589,794 89
United States Trust Co., Trustee.....						602,575 73	970 00
Farmers' Loan & Trust Co., Trustee.....				589,794 89		60,000 00	
Depositories of Renewal Fund.....				1,300 00		371,532 00	
United States Trust Co.....				409 08		1,524,820 61	
Continental National Bank.....		465,420 90				146,105 04	
Insurance Department.....		100,000 00		565,420 90		17,100 41	
Stock of Material and Fuel.....				10,000 00		760,547 60	
Investment Account—Cost of bonds purchased for Sinking Fund purposes.....				1,911,287 76		42,228 58	
Mortgage Bonds of the Company, unsold, held in its Treasury, and due from Trustees				475,660 00		38,979 50	
Milwaukee & Northern R. R. Co. 6% Consolidated Mortgage Bonds, unsold, held in the Treasury of this Company.....		4,344,000 00				3,471,847 67	6,001,620 41
Stock of the Company held in its Treasury.....		1,089,000 00		5,433,000 00			8,500,719 85
Due from Agents and Conductors.....				4,700 00			
Due from Sundry Companies—							
Traffic Balances.....		274,922 96					
Operating Balances.....		115,053 79					
Miscellaneous Balances.....		160,547 70					
Due from United States Government		682,561 22					
Cash on deposit and on hand.....		305,794 83		6,512,378 98			
		4,973,468 48					
				\$228,979,721 88			\$228,979,721 88

FUNDED DEBT, JUNE 30TH, 1897.

Total Funded Debt, June 30th, 1896, including all liens on purchased roads		\$139,161,000 00
General Mortgage Bonds issued during the year as follows :		
For :		
Income Sinking Fund Convertible Bonds..	76,000 00	
Wisconsin Valley Division Bonds	21,000 00	
Dubuque Division Bonds.....	170,000 00	
Prairie du Chien Div., First Mortgage Bonds	1,436,000 00	
Iowa & Minnesota Division Bonds.....	221,000 00	
Milwaukee & St. Paul R'y Bond.....	1,000 00	1,925,000 00
For expenditures for additional equipment, real estate and improvements, to June 30th, 1897		759,000 00
		<u>\$141,845,000 00</u>
Deduct :		
Bonds retired, paid and canceled :		
Income Sinking Fund Convertible	76,000 00	
Wisconsin Valley Division.....	21,000 00	
Dubuque Division	170,000 00	
Prairie du Chien Division, First Mortgage	1,436,000 00	
Iowa & Minnesota Division.....	221,000 00	
Bonds received in exchange for preferred stock and canceled :		
Iowa & Minnesota Division	1,714,000 00	
Iowa & Dakota Division.....	23,000 00	
St. Paul (or River) Division	53,000 00	
St. Paul (or River) Division—Sterling.....	7,000 00	
Chicago & Milwaukee Division	2,000 00	
Consolidated Mortgage of 1874.....	1,000 00	
Consolidated Mortgage of 1875.....	1,000 00	
Prairie du Chien Division, Second Mortgage	358,000 00	4,083,000 00
<u>Total Funded Debt, June 30th, 1897....</u>		<u>\$137,762,000 00</u>
Decrease		<u>\$1,399,000 00</u>
Of the total amount of Bonds outstanding as stated above, there remain in the Treasury unsold, and due from Trustees.....		<u>\$5,433,000 00</u>

FUNDED DEBT, JUNE 30TH, 1897.

DESCRIPTION OF BONDS.	DATE OF ISSUE.	WHEN DUE.	RATE OF INTEREST.	INTEREST PAYABLE.	AMOUNT OF BONDS OUTSTANDING.	INTEREST.	
						ACCRUED DURING THE YEAR.	PAID DURING THE YEAR.
Iowa & Minnesota Division.....	1867	1897	7 per cent.	Jan. and July.	162,000 00	11,340 00	7,035 00
Prairie du Chien Division, 1st Mortgage	1867	1898	8 " "	Feb. and Aug.	2,338,000 00	179,040 00	179,200 00
Prairie du Chien Division, 2d Mortgage	1867	1898	7.3 " "	" " "	766,000 00	55,918 00	55,808 50
Chicago & Milwaukee Division.....	1873	1903	7 " "	Jan. and July.	3,391,000 00	167,370 00	167,160 00
St. Paul (or River) Division.....	1872	1902	7 " "	" " "	3,313,000 00	231,910 00	231,980 00
St. Paul (or River) Division, Sterling	1872	1902	7 " "	" " "	423,500 00	29,645 00	29,645 00
Iowa & Dakota Division.....	1869	1899	7 " "	" " "	421,000 00	29,470 00	29,085 00
Hastings & Dakota Division.....	1872	1903	7 " "	" " "	89,000 00	6,230 00	6,230 00
Consolidated Mortgage.....	1874	1904	7 " "	" " "	185,000 00	12,950 00	12,810 00
Consolidated Mortgage.....	1875	1905	7 " "	" " "	11,298,000 00	790,860 00	790,230 00
Terminal Mortgage.....	1884	1914	5 " "	" " "	4,748,000 00	237,400 00	237,200 00
Iowa & Dakota Division Extension.....	1878	1908	7 " "	" " "	3,405,000 00	245,350 00	247,030 00
Hastings & Dakota Division Extension	1880	1910	7 " "	" " "	5,680,000 00	397,600 00	407,610 00
Hastings & Dakota Division Extension	1880	1910	5 " "	" " "	990,000 00	49,500 00	49,450 00
Southwestern Division.....	1879	1909	6 " "	" " "	4,000,000 00	240,000 00	243,810 00
La Crosse & Davenport Division.....	1879	1919	5 " "	" " "	3,500,000 00	125,000 00	125,125 00
Chicago & Pacific Division.....	1880	1910	6 " "	" " "	3,000,000 00	180,000 00	182,700 00
Chicago & Pacific Western Division.....	1881	1921	5 " "	" " "	25,340,000 00	1,267,000 00	1,269,075 00
Southern Minnesota Division.....	1880	1910	6 " "	" " "	7,432,000 00	445,920 00	446,760 00
Mineral Point Division.....	1880	1910	5 " "	" " "	2,840,000 00	142,000 00	144,475 00
Dubuque Division.....	1880	1920	6 " "	" " "	6,309,000 00	378,540 00	361,920 00
Wisconsin Valley Division.....	1880	1920	6 " "	" " "	2,249,000 00	134,940 00	129,060 00
Wisconsin & Minnesota Division.....	1881	1921	5 " "	" " "	4,755,000 00	237,750 00	236,025 00
Chicago & Lake Superior Division.....	1881	1921	5 " "	" " "	1,369,000 00	68,000 00	68,125 00
Chicago & Missouri River Division.....	1886	1926	5 " "	" " "	3,083,000 00	154,150 00	154,025 00
Dakota & Great Southern R'y Co.....	1886	1916	5 " "	" " "	2,856,000 00	142,800 00	142,875 00
Fargo & Southern R'y Co.....	1883	1924	6 " "	" " "	1,250,000 00	75,000 00	75,000 00
Wisconsin Valley R. R. Co.....	1879	1909	7 " "	" " "	1,106,500 00	77,455 00	77,665 00
Income Sinking Fund Convertible.....	1886	1916	5 " "	" " "	1,368,000 00	68,400 00	67,000 00
General Mortgage.....	1889	1989	4 " "	" " "	24,857,000 00	994,280 00	765,390 00
Mil. & Northern R. R. Co., 1st Mortgage	1880	1910	6 " "	June and Dec.	2,155,000 00	129,300 00	129,300 00
Mil. & Northern R. R. Co., Consolidated	1884	1913	6 " "	" " "	5,092,000 00	305,520 00	238,960 00
Interest on bonds redeemed.....				" " "		341,854 85	
Interest on bonds in Investment Account and in the Treasury of the Company.....					\$137,762,000 00	\$7,814,076 85	\$7,650,208 18
Total.....					\$137,762,000 00	\$7,488,746 85	\$7,650,208 18

CAPITAL STOCK, JUNE 30TH, 1897.
PREFERRED STOCK.

Amount of Preferred Stock, June 30th, 1896..		\$26,895,900 00
Issued during the year in exchange for bonds convertible into preferred stock by terms of mortgage, viz.:		
For Iowa & Minnesota Division Bonds.....	\$1,714,000 00	
For Iowa & Dakota Division Bonds.....	23,000 00	
For St. Paul (or River) Division Bonds	53,000 00	
For St. Paul (or River) Division Bonds—Sterling	7,000 00	
For Chicago & Milwaukee Division Bonds	2,000 00	
For Consolidated Mortgage Bond of 1874	1,000 00	
For Consolidated Mortgage Bond of 1875	1,000 00	
For Prairie du Chien Division Bonds, Second Mortgage.....	358,000 00	2,159,000 00
Total Preferred Stock, June 30th, 1897..		\$29,054,900 00

COMMON STOCK.

Amount of Common Stock, June 30th, 1896...	\$46,027,261 00	
Less Fractions of Shares of Common Stock amounting in the aggregate to 6.61 shares written off in accordance with resolution of the Board of Directors of April 22d, 1897.....	661 00	
Total Common Stock, June 30th, 1897...		46,026,600 00
Total Capital Stock, June 30th, 1897...		<u>\$75,081,500 00</u>

DETAILED STATEMENT
OF
EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1896 AND 1897.

EARNINGS.

	<u>1896.</u>	<u>1897.</u>
From Freight.....	\$23,887,930 06	-\$22,104,802 66 ✓
From Passengers.....	6,147,678 88	5,717,495 98
From Mails, Express, etc.....	2,646,219 94	2,664,469 35
Gross Earnings.....	<u>\$32,681,828 88</u>	<u>\$30,486,767 99</u>

EXPENSES.

	<u>1896.</u>	<u>1897.</u>
Repairs of Track.....	\$1,803,163 24	\$1,788,295 96
Renewal of Rails.....	468,727 13	681,274 36
Renewal of Ties.....	925,379 61	829,820 78
Repairs of Bridges.....	801,048 14	681,317 33
Repairs of Fences.....	74,994 19	48,673 56
Repairs of Buildings.....	301,411 35	305,572 79 ↗
Repairs of Locomotives.....	1,234,446 64	972,044 65
Repairs of Cars.....	1,629,271 08	1,431,565 22
Repairs of Tools and Machinery..	78,576 93	61,228 65
Management and General Offices.	661,646 47	668,223 44
Foreign Agency and Advertising	170,459 26	158,898 55
Station Service.....	2,721,774 01	2,594,263 41
Conductors, Bag'e and Brakemen	1,585,374 79	1,497,558 89
Engineers, Firemen and Wipers..	1,896,949 81	1,781,845 47
Carried forward.....	<u>\$14,353,222 65</u>	<u>\$13,500,573 06</u>

RAILWAY COMPANY.

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	1896.	1897.
Brought forward.....	\$14,353,222 65	\$13,500,573 06
Train and Station Supplies.....	456,765 76	409,714 80
Fuel Consumed.....	2,008,513 11	1,798,180 99
Oil and Waste.....	115,526 47	101,620 76
Personal Injuries.....	146,063 17	136,381 18
Damage to Property.....	35,027 59	23,098 87
Loss and Damage, Fr't and Bag'e	70,584 80	69,696 72
Legal Expenses.....	134,004 08	133,984 46
New York Office Expenses.....	25,969 43	23,098 95
Taxes.....	1,082,083 74	1,184,230 86
Insurance.....	80,065 94	91,217 55
Miscellaneous Expenses.....	205,139 93	294,201 27
Stock Yard Expenses.....	10,558 49	10,807 25
Expenses of Elevators.....	27,002 53	27,048 46
Mileage of Cars.....	183,314 33	210,257 18
Sleeping and Parlor Car Expenses	75,084 51	71,287 64
Trackage and Switching Charges	317,881 51	292,139 08
Renewal Account.....	350,000 00	200,000 00
Total Expenses.....	\$19,676,808 04	\$18,577,539 08

RECAPITULATION. 17.393.308.22

	1896.	1897.	Decrease.
Gross Earnings.....	\$32,681,828 88	\$30,486,767 99	\$2,195,060 89
Total Expenses.....	19,676,808 04	18,577,539 08	1,099,268 96
Net Earnings.....	\$13,005,020 84	\$11,909,228 91	\$1,095,791 93

CONDENSED STATEMENT OF EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1894, 1895, 1896 AND 1897.

EARNINGS.

	1894.	1895.	1896.	1897.
From Freight	\$21,550,686 79	\$18,978,262 80	\$23,887,930 06	\$22,104,802 06
From Passengers	7,311,822 10	5,852,791 16	6,147,678 88	5,717,493 98
From Mails, Express, etc.	2,465,442 06	2,504,325 14	2,646,219 94	2,664,469 35
Gross Earnings	\$31,327,950 95	\$27,335,369 19	\$32,681,828 88	\$30,486,767 90

EXPENSES.

Maintenance of Way and Structures	\$4,469,887 73	\$3,703,465 61	\$4,374,723 66	\$4,334,954 78
Maintenance of Rolling Stock	2,698,459 39	2,085,309 46	2,942,294 65	2,464,838 52
Conducting Transportation	9,621,026 93	8,348,158 08	9,102,785 46	8,475,313 40
Loss and Damage to Persons and Property	444,178 44	293,431 57	251,675 56	229,176 77
General Offices, Agencies and Advertising	1,002,288 74	966,954 97	992,079 24	984,205 40
Mileage of Cars	217,181 15	139,819 06	183,314 33	210,237 18
Taxes	1,199,077 00	1,084,700 45	1,082,083 74	1,184,230 86
Renewal Account	462,283 27	421,913 29	350,000 00	200,000 00
Miscellaneous			397,851 40	494,562 17
Total Expenses	\$20,114,332 65	\$17,043,753 09	\$19,676,808 04	\$18,577,539 08

RECAPITULATION.

Gross Earnings	\$31,327,950 95	\$27,335,369 19	\$32,681,828 88	\$30,486,767 90
Total Expenses	20,114,332 65	17,043,753 09	19,676,808 04	18,577,539 08
Net Earnings	\$11,213,618 30	\$10,291,616 10	\$13,005,020 84	\$11,909,228 91
Average Miles in Operation	6,147.08	6,159.35	6,153.27	6,152.55

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT.	PASSENGER.	MAILS, EXPRESS, ETC.	GROSS EARNINGS.	OPERATING EXPENSES.	NET EARNINGS.
July, 1896	\$1,705,340 74	\$609,141 00	\$231,745 07	\$2,546,226 81	\$1,725,363 00	\$ 820,863 82
August, "	1,696,311 76	594,706 29	233,348 26	2,524,366 31	1,678,602 80	845,763 51
September, "	2,013,239 86	640,800 51	224,049 63	2,878,179 50	1,867,064 93	1,011,114 57
October, "	2,768,188 75	488,702 42	223,220 03	3,480,111 80	1,869,613 70	1,610,498 10
November, "	2,100,146 50	421,474 67	216,899 45	2,738,520 62	1,482,891 51	1,255,629 11
December, "	1,862,074 03	465,265 10	223,538 60	2,570,877 73	1,329,869 68	1,241,008 05
January, 1897	1,400,527 43	363,842 81	216,070 40	2,010,449 64	1,305,857 08	704,592 56
February, "	1,560,702 86	335,436 65	214,600 28	2,119,739 79	1,334,208 03	785,531 76
March, "	1,709,731 92	408,148 42	218,446 01	2,336,326 35	1,325,954 72	1,010,371 63
April, "	1,580,531 07	413,000 30	210,237 36	2,203,769 03	1,463,322 56	740,447 07
May, "	1,699,142 60	434,146 76	226,350 77	2,359,640 13	1,570,012 82	789,627 31
June, "	1,979,864 74	512,741 05	225,953 89	2,718,559 68	1,624,777 26	1,093,782 42
Total	\$22,104,802 60	\$5,717,495 08	\$2,664,469 35	\$30,486,767 99	\$18,577,539 08	\$11,909,228 91

COMPARATIVE SUMMARY OF OPERATION.

Gross Earnings.

1896.....	\$32,681,828 88		
1897.....	30,486,767 99	Decrease.....	\$2,195,060 89

Operating Expenses.

1896.....	\$19,676,808 04		
1897.....	18,577,539 08	Decrease.....	\$1,099,268 96

Net Earnings.

1896.....	\$13,005,020 84		
1897.....	11,909,228 91	Decrease.....	\$1,095,791 93

Gross Earnings per Mile of Road.

1896.....	\$5,311 29		
1897.....	4,955 14	Decrease.....	\$356 15

Operating Expenses per Mile of Road.

1896.....	\$3,197 78		
1897.....	3,019 48	Decrease.....	\$178 30

Net Earnings per Mile of Road.

1896.....	\$2,113 51		
1897.....	1,935 66	Decrease.....	\$177 85

Freight Earnings per Mile of Road.

1896.....	\$3,882 15		
1897.....	3,592 79	Decrease.....	\$289 36

Passenger, Mail and Express Earnings per Mile of Road.

1896.....	\$1,429 14		
1897.....	1,362 35	Decrease.....	\$66 79

Average Miles of Road Operated During the Year.

1896.....	6,153.27		
1897.....	6,152.55	Decrease.....	.72

TRANSPORTATION STATISTICS

FOR THE YEARS ENDING JUNE 30TH, 1895, 1896 AND 1897.

	1895.	1896.	1897.
Miles run by freight trains	10,911,957	13,526,151	12,387,036
Miles run by passenger trains	7,549,199	7,788,709	7,819,919
Miles run by mixed trains	919,316	970,799	992,511
Miles run by revenue trains	19,380,472	22,285,659	21,199,466
Miles run by switching trains	3,869,129	4,005,550	3,656,390
Miles run by construction and other trains	441,227	609,991	661,119
Total miles run by all trains	23,690,828	26,901,200	25,516,975
Number of tons of freight carried	10,475,942	12,210,055	11,554,153
Number of tons of freight carried one mile	1,765,245,552	2,381,667,988	2,193,241,080
Mileage of freight cars—loaded	179,379,217	218,475,022	204,291,258
Mileage of freight cars—empty	78,164,933	92,455,478	82,745,785
Number of tons of freight carried per loaded car ..	9.84	10.90	10.74
Average number of loaded freight cars per train ..	15.46	15.33	15.56
Average miles each ton of freight was carried	168.50	195.06	189.82
Number of tons of freight per freight train mile ..	152.16	167.08	167.02
Revenue per ton of freight per mile	1.075 cts.	1.003 cts.	1.008 cts.
Revenue from freight per freight train mile	\$1.6359	\$1.6758	\$1.6834
Number of passengers carried	7,235,299	7,427,614	7,154,689
Number of passengers carried one mile	244,225,688	260,821,497	251,110,669
Average miles each passenger was carried	33.75	35.12	35.10
Revenue per passenger per mile	2.396 cts.	2.357 cts.	2.277 cts.
Revenue from passengers per passenger train mile ..	75.25 cts.	76.55 cts.	70.87 cts.
Repairs of Locomotives per revenue train mile	4.33 cts.	5.54 cts.	4.59 cts.
Repairs of Cars “ “ “ “	6.17 cts.	7.31 cts.	6.75 cts.
Station Service “ “ “ “	13.27 cts.	12.21 cts.	12.24 cts.
Train Service “ “ “ “	7.19 cts.	7.11 cts.	7.06 cts.
Locomotive Service “ “ “ “	8.82 cts.	8.51 cts.	8.41 cts.
Train and Station Supplies “ “ “ “	2.24 cts.	2.05 cts.	1.93 cts.
Fuel “ “ “ “	9.36 cts.	9.01 cts.	8.48 cts.
Oil and Waste “ “ “ “ .....	.58 cts.	.52 cts.	.48 cts.
All Other Expenses “ “ “ “	35.98 cts.	36.03 cts.	37.69 cts.
Total Operating Expenses “ “ “ “	87.94 cts.	88.29 cts.	87.63 cts.
Percentage of Expenses (including Taxes) to Earnings	62.35 %	60.21 %	60.94 %

STATEMENT OF COMMODITIES TRANSPORTED

DURING THE YEARS ENDING JUNE 30TH, 1895, 1896 AND 1897.

Commodities.	1895.		1896.		1897.	
	Tons.	Per Cent.	Tons.	Per Cent.	Tons.	Per Cent.
Flour.....	413,677	3.949	472,322	3.868	435,368	3.708
Mill Feed.....	137,300	1.311	152,252	1.247	130,895	1.133
Wheat.....	735,743	7.023	1,091,874	8.942	1,139,407	9.861
Rye.....	39,865	.381	41,548	.340	61,282	.530
Barley.....	504,880	4.819	671,719	5.501	595,005	5.155
Oats.....	351,509	3.355	586,976	4.807	629,198	5.446
Corn.....	174,046	1.661	238,368	1.952	337,590	2.922
Flax Seed.....	73,943	.706	181,646	1.488	162,386	1.405
Hay.....	125,011	1.193	153,968	1.261	101,423	.878
Dairy Products.....	47,744	.456	49,374	.404	54,922	.473
Other Agricultural Products.....	191,010	1.823	206,379	1.691	224,222	1.947
Provisions.....	191,770	1.831	213,121	1.746	193,752	1.677
Salt.....	58,360	.557	66,350	.543	57,402	.498
Lime, Cement and Plaster.....	153,153	1.462	151,707	1.242	123,901	1.072
Brick and Stone.....	515,998	4.926	599,541	4.911	529,134	4.579
Iron and Steel.....	273,912	2.615	372,576	3.052	271,428	2.349
Manufactures.....	518,130	4.947	597,599	4.893	571,260	4.944
Coal.....	1,585,719	15.137	1,630,220	13.352	1,428,108	12.360
Live Stock.....	575,967	5.498	635,088	5.207	635,999	5.502
Lumber.....	1,205,396	11.506	1,157,487	9.480	1,007,495	8.720
Other Forest Products.....	778,327	7.480	911,861	7.468	948,686	8.211
Merchandise.....	922,532	8.806	926,509	7.588	845,112	7.314
Ice.....	217,490	2.075	210,306	1.722	213,466	1.848
Miscellaneous.....	684,442	6.533	890,084	7.295	855,922	7.408
Total	10,475,942	100.000	12,210,065	100.000	11,554,153	100.000

**DETAIL OF EXPENDITURES
FOR ADDITIONS AND IMPROVEMENTS TO PROPERTY**

FOR THE YEAR ENDING JUNE 30TH, 1897.

Equipment—			
1 Standard Postal Car.....	3,798	46	
20 Drivers' Caboose.....	15,925	79	
Air Brakes, Automatic Couplers and other improvements to Rolling Stock.....	283,506	44	303,230 69
Second Track, Chi. & Council Bluffs Div., Ill.—			
Between Bensenville and Genoa.....	176,595	69	
Between Davis Junction and Kittredge.....	9,102	47	185,698 16
Ballasting Track—			
Iowa & Dakota Division.....	32,921	53	
Hastings & Dakota Division.....	14,201	77	
Racine & Southwestern Division.....	31,927	70	
Sioux City & Dakota Division.....	5,484	13	
Chicago & Council Bluffs Division—Illinois.....	51,904	75	
Chicago & Council Bluffs Division—Iowa.....	15,535	87	
Southern Minnesota Division.....	15,528	87	
Kansas City Division.....	38,974	39	206,479 01
Right of Way, Sundry Points.....			6,351 71
Viaduct, Minneapolis, Completion.....			196 53
Station Buildings—			
Dubuque, Iowa, Freight House, Addition....	5,208	77	
Stowell, Wis., Freight House.....	693	95	
Nekoosa, Wis., Passenger Station.....	755	56	
Central Ave., Evanston, Ill., Passenger Station	570	83	
Giard, Iowa, Section House.....	778	71	
Freight Houses, Sundry Points, Completion.	234	50	
Winnebago City, Minn., Grain Elevator....	2,000	00	
Vienna, So. Dak., Grain Elevator.....	2,224	61	
Brodhead, Wis., Cheese Cellar.....	591	09	
East Madison, Wis., Warehouse.....	1,868	85	
Sanborn, Iowa, Water Tank.....	500	00	
Watertown, Wis., Stand Pipe.....	582	20	16,009 07
St. Paul, Minn., Retaining Wall.....			4,958 71
West Milwaukee Shops, New Machinery.....	4,973	81	
West Milwaukee Shops, Water Supply for protection from fire.....	15,281	39	20,255 20
Changing Grade, Chi. & Co. Bluffs Div., Ill ..			11,723 80
Nekoosa, Wis., Loop and "Y," 5,048 feet.....			3,669 68
Side Tracks, 16,200 feet.....			12,747 82
Fences—New—			
Iowa & Dakota Division.....	1,289	73	
Sioux City & Dakota Division.....	1,359	11	
Southern Minnesota Division.....	1,580	01	
Wisconsin Valley Division.....	3,075	07	
Other Divisions.....	1,853	28	9,157 20
			\$780,477 58
Sundry credits.....			17,038 85
Total.....			\$803,438 73
Cost of Road and Equipment, June 30th, 1896			\$211,830,735 42
Additions and Improvements as above.....			763,438 73
Purchase of Chicago & Pacific R. R. Co. Stock			540 00
Cost of Road and Equipment, June 30th, 1897			\$212,594,714 15

ST. PAUL BONDS.

Referring to the bonds which the St. Paul Company has asked the Stock Exchange to list, Vice-President Bond says: These bonds are a part of the treasury bonds that were reported on hand in the treasury of the company in the last annual report June 30 a year ago. The company has sold no bonds during the past two years. It is now exchanging these 4% treasury bonds for Prairie Du Chien 8% bonds that will mature in February next and for I. & M. 7%^s that will mature July 1 this year. The returns of the Stock Exchange of the bonds to be listed include all up to \$2,173,000, shown in the last annual report, of which about \$3,500,000 are known as treasury bonds, having been issued for value to recoup treasury funds used in retiring underlying bonds and for additions and improvements to the property in accordance with the terms of the mortgage.

N.Y. News Bureau, June 30/17.

TO EXTEND THE TIME.

The time for exchanging the Chicago, Milwaukee & St. Paul Prairie du Chien division 8 per cent. bonds into general mortgage 4s will be extended on the same terms until Sept. 1.

See bulletin of May 18-20-17

Wednesday.

January 13. 1897

No. 33

Chicago special.—United States District Attorney Wisman has received notice from the Circuit Court of Appeals that the decision of Judge Seaman sustaining the demurrer of Chicago, Milwaukee & St. Paul in the suit of the Government, and dismissing the complainant, has been sustained. The suit was of great importance to railroad companies that have received land grants from states and territories, as by the decision of Judge Seaman they do not come within the terms of the act of 1878, creating an auditor of railroad accounts, and railroads are not obliged to make reports to officers as they have been doing.

Post, May, 17, 1897.

OFFICE CHICAGO, MILWAUKEE AND ST. PAUL
 RAILWAY COMPANY,
 30 BROAD ST., NEW YORK, May 14th, 1897.

TO HOLDERS OF
Chicago, Milwaukee & St. Paul Railway Co.
Prairie du Chien Division 8% Bonds

MATURING FEBRUARY 1ST, 1898.

The above described bonds will be received on a four per cent. basis at the office of the Chicago, Milwaukee and St. Paul Railway Company, in the City of New York, in exchange for the Company's one hundred-year General Mortgage 4 per cent. Gold Bonds at par. That is:

One Prairie du Chien Division 8 per cent. bond at par is.....	\$1,000.00
Interest accrued and accruing to Feb. 1st, 1898:	
5 months from Feb. 1st to July 1st, 1897, at 8 per cent.....	\$38.33
7 months from July 1st, 1897, to Feb. 1st, 1898, at 4 per cent. less discount	22.80
	56.13
	<hr/> \$1,056.13

One general mortgage 4 per cent gold bond to mature May 1st, 1898, bearing interest from July 1st, 1897.....	1,000.00
--	----------

Difference payable to the holder of Prairie du Chien Division bonds in cash	\$56.13
---	---------

This offer to exchange will remain open until July 1st, and exchanges will be made as of that date.

FRANK S. BOND, Vice-President

Continued.

Increase in liabilities:

Capital stock, preferred	\$739,000.00
Wis. Ry. division sinking fund	180.00
Income conv. bonds sinking fund	580.00
Renewal fund	387,154.83
Pay rolls and vouchers	44,365.51
Miscellaneous balances	147,386.09
Interest coupons not presented	15,079.17
Interest accrued not due	21,333.75
Total increase liabilities	\$1,355,079.35
Aggregate decrease assets and increase liabilities ..	2,213,723.73
Surplus income year 1896	2,183,988.96
Total to be accounted for	\$4,397,712.69

This sum is accounted for as follows:

Increase in assets:—

Road and equipment.....	\$662,698.46
Vice Pres. sinking funds.....	71,556.00
Renewal fund.....	350,000.00
Stock of material and fuel.....	103,497.84
Miscellaneous balances	203,110.58
Due from U. S. Government.....	31,861.16
Cash on deposit and on hand.....	2,801,895.46
Total increase in assets.....	\$4,224,619.50

Decrease in liabilities:—

Funded debt.....	\$160,000.00
Dubuque Division sinking fund.....	9,715.11
Rolling stock replacing fund.....	2,204.00
Dividends unclaimed.....	1,174.08
Total decrease in liabilities.....	\$173,093.19
Total accounted for.....	\$4,397,712.69

ST. PAUL.

We give in the table following a statement of the resources of the St. Paul Company for the year ended June 30, 1896, together with the use made of these resources. The decrease in various assets during the year amounted to \$858,644, all comparatively small items, except a decrease of \$600,000 in bills receivable. The increase in liabilities amounted to \$1,355,979, of which \$739,000 was increase in preferred stock, through conversion of bonds, and \$387,154 in renewal fund, the latter reappearing on the other side of the sheet as an asset. The other items were comparatively small.

The surplus income for the year of \$2,183,988 added to the decreased assets and the increased liabilities made \$4,397,712 to be accounted for.

It is a feature of the St. Paul reports that in whatever way they are worked out, the results show strength, and growing resources. In this instance, of the $4\frac{1}{2}$ millions to be accounted for, \$2,801,895 appear as increased cash on hand, and \$350,000 as available renewal fund. There was added to cost of road and equipment \$662,698, offsetting in part the increase in preferred stock. In this case, the increase in road and equipment represents good value as the preferred stock took the place of bonds. The funded debt was also reduced \$160,000.

Broadly speaking, of the $4\frac{1}{2}$ millions to be accounted for, nearly 3 millions appear as increased cash on hand and one million as addition to plant. The figures show:

Decrease in assets:	
Bonds and stocks owned	\$56,273.00
New England Trust Co. sinking fund	81,091.11
United States Trust Company	15,223.44
Company's bonds unsold	72,000.00
Due from agents and conductors	34,056.73
Loans and bills receivable	600,000.00
Total decrease in assets	\$858,644.34

Continued.

DOW, JONES & CO.,

WALL STREET JOURNAL.

DAILY MARKET LETTER.

42-44 Broad Street, New York.

Telephone No. 616 Broad.

Notify us if this number is received later than:

Monday.

September 14, 1896.

No. 66

Continued.

is easy to understand how larger gross earnings and smaller expenditures account for a smaller ratio of expenses to earnings.

The assumption clearly conveyed by the Times article is that St. Paul is not being properly maintained. Reference to the St. Paul report shows total expenditures last year for maintenance of way of \$4,374,723. This compared with \$3,703,465 in the previous year. Figuring maintenance of way per mile of road operated, we find that the company spent last year \$710 per mile. Rock Island expenditures last year for the same purpose were \$2,510,823, which is equal to \$703 per mile of road. St. Paul thus spent more on every mile of its road for maintenance than Rock Island. It will be remembered, moreover, that St. Paul in the years 1892 and 1893 spent very large sums of money on its property to put it in especially good condition.

Last year Rock Island expended for repairs of locomotives \$1,020 each on an average, while St. Paul spent \$1,495. Comparison of expenses for repairs of passenger and freight cars on the two roads is not obtainable as St. Paul does not divide repairs of cars into passenger and freight.

Enough has been said, however, to show that last year when St. Paul was operated at 60% of gross earnings for expenses and taxes against 68% of gross earnings on Rock Island, it spent more for maintenance of way on each mile for road than Rock Island; it spent more for repairs of each locomotive than Rock Island did; and there is little doubt that it also spent more for repairs of each of its passenger and freight cars than was spent for the same purpose by Rock Island. Under the circumstances it is hard to see why 60% should be too low a ratio of operating expenses on St. Paul by comparison with Rock Island's 68 per cent.

It would be very easy to bring more evidence to show the worthlessness of the ratio "per se" and to show that St. Paul's 60% is as efficient in maintaining the property as Rock Island's 68 per cent.

Monday, September 14, 1896. 1.41 No. 65

ST. PAUL.

The Sunday Times contains a statement intimating that the operating expenses ratio of 60% reported by St. Paul for last year is unsafely low, and that the ratio ought to be 67 to 70%. Reference is made to Rock Island, with the idea of showing that the 70% ratio reported by that road is about right, and the general statement is further made that "70% is, under present conditions of railroading, regarded as a safe rate for all our large systems."

Now it is clearly impossible to say what shall be a safe operating ratio for all roads. The ratio depends upon several things, among which the volume of gross earnings and the volume of business, together with the actual cost of transportation of this business are prominent. In the first place, St. Paul earned gross per mile last year \$5,311 against \$4,861 on Rock Island. At the start, therefore, one would not expect to see the ratio of expenditure so heavy on St. Paul as on Rock Island, for it is common sense that the expense of doing business, as far as a railroad is concerned, does not increase in direct proportion with the increase in business.

There are however, other points directly bearing on this which are of interest. Last year St. Paul had an average train load of 167 tons, which brought in for each freight train mile run an average revenue of \$1.67, against an average train load on Rock Island of 143 tons and an average revenue per freight train mile of \$1.48. There is no reason why it should cost St. Paul more to run a train mile than it should cost Rock Island. St. Paul earns gross for each train mile run about 20 cents more than Rock Island does. There is thus economy in train mileage on St. Paul as compared with Rock Island.

We have, therefore, on St. Paul a larger volume of business than on Rock Island, as shown by the larger gross earnings per mile, and we have also on St. Paul economy in train mileage.

Continued.

ST. PAUL.

We collect from the St. Paul reports statistics bearing upon the company's operations and showing the progress made in the last few years. The table following shows the number of tons carried, the ton mileage and the average train load as obtained by dividing the ton mileage by the freight train mileage. The company stated the train load last year at 167 tons, but for purposes of comparison (as some of the previous reports did not contain this table) we have treated all years alike—hence our figures differ somewhat from those reported by the company. The comparison, however, holds good:

	Tons freight.	Tons 1 mile.	Av. tr. load.
1889	7,769,875	1,620,923,961	150
1890	9,292,992	1,842,789,845	158
1891	10,397,035	1,895,635,111	159
1892	11,568,930	2,265,993,963	159
1893	12,261,705	2,378,470,481	160
1894	10,794,058	2,077,869,479	161
1895	10,475,942	1,765,245,552	161
1896	12,210,055	2,381,667,988	176

This table shows marked increase in efficiency and indicates that the management of the company has been of the best. None of the Granger roads and few of the Western roads can show so heavy a train load as this.

The table following exhibits all expenditures for repairs and renewals in gross, per mile of road, and per cent. of operating expenses.

	All repairs and renewals.	Do. per mile.	Do. p. ct. of op. ex.
1889	\$5,623,959	\$991	33.9
1890	5,759,564	1,018	33.5
1891	6,551,907	1,147	35.5
1892	8,119,888	1,418	39.0
1893	8,665,406	1,513	38.4
1894	7,168,297	1,165	25.5
1895	5,788,775	940	33.9
1896	7,317,018	1,189	37.1

In only two years was the expenditure per mile for renewals and repairs larger than last year, those being the years of recuperation and preparation for the World's Fair.

ST. PAUL UNDER FREE COINAGE.

We published some days ago a table showing the gold bonds outstanding on the principal railroads of the country. We now give a rough estimate of the showing that would be made by St. Paul for the year ending June 30 last with free coinage of silver in force at 16 to 1 and silver at its present London price, making the value of the silver dollar 53 cents in gold—the gold premium thus being 88%:

Gross earnings.....	\$32,681,828
Operating expenses and taxes.....	19,676,808
<hr/>	
Net earnings ..	\$13,005,020
Other income (estimated).....	134,647
<hr/>	
All income.....	\$13,139,647
Charges (currency).....	4,618,905
<hr/>	
Balance.....	\$8,520,732
Equals in gold.....	4,515,988
Charges, payable in gold.....	3,010,472
<hr/>	
Balance.....	\$1,505,516
Equals in currency.....	2,830,370
Preferred dividend	1,819,522
<hr/>	
Surplus for common (currency).....	\$1,010,848

The surplus of \$1,010,848 for common under free coinage as estimated above, compares with an estimated surplus for common of \$3,690,000 under present conditions. No allowance has been made for increased wages, although of course there would be some little increase. Wages on St. Paul probably called for at least \$12,000,000 last year. The surplus on the common would be wiped out by an increase of only 8% in wages.

1898

THIRTY-FOURTH ANNUAL REPORT

OF THE

**CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY**

FOR THE

FISCAL YEAR ENDING JUNE 30TH, 1898.

1898

Thirty-fourth Annual Report

OF THE

Chicago, Milwaukee & St. Paul
Railway Company

FOR THE

Fiscal Year ending June 30th, 1898

CHICAGO

CORBITT & BUTTERFIELD CO., PRINTERS

1898

DIRECTORS AND OFFICERS

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

DIRECTORS.

PHILIP D. ARMOUR,	- - - - -	CHICAGO.
AUGUST BELMONT,	- - - - -	NEW YORK.
FRANK S. BOND,	- - - - -	NEW YORK.
CHARLES H. COSTER,	- - - - -	NEW YORK.
CHARLES D. DICKEY, JR.,	- - - - -	NEW YORK.
PETER GEDDES,	- - - - -	NEW YORK.
CHARLES W. HARKNESS,	- - - - -	NEW YORK.
FREDERICK LAYTON,	- - - - -	MILWAUKEE.
JOSEPH MILBANK,	- - - - -	NEW YORK.
ROSWELL MILLER,	- - - - -	CHICAGO.
WILLIAM ROCKEFELLER,	- - - - -	NEW YORK.
SAMUEL SPENCER,	- - - - -	NEW YORK.
A. VAN SANTVOORD,	- - - - -	NEW YORK.

OFFICERS.

ROSWELL MILLER,	President,	CHICAGO.
FRANK S. BOND,	Vice-President,	NEW YORK.
A. J. EARLING,	Second Vice-President,	CHICAGO.
W. G. COLLINS,	General Manager,	CHICAGO.
H. R. WILLIAMS,	General Superintendent,	CHICAGO.
P. M. MYERS,	Secretary,	MILWAUKEE.
J. M. MCKINLAY,	Assistant Secretary and Transfer Agent,	NEW YORK.
C. B. FERRY,	Assistant Secretary and Transfer Agent,	NEW YORK.
H. C. WESTON,	Assistant Secretary and Transfer Agent,	NEW YORK.
F. G. RANNEY,	Treasurer,	CHICAGO.
W. N. D. WINNE,	General Auditor,	CHICAGO.
GEORGE R. PECK,	General Counsel,	CHICAGO.
BURTON HANSON,	General Solicitor,	CHICAGO.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
 THIRTY-FOURTH ANNUAL REPORT
 OF THE DIRECTORS OF THE
 CHICAGO, MILWAUKEE & ST. PAUL
 RAILWAY COMPANY
 TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1898.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1898, and of the condition of its property and finances at the close of that year.

The operations for the year show the following results :

Gross Earnings.....	\$34,189,663 68
Operating Expenses (including taxes).....	21,201,566 61
Net Earnings.....	<u>\$12,988,097 07</u>
Income from other sources.....	131,018 12
Total	<u>\$13,119,115 19</u>
Fixed Charges—Interest on Bonds.....	7,190,431 46
Balance above all charges.....	<u><u>\$5,928,683 73</u></u>

During the year two dividends aggregating seven per cent were paid on the preferred stock, and two dividends aggregating five and one-half per cent were paid on the common stock—of which the dividends paid October 21st, 1897—three and one-half per cent on preferred and three per cent on common stock—were from net earnings of the previous fiscal year, ending June 30th, 1897.

MILES OF TRACK.

Owned solely by this Company :

Main track	6,142.64	
Second main track.....	253.67	
Third main track.....	3.25	
Connection tracks.....	30.62	
Yard tracks, sidings and spur tracks.....	1,383.35	7,813.53

Owned jointly with other Companies :

Main track	11.19	
Second main track	1.83	
Connection tracks	2.20	
Yard tracks, sidings and spur tracks.....	47.68	62.90

Used by this Company under contracts :

Main track	37.17	
Second main track.....	23.81	
Third main track.....	1.14	62.12
Total miles of track.....		<u>7,938.55</u>

The lines of road are located as follows :

In Illinois.....	317.94
“ Wisconsin.....	1,650.71
“ Iowa.....	1,553.47
“ Minnesota.....	1,120.09
“ North Dakota.....	118.21
“ South Dakota.....	1,101.06
“ Missouri.....	140.27
“ Michigan	152.08
Total length of main track.....	<u>6,153.83</u>

There has been no change during the year in the number of miles of main track owned and operated by the Company.

There are still 517.19 miles of main track laid with iron rail.

The second main track, from Bensenville to Genoa and from Davis Junction to Kittredge, on the Chicago & Council Bluffs Division in Illinois, which was under construction at the time of the last report, has been completed, with the exception of the ballasting. This line is now double track from Chicago to Savanna, on the Mississippi River, a distance of 138 miles.

ROLLING STOCK.

At the close of the fiscal year ending June 30th, 1897, the Rolling Stock Replacement Fund amounted to \$431,532.00, of which \$60,000.00 was for the replacement of Locomotives, and \$371,532.00 for the replacement of Cars.

During the year just closed the sum of \$355,879.84 has been added to the fund by charging to Operating Expenses the cost of the replacement of 38 locomotives unfit for service and ordered to be scrapped; and there was expended of the fund for actual replacements the cost of—

23 Locomotives.....\$227,479 84

The unexpended balance of the Replacement Fund for Locomotives, June 30th, 1898, amounted to \$188,400.00, and is sufficient to cover the cost of 21 locomotives which have been contracted for, or are under construction at the Company's shops, to replace the shortage of 21 locomotives shown by statement on page 35.

The Replacement Fund for Cars at the close of the last fiscal year amounted to \$371,532.00 as stated above.

During the year just closed the sum of \$178,038.10 was added to the fund and Operating Expenses was charged with this sum; and there was expended of the fund the sum of \$481,278.10 for actual replacements, as follows :

2 Passenger Cars	\$17,000 00
4 Sleeping Cars	82,553 19
311 Box Cars	115,887 37
449 Stock Cars.....	169,309 16
285 Flat and Coal Cars	87,290 12
15 Refrigerator Cars	9,238 26
Total	<u>\$481,278 10</u>

The unexpended balance of the Replacement Fund for Cars June 30th, 1898, amounted to \$68,292.00 and is sufficient to replace the shortage of 194 cars shown by statement on page 35.

There has also been expended during the year for additional rolling stock, for air-brakes and automatic couplers as required by Act of Congress, and for other improvements to rolling stock, the sum of \$1,197,368.04, which has been charged to Cost of Road and Equipment, as follows :

2 Buffet Cars.....	\$22,000 00
2 Standard Postal Cars.....	7,030 49
5 Sleeping Cars—Three-fourths Cost.....	64,932 27
1276 Box Cars.....	539,115 39
350 Carriage Cars.....	193,793 86
51 Stock Cars.....	22,198 61
235 Refrigerator Cars.....	152,002 14
Air Brakes, Automatic Couplers, etc., applied to cars and locomotives.....	196,295 28
Total.....	<u>\$1,197,368 04</u>

The five Sleeping Cars, three-fourths cost of which is included in above statement, were constructed in 1888, but owing to litigation between the Pullman's Palace Car Company and the Railway Company, the settlement of accounts was deferred until the present year.

Of the total freight car equipment of the Company, eighty-one per cent had been equipped with automatic couplers and fifty-five per cent had been equipped with air brakes at the close of the fiscal year ending June 30th, 1898.

The total expenditure for Rolling Stock during the past year—including that for replacement and that for additional equipment—2,987 Cars and 23 Locomotives—was \$1,709,830.70.

CAPITAL EXPENDITURES.

The following expenditures representing additions and improvements to the property of the Company, have been made during the year: Detailed statement will be found on page 33 of this report.

For Equipment.....	\$1,197,368 04
“ Real Estate.....	36,472 10
“ Second Track.....	513,553 22
“ Third and Fourth Tracks.....	49,477 37
Total.....	<u>\$1,796,870 73</u>

CAPITAL STOCK.

At the close of the last fiscal year the share capital of the Company amounted to \$75,081,500; and consisted of \$29,054,900 of preferred stock, and \$46,026,600 of common stock.

It has been increased during the present year by \$2,763,500 of preferred stock, issued in exchange for the same amount of convertible bonds canceled.

The amount of capital stock per mile of road is \$12,649.84.

FUNDED DEBT.

At the close of the last fiscal year the funded debt of the Company was \$137,762,000.

It has been increased during the present year by the issue of \$4,317,000 of General Mortgage Bonds, and it has been decreased \$5,490,500 by underlying bonds retired and canceled, as shown on page 23 of this report.

The funded debt at the close of the fiscal year ending June 30th, 1898 was \$136,588,500—a decrease of \$1,173,500 since last report.

The amount of funded debt per mile of road is \$22,195.69, on which the interest charge per mile of road is \$1,198.18.

The total capitalization of the Company per mile of road is \$34,845.53.

TREASURY BONDS.

At the close of the last fiscal year, the amount of the Company's bonds in its treasury and due from Trustees was \$5,433,000.00.

This has been increased during the present year \$3,690,000 as follows: \$171,000 General Mortgage Bonds received for underlying bonds canceled by sinking funds; \$1,929,000 for underlying bonds maturing July 1st, 1897, and February 1st, 1898, paid and canceled; and \$1,590,000 for additions and improvements to the property.

It has been decreased \$2,536,000, as follows: \$2,500,000 of General Mortgage Bonds were sold at a premium for the payment of maturing bonds; and \$35,000 of General Mortgage Bonds and \$1,000 La Crosse & Davenport Division bond were sold to the Insurance Department.

Bonds in the treasury or due from Trustees, June 30th, 1898, amount to \$6,587,000, as shown on page 22 of this report.

These treasury bonds represent actual expenditures for extensions, improvements, additional property and underlying bonds paid and canceled, out of the cash receipts of the Company from the operations of its lines—expenditures which have not been made good by the sale of bonds.

BONDS IN INVESTMENT ACCOUNT.

At the close of the last fiscal year, the amount of bonds purchased by the Company and held in investment account for Sinking Fund purposes was..... \$400,000 00

There have been canceled during the year :

28 Income Sinking Fund Convertible Bonds.....	\$28,000 00	
22 First Mortgage Bonds, Wisconsin Valley Division.....	22,000 00	
84 First Mortgage Bonds, Dubuque Division.....	84,000 00	134,000 00
Par Value of Bonds in Investment Account, June 30th, 1898, as shown on page 22 of this report.....		<u>\$266,000 00</u>

EARNINGS.

The results from operation of your Company's lines during the year ending June 30th, 1898, compared with the previous year, show an increase of \$3,702,895.69 in gross earnings; an increase of \$2,624,027.53 in operating expenses; and an increase of \$1,078,868.16 in net earnings.

The earnings from freight traffic were \$25,468,851.72—an increase of \$3,364,049.06 or 15.20%.

The number of tons of freight carried was 14,230,742—an increase of 2,676,589 tons or 23.17 %.

The increase in tons of freight carried was in the following commodities: flour and mill feed, 89,931 tons; wheat, 128,877 tons; rye, 20,601 tons; oats, 43,791 tons; corn, 255,836 tons; dairy and other agricultural products, 111,671 tons; provisions, 110,623 tons; salt, 5,710 tons; lime, cement and plaster, 29,733 tons; brick and stone, 71,664 tons; iron and steel, 175,918 tons; iron and other ores, 352,653 tons; manufactures, 212,293 tons; coke, 85,995 tons; live stock, 158,836 tons; lumber, 335,401 tons; other forest products, 438,802 tons; wines, liquors and beers, 96,015 tons; ice, 10,233 tons; and merchandise, 55,058 tons.

The following commodities show a decrease from the previous year: barley, 8,069 tons; flaxseed, 50,399 tons; hay, 10,943 tons; and coal, 43,641 tons.

The number of tons of all agricultural products carried during the year was 4,453,994—an increase compared with the previous year of 581,296 tons, or 15.01 %. Agricultural products made up 31.30 % of the total tonnage as compared with 33.52 % of the total tonnage of last year.

The total number of tons of commodities other than agricultural, carried during the year was 9,776,748 as against 7,681,455—an increase of 2,095,293 tons, or 27.28 %—the per cent. of the total being 68.70 % as against 66.48 % last year.

The number of tons of freight carried one mile was 2,621,348,372—an increase of 428,107,292, or 19.52 %. The revenue per ton per mile was .972 cts.—a decrease of .036 cts., or 3.57 %. The average miles each ton of freight was carried was 184.20 miles—a decrease of 5.62 miles, or 2.96 %.

The number of tons of freight carried per loaded car was 10.94, against 10.74 last year—an increase of 1.86 %. The number of tons of freight per freight train mile was 177.89, against 167.02 last year—an increase of 6.51 %. The revenue from freight per freight train mile was \$1.7284, as against \$1.6834 last year—an increase of 2.67 %.

The increase of earnings during the past year is due to the general improvement in business.

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz. :

1869.....3.10 cts.	1879.....1.72 cts.	1889.....1.059 cts.
1870.....2.82 “	1880.....1.76 “	1890.....0.995 “
1871.....2.54 “	1881.....1.70 “	1891.....1.003 “
1872.....2.43 “	1882.....1.48 “	1892.....1.026 “
1873.....2.50 “	1883.....1.39 “	1893.....1.026 “
1874.....2.38 “	1884.....1.29 “	1894.....1.037 “
1875.....2.10 “	1885.....1.28 “	1895.....1.075 “
1876.....2.04 “	1886.....1.17 “	1896.....1.003 “
1877.....2.08 “	1887.....1.09 “	1897.....1.008 “
1878.....1.80 “	1888.....1.006 “	1898.....0.972 “

The earnings from passenger traffic during the year were \$5,986,840.18—an increase of \$269,344.20 over the previous year, or 4.71%. The number of passengers carried was 7,095,641—a decrease of 59,048, or .83%. The number of passengers carried one mile was 253,485,504—an increase of 2,374,835, or .95%; the revenue per passenger per mile was 2.362 cts.—an increase of .085 cts. or 3.73%; the average miles each passenger was carried was 35.72 miles—an increase of .62 miles, or 1.77%.

EXPENDITURES.

In the expenditures pertaining to Maintenance of Way and Structures, there was an increase from the previous year of \$307,320.37 as follows: Repairs of Track, \$208,232.05; Repairs of Bridges, \$21,167.01; Repairs of Fences, \$27,776.68; Repairs of Buildings, \$194,032.93. In the expenditures for Renewal of Rails, there was a decrease of \$67,994.01; and for Renewal of Ties, a decrease of \$75,894.29.

The expenditures for Repairs of Track during the present year, include the amount of \$64,680.21 for 100,370 feet of side tracks; \$118,605.67 for ballasting on lines not previously ballasted; and \$86,466.26 for reducing grades.

Renewal of Rails includes 42,260 tons of new steel rails costing \$727,213.81.

During the previous year, 23,625 tons of new steel rails were laid costing \$679,741.90.

Renewal of Ties includes 1,670,503 new ties laid during the year costing \$508,616.39. During the previous year 1,880,372 new ties costing \$605,156.07 were placed in track.

The expenditures for Repairs of Bridges include the total cost of 72 steel bridges, aggregating 5,688 feet in length—replacing an equal number of wooden bridges; the filling of about 2.6 miles of pile bridges with earth—226 bridges having been completely filled and 86 reduced in length by filling; and the replacing of 275 wooden culverts with iron.

The sum of \$145,000.00 has been charged to Operating Expenses for the replacement of the Passenger Station at Minneapolis. The new structure is now under construction. Operating Expenses have also been charged with the cost of Freight Warehouses at Chicago and Milwaukee; Car Erecting Shop at West Milwaukee; Passenger Station at Cedar Rapids, and other new structures at various points.

The expenditures for Maintenance of Rolling Stock during the year were \$2,918,523.70—an increase of \$453,685.18 from the previous year; and include the amount of \$533,917.94 charged to Operating Expenses to replace the loss of equipment during the year, as stated on page 9, and the cost of general repairs of 282 locomotives and 13,782 cars.

In the expenditures pertaining to Conducting Transportation there was an increase of expenses of \$915,056.67, as follows: Station Service, \$43,170.63; Conductors, Baggage-men and Brakemen, \$137,013.18; Engineers, Firemen and Wipers, \$176,393.49; Train and Station Supplies, \$29,154.21; Fuel consumed, \$382,145.16; Oil and Waste, \$6,612.70; Rental of Tracks and Terminals, \$88,933.99; Switching Charges, \$51,633.31.

The cost of fuel during the past year has been largely increased by the coal strike which occurred last summer and continued for five months. During this time we were obliged to get coal wherever we could, and to pay whatever price was necessary. The cost of fuel was increased \$125,000 from this cause. The remaining increase of cost was due to increased tonnage of freight transported.

By agreement with the City of Chicago, as expressed in the ordinances passed December 2d, 1897, amended December 29th, 1897; and February 21st, 1898, amended May 23d, 1898, this Company has undertaken the elevation of its tracks between Central Park Boulevard and Mayfair, a distance of 4.24 miles, and between Hawthorne Avenue and Wood Street, .15 miles, and the depression of the Deering line track, .22 miles.

This involves the elevation of the Y at Pacific Junction and the North Chicago line, .54 miles — making a total elevation of 4.93 miles, and total depression .22 miles.

The work from Central Park Boulevard to Pacific Junction is under construction, and will be finished during the present year. The remainder of the work, from Pacific Junction to Mayfair, from Hawthorne Avenue to Wood Street and the depression of the Deering line track, will be done next year.

The work now being done, from Central Park Boulevard to Pacific Junction, provides for four tracks.

The renewal fund of the Company, shown in the General Account, was created by current charges to Operating Expenses during this and previous years, to provide for the cost of track elevation in Chicago and for other extraordinary expenses. The estimated cost of track elevation now under construction is \$954,425.

The payments of the Company for labor directly employed in its service during the year were \$12,477,340.70, as compared with \$11,502,924.27 last year, and for Material and Supplies, \$7,105,500.37, as compared with \$5,114,170.26 last year.

INSURANCE DEPARTMENT.

In the last annual report of the Company, the Insurance Department at the close of its fiscal year ending June 30th, 1897, had a cash credit balance in bank of.....	\$95,988 07
From which there has since been paid for fire losses prior to that date	71 45
Making the true credit balance as of that date	35,916 62
To this amount add premiums received for year ending June 30th, 1898.....	91,753 84
And income from the Guaranty Fund investments.....	24,845 00
Increasing the cash balance to.....	152,515 46
Against which there has been charged for payments made, as follows:	
For Adjusted Losses for year.....	14,694 47
For Expenses for the year.....	3,778 28
For \$14,000 Kansas City Belt R'y Co. bonds purchased	14,000 00
For \$2,000 C. M. & St. P. R'y Co. La Crosse & Davenport Div. bonds purchased.....	2,090 00
For \$35,000 C. M. & St. P. R'y Co. General Mortgage bonds purchased.....	35,000 00
For premium for re-insurance of part of the more hazardous risks (of which there is chargeable to next fiscal year, \$16,109.59 for proportional amount of the premium for eight months and ten days to March 11th, 1899)	23,333 33
Total.....	92,896 08
Leaving cash in bank June 30th, 1898.....	<u>\$59,619 38</u>

There are no unadjusted claims for fire losses during the year and all expenses of the department have been paid.

The property holdings of the department since its organization in February, 1893, to June 30th, 1898, show a net increase of \$313,959.38. The original Guaranty Fund of \$300,000 has been increased to \$554,340, represented by \$572,000 par value of bonds as per list below, in addition to \$59,619.38 cash in bank.

The Guaranty Fund of \$554,340 shown on the Insurance Department books, is invested as follows.

Chi., Mil. & St. Paul R'y Co. General Mortgage 4% bonds.....	\$435,000 00
“ “ “ “ Consolidated Mortgage 7% bonds.....	10,000 00
“ “ “ “ South. Minnesota Div. 6% bonds.....	2,000 00
“ “ “ “ La Crosse & Dav. Div. 5% bonds.....	4,000 00
“ “ “ “ Chi. & Pac. West Div. 5% bonds.....	5,000 00
Dakota & Great Southern Railway Company 5% bonds.....	6,000 00
Kansas City Belt Railway Company 6% bonds.....	110,000 00
Par value of bonds.....	<u>\$572,000 00</u>
Amount of annual interest on same.....	<u>\$25,570 00</u>

The Insurance Department property is represented on the general books of the Railway Company by the nominal charge of \$10,000 to Insurance Department, shown on the balance sheet, page 22.

The prospects for business the coming year are good. The crop of small grains on your lines is the best there has been for several years, and general business promises well.

To the officers and employes of the Company much credit is due for the faithful and efficient manner in which they have performed the duties assigned them.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors.

ROSWELL MILLER,

President.

AUGUST, 1898.

To the President :

Herewith are submitted **Statements of Operation and the
General Accounts for the fiscal year ending June 30th, 1898.**

W. N. D. WINNE,
General Auditor.

STATEMENT OF INCOME ACCOUNT, JUNE 30TH, 1898.

Credit Balance, June 30th, 1897			\$6,509,719 85
Dividend payable October 21st, 1897, from net earnings of fiscal year ending June 30th, 1897, viz.:			
3½% on \$29,054,900—Preferred Stock	\$1,016,921 50		
3% on \$46,026,600—Common Stock	1,380,798 00		
Balance July 1st, 1897			2,397,719 50
			\$6,112,000 35
Gross Earnings for the year ending June 30th, 1898	\$34,189,663 68		
Less Operating Expenses (including taxes)	21,201,566 01		
Net Earnings	\$12,988,097 07		
Income from other sources	131,018 12		
Net revenue for the year ending June 30th, 1898	\$13,119,115 19		
Interest accrued during the year on Funded Debt		\$7,190,431 46	
Dividend payable April 19th, 1898, from net earnings of fiscal year ending June 30th, 1898, viz.:			
3½% on \$31,066,400—Preferred Stock	1,087,324 00		
2½% on \$46,026,600—Common Stock	1,150,665 00		
Balance for the year ending June 30th, 1898			3,690,694 73
Credit Balance, June 30th, 1898			\$9,802,695 08

GENERAL ACCOUNT, JUNE 30TH, 1898.

Dr.

Cost of Road and Equipment		
Bonds, Stock, etc., of other Companies—		
Cash, and Bonds held in Special Trusts,		
for Dubuque Division and Wisconsin	589,497 48	
Valley Division Sinking Funds.....		
New England Trust Co., Trustee, Du-		
buque Division and Wisconsin Valley	288 89	
Division Sinking Funds.....		
Farmers Loan & Trust Co., Trustee.....		
Depositories of Renewal Fund—		
United States Trust Co.....	1,083,250 62	
Union Trust Co.....	528,100 00	
Continental National Bank.....	50,000 00	
Insurance Department.....		
Stock of Material and Fuel.....		
Investment Account—Cost of Bonds pur-		
chased for Sinking Fund purposes.....		
Mortgage Bonds of the Company, unsold,		
held in its Treasury, and due from		
Trustees.....		
Milwaukee & Northern R. Co. 6% Con-		
solidated Mortgage Bonds, unsold, held		
in the Treasury of this Company.....	5,498,000 00	
Stock of the Company held in its Treasury	1,089,000 00	
Due from Agents and Conductors.....		
Due from Sundry Companies—		
Traffic Balances.....	415,847 17	
Operating Balances.....	108,429 05	
Miscellaneous Balances.....	147,146 28	
Due from United States Government.....	979,229 95	
Cash on deposit and on hand.....	307,516 20	
	5,067,742 83	

\$233,520,124 89

Capital Stock, Preferred.....		
Capital Stock, Common.....		
Funded Debt.....		
Wisconsin Valley Division Sinking Fund	593 87	
Dubuque Division Sinking Fund.....		
Sinking Fund, Income Convertible Bonds	589,192 50	
Renewal Fund.....		
Replacement Fund—Locomotives.....	188,400 00	
Replacement Fund—Cars.....	68,292 00	
Pay Rolls and Vouchers—		
Due Sundry Companies.....	1,092,680 11	
Traffic Balances.....	248,625 91	
Operating Balances.....	3,604 11	
Miscellaneous Balances.....	1,010,931 45	
Dividends Unclaimed.....	47,676 58	
Interest Coupons not presented.....	44,657 00	
Interest Accrued, not yet payable, in-		
cluding interest due July 1st.....	3,377,980 83	
Income Account.....		

6,726,155 99
9,802,695 08

77,845,000 00
136,588,500 00

589,786 37
12,790 00
1,698,565 45
256,692 00

\$233,520,124 89

FUNDED DEBT, JUNE 30TH, 1898.

Total Funded Debt, June 30th, 1897, including all liens on purchased roads.....		\$137,762,000 00
General Mortgage Bonds issued during the year:		
For underlying bonds paid and canceled as fol- lows:		
Income Sinking Fund Convertible	65,000 00	
Wisconsin Valley Division	22,000 00	
Dubuque Division	84,000 00	
Prairie du Chien Division, First Mortgage..	2,212,000 00	
Prairie du Chien Division, Second Mortgage	215,000 00	
Iowa & Minnesota Division.....	120,000 00	2,727,000 00
For Expenditures for Additional Equipment, Real Estate and Improvements.....		1,590,000 00
		<u>\$142,079,000 00</u>
Deduct :		
Bonds, paid and canceled :		
Income Sinking Fund Convertible.....	65,000 00	
Wisconsin Valley Division	22,000 00	
Dubuque Division.....	84,000 00	
Prairie du Chien Division, First Mortgage..	2,212,000 00	
Prairie du Chien Division, Second Mortgage	215,000 00	
Iowa & Minnesota Division.....	120,000 00	
Bonds received in exchange for preferred stock and canceled :		
Iowa & Dakota Division.....	136,000 00	
Iowa & Dakota Division Extension.....	160,000 00	
St. Paul (or River) Division.....	667,000 00	
St. Paul (or River) Division—Sterling	29,500 00	
Chicago & Milwaukee Division	246,000 00	
Consolidated Mortgage of 1874.....	2,000 00	
Consolidated Mortgage of 1875.....	971,000 00	
Prairie du Chien Division, Second Mortgage	540,000 00	5,490,500 00
Total Funded Debt, June 30th, 1898.....		<u>\$136,588,500 00</u>
Decrease.....		<u>\$1,173,500 00</u>
Of the total amount of Bonds outstanding as stated above, there remain in the Treasury unsold, and due from Trustees.....		<u>\$6,587,000 00</u>

FUNDED DEBT, JUNE 30TH, 1898.

DESCRIPTION OF BONDS.	DATE OF ISSUE.	WHEN DUE.	RATE OF INTEREST.	INTEREST PAYABLE.	AMOUNT OF BONDS OUTSTANDING.	INTEREST.	
						ACCRUED DURING THE YEAR.	PAID DURING THE YEAR.
Chicago & Milwaukee Division	1873	1903	7 per cent.	Jan. and July.	\$2,145,000 00	\$150,150 00	\$150,115 00
St. Paul (or River) Division	1873	1902	7 " "	" " "	2,653,000 00	185,710 00	184,345 00
St. Paul (or River) Division, Sterling	1873	1902	7 " "	" " "	387,000 00	27,080 00	27,597 50
Iowa & Dakota Division	1869	1899	7 " "	" " "	285,000 00	19,950 00	20,195 00
Hastings & Dakota Division	1872	1903	7 " "	" " "	89,000 00	6,230 00	6,230 00
Consolidated Mortgage	1874	1904	7 " "	" " "	183,000 00	12,810 00	13,090 00
Consolidated Mortgage	1875	1905	7 " "	" " "	10,327,000 00	722,890 00	724,815 00
Terminal Mortgage	1884	1914	5 " "	" " "	4,748,000 00	237,400 00	236,450 00
Iowa & Dakota Division Extension	1878	1908	7 " "	" " "	3,339,000 00	233,730 00	234,220 00
Hastings & Dakota Division Extension	1880	1910	7 " "	" " "	5,680,000 00	397,600 00	397,110 00
Hastings & Dakota Division Extension	1880	1910	5 " "	" " "	990,000 00	49,500 00	49,525 00
Southwestern Division	1879	1909	6 " "	" " "	4,000,000 00	240,000 00	239,880 00
La Crosse & Davenport Division	1879	1919	5 " "	" " "	2,500,000 00	125,000 00	124,675 00
Chicago & Pacific Division	1880	1910	6 " "	" " "	3,000,000 00	180,000 00	180,030 00
Chicago & Pacific Western Division	1881	1921	5 " "	" " "	25,340,000 00	1,267,000 00	1,266,800 00
Southern Minnesota Division	1880	1910	6 " "	" " "	7,432,000 00	445,920 00	444,930 00
Mineral Point Division	1880	1910	5 " "	" " "	2,840,000 00	142,000 00	142,125 00
Dubuque Division	1880	1910	5 " "	" " "	6,225,000 00	373,500 00	366,030 00
Wisconsin Valley Division	1880	1920	6 " "	" " "	2,227,000 00	133,620 00	129,930 00
Wisconsin & Minnesota Division	1881	1921	5 " "	" " "	4,755,000 00	237,750 00	236,350 00
Chicago & Lake Superior Division	1881	1921	5 " "	" " "	1,300,000 00	68,000 00	67,925 00
Chicago & Missouri River Division	1886	1926	5 " "	" " "	3,083,000 00	154,150 00	153,675 00
Chicago & Great Southern Ry Co.	1886	1916	5 " "	" " "	2,856,000 00	142,800 00	142,850 00
Fargo & Southern Ry Co.	1883	1924	6 " "	" " "	1,250,000 00	75,000 00	75,000 00
Wisconsin Valley R. R. Co.	1879	1909	7 " "	" " "	1,106,500 00	77,455 00	77,227 50
Income Sinking Fund Convertible	1886	1916	5 " "	" " "	1,201,000 00	64,550 00	64,550 00
General Mortgage	1880	1889	4 " "	" " "	29,174,000 00	1,166,960 00	798,182 90
Mil. & Northern R. R. Co., 1st Mortgage	1880	1910	6 " "	June and Dec.	2,152,000 00	129,300 00	129,060 00
Mil. & Northern R. R. Co., Consolidated	1884	1913	6 " "	" " "	5,092,000 00	305,520 00	241,200 00
Iowa & Minnesota Division	1867	1897	7 " "	" " "	33,000 00	1,213 33	1,040 00
Prairie du Chien Division, 1st Mortgage	1867	1898	8 " "	" " "	5,000 00	212 91	182 50
Prairie du Chien Division, 2d Mortgage	1867	1898	7.3 " "	" " "	12,000 00	353 33	300 00
Income Sinking Fund Convertible	1886	1916	5 " "	" " "		163,543 99	352,985 40
Interest on bonds retired						\$7,536,908 56	\$7,278,620 80
Interest on bonds in the Treasury of the Company and in hands of Trustees						346,477 10	
Total					\$136,588,500 00	\$7,190,431 46	\$7,278,620 80

^c Selected by lot for payment. Interest ceased February 3d, 1898.

^a Bonds matured and interest ceased July 1st, 1897.

^b Bonds matured and interest ceased February 1st, 1898.

CAPITAL STOCK, JUNE 30TH, 1898.
PREFERRED STOCK.

Amount of Preferred Stock, June 30th, 1897....		\$29,054,900 00
Issued during the year in exchange for bonds convertible into preferred stock by terms of mortgage, viz.:		
For Iowa & Dakota Division Bonds	\$136,000 00	
For Iowa & Dakota Division Extension Bonds..	166,000 00	
For St. Paul (or River) Division Bonds	667,000 00	
For St. Paul (or River) Division Bonds—Sterling	29,500 00	
For Chicago & Milwaukee Division Bonds.....	246,000 00	
For Consolidated Mortgage Bonds of 1874.....	2,000 00	
For Consolidated Mortgage Bonds of 1875.....	971,000 00	
For Prairie du Chien Division Bonds, Second Mortgage	546,000 00	2,763,500 00
Total Preferred Stock, June 30th, 1898....		<u>\$31,818,400 00</u>

COMMON STOCK.

Total Common Stock, June 30th, 1897.....	\$46,026,600 00	
Total Common Stock, June 30th, 1898.....		<u>46,026,600 00</u>
Total Capital Stock, June 30th, 1898.....		<u><u>\$77,845,000 00</u></u>

DETAILED STATEMENT
OF
EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1897 AND 1898.

EARNINGS.

	<u>1897</u>	<u>1898</u>
From Freight.....	\$22,104,802 66	\$25,468,851 72
From Passengers	5,717,495 98	5,986,840 18
From Mails, Express, etc.....	2,664,469 35	2,733,971 78
Gross Earnings.....	<u>\$30,486,767 99</u>	<u>\$34,189,663 68</u>

EXPENSES.

	<u>1897</u>	<u>1898</u>
Repairs of Track.....	\$1,788,295 96	\$1,996,528 01
Renewal of Rails.....	681,274 36	613,280 35
Renewal of Ties.....	829,820 78	753,926 49
Repairs of Bridges	681,317 33	702,484 34
Repairs of Fences	48,673 56	76,450 24
Repairs of Buildings	305,572 79	499,605 72
Repairs of Locomotives	972,044 65	1,364,046 78
Repairs of Cars.....	1,431,565 22	1,474,039 16
Repairs of Tools and Machinery	61,228 65	80,437 76
Management and General Offices	668,223 44	691,593 31
Foreign Agency and Advertising	158,898 55	207,994 86
Station Service	2,594,253 41	2,637,424 04
Conductors, Bag' e and Brakemen	1,497,558 89	1,634,572 07
Engineers, Firemen and Wipers	1,781,845 47	1,958,238 96
Carried forward	<u>\$13,500,573 06</u>	<u>\$14,690,622 09</u>

	1897	1898
Brought forward.....	\$13,500,573 06	\$14,690,622 09
Train and Station Supplies.....	409,714 80	438,869 01
Fuel Consumed.....	1,798,180 99	2,180,326 15
Oil and Waste	101,620 76	108,233 46
Personal Injuries.....	136,381 18	117,219 93
Damage to Property.....	23,098 87	35,773 49
Loss and Damage, Fr't and Bag'e	69,696 72	68,519 90
Legal Expenses.....	133,984 46	154,057 38
New York Office Expenses.....	23,098 95	25,170 39
Taxes	1,184,230 86	1,134,130 68
Insurance	91,217 55	89,734 34
Miscellaneous Expenses.....	294,201 27	265,328 65
Stock Yard Expenses.....	10,807 25	11,940 20
Expenses of Elevators.....	27,048 46	32,250 86
Mileage of Cars.....	210,257 18	217,469 95
Rental of Tracks and Terminals	88,323 03✓	177,257 02
Switching Charges—Balance....	203,816 05✓	255,449 36
Sleeping and Parlor Car Expenses	71,287 64✓	74,213 75
Renewal Account	200,000 00	1,125,000 00
Total Expenses.....	<u>\$18,577,539 08</u>	<u>\$21,201,566 61</u>

RECAPITULATION.

	1897	1898	Increase
Gross Earnings	\$30,480,767 99	\$34,189,063 68	\$3,702,895 09
Total Expenses.....	18,577,539 08	21,201,566 61	2,624,027 53
Net Earnings.....	<u>\$11,909,228 91</u>	<u>\$12,988,097 07</u>	<u>\$1,078,868 16</u>

CONDENSED STATEMENT OF EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1895, 1896, 1897 AND 1898.

EARNINGS.

	1895	1896	1897	1898
From Freight	\$18,978,262 89	\$23,887,930 06	\$22,104,802 66	\$25,408,851 72
From Passengers	5,852,781 16	6,147,678 88	5,717,485 98	5,986,840 18
From Mails, Express, etc.	2,504,325 14	2,664,219 94	2,664,469 35	2,733,971 78
Gross Earnings	\$27,335,369 19	\$32,681,828 88	\$30,486,767 99	\$34,189,663 68

EXPENSES.

Maintenance of Way and Structures	\$3,703,465 61	\$4,374,723 66	\$4,334,954 78	\$4,642,275 15
Maintenance of Rolling Stock	2,065,309 46	2,912,204 65	2,404,838 52	2,918,523 70
Conducting Transportation	8,348,158 08	9,102,785 46	8,475,313 40	9,590,370 07
Loss and Damage to Persons and Property	293,431 57	251,675 58	229,176 77	221,513 32
General Offices, Agencies and Advertising	906,954 97	992,079 24	984,205 40	1,078,815 94
Mileage of Cars	139,819 66	183,314 33	210,257 18	217,469 95
Taxes	1,084,700 45	1,082,083 74	1,184,230 80	1,184,130 68
Renewal Account		350,000 00	200,000 00	1,125,000 00
Miscellaneous	421,913 29	397,851 40	494,562 17	473,467 80
Total Expenses	\$17,043,753 09	\$19,676,808 04	\$18,577,539 08	\$21,201,566 01

RECAPITULATION.

Gross Earnings	\$27,335,369 19	\$32,681,828 88	\$30,486,767 99	\$34,189,663 68
Total Expenses	17,043,753 09	19,676,808 04	18,577,539 08	21,201,566 01
Net Earnings	\$10,291,616 10	\$13,005,020 84	\$11,909,228 91	\$12,988,097 67
Average Miles in Operation	6,159.35	6,153.27	6,152.55	6,153.83

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT	PASSENGER	MAILS, EXPRESS, ETC.	GROSS EARNINGS	OPERATING EXPENSES	NET EARNINGS
July, 1807	\$1,881,349 25	\$599,093 00	\$232,951 00	\$2,713,393 34	\$1,703,555 58	\$949,837 76
August, "	1,933,085 51	610,812 34	236,710 30	2,780,614 24	1,688,488 85	1,092,125 39
September, "	2,382,978 65	601,403 12	226,515 11	3,210,896 88	2,058,002 07	1,152,893 91
October, "	2,830,500 13	521,817 54	227,530 15	3,579,847 82	1,946,549 75	1,613,298 07
November, "	2,625,184 22	479,026 41	224,236 01	3,328,446 64	1,858,029 87	1,470,416 77
December, "	2,155,505 80	430,815 80	230,690 54	2,817,081 32	1,562,500 70	1,254,514 53
January, 1808	1,754,050 23	387,248 77	210,092 33	2,361,297 33	1,604,767 31	756,530 02
February, "	1,813,390 65	363,132 85	218,108 12	2,394,600 62	1,604,856 57	789,804 05
March, "	2,203,793 50	490,610 37	221,960 54	2,916,373 50	1,736,078 36	1,180,295 14
April, "	1,923,097 38	431,014 37	229,933 47	2,585,545 22	1,826,534 41	759,010 81
May, "	2,069,138 93	460,550 90	225,492 86	2,755,182 78	1,789,200 73	965,982 05
June, "	1,806,102 29	610,385 53	230,836 17	2,746,323 90	1,742,985 42	1,003,388 57
Total	\$25,468,851 72	\$5,986,840 18	\$2,753,971 78	\$34,189,663 68	\$21,201,506 61	\$12,988,097 07

COMPARATIVE SUMMARY OF OPERATION.

Gross Earnings.

1897.....	\$30,486,767 99		
1898.....	\$4,189,663 68	Increase	\$3,702,895 69

Operating Expenses.

1897.....	\$18,577,539 08		
1898.....	\$21,201,566 61	Increase	\$2,624,027 53

Net Earnings.

1897.....	\$11,909,228 91		
1898.....	\$12,988,097 07	Increase	\$1,078,868 16

Gross Earnings per Mile of Road.

1897.....	\$4,955 14		
1898.....	\$5,555 83	Increase.....	\$600 69

Operating Expenses per Mile of Road.

1897.....	\$3,019 48		
1898.....	\$3,445 26	Increase.....	\$425 78

Net Earnings per Mile of Road.

1897.....	\$1,935 66		
1898.....	\$2,110 57	Increase	\$174 91

Freight Earnings per Mile of Road.

1897.....	\$3,592 79		
1898.....	\$4,138 70	Increase	\$545 91

Passenger, Mail and Express Earnings per Mile of Road.

1897.....	\$1,362 35		
1898.....	\$1,417 13	Increase	\$54 78

Average Miles of Road Operated During the Year.

1897.....	6,152.55		
1898.....	\$6,153.83	Increase.....	1.28

TRANSPORTATION STATISTICS

FOR THE YEARS ENDING JUNE 30TH, 1896, 1897 AND 1898.

	1896	1897	1898
Miles run by freight trains	13,526,151	12,387,036	13,880,445
Miles run by passenger trains.....	7,788,709	7,819,919	7,930,481
Miles run by mixed trains.....	970,799	992,511	1,140,398
Miles run by revenue trains.....	22,285,659	21,190,466	22,951,324
Miles run by switching trains	4,005,550	3,656,390	4,196,088
Miles run by construction and other trains.....	609,991	661,119	783,209
Total miles run by all trains.....	26,901,200	25,516,975	27,930,621
Number of tons of freight carried	12,210,055	11,554,153	14,230,742
Number of tons of freight carried one mile.....	2,381,667,988	2,193,241,080	2,621,348,372
Mileage of freight cars—loaded	218,475,022	204,201,258	239,610,746
Mileage of freight cars—empty	92,455,478	82,745,785	98,870,373
Number of tons of freight carried per loaded car..	10.90	10.74	10.94
Average number of loaded freight cars per train..	15.33	15.56	16.26
Average miles each ton of freight was carried....	195.06	189.82	184.20
Number of tons of freight per freight train mile..	167.08	167.02	177.89
Revenue per ton of freight per mile.....	1.003 cts.	1.008 cts.	.972 cts.
Revenue from freight per freight train mile	\$1.6758	\$1.6834	\$1.7284
Number of passengers carried	7,427,614	7,154,680	7,095,641
Number of passengers carried one mile.....	260,821,497	251,110,660	253,485,504
Average miles each passenger was carried	35.12	35.10	35.72
Revenue per passenger per mile	2.357 cts.	2.277 cts.	2.302 cts.
Revenue from passengers per passenger train mile.	76.55 cts.	70.87 cts.	72.87 cts.
Repairs of Locomotives per revenue train mile....	5.54 cts.	4.59 cts.	5.95 cts.
Repairs of Cars " " " "	7.31 cts.	6.75 cts.	6.43 cts.
Station Service " " " "	12.21 cts.	12.24 cts.	11.49 cts.
Train Service " " " "	7.11 cts.	7.06 cts.	7.12 cts.
Locomotive Service " " " "	8.51 cts.	8.41 cts.	8.53 cts.
Train and Station Supplies " " " "	2.05 cts.	1.93 cts.	1.91 cts.
Fuel " " " "	9.01 cts.	8.48 cts.	9.50 cts.
Oil and Waste " " " " .....	.52 cts.	.48 cts.	.47 cts.
All Other Expenses " " " "	36.03 cts.	37.69 cts.	40.98 cts.
Total Operating Expenses " " " "	88.29 cts.	87.63 cts.	92.38 cts.
Percentage of Expenses (including Taxes) to Earnings	60.21 %	60.94 %	62.01 %

STATEMENT OF COMMODITIES TRANSPORTED

DURING THE YEARS ENDING JUNE 30TH, 1897 AND 1898.

COMMODITIES	1897		1898	
	Tons	Per Cent	Tons	Per Cent
Flour	435,368	3.768	459,662	3.230
Mill Feed.....	130,805	1.133	196,532	1.381
Wheat	1,139,407	0.861	1,268,284	8.912
Rye	61,282	.530	81,883	.575
Barley	595,605	5.155	587,536	4.129
Oats	629,198	5.446	672,989	4.729
Corn	337,590	2.922	593,426	4.170
Flax Seed	162,386	1.405	111,987	.787
Hay	101,423	.878	90,480	.636
Dairy Products	54,022	.473	58,233	.409
Other Agricultural Products.....	224,922	1.947	332,982	2.340
Provisions.....	193,752	1.677	304,375	2.139
Salt.....	57,492	.498	63,202	.444
Lime, Cement and Plaster	123,901	1.072	153,634	1.080
Brick and Stone.....	529,134	4.579	600,798	4.222
Iron and Steel.....	271,428	2.349	447,346	3.144
Iron and Other Ores.....	341,015	2.952	693,668	4.875
Manufactures.....	571,260	4.944	783,553	5.506
Coal	1,311,411	11.350	1,267,770	8.909
Coke	116,697	1.010	202,692	1.424
Live Stock.....	635,699	5.502	794,535	5.583
Lumber	1,007,495	8.720	1,342,896	9.436
Other Forest Products.....	948,686	8.211	1,387,488	9.750
Wines, Liquors and Beers.....	256,043	2.216	352,058	2.474
Ice	213,466	1.848	223,699	1.572
Merchandise	1,103,976	9.554	1,150,034	8.144
Total.....	11,554,153	100.000	14,230,742	100.000

**DETAIL OF EXPENDITURES
FOR ADDITIONS AND IMPROVEMENTS TO PROPERTY**

FOR THE YEAR ENDING JUNE 30TH, 1898.

Equipment—		
2 Buffet Cars	\$22,000 00	
2 Standard Postal Cars	7,030 49	
5 Sleeping Cars—Three-fourths Cost.....	64,932 27	
1276 Box Cars	539,115 39	
350 Carriage Cars	193,793 86	
51 Stock Cars	22,198 61	
235 Refrigerator Cars.....	152,002 14	
Air Brakes, Automatic Couplers and other improvements to Rolling Stock	196,295 28	1,197,368 04
Second Track, Chicago and Council Bluffs Division, in Illinois—		
Between Bensenville and Genoa.....	75,101 05	
Between Davis Junction and Kittredge.....	438,452 17	513,553 22
Third and Fourth Main Tracks, Chicago and Milwaukee Division—		
Between Central Park Boulevard and Pacific Junction.....		49,477 37
Real Estate, sundry points.....		36,472 10
		<u>\$1,790,870 73</u>
Sundry Credits.....		71,497 19
Total.....		<u>\$1,725,373 54</u>
Cost of Road and Equipment, June 30th, 1897		\$212,594,714 15
Additions and Improvements as above.....		1,725,373 54
Purchase of Chicago & Pacific R. R. Co. Stock		207 00
		<u>214,320,294 69</u>
Credit—Premium on General Mortgage Bonds		125,000 00
Cost of Road and Equipment, June 30th, 1898		<u>\$214,195,294 69</u>

MATERIAL AND FUEL ON HAND.

Coal.....	64,618 Tons,	\$114,802 76
Wood.....	3,934 Cords,	7,477 66
Ties.....	488,653 Number,	155,357 78
New Steel Rails.....	11,187 Tons,	187,909 40
Old Steel Rails.....	23,078 Tons,	335,107 45
Old Iron Rails.....	15,169 Tons,	158,124 73
Rail Fastenings.....	10,143,314 Pounds,	113,278 05
Oil.....	105,986 Gallons,	15,960 50
Waste.....	76,739 Pounds,	4,695 94
Iron (worked and unworked)...	12,061,876 Pounds,	140,265 71
Copper and Brass.....	290,372 Pounds,	27,724 93
Lumber and Timber.....	19,025,970 Feet,	306,320 03
Piles.....	443,377 Feet,	43,985 97
Posts.....	143,170 Number,	9,866 69
Engine and Car Wheels.....	3,541 Number,	23,454 47
Engine and Car Wheels (on axles)	2,032 Pairs,	34,985 24
Engine and Car Axles.....	1,084,435 Pounds,	15,152 73
Tires.....	93,875 Pounds,	5,708 53
Steel and Steel Springs.....	817,774 Pounds,	24,972 88
Engine, Car and Road Castings	5,179,465 Pounds,	66,314 79
Paints and Oils.....		12,355 02
Stationery Supplies.....		15,484 48
Other Supplies.....		446,596 29
Total, June 30th, 1898.....		\$2,265,902 03
Total, June 30th, 1897.....		1,911,287 76
Increase.....		\$354,614 27

EQUIPMENT IN SERVICE JUNE 30TH, 1898.

STANDARD GAUGE.

Locomotives.....		808
Passenger Cars.....		412
Sleeping Cars.....		53
Parlor Cars.....		16
Dining Cars.....		8
Baggage, Mail, Express and Combination Cars.....		286
Freight Cars—		
Box Cars.....	20,051	
Stock Cars.....	2,799	
Flat, Coal and Ore Cars.....	5,826	
Refrigerator Cars.....	724	29,400
Caboose Cars.....		478
Wrecking, Tool Cars, etc.....		72

NARROW GAUGE.

Locomotives.....		7
Passenger Cars.....		4
Baggage, Mail, Express and Combination Cars.....		5
Freight Cars—		
Box Cars.....	202	
Stock Cars.....	59	
Flat Cars.....	48	309
Caboose Cars.....		5
Total.....		31,863

At the close of the year ending June 30th, 1897, a shortage of 6 locomotives and 729 cars was shown by the inventory of equipment, and the sum required to replace this shortage had been charged to Operating Expenses at that date.

During the present year 38 small locomotives unfit for further service were scrapped and Operating Expenses were charged with the cost of 38 new locomotives to replace them, making a total shortage of 44 locomotives. Twenty-three locomotives have been purchased or built during the present year for replacement.

The amount required to replace the remaining shortage of 21 locomotives—\$188,400.00 is shown in the account of "Replacement Fund—Locomotives" on page 22 of this report.

During the present year cars of all classes to the number of 527 were destroyed—7 by fire, 250 by wreck on our own and other roads, 270 old cars of small capacity were taken down, being unfit for further service, and 4 sleeping cars were dropped from the equipment list, making a total shortage of 1,260 cars. One thousand and sixty-six cars have been built or purchased for replacement, comprising 4 sleeping, 2 passenger, 311 box, 449 stock, 285 flat and coal and 15 refrigerator cars.

At the close of this fiscal year ending June 30th, 1898, there exists a total shortage of 194 cars, comprising 36 box, 14 stock, 134 flat and coal and 9 caboose cars and 1 pile driver and car.

The amount required to replace the 194 cars—\$68,292.00 has been charged to Operating Expenses and stands at the credit of "Replacement Fund—Cars" on page 22 of this report.

1897
TONIC FROM ST. PAUL'S ACTION—PLIGHT OF EUROPEAN SELLERS OF STOCKS.

In financial circles the opinion is generally expressed that the declaration of the extra dividend of 1 per cent. upon St. Paul common stock yesterday may be the pivot upon which the operations of London capital in American securities may turn in a pronounced manner. Outside opinion has long demanded the action which the board of directors has taken. The position of the company justifies the distribution. As far back as July 7 it was pointed out by us that the St. Paul Company, through the vicissitudes and tremendous pressure of the last three years, had been able to earn an average of fully 5 per cent. upon its common stock. It had accomplished this result while maintaining the physical condition of the company at a high point. With the great earnings virtually assured in the current fiscal year and with multiplying evidences that there are sound foundations for a long continued business revival, it would have seemed to many persons that a failure to place St. Paul upon a 5 per cent. dividend paying basis would reflect a conservatism sinister in its character. We are aware that the board is careful to specify that the additional 1 per cent. is "extra," but the investors who have absorbed this stock in the last year are certain to make their influence felt with regard to the maintenance of a 5 per cent. rate, because they believe that conditions and prospects more than justify it.

It is well understood that the improvement in the investment returns upon St. Paul will accrue almost entirely to domestic holders of the stock. At one time foreign holdings of St. Paul certainly aggregated 240,000 shares out of a total of 460,000. To-day it is said on excellent authority that the amount of foreign holdings has been reduced to 80,000 shares. When the European stock now on the way from the other side is transferred on the company's books it is not improbable that less than 70,000 shares will stand in the names of foreign investors. Men high in Wall Street circles are extremely curious as to how capital in the Old World will regard the dividend action of this conservative company, which was taken only after a most thorough examination of reports and accounts submitted from all the operating and financial departments, and a careful consideration of the tonnage already in sight on the line of the road, and of the prospects of the coming year. St. Paul from now on will have a standing in the consideration of investors which it has not had in many years, and the confidence in the outlook manifested by what the directors have done will, in the judgment of very conservative men, have an important influence in stimulating the already general revival of business confidence.

ment at the London Stock Exchange will put to rest the scepticism which has been shown by British capital throughout the Summer rise in American railway and Industrial securities. The influence of tight money, which some of the London bears may have been banking upon of late, is likely to be less pronounced than appeared possible a week ago. The Bank of England has refused to advance its minimum rate of discount. Sales of Indian Council bills appear to have put some brake upon the threatened gold export movement to India. Our London correspondent yesterday reported indications that Russia had withdrawn its pressure to secure gold from the London market. No recent reports have been received of any urgent demands for gold by Japan. Some relaxation in the European money markets would not be unnatural, and this would tend to facilitate the carrying over of bull accounts at next week's London settlement, thereby increasing the embarrassment of the short interest. Home capital has for a long time paid little attention to the curiously adverse attitude of English financiers. The evidence of a great revival in the prosperity of the transportation industry in the United States has been too pronounced to warrant any but a hopeful view, and hence more confident operations in the accumulation of securities or the development of promising enterprises.

It is impossible for any student of the situation to ignore the persistent strength of the American grain market, resulting from the unprecedented consumptive needs of foreign nations. Not only is there a scarcity of wheat supplies, as compared with the world's demands, but there is said in well-informed grain circles to be a short interest in options almost without parallel in our history. This has resulted from the inability of farmers, elevator owners, millers and the "professionals" to readjust their position, after the making of contracts for delivery, as rapidly as the strength of the grain statistical position developed itself. The bears on railway stocks are already suggesting a falling off in receipts of wheat and corn, because of the expectation of higher prices. No shrewd investor or operator, however, would regard any unfavorable impression upon railroad earnings on this account as more than temporary, because the crops will be moved at some price at some time, and high prices for the agricultural community means the revival of prosperity, irrespective of other favorable considerations.

Post, Oct. 21, 1897.

OWNERS OF ST. PAUL 7 & 10TH ST. BONDS

maturing February 1st are reminded that for the next ten days they can convert their bonds into CHICAGO, MILWAUKEE & ST. PAUL RAILWAY PREFERRED STOCK at par.

JAMES McGOVERN & CO., 6 Wall St., N. Y.
October 21st.

The New York News Bureau

TELEPHONE: 981 BROAD.

NO. 41 BROAD STREET.

No. 35.

Friday, October 22,

97

~~ST. PAUL STOCK AND BOND EXCHANGES.~~

The Chicago, Milwaukee & St. Paul Railroad Company has issued 7,040 shares of additional preferred stock in exchange for convertible bonds redeemed.

The New York News Bureau.

TELEPHONE: 981 BROAD.

NO. 41 BROAD STREET.

No. 20.

Wednesday, April 13,

ST. PAUL PREFERRED STOCK.

R. J. Kimball & Co. have issued the following circular on Chicago, Milwaukee & St. Paul preferred stock:

"It has prior right to 7 per cent. of net earnings before the common stock has any.

"For fifteen years it has not failed to pay the full seven per cent. on the par value, except twice. In 1888 it paid 6 per cent. and 1889 it paid 4½ per cent.

"The common stock of the company is also a dividend payer-at the rate of 5 per cent.

"The earnings of the company for the year, it is estimated, will be two millions of dollars more than the dividends on both the preferred and common stock.

"The present market price is about 145, paying nearly 5 per cent. on the investment.

"As we understand it, a certificate of stock is not of itself property and is not taxable. It represents that the owner of it has an undivided interest in property in the State where the company pays the taxes. Not so with bonds, as they are evidences of indebtedness, and the amount is usually deducted from the capital when fixing the amount to be taxed.

"We do not hesitate to recommend this as a safe and profitable investment."

4/14/98 Sent for circular - No more to be had - just like matter here given

ST. PAUL'S RECORD.

The Granger Railroad, Which Is Best Know to Foreign Investors.

In THE NEW YORK TIMES'S Financial Supplements careful statistical reviews have recently been made of the Chicago, Burlington and Quincy and of the Chicago, Rock Island and Pacific Railroads from the Stock Exchange standpoint; and herewith to-day is the record of the Chicago, Milwaukee and St. Paul, whose shares have a wider market than either of its two great Granger rivals, being listed and popularly traded in on the London Stock Exchange. To the average foreign investor St. Paul stands as representative of the very highest class of American investment properties.

The St. Paul Company was organized May 5, 1863, under the name of the Milwaukee and St. Paul, by the purchasers at foreclosure sale, April 25, 1863, of a portion of the La Crosse and Milwaukee Railroad, which was chartered in April, 1852. By purchase it subsequently acquired the Milwaukee and Western, the Milwaukee and Horicon, and the Ripon and Wolf River Railroads, and the eastern division of the La Crosse and Milwaukee Railroad.

In 1873 a consolidation of various closely related lines took place, which was really the foundation of the present great system. Many of the roads then absorbed had been in existence for years. These latter included the St. Paul and Chicago, chartered May 22, 1857; the Milwaukee and Mississippi, originally chartered as the Milwaukee and Waukesha, in February, 1847; Madison and Prairie du Ren, chartered in April, 1852.

In February, 1874, by an act of the legislature of the State of Wisconsin, the name was changed to the Chicago, Milwaukee and St. Paul Railway. The completed mileage at that time was 1,399 miles, and there was no increase of consequence until 1878, when 140 miles were added. In 1879 535 miles of line were acquired by either construction or purchase. A full title of the Western Union Railroad was obtained, the Veragua Branch was completed, and the Davenport and Northwestern Railroad and the Minnesota Southern Railway and the Minnesota Extension were purchased.

Growth of a Great System.

In the following year, 1880, a number of lines were purchased, including the Hastings and Dakota Extension, 128 miles; the Southern Minnesota Railway, 347 miles; the Chicago, Clinton, Dubuque and Minnesota Railroad, 324 miles; the

Wisconsin Valley Railroad, 109 miles; the Mineral Point Railroad, 51 miles; the Pine River Valley and Stevens Railroad, 16 miles; the Chicago and Pacific Railway, 89 miles, and the Sioux City and Dakota Railroad, 131 miles. There were also 349 miles of road constructed during the year.

The mileage in 1881 was increased to 4,217 miles by the building of 442 miles of new road, and in 1882 to 4,520 by the purchase of a few small lines, including a bridge over the Mississippi River, and the construction of 119 miles of road. There was a further increase to 4,760 miles in 1883, but only 44 miles were built in 1884. No mileage of consequence was added in 1885, but in 1886 and 1887 380 and 373 miles, respectively, were opened.

A one-fifth interest in the Belt Railway of Missouri acquired in 1886 gave an entrance over this line into Kansas City. By a contract entered into in 1890 the company was given an equal right to the use of the Union Pacific tracks from Council Bluffs, Iowa, to Omaha, Neb. On Oct. 1 of this year the entire capital stock of the Milwaukee and Northern was purchased and a number of lines were thereby brought into the already great system.

Mileage of the Many Divisions.

St. Paul's present mileage is 6,153 miles, and the different divisions are as follows: Chicago and Milwaukee, 85.98 miles; Chicago and Evanston, 13.69 miles; Chicago and Council Bluffs, 141.85 miles; Kansas City Division, 299.54 miles; Dubuque Division, 335.94 miles; Northern Division, 226.41 miles; River Division, 162.89 miles; Wabasha Division, 60.21 miles; Chippewa Valley Division, 83.68 miles; Iowa and Minnesota, 258.85 miles; Prairie du Chien Division, 224.26 miles; Mineral Point Division, 162.85 miles; Racine and Southwestern Division, 199.17 miles; La Crosse Division, 301.79 miles; Wisconsin Valley Division, 258.02 miles; Iowa and Dakota, 552.86 miles; Sioux City and Dakota, 348.87 miles; Southern Minnesota Division, 534.52 miles; Hastings Division, 570.88 miles; James River Division, 317.04 miles; Superior Division, 420.61 miles. By the operation of these various divisions the St. Paul lines traverse Wisconsin, Minnesota, and the Dakotas.

The capital stock at the time the company took its present name, in 1874, was \$27,673,744, of which \$15,399,261 was common and \$12,274,483 preferred, the latter having a prior right over the common stock to a dividend of not over 7 per cent. from net earnings in each year, but if not earned, it has no cumulative right. After payment of 7 per cent. on the preferred and 7 per cent. on the common both classes share pro rata. There was no increase in the capital stock in the succeeding years until 1877, when there was an addition of \$10,000.

How the Capital Stock Increased. Paid in a further issue of consolidated bonds. The next change came in 1880, when bonds, in 1877 3½ per cent., in 1878 10½ per cent., in 1879 2½ per cent. was paid were issued, bringing the capital up to on the common and 7 per cent. on the \$27,808,744. In 1881 there was a fur-preferred.

ther increase to \$34,805,744, in 1882 to From 1880 to 1884 both classes of stock \$44,351,744, in 1883 to \$47,445,244. There enjoyed dividends at this rate, but in was no change in 1884, but in 1885 there 1885 only 4 per cent. was paid on the was an increase to \$52,445,161, in 1886 common. Dividends, however, continued to \$52,460,161, in 1887 to \$61,277,261, in at 7 per cent. on the preferred until 1888, 1888 to \$61,479,861, in 1890 to \$61,708,861, In 1886 and 1887 the rate on the common in 1891 to \$68,226,161, in 1892 to \$70,392,- was 5 per cent., in 1888 2½ per cent., and 161, in 1893 to \$71,795,161, in 1894 to in the latter year the preferred was also \$72,001,161, in 1895 to \$72,184,161, in 1896 cut down, only 6 per cent. being paid to \$72,923,161. The present capital stock Dividends closed on the common in 1889, is \$77,845,661, of which \$46,027,261 is and were not resumed until 1892, when common and \$31,818,400 preferred. 2 per cent. was paid. In the first-named

The funded debt in the various years the preferred received only 4½ per cent. from 1869 was as follows: 1869, \$17,154,- cent.; in 1890 dividends were again re- \$41; 1870, \$18,205,573; 1871, \$18,151,339; summed at 7 per cent., and have since con- 1872, \$23,986,023; 1873, \$26,281,610; 1874, tinued at that rate.

\$27,119,610; 1875, \$27,129,000; 1876, \$30,- The common stock was on a 4 per cent 010,500; 1877, \$29,954,500; 1878, \$32,088,- basis in 1893 and 1894, but only 2½ per 500; 1879, \$41,349,500; 1880, \$61,172,000; cent. was paid in 1895. In 1896 4 per 1881, \$79,059,000; 1882, \$89,635,500; 1883, cent. was again paid, but in 1897, for the \$96,272,000; 1884, \$100,254,000; 1885, first time in ten years, 5 per cent. was \$101,470,000; 1886, \$111,658,000; 1887, paid. Dividends of 2½ per cent. on the \$119,236,000; 1888, \$118,984,000; 1889, common and 3½ per cent. on the pre- \$123,765,000; 1890, \$125,693,000; 1891, ferred have been paid in April this year. \$129,797,000; 1892, \$129,195,000; 1893, \$130,805,500; 1894, \$138,801,000; 1895, \$139,321,000; 1896, \$139,161,000. Here

Steady Increase of Earnings.

The gross earnings in 1869 were \$7,250, 669 and net \$3,020,787; in 1870, \$7,421, 061, net \$2,767,787; in 1871 gross, \$6,690, 695, net, \$2,840,341; in 1872, \$6,957,771

Mil. & St. P. 1st 7s, 2 g. R. D., 1902.]		
Mil. & St. P. 1st 7s, 2 g. R. D., 1902.]	\$3,040,000	net, \$2,262,155; 1873, gross, \$9,046,123
Mil. & St. P. 1st Iowa & D. 7s, 1890.]	285,000	net, \$3,686,049; 1874, gross, \$8,953,017
Mil. & St. P. 1st C. & M. 7s, 1902.]	2,145,000	net, \$3,081,900; 1875, \$8,255,743, net, \$3,
Chl. Mil. & St. Paul con. 7s, 1890.]	10,327,000	085,389; 1876, gross, \$8,054,171, net, \$3,
1st, I. & D. ext. 7s, 1908.]	3,339,000	4,000,000
1st Southwest div. 6s, 1900.]	4,000,000	100,847; 1877, gross, \$8,114,894, net, \$3,
1st LaC. & D. 5s, 1910.]	2,600,000	574,461; total surplus, \$2,359,306; 1878
1st S. M. div. 6s, 1910.]	7,432,000	gross, \$8,451,767, net, \$3,659,454; tota
1st, H. & D. div. 7s, 1910.]	5,880,000	surplus, \$2,520,074; 1879, gross, \$10,012,
1st, H. & D. div. 5s, 1910.]	6,990,000	810, net, \$4,539,025; total surplus, \$3,531,
Chl. & Pac. div. 6s, 1910.]	25,340,000	538; 1880, gross, \$13,086,119, net, \$7,742,
Chl. & M. R. div. 5s, 1926.]	3,083,000	426; total surplus, \$4,343,283; 1881, g
Mineral Point div. 5s, 1910.]	2,840,000	\$17,025,460, net, \$6,707,530; surplus,
C. & L. S. div. g. 5s, 1921.]	1,360,000	1,291,000
W. & M. div. g. 5s, 1921.]	4,755,000	2,856,000
Terminal g. 5s, 1914.]	4,748,000	23,076,000
Far. & S. assu. g. 6s, 1924.]	1,250,000	2,155,000
Con. sinking fund 5s, 1916.]	1,291,000	5,092,000
D. & Gt. S. g. 5s, 1916.]	2,856,000	
Gen. g. 4s, Series A, 1889.]		
Gen. g. 4s, Series A, registered.]	23,076,000	
Mil. & Northern 1st main line 6s, 1910.]	2,155,000	
Mil. & Northern 1st con. 6s, 1913.]	5,092,000	
Total.]	\$120,184,000	

Record as a Dividend Payer.

The dividends paid by the company since its organization in the 60s have been as follows: In 1867, 7 per cent. on the preferred; in 1869, a stock dividend of 14 per cent. in common and 7 per cent. cash and 10 per cent. stock on the preferred; in 1870, 3 per cent. cash and 14 per cent. stock on the common and 14 per cent. cash and 3 per cent. stock on the preferred. No dividends were again paid on the common until Oct. 15, 1879, and in the meantime the following had been paid on the preferred: 7 per cent. in each year up to and including 1875, those paid in 1873, 1874, and 1875 being in an issue of consolidated bonds. In 1876, in addition to 3½ per cent. cash, 14 per cent. was

In 1889 the fiscal year was changed from Dec. 31 to June 30. For the year ended with the latter date in 1890 gross earnings were \$26,405,707, net, \$9,232,611 surplus, \$941,652; 1891, gross, \$27,504,22 net, \$9,137,724, surplus, \$702,528; 1892 gross, \$32,283,508, net, \$11,468,504, surplus, \$2,859,096; 1893, gross, \$33,975,05 net, \$11,486,947, surplus, \$932,738; 1894 gross, \$20,114,332, net, \$11,213,619, surplus, \$67,213.

The statements for the fiscal years 1889

1897 and 1898 are shown in the following:

	1897.	1896.	1895.
Passenger earnings	\$5,717,406	\$6,147,679	\$5,852,781
Freight earnings	22,104,803	23,887,930	18,978,263
Mail, express, &c., earnings	2,064,469	2,646,220	2,504,325
Total	\$30,486,768	\$32,681,829	\$27,335,369
Expenses—			
Maintenance of way	4,334,955	4,374,724	3,708,466
Maintenance cars and engines	2,464,839	2,942,206	2,085,300
Transportation, general expenses, &c.	9,898,952	10,529,853	9,748,364
Taxes	1,184,231	1,082,084	1,084,709
Renewal account	260,900	250,900	
Miscellaneous	494,562	397,851	421,914
Total	\$18,677,539	\$19,676,808	\$17,043,753
Net earnings	11,909,229	13,005,021	10,291,616
Percentage of operating expenses to earnings	(60.94)	(60.21)	(62.35)
Other income	162,822	64,857	134,947
Total net income	\$12,072,051	\$13,069,878	\$10,426,563
Interest on debt	7,488,747	7,611,928	7,629,377
Miscellaneous		57,560	
Balance for dividends	\$4,583,304	\$5,400,390	\$2,796,886
Dividends	3,737,453	3,227,132	3,160,620
Surplus	845,851	2,173,258	*402,734
Deficit			

Gross earnings so far in the present fiscal year have been \$29,946,814, against \$26,169,134 for the like period in 1897 and \$28,863,917 in 1896. The net earnings from July 1 to March 31 have been \$10,259,715, against \$9,285,372 for the corresponding period in 1897 and \$10,544,807 in 1896.

The proportion of expenses to earnings in the various years was as follows: 1869, 58 per cent.; 1870, 63; 1871, 58; 1872, 67; 1873, 59.25; 1874, 66; 1875, 62.64; 1876, 61.50; 1877, 56; 1878, 56.70; 1879, 54.70; 1880, 59.20; 1881, 60.61; 1882, 59.80; 1883, 58.20; 1884, 59.05; 1885, 59.45; 1886, 58.90; 1887, 60.42; 1888, 69.88; 1889, 65.09; 1890, 65.01; 1891, 66.78; 1892, 64.48; 1893, 66.19; 1894, 64.21; 1895, 62.35; 1896, 60.21; 1897, 60.94.

Stock Prices in the 60's.

The old Milwaukee and St. Paul was sharp rally, and from this low point there first dealt in on the Stock Exchange in was an advance to 42½ in October. A re-February, 1866, selling in that monthaction carried the price to 36 in January, from 46¼ to 45, and dropping to 41 in 1878, followed by a rise to 54½ in July, March; before the end of the year, how-a setback to 27½ following in September. ever, it had advanced to 64, selling atIn the boom of 1879, 1880, and 1881 St. that price in November, with a reactionPaul sold up in the first-named year from to 49½ in December. There was a further34% in January to 82½ in November. decline in 1867, the lowest price, 25, be-After a reaction to 68½ in December, ing made in April. From this point there1879, the advance was resumed and con-was an advance to 54 in July, followedtinue throughout 1880, until 114¼ was by a decline to 37 in November, with areached by December. subsequent rally to 49 in December.

In 1868 an attempt was made to cor-ner the stock through the manipulation of a clique, and the price advanced from 1881, but this was only a temporary set-47 in January to 111 in October. Theback, and by June St. Paul had risen to scheme met with failure, and in the fol-129¼, the highest price it has ever sold at. lowing month, November, the price fellBefore the end of the year it had receded back to 61. After selling at 77½ in Jan-102¼, but there was again marked uary, 1869, there was a decline to 64½strength in 1882, bringing the price up in March, with a subsequent advance tto 128¼ in September. 84¾ in August. Then in September came A sharp drop followed, and in Novem-Black Friday, and the shares fell from St. Paul sold at 96%. There was a

80% to 61, selling to 74% in Decem-ber. There was a decline early in 1870 from 75 in January to 58 in March, with a recovery to 68% in June, but a down-ward movement carried the price to 52% in December. There was a further drop to 48% in January, 1871, but by April the stock had risen to 64%.

Effects of the Panic.

The Chicago fire unsettled the financial world in the Fall, and St. Paul sold at 51 in October and at 50½ in December, hav-ing meantime recovered to 58 in Novem-ber. There was an advance to 64½ in April, 1872, followed by a decline to 51 in November. At the beginning of the panic year of 1873 the price was 54½ in Janu-ary, with an advance to 62¼ in April, from which point there was a decline to 49% in June. There was continued weak-ness thereafter, and in November the stock sold at 21½, but before the end of the year had recovered to 42%.

In 1874 the shares of the company were dealt in under the present title and sold in January at 41% and up to 49%; there was a steady decline from these figures until 31% was reached in May, with a recovery to 40% by the end of the year.

Its Lowest Record.

Early prices in 1875 were again weak-er, and the stock sold at 28% in June, with a rally to 39 in the following month. From 33% in December, 1875, there was an advance to 46% in February, 1876. But this latter year was one of depression due to a sharp railroad freight war, and in the closing months railroad earnings fell off heavily. St. Paul steadily declined until in November it was down to 18½, but the bottom was not reached until April, 1877, when it sold at 11.

An adjustment of rates by the trunk lines and increased earnings caused a sharp rally, and from this low point there was an advance to 42½ in October. A re-February, 1866, selling in that monthaction carried the price to 36 in January, from 46¼ to 45, and dropping to 41 in 1878, followed by a rise to 54½ in July, March; before the end of the year, how-a setback to 27½ following in September. ever, it had advanced to 64, selling atIn the boom of 1879, 1880, and 1881 St. that price in November, with a reactionPaul sold up in the first-named year from to 49½ in December. There was a further34% in January to 82½ in November. decline in 1867, the lowest price, 25, be-After a reaction to 68½ in December, ing made in April. From this point there1879, the advance was resumed and con-was an advance to 54 in July, followedtinue throughout 1880, until 114¼ was by a decline to 37 in November, with areached by December. subsequent rally to 49 in December.

Top Notch Figures.

There was a fall to 101½ in February, 1881, but this was only a temporary set-47 in January to 111 in October. Theback, and by June St. Paul had risen to scheme met with failure, and in the fol-129¼, the highest price it has ever sold at. lowing month, November, the price fellBefore the end of the year it had receded back to 61. After selling at 77½ in Jan-102¼, but there was again marked uary, 1869, there was a decline to 64½strength in 1882, bringing the price up in March, with a subsequent advance tto 128¼ in September. 84¾ in August. Then in September came A sharp drop followed, and in Novem-Black Friday, and the shares fell from St. Paul sold at 96%. There was a

recovery to 108½ in January, 1882, but by December of that year it was again down to 91½, declining still further to 84½ in January, 1884. A rally to 94½ followed in February, and later a sharp fall carried the stock to 58½ in June.

St. Paul did not get below these latter figures during 1885, 64½ being the lowest made in June, and before the end of the year it had risen to 90. There were unsettling events during 1884, and during the panic which followed the suspension of the Marine Bank and the Grant-Ward failure in May St. Paul sold at 58½, but by August had recovered to 80½.

In May, 1885, it was again down to 66½, but had reached 90 in November, with a reaction to 82½ in May, 1886, followed by a recovery to 96½ in December. The highest point touched in 1887 was 95, in May, and the lowest 69½, in October. In 1888 the highest was 78, in February, and the lowest 59½, in December; in 1889 the lowest price, 60½, was made in March, and the highest, 75½, in June.

Recent Panic Prices.

St. Paul suffered in the panic of 1890, and from 78½ in May there was a decline to 44 in November. The recovery of 1891 carried the price up from 51½ in March to 82½ in December, and to 83½ in January, 1892. A reaction brought the price back to 75½ in April, but it had rallied to 84½ in August. From 83½ in January, 1893, the stock sold down to 60½ in the panic of July, recovering to 18½ in October.

The low point of 1894 was touched in January, 54½, and the highest, 67½, in September. By March, 1895, St. Paul was down to 53½, with a sharp rise to 78½ in September. The Venezuelan panic of December carried it down to 60½, having previously sold in the same month at 76½. In January, 1896, the stock sold at 63½, and by June was up to 79½. In the Bryan "free-silver panic" it sold at 59½, falling in that month from 69½. It rallied to 80 after President McKinley's election, but in the "war scare" of the closing month of the year fell to 70.

Again at Par.

The sharp advance of 1897, when St. Paul once more crossed par, selling at 102 in September, is well remembered. The low point of the year was 69½, in April, and the upward movement was the greatest in years. The reaction in the latter part of 1897 carried its price back to 89 in November. This year St. Paul sold, previous to the Maine disaster, at 97½, falling to 83½ in the weakness following that calamity. It has shared in the general recovery since the Manila victory, and the highest price of the year, 97½, has recently been made. The preferred stock sold in February at 149½, the highest figures in its history. Back in April, 1877, it sold at 40½, its lowest recorded price.

9/12/99

1899

THIRTY-FIFTH ANNUAL REPORT

OF THE

**CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY**

FOR THE

FISCAL YEAR ENDING JUNE 30TH, 1899

1899

Thirty-fifth Annual Report

OF THE

Chicago, Milwaukee & St. Paul
Railway Company

FOR THE

Fiscal Year ending June 30th, 1899

CHICAGO
CORBITT & BUTTERFIELD CO., PRINTERS
1899

8/19/23/99
AFFAIRS OF THE RAILROADS.

ANNUAL MEETING OF CHICAGO, MILWAUKEE & ST. PAUL.

Albert J. Earling, Former Second Vice-President, Elected to the Presidency of the Road—New Board of Directors Chosen—Decision to Purchase Leased Lines.

MILWAUKEE, Wis., Sept. 24.—At the annual meeting of the Chicago, Milwaukee & St. Paul Railway Company, held here yesterday, the former second vice-president, Albert J. Earling, of Chicago, was elected president of the road, to succeed Roswell Miller who was elected chairman of the Board of Directors. Mr. Miller's retirement from the presidency was entirely unexpected outside of the inner circles of the company. While Mr. Miller is still the executive head of the road, the change in the organization will relieve him of a large part of his duties and confine his attention to the financial affairs of the company. Mr. Earling will have the absolute charge of all matters of operation. Mr. Earling was also elected a director in place of Charles J. Dickery, of New York. The number of shares voted was 663,030.

The new Board of Directors is as follows: Phillip D. Armour, Roswell Miller and Albert J. Earling, of Chicago; Frederick Layton, Milwaukee; August Belmont, Frank S. Bond, Charles H. Coster, Peter Geddes, Charles Harkness, Joseph Millbank, William Rockefeller, Samuel Spencer and A. Van Saevord, of New York.

The officers elected were as follows: President, A. J. Earling, Chicago; vice-president, Frank S. Bond, New York; general manager, W. G. Collins, Chicago; general superintendent, H. R. Williams, Chicago; secretary, M. Myers, Milwaukee; assistant secretary and transfer agents, J. M. McKinley, C. Ferry and H. C. Weston, New York; treasurer, F. G. Gurney, Chicago; auditor, W. D. Winne, Chicago; general counsel, George R. Peck, Chicago; general solicitor, Burton Hanson, Chicago. The office of second vice-president has been discontinued.

It was agreed to buy the following small roads which are now part of the operating system of the road, and which have been leased for a period of 99 years: The Central Illinois & Wisconsin road, running from Rockton, Ill., to Rockford, Ill.; the Chicago & Pacific Railroad, running from Chicago to Kirtredge, Ill.; the Chicago, Evansville & Lake Superior Railroad, part of the St. Paul Railroad of Illinois, a road running from the Wisconsin State line to Chicago and a part of the Chicago division; the Western Union Railroad, running from Racine to Port Byron Junction, Ill., and from Elkhorn to Eagle, Wis., and the Cook, Lake & McHenry Counties Railroad, that is now being built from Libertyville, Ill., to Spring Grove, Ill.

DIRECTORS AND OFFICERS

OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

DIRECTORS.

PHILIP D. ARMOUR,	CHICAGO.
AUGUST BELMONT,	NEW YORK.
FRANK S. BOND,	NEW YORK.
CHARLES H. COSTER,	NEW YORK.
CHARLES D. DICKEY,	NEW YORK.
PETER GEDDES,	NEW YORK.
CHARLES W. HARKNESS,	NEW YORK.
FREDERICK LAYTON,	MILWAUKEE.
JOSEPH MILBANK,	NEW YORK.
ROSWELL MILLER,	CHICAGO.
WILLIAM ROCKEFELLER,	NEW YORK.
SAMUEL SPENCER,	NEW YORK.
A. VAN SANTVOORD,	NEW YORK.

OFFICERS.

ROSWELL MILLER,	President,	CHICAGO.
FRANK S. BOND,	Vice-President,	NEW YORK.
A. J. EARLING,	Second Vice-President,	CHICAGO.
W. G. COLLINS,	General Manager,	CHICAGO.
H. R. WILLIAMS,	General Superintendent,	CHICAGO.
P. M. MYERS,	Secretary,	MILWAUKEE.
J. M. McKINLAY,	Assistant Secretary and Transfer Agent,	NEW YORK.
C. B. FERRY,	Assistant Secretary and Transfer Agent,	NEW YORK.
H. C. WESTON,	Assistant Secretary and Transfer Agent,	NEW YORK.
F. G. RANNEY,	Treasurer,	CHICAGO.
W. N. D. WINNE,	General Auditor,	CHICAGO.
GEORGE R. PECK,	General Counsel,	CHICAGO.
BURTON HANSON,	General Solicitor,	CHICAGO.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
THIRTY-FIFTH ANNUAL REPORT
 OF THE DIRECTORS OF THE
CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY

TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1899.

The President and Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1899, and of the condition of its property and finances at the close of that year.

The operations for the year show the following results:

Gross Earnings.....	\$38,310,632 49
Operating Expenses (including taxes).....	23,962,836 82
Net Earnings.....	14,347,795 67
Income from other sources.....	117,410 85
Total.....	14,465,206 52
Fixed Charges—Interest on Bonds.....	6,890,119 69
Balance above all charges.....	\$7,575,086 83

During the year two dividends aggregating seven per cent were paid on the preferred stock, and two dividends aggregating five per cent were paid on the common stock—of which the dividends paid October 21st, 1898—three and one-half per cent on preferred and two and one-half per cent on common stock—were from net earnings of the previous fiscal year, ending June 30th, 1898.

MILES OF TRACK.

Owned solely by this Company:

Main track.....	6,142.31	
Second main track.....	254.45	
Third main track.....	5.02	
Fourth main track.....	1.72	
Connection tracks.....	30.83	
Yard tracks, sidings and spur tracks.....	1,442.51	7,876.84

Owned jointly with other Companies:

Main track.....	11.19	
Second main track.....	1.83	
Connection tracks.....	2.20	
Yard tracks, sidings and spur tracks.....	52.13	67.35

Used by this Company under contracts:

Main track.....	37.17	
Second main track.....	23.81	
Third main track.....	1.14	62.12

Total miles of track..... 8,006.31

The lines of road are located as follows:

In Illinois.....	317.94
“ Wisconsin.....	1,650.46
“ Iowa.....	1,553.47
“ Minnesota.....	1,120.09
“ North Dakota.....	118.21
“ South Dakota.....	1,101.06
“ Missouri.....	140.27
“ Michigan.....	152.00

Total length of main track..... 6,153.50

There are still 419.78 miles of main track laid with iron rail.

This Company has acquired the railroad and property of the Des Moines, Northern & Western Railroad Company, at a cost of \$2,466,595.71. The road extends from Des Moines to Fonda, 112 miles, and from Clive (7 miles from Des Moines) to Boone, 35 miles. From July 1st, 1899, the accounts of the Des Moines Company will be merged in those of this Company.

The extension of this line from Fonda to Spencer, 44 miles, and from Rockwell City to Sac City and Storm Lake, 39 miles, is

now under contract. The extension from Fonda to Spencer will connect the Iowa & Dakota and Chicago & Council Bluffs Divisions.

There is also under contract an extension of the Libertyville line to Fox Lake, Ill., a distance of 19.7 miles.

The work of track elevation at Chicago has been completed from Central Park Boulevard to Pacific Junction, at a cost of \$242,000.08. The remainder of the work, from Pacific Junction to Mayfair and from Hawthorne Avenue to Wood Street, is now under construction, and is estimated to cost \$389,960. This is being charged to the Renewal and Improvement Fund.

In addition to the reduction of grades at various points, costing \$71,908.73, which is included in the item Repairs of Track in Operating Expenses, there has been begun a systematic reduction of grades on the La Crosse Division, and on the Chicago & Council Bluffs Division in Iowa between Preston and Marion.

On the La Crosse Division the ruling grades of 47 feet per mile, ascending westward, between Brookfield Junction and La Crosse will be reduced to grades not exceeding 35 feet per mile; and the ruling grades of 47 feet per mile, ascending eastward, between La Crosse and Brookfield Junction will be reduced to grades not exceeding 26 feet per mile, excepting the grade between Lafayette and the tunnel, which is to remain at 35 feet per mile.

On the Chicago & Council Bluffs Division in Iowa the ruling grades of 58 feet per mile, ascending westward, between Preston and Marion will be reduced to grades not exceeding 42 feet per mile; and the ruling grades of 53 feet per mile, ascending eastward, between Marion and Preston will be reduced to grades not exceeding 35 feet per mile.

The estimated cost of the work on the La Crosse Division between Brookfield Junction and Portage is \$465,926.23, and between Portage and La Crosse, \$505,011.72. The estimated cost of the work from Preston to Marion is \$408,801.00. It is contemplated to do the work this summer between Preston and Marion, and between Brookfield Junction and Portage. The expense of this work will be charged to the Renewal and Improvement Fund.

The work of double-tracking the line from Savanna to

Sabula Junction, a distance of 2.93 miles, exclusive of bridge, is under way at an estimated cost of \$55,000.

ROLLING STOCK.

At the close of the fiscal year ending June 30th, 1898, the Rolling Stock Replacement Fund amounted to \$256,692.00, of which \$188,400.00 was for the replacement of locomotives, and \$68,292.00 for the replacement of cars.

During the year just closed the sum of \$283,308.81 has been added to the fund by charging to Operating Expenses the cost of the replacement of 29 locomotives unfit for service and ordered to be scrapped; and there was expended of the fund for actual replacements the cost of—

27 Locomotives \$244,008 81

The unexpended balance of the Replacement Fund for Locomotives, June 30th, 1899, amounted to \$227,700.00, and is sufficient to cover the cost of 23 locomotives which have been contracted for, or are under construction at the Company's shops, to replace the shortage of 23 locomotives shown by statement on page 35.

The Replacement Fund for Cars at the close of the last fiscal year amounted to \$68,292.00, as stated above.

During the year just closed the sum of \$318,589.05 was added to the fund, and charged to Operating Expenses; and there was expended of the fund the sum of \$316,061.05 for actual replacements, as follows:

6 Passenger Cars	\$33,933 00
265 Box Cars	115,275 00
347 Flat and Coal Cars.....	143,116 68
26 Caboose Cars	17,783 94
1 Baggage, Mail and Express Car.....	2,512 30
1 Pile Driver and Car	3,440 13
Total.....	<u>\$316,061 05</u>

The unexpended balance of the Replacement Fund for Cars June 30th, 1899, amounted to \$70,820.00 and is sufficient to replace the shortage of 155 cars shown by statement on page 35.

There has also been expended during the year for additional rolling stock the sum of \$1,638,641.41, which has been charged to Cost of Road and Equipment, as follows:

3138 Box Cars.....	\$1,336,539 05
250 Carriage Cars.....	142,185 32
1 Baggage Car.....	2,512 30
403 Flat and Coal Cars.....	145,525 34
6 Caboose Cars.....	3,575 85
2 Pile Drivers and Cars.....	8,308 55
Total.....	<u>\$1,638,641 41</u>

Of the total freight car equipment of the Company ninety-nine per cent had been equipped with automatic couplers, and sixty-seven per cent had been equipped with air brakes at the close of the fiscal year ending June 30th, 1899.

The total expenditure for Rolling Stock during the past year—including that for replacement and that for additional equipment—4,446 Cars and 27 Locomotives—was \$2,198,711.27.

CAPITAL EXPENDITURES.

The following expenditures, representing additions and improvements to the property of the Company, have been made during the year (detailed statement will be found on page 33 of this report):

For Equipment.....	\$1,638,641 41
“ Real Estate.....	172,320 16
“ Second Track.....	64,121 68
“ Extension—Fonda to Spencer, Iowa.....	45,627 07
“ Extension—Rockwell City to Storm Lake, Iowa.....	75,394 31
“ Purchase Des Moines, Northern & Western R. R.	2,466,595 71
Total.....	<u>\$4,462,700 34</u>

RENEWAL AND IMPROVEMENT FUND.

Amount credited to Renewal and Improvement Fund, and deposited to credit of Company in New York and Chicago, to June 30th, 1899....		\$3,600,000 00
Interest.....		64,891 93
		<u>\$3,664,891 93</u>
Expenditures:		
For Elevation of Tracks in Chicago:		
Chicago & Milwaukee Division.....	\$394,827 68	
Chicago & Council Bluffs Division.....	135,329 02	
For Third and Fourth Main Tracks:		
Chicago & Milwaukee Division.....	145,739 07	
For Reducing Grade and Perfecting Line:		
La Crosse Division.....	99,814 27	
Chicago & Council Bluffs Division in Iowa....	86,249 03	861,759 07
Unexpended Balance, June 30th, 1899.....		<u>\$2,803,132 86</u>

CAPITAL STOCK.

At the close of the last fiscal year the share capital of the Company amounted to \$77,845,000; and consisted of \$31,818,400 of preferred stock, and \$46,026,600 of common stock.

It has been increased during the present year by \$3,777,000 of preferred stock and \$897,000 of common stock, issued in exchange for the same amount of convertible bonds canceled, and amounts at the close of the year to \$82,519,000.

The amount of capital stock per mile of road is \$13,410.09.

FUNDED DEBT.

At the close of the last fiscal year the funded debt of the Company was \$136,588,500.

It has been increased during the present year by the issue of \$4,509,000 of General Mortgage Bonds, and it has been decreased \$4,871,000 by underlying bonds retired and canceled, as shown on page 23 of this report.

The funded debt at the close of the fiscal year ending June 30th, 1899, was \$136,226,500—a decrease of \$362,000 since last report.

The amount of funded debt per mile of road is \$22,138.05 on which the interest charge per mile of road is \$1,167.54.

The total capitalization of the Company per mile of road is \$35,548.14.

TREASURY BONDS.

At the close of the last fiscal year, the amount of the Company's bonds in its treasury and due from Trustees was \$6,587,000.

This has been increased during the present year \$4,509,000, as follows: \$159,000 General Mortgage Bonds received for underlying bonds canceled by sinking funds; \$38,000 for underlying bonds maturing February 1st, 1898, and July 1st, 1899, paid and canceled; \$2,467,000 for purchase of the Des Moines, Northern & Western Railroad; \$1,638,000 for additional rolling stock; and \$207,000 for real estate and other additions and improvements to the property.

During the year \$2,500,000 of 3½% Bonds have been sold at a premium.

Bonds in the treasury or due from Trustees, June 30th, 1899, amount to \$8,596,000, as shown on page 22 of this report.

Of this amount \$324,000 are General Mortgage 4% Bonds; \$7,183,000 are General Mortgage 3½% Bonds; and \$1,089,000 are Milwaukee & Northern R. R. Co. Consolidated Mortgage 6% Bonds.

Of the General Mortgage 4% Bonds held in the Treasury July 1st, 1898, \$5,349,000 have been canceled in exchange for a like amount of General Mortgage 3½% Bonds.

These treasury bonds represent actual expenditures for extensions, improvements, additional property and underlying bonds paid and canceled, out of the cash receipts of the Company from the operations of its lines—expenditures which have not been made good by the sale of bonds.

BONDS IN INVESTMENT ACCOUNT.

At the close of the last fiscal year, the amount of bonds purchased by the Company and held in investment account for Sinking Fund purposes was..... \$266,000 00

There have been canceled during the year:

22 First Mortgage Bonds, Wisconsin Valley Division.....	\$22,000 00	
83 First Mortgage Bonds, Dubuque Division.....	83,000 00	105,000 00
Par Value of Bonds in Investment Account, June 30th, 1899, as shown on page 22 of this report.....		<u>\$161,000 00</u>

EARNINGS.

The results from operation of your Company's lines during the year ending June 30th, 1899, compared with the previous year, show an increase of \$4,120,968.81 in gross earnings; an increase of \$2,761,270.21 in operating expenses; and an increase of \$1,359,698.60 in net earnings.

The earnings from freight traffic were \$28,773,222.43—75.11 % of total earnings—an increase of \$3,304,370.71, or 12.97 %.

The number of tons of freight carried was 15,830,156—an increase of 1,599,414 tons, or 11.24 %.

The increase in number of tons of freight carried was in the following commodities: flour and mill feed, 75,317 tons; wheat, 329,152 tons; rye, 15,164 tons; barley, 22,313 tons; corn, 52,526 tons; flax seed, 47,671 tons; dairy and other agricultural products, 18,678 tons; provisions, 43,265 tons; salt, 758 tons; lime, cement and plaster, 4,117 tons; iron and steel, 63,447 tons; manufactures, 190,277 tons; coal, 469,387 tons; coke, 43,465 tons; live stock, 11,943 tons; lumber, 259,964 tons; other forest products, 177,503 tons; ice, 65,869 tons, and merchandise, 80,953 tons.

The following commodities show a decrease from the previous year: oats, 19,833 tons; hay, 10,888 tons; brick and stone, 5,689 tons; iron and other ores, 244,530 tons, and wines, liquors and beers, 91,415 tons.

The number of tons of all agricultural products carried during the year was 4,984,094—an increase compared with the previous year of 530,100 tons or 11.90 %. Agricultural products comprised 31.48 % of the total tonnage carried as compared with 31.30 % of the total tonnage of last year.

The number of tons of commodities other than agricultural products carried during the year was 10,846,062 tons—an increase compared with the previous year of 1,069,314 tons or 10.94 %—the per cent of the total being 68.52 % against 68.70 % last year.

The number of tons of freight carried one mile was 3,079,579,710—an increase of 449,231,338, or 17.14 %. The revenue per ton per mile was .937 cents—a decrease of .035 cents or 3.81 %. The average miles each ton of freight was carried, 193.97 miles—an increase of 9.77 miles or 5.30 %.

The number of tons of freight carried per loaded car was 11.84, against 10.94 last year—an increase of 8.23%. The number of tons of freight per freight train mile was 189.83, against 177.89 last year—an increase of 6.71%. The revenue from freight per freight train mile was \$1.7788, as against \$1.7284 last year—an increase of 2.92%.

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1870.....2.82 cts.	1880.....1.76 cts.	1890.....0.995 cts.
1871.....2.54 “	1881.....1.70 “	1891.....1.003 “
1872.....2.43 “	1882.....1.48 “	1892.....1.026 “
1873.....2.50 “	1883.....1.39 “	1893.....1.026 “
1874.....2.38 “	1884.....1.29 “	1894.....1.037 “
1875.....2.10 “	1885.....1.28 “	1895.....1.075 “
1876.....2.04 “	1886.....1.17 “	1896.....1.003 “
1877.....2.08 “	1887.....1.09 “	1897.....1.008 “
1878.....1.80 “	1888.....1.006 “	1898.....0.972 “
1879.....1.72 “	1889.....1.059 “	1899.....0.937 “

The earnings from passenger traffic during the year were \$6,778,921.20—17.69 % of total earnings—an increase of \$792,081.02 over the previous year, or 13.23%. The number passengers carried was 7,677,769—an increase of 582,128, or 8.20%. The number passengers carried one mile was 290,017,712—an increase of 36,531,668 or 14.41%; the revenue per passenger per mile was 2.337 cts.—a decrease of .025 cts. or 1.06%; the average miles each passenger was carried was 37.77 miles—an increase of 2.05 miles, or 5.74%.

The increase of earnings during the past year is due to the very good crops in all our territory and the good general business.

EXPENDITURES.

The expenses of Maintenance of Way were \$5,100,168.80; Maintenance of Equipment, \$3,435,150.99; Conducting Transportation, \$10,090,268.21; General Expense, \$1,136,667.79; Renewal and Improvement Fund, \$1,925,000.00.

In the expenditures pertaining to Maintenance of Way and Structures, there was an increase from the previous year of \$457,893.65 as follows: Repairs of Track, \$385,719.93; Repairs of Bridges, \$231,316.33; Repairs of Fences, \$42,171.60. In the expenditures for Renewal of Rails, there was a decrease of \$94,273.06; for Renewal of Ties, a decrease of \$69,506.53, and for Repairs of Buildings, a decrease of \$37,534.62.

The expenditures for Repairs of Track during the present year, include the amount of \$115,459.89 for 160,466 feet of side tracks; \$210,402.26 for ballasting on lines not previously ballasted; and \$71,908.73 for reducing grades—except on the La Crosse and Council Bluffs Divisions the cost of which was charged to Renewal and Improvement Fund.

Renewal of Rails includes 25,494 tons of new steel rails, costing \$446,995.65. During the previous year 42,260 tons of new steel rails were laid, costing \$727,213.81. The decrease in number of tons of rails laid was due to the inability of the mills to deliver rails according to contract.

Renewal of Ties includes 1,340,924 new ties laid during the year, costing \$460,972.07. During the previous year 1,670,503 new ties, costing \$508,616.39 were placed in track. The decrease was owing to the impossibility of obtaining delivery of the ties in time to place them in track prior to the end of the year.

The expenditures for Repairs of Bridges include the total cost of 63 steel bridges, aggregating 6,410 feet in length—replacing an equal number of wooden bridges; the filling of about 3 miles of pile bridges with earth—216 bridges having been completely filled and 92 reduced in length by filling; and the replacing of 217 wooden culverts with iron. The cost of these above the cost of renewal in the original form was \$193,871.44.

The expenditures for the Repairs of Buildings include New Passenger Stations at Fond du Lac, Viroqua, Hartland, Pewaukee, Lake City, Beloit and other points; Freight Warehouses and other structures at Chicago, Milwaukee and various stations; and sundry buildings begun during the year and not yet completed—a total expenditure for new structures of \$146,561.37.

The expenditures for Maintenance of Rolling Stock during the year were \$3,435,150.99—an increase of \$516,627.29 from

the previous year; and include the amount of \$601,897.86 charged to Operating Expenses to replace the loss of equipment during the year, as stated on page 10; the cost of general repairs of 289 locomotives and 17,723 cars; and \$202,861.05 for air brakes and automatic couplers placed on cars in accordance with Act of Congress.

In the expenditures pertaining to Conducting Transportation there was an increase of expenses of \$699,898.14, as follows: Station Service, \$135,439.42; Conductors, Baggage-men and Brakemen, \$146,762.98; Engineers, Firemen and Wipers, \$160,393.73; Train and Station Supplies, \$55,506.37; Fuel Consumed, \$146,647.84; Oil and Waste, \$8,084.37; Rental of Tracks and Terminals, \$31,378.48; Switching Charges, \$15,684.95.

The amount paid the United States Government for Internal Revenue Tax during the year was \$62,182.58.

The payments of the Company for labor directly employed in its service during the year were \$13,739,112.92, as compared with \$12,477,340.70 last year; and for Material and Supplies, \$7,704,004.27, as compared with \$7,105,500.37 last year.

INSURANCE DEPARTMENT.

The last annual report of the company showed that the Insurance Department had at the close of its fiscal year a cash credit balance in bank of.....	\$59,619 88
From which there has since been paid for fire losses prior to June 30th, 1898.....	1,367 94
Making the true credit balance as of that date.....	58,251 44
To this balance add premiums received during year ending June 30th, 1899.....	96,359 12
Income from Guaranty Fund investments.....	26,932 50
Collections for fire losses under re-insurance policy.....	1,545 40
Making the cash balance.....	183,088 46

Against this balance there has been charged for payments as follows :

For adjusted losses during the year.....	20,958 52
For expenses for the year.....	3,862 57
For \$5,000 C. M. & St. P. Ry. Co. So. Minn. Div. 6 per cent bonds purchased.....	5,700 00
For \$50,000 C. B. & Q. R. R. Co. Neb. Ext'n 4 per cent bonds purchased.....	50,625 00
For re-insurance of part of the more hazardous risks, of which \$17,361.08 is the proportional amount of premium to March 11th, 1900, properly chargeable to the next fiscal year.....	25,000 00
Total.....	106,146 09
Leaving cash in bank June 30th, 1899.....	<u>\$ 76,942 07</u>

All claims for fire losses during the year and all expenses of the Insurance Department have been paid.

The property holdings of the department since its organization in February, 1893, to June 30th, 1899, show a net increase of \$387,607.07. The original Guaranty Fund of \$300,000 has been increased to \$610,665, represented by \$627,000 par value of bonds as per list below, in addition to \$76,942.07 cash in bank.

The Guaranty Fund of \$610,665 is invested as follows:

Chi., Mil. & St. Paul R'y Co. General Mortgage 4% bonds.....	\$435,000 00
" " " " Consolidated Mortgage 7% bonds..	10,000 00
" " " " South. Minnesota Div. 6% bonds....	7,000 00
" " " " La Crosse & Dav. Div. 5% bonds....	4,000 00
" " " " Chi. & Pac. West Div. 5% bonds....	5,000 00
Kansas City Belt Railway Company 6% bonds	110,000 00
Dakota & Great Southern Railway Company 5% bonds.....	6,000 00
Chicago, Burlington & Quincy R. R. Co. Nebraska Ext'n 4% bonds	50,000 00
Par value of bonds	<u>\$627,000 00</u>
Amount of annual interest on same	<u>\$27,870 00</u>

The Insurance Department property above described is represented on the general books of the Railway Company by the nominal charge to Insurance Department of \$10,000, shown on the balance sheet, page 22.

The average value of scheduled property, underwritten by the Insurance Department since February 11th, 1893, to June 30th, 1899, six years, four months, and twenty days, was \$19,800,000.

The losses by fire during that time have been as follows:

February 11th, 1893, to June 30th, 1894.....	\$35,085 26
July 1st, 1894, to June 30th, 1895.....	35,234 26
July 1st, 1895, to June 30th, 1896.....	117,452 49
July 1st, 1896, to June 30th, 1897.....	39,692 78
July 1st, 1897, to June 30th, 1898.....	16,133 86
July 1st, 1898, to June 30th, 1899.....	20,958 52
Total.....	<u>\$264,557 17</u>

To the officers and employes of the Company much credit is due for the faithful and efficient manner in which they have performed the duties assigned them.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors.

ROSWELL MILLER,

President.

AUGUST, 1899.

To the President:

Herewith are submitted Statements of Operation and the
General Accounts for the fiscal year ending June 30th, 1899.

W. N. D. WINNE,
General Auditor.

STATEMENT OF INCOME ACCOUNT, JUNE 30TH, 1899.

Credit Balance, June 30th, 1898			\$9,802,695 08
Dividend payable October 21st, 1898, from net earnings of fiscal year ending June 30th, 1898, viz.:			
3½ on \$31,818,400—Preferred Stock	\$1,113,644 00		
2½ on \$46,026,000—Common Stock	1,150,965 00		2,264,309 00
Balance July 1st, 1898			\$7,538,380 08
Gross Earnings for the year ending June 30th, 1899	\$38,310,632 49		
Less Operating Expenses (including taxes)	23,902,836 82		
Net Earnings	\$14,347,795 67		
Income from other sources	117,410 85		
Net revenue for the year ending June 30th, 1899	\$14,465,206 52		
Interest accrued during the year on Funded Debt		\$6,890,119 69	
Dividend payable April 20th, 1899, from net earnings of fiscal year ending June 30th, 1899, viz.:			
3½ on \$33,203,900—Preferred Stock	1,165,286 50		
2½ on \$46,793,600—Common Stock	1,168,315 00		9,223,721 19
Balance for the year ending June 30th, 1899			
Credit Balance, June 30th, 1899			5,241,485 33
			\$12,779,871 41

Dr. Cr.
GENERAL ACCOUNT, JUNE 30TH, 1899.

Cost of Road and Equipment..... Bonds, Stock, etc., of other Companies, Cash, and Bonds held in Special Trusts, for Duquette Division and Wisconsin Valley Division Sinking Funds New England Trust Co., Trustee, Du- buque Division and Wisconsin Valley Division Sinking Funds..... Farmers Loan & Trust Co., Trustee..... Depositaries of Renewal Fund— United States Trust Co., New York..... Union Trust Co., New York..... Continental National Bank, Chicago..... Insurance Department..... Investment Account—Cost of Bonds pur- chased for Sinking Fund purposes..... Mortgage Bonds of the Company, unsold, held in its Treasury, and due from Trustees..... Milwaukee & Northern R. R. Co., 6% Consolidated Mortgage Bonds, unsold, held in the Treasury of this Company..... Stock of the Company held in its Treasury Stock of Material and Fuel..... Due from Agents and Conductors..... Due from Sundry Companies— Traffic Balances..... Operating Balances..... Miscellaneous Balances..... Due from United States Government..... Cash on deposit and on hand.....	\$218,506,624 82 651,486 75 589,565 13 288 89 1,630,223 14 1,169,534 53 225,000 00 2,964,737 67 10,000 00 193,373 75 7,507,000 00 1,089,000 00 374,314 54 203,379 91 179,158 96 723,144 78 306,316 21 6,377,491 81	Capital Stock, Preferred..... Capital Stock, Common..... Funded Debt..... Wisconsin Valley Division Sinking Fund..... Duquette Division Sinking Fund..... Sinking Fund, Income Convertible Bonds, Renewal and Improvement Fund..... Replacement Fund—Locomotives..... Replacement Fund—Cars..... Pay Rolls and Vouchers— Due Sundry Companies— Traffic Balances..... Operating Balances..... Miscellaneous Balances..... Dividends Unclaimed..... Interest Coupons not presented..... Interest Accrued, not yet payable, in- cluding interest due July 1st..... Income Account.....	\$35,595,400 00 46,923,600 00 229 40 589,624 62 227,700 00 70,820 00 3,388,985 31 212,258 73 5,631 36 935,860 81 52,514 58 40,191 00 3,260,356 10	82,519,000 00 136,236,500 00 589,854 02 109 08 2,964,737 67 10,000 00 193,373 75 7,507,000 00 8,596,000 00 4,700 00 2,467,793 88 8,163,806 21 \$242,148,816 18
		\$212,148,816 18		

FUNDED DEBT, JUNE 30TH, 1899.

Total Funded Debt, June 30th, 1898, including all liens on purchased roads		\$136,588,500 00
General Mortgage Bonds issued during the year:		
For underlying bonds paid and canceled as follows:		
Income Sinking Fund Convertible	54,000 00	
Wisconsin Valley Division	22,000 00	
Dubuque Division	83,000 00	
Prairie du Chien Division, First Mortgage	26,000 00	
Prairie du Chien Division, Second Mortgage	2,000 00	
Iowa & Dakota Division	10,000 00	197,000 00
“ Expenditures for Additional Equipment, Real Estate and Improvements		1,845,000 00
“ Expenditures for acquisition of the Des Moines, Northern & Western R. R.		2,467,000 00
		<u>\$141,097,500 00</u>
Deduct:		
Bonds, paid and canceled:		
Income Sinking Fund Convertible	54,000 00	
Wisconsin Valley Division	22,000 00	
Dubuque Division	83,000 00	
Prairie du Chien Division, First Mortgage	26,000 00	
Prairie du Chien Division, Second Mortgage	2,000 00	
Iowa & Dakota Division	10,000 00	
Bonds received in exchange for preferred stock and canceled:		
Hastings & Dakota Division	9,000 00	
Iowa & Dakota Division	211,000 00	
Iowa & Dakota Division Extension	369,000 00	
St. Paul (or River) Division	1,062,000 00	
St. Paul (or River) Division—Sterling	47,000 00	
Chicago & Milwaukee Division	431,000 00	
Consolidated Mortgage of 1874	23,000 00	
Consolidated Mortgage of 1875	1,625,000 00	
Bonds received in exchange for common stock and canceled:		
Income Sinking Fund Convertible	897,000 00	4,871,000 00
Total Funded Debt, June 30th, 1899		<u>\$136,226,500 00</u>
Decrease		<u>\$362,000 00</u>
Of the total amount of Bonds outstanding as stated above, there remain in the Treasury unsold, and due from Trustees		<u>\$8,596,000 00</u>

FUNDED DEBT, JUNE 30TH, 1899.

DESCRIPTION OF BONDS.	DATE OF ISSUE.	WHEN DUE.	RATE OF INTEREST.	INTEREST PAYABLE.	AMOUNT OF BONDS OUTSTANDING.	ACCRUED DURING THE YEAR.	INTEREST PAID DURING THE YEAR.
Chicago & Milwaukee Division	1873	1903	7 per cent.	Jan. and July.	\$1,714,000 00	\$119,980 00	\$119,805 00
St. Paul (or River) Division	1872	1902	7 " "	" " "	1,591,000 00	111,370 00	111,265 00
St. Paul (or River) Division, Sterling	1872	1902	7 " "	" " "	340,000 00	23,800 00	23,607 50
Iowa & Dakota Division	1869	1899	7 " "	" " "	64,000 00	4,480 00	3,990 00
Hastings & Dakota Division	1872	1903	7 " "	" " "	80,000 00	5,600 00	5,000 00
Consolidated Mortgage	1874	1904	7 " "	" " "	160,000 00	11,200 00	11,235 00
Terminal Mortgage	1875	1905	7 " "	" " "	8,702,000 00	609,140 00	609,980 00
Iowa & Dakota Division Extension	1884	1914	5 " "	" " "	4,748,000 00	237,400 00	237,575 00
Hastings & Dakota Division Extension	1880	1910	7 " "	" " "	2,970,000 00	207,900 00	207,970 00
Hastings & Dakota Division Extension	1880	1910	5 " "	" " "	5,680,000 00	397,600 00	398,020 00
Southwestern Division	1879	1909	6 " "	" " "	900,000 00	49,500 00	49,525 00
La Crosse & Davenport Division	1879	1919	5 " "	" " "	4,000,000 00	240,000 00	240,000 00
Chicago & Pacific Division	1880	1910	6 " "	" " "	2,500,000 00	125,000 00	125,225 00
Chicago & Pacific Western Division	1881	1921	5 " "	" " "	3,000,000 00	180,000 00	180,630 00
Southern Minnesota Division	1880	1910	5 " "	" " "	25,340,000 00	1,267,000 00	1,265,050 00
Mineral Point Division	1880	1910	6 " "	" " "	7,432,000 00	445,920 00	446,400 00
Debuque Division	1880	1920	6 " "	" " "	6,142,000 00	368,520 00	369,630 00
Wisconsin Valley Division	1880	1920	6 " "	" " "	2,205,000 00	132,300 00	131,040 00
Wisconsin & Minnesota Division	1881	1921	5 " "	" " "	4,755,000 00	237,750 00	239,000 00
Chicago & Lake Superior Division	1881	1921	5 " "	" " "	1,360,000 00	68,050 00	68,050 00
Chicago & Missouri River Division	1886	1926	5 " "	" " "	3,083,000 00	154,150 00	154,825 00
Dakota & Great Southern R'y Co.	1886	1916	5 " "	" " "	2,836,000 00	142,800 00	142,775 00
Fargo & Southern R'y Co.	1883	1924	6 " "	" " "	1,250,000 00	75,000 00	75,000 00
Wisconsin Valley R. R. Co.	1879	1909	7 " "	" " "	1,106,500 00	77,455 00	77,507 50
Income Sinking Fund Convertible	1886	1916	5 " "	" " "	318,000 00	15,900 00	15,900 00
General Mortgage	1889	1989	4 " "	" " "	24,000,000 00	960,000 00	945,560 00
General Mortgage	1889	1989	3.5 " "	" " "	9,683,000 00	338,905 00	3,987 50
Mil. & Northern R. R. Co. 1st Mortgage	1880	1910	6 " "	June and Dec.	2,155,000 00	129,300 00	128,820 00
Mil. & Northern R. R. Co. Consolidated	1884	1913	6 " "	" " "	5,092,000 00	305,520 00	238,560 00
^a Iowa & Minnesota Division	1867	1897	7 " "	" " "	33,000 00		
^b Prairie du Chien Division, 2d Mortgage	1867	1898	7.3 " "	" " "	3,000 00		
^c Income Sinking Fund Convertible	1886	1916	5 " "	" " "	34,000 00	1,001 10	1,700 00
Interest on bonds retired						87,256 92	247,411 25
Total					\$136,226,500 00	\$7,271,748 02	\$7,017,443 75
Interest on bonds in the Treasury of the Company and in hands of Trustees						381,628 33	5,833 33
Total					\$136,226,500 00	\$8,890,119 69	\$7,011,610 42

^a Bonds matured and interest ceased July 1st, 1897.
^b Bonds matured and interest ceased February 1st, 1896.
^c Selected by lot for payment. Interest ceased February 24, 1899.

CAPITAL STOCK, JUNE 30TH, 1899.

PREFERRED STOCK.

Amount of Preferred Stock, June 30th, 1898..		\$31,818,400 00
Issued during the year in exchange for bonds convertible into preferred stock by terms of mortgage, viz.:		
For Hastings & Dakota Division Bonds.....	9,000 00	
For Iowa & Dakota Division Bonds.....	211,000 00	
For Iowa & Dakota Division Extension Bonds.	369,000 00	
For St. Paul (or River) Division Bonds.....	1,062,000 00	
For St. Paul (or River) Division Bonds—Sterling	47,000 00	
For Chicago & Milwaukee Division Bonds	431,000 00	
For Consolidated Mortgage Bonds of 1874.....	23,000 00	
For Consolidated Mortgage Bonds of 1875.....	1,625,000 00	3,777,000 00
Total Preferred Stock, June 30th, 1899..		<u>\$35,595,400 00</u>

COMMON STOCK.

Amount of Common Stock, June 30th, 1898..		\$46,026,600 00
Issued during the year in exchange for Income Sinking Fund Convertible Bonds.....		897,000 00
Total Common Stock, June 30th, 1899.....		<u>\$46,923,600 00</u>
Total Capital Stock, June 30th, 1899.....		<u>\$82,519,000 00</u>

DETAILED STATEMENT OF EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1898 AND 1899.

EARNINGS.

	1898	1899	INCREASE.	DECREASE.
From Freight.....	\$25,468,861 72	\$28,773,222 43	\$3,304,370 71	
From Passengers.....	5,986,840 18	6,778,921 20	792,081 02	
From Mails, Express, etc.....	2,733,971 78	2,758,488 86	24,517 08	
Gross Earnings.....	\$34,189,663 68	\$38,310,632 49	\$4,120,968 81	

EXPENSES.

Repairs of Track.....	\$1,996,528 01	\$2,382,247 94	\$385,719 93	\$94,273 06
Renewal of Rails.....	613,280 35	519,007 29		69,506 53
Renewal of Ties.....	753,926 49	684,419 96		
Repairs of Bridges.....	702,484 34	933,800 67	231,316 33	
Repairs of Fences.....	76,450 24	118,621 84	42,171 60	
Repairs of Buildings.....	499,605 72	462,071 10		37,534 62
Repairs of Locomotives.....	1,364,046 78	1,379,514 63	15,467 85	
Repairs of Cars.....	1,474,039 16	1,965,190 76	491,151 60	
Repairs of Tools and Machinery.....	80,437 76	90,445 60	10,007 84	
Management and General Offices.....	691,593 31	737,500 21	45,906 90	
Foreign Agency and Advertising.....	207,994 86	243,416 17	35,421 31	
Station Service.....	2,637,424 04	2,772,863 46	135,439 42	
Conductors, Baggage and Brakemen.....	1,634,572 07	1,781,335 05	146,762 98	
Engineers, Firemen and Wipers.....	1,958,238 96	2,118,632 69	160,393 73	
Carried forward.....	\$14,690,622 09	\$16,189,067 37	\$1,699,759 49	\$201,314 21

RAILWAY COMPANY.

	1896	1899	INCREASE.	DECREASE.
Brought forward	\$14,690,622 09	\$16,189,067 37	\$1,699,759 49	\$201,314 21
Train and Station Supplies.....	438,869 01	494,375 38	55,506 37	-----
Fuel Consumed	2,180,326 15	2,326,973 99	146,647 84	-----
Oil and Waste.....	108,233 46	116,317 83	8,084 37	-----
Personal Injuries.....	117,219 93	134,157 91	16,937 98	-----
Damage to Property.....	35,773 49	31,842 81	-----	3,930 68
Loss and Damage, Freight and Baggage	68,519 90	79,863 67	11,333 77	-----
Legal Expenses	154,057 38	129,667 41	-----	24,389 97
New York Office Expenses.....	25,170 39	26,084 20	913 81	-----
Taxes	1,134,130 68	1,186,166 40	52,035 72	-----
Insurance.....	89,734 34	96,306 57	6,572 23	-----
Miscellaneous Expenses.....	265,328 65	352,193 47	86,864 82	-----
Stock Yard Expenses.....	11,940 20	11,391 02	-----	549 18
Expenses of Elevators.....	32,250 86	30,724 35	-----	1,526 51
Mileage of Cars	217,469 95	209,665 30	-----	7,804 65
Rental of Tracks and Terminals.....	177,267 02	208,635 50	31,378 48	-----
Switching Charges—Balance.....	255,449 36	271,134 31	15,684 95	-----
Sleeping and Parlor Car Expenses.....	74,213 75	81,096 75	6,883 00	-----
Renewal and Improvement Account.....	1,125,000 00	1,925,000 00	800,000 00	-----
U. S. Government Internal Revenue Tax	-----	62,182 58	62,182 58	-----
Total Expenses.....	\$21,201,566 61	\$23,962,836 82	\$2,761,270 21	-----
Net Earnings.....	\$12,988,097 07	\$14,347,795 67	\$1,359,698 60	-----

CONDENSED STATEMENT OF EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1896, 1897, 1898 AND 1899.

EARNINGS.

	1896	1897	1898	1899
From Freight	\$23,897,930 06	\$22,104,902 66	\$25,488,851 72	\$28,773,222 43
From Passengers	6,147,678 88	5,717,495 98	5,986,840 18	6,778,921 20
From Mails, Express, etc.	2,646,219 94	2,664,469 35	2,733,971 78	2,758,488 86
Gross Earnings	\$32,681,928 88	\$30,486,767 99	\$34,189,663 68	\$38,310,632 49

EXPENSES.

Maintenance of Way and Structures	\$4,374,723 66	\$4,334,954 78	\$4,642,275 15	\$5,100,168 80
Maintenance of Rolling Stock	2,942,294 65	2,464,838 52	2,918,323 70	3,435,150 99
Conducting Transportation	9,102,785 46	8,473,313 40	9,390,370 07	10,090,268 21
Loss and Damage to Persons and Property	251,675 56	229,176 77	221,513 32	245,854 39
General Offices, Agencies and Advertising	992,079 24	984,205 40	1,078,815 94	1,136,687 99
Mileage of Cars	183,314 33	210,237 18	217,469 95	209,665 30
Taxes	1,082,083 74	1,184,230 86	1,134,130 68	1,186,166 40
Renewal and Improvement Account	350,000 00	200,000 00	1,125,000 00	1,925,000 00
Miscellaneous	397,851 40	494,562 17	473,467 80	633,894 74
Total Expenses	\$19,676,908 04	\$18,577,539 08	\$21,201,566 61	\$23,962,836 82

RECAPITULATION.

Gross Earnings	\$32,681,928 88	\$30,486,767 99	\$34,189,663 68	\$38,310,632 49
Total Expenses	19,676,908 04	18,577,539 08	21,201,566 61	23,962,836 82
Net Earnings	\$13,005,020 84	\$11,909,228 91	\$12,988,097 07	\$14,347,795 67
Average Miles in Operation	6,153.27	6,152.55	6,153.83	6,153.72

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT	PASSENGER	MAILS, EXPRESS, ETC.	GROSS EARNINGS	OPERATING EXPENSES	NET EARNINGS
July, 1898	\$1,685,377 70	\$612,474 56	\$237,340 42	\$2,535,192 68	\$1,652,671 41	\$882,521 27
August	2,131,217 70	658,770 66	220,799 37	3,019,787 73	1,907,872 67	1,111,915 06
September,	2,741,941 48	702,160 93	248,082 26	3,692,184 67	2,285,960 45	1,406,224 22
October,	3,220,449 93	626,208 80	231,788 10	4,078,456 83	2,158,482 24	1,919,974 59
November,	2,749,751 44	525,389 58	225,307 50	3,500,448 52	1,905,149 04	1,595,299 48
December,	2,747,886 52	532,976 80	223,414 48	3,504,277 80	1,912,271 78	1,591,306 02
January, 1899	2,252,140 78	474,891 54	223,378 00	2,950,410 32	1,942,247 50	1,008,162 82
February,	1,963,460 11	397,170 23	213,186 44	2,573,816 78	1,793,493 83	780,322 95
March,	2,397,899 05	515,865 76	219,965 79	3,133,730 60	1,923,473 84	1,210,256 76
April,	2,181,615 65	511,729 14	223,054 73	2,916,399 52	2,106,511 30	749,888 22
May,	2,221,412 02	549,542 31	238,991 74	3,009,946 07	2,048,545 74	961,400 33
June,	2,480,070 05	671,740 89	244,170 03	3,395,980 97	2,265,457 02	1,130,523 95
Total	\$28,773,222 43	\$6,778,921 20	\$2,758,488 86	\$38,310,632 49	\$23,962,886 82	\$14,347,795 67

50724

COMPARATIVE SUMMARY OF OPERATION.

Gross Earnings.

1898	\$34,189,663 68		
1899	38,310,632 49	Increase	\$4,120,968 81

Operating Expenses.

1898	\$21,201,500 61		
1899	23,962,836 82	Increase	\$2,761,270 21

Net Earnings.

1898	\$12,988,097 07		
1899	14,347,795 67	Increase	\$1,359,698 60

Gross Earnings per Mile of Road.

1898	\$5,555 83		
1899	6,225 61	Increase	\$669 78

Operating Expenses per Mile of Road.

1898	\$3,445 26		
1899	3,894 04	Increase	\$448 78

Net Earnings per Mile of Road.

1898	\$2,110 57		
1899	2,331 57	Increase	\$121 00

Freight Earnings per Mile of Road.

1898	\$4,138 70		
1899	4,075 75	Increase	\$537 05

Passenger, Mail and Express Earnings per Mile of Road.

1898	\$1,417 13		
1899	1,549 86	Increase	\$132 73

Average Miles of Road Operated During the Year.

1898	6,153 83		
1899	6,153 72	Decrease .....	.11

TRANSPORTATION STATISTICS

FOR THE YEARS ENDING JUNE 30TH, 1897, 1898 AND 1899.

	1897	1898	1899
Miles run by freight trains	12,387,036	13,880,445	15,331,606
Miles run by passenger trains	7,819,919	7,930,481	8,188,048
Miles run by mixed trains	902,511	1,140,398	1,125,398
Miles run by revenue trains	21,199,466	22,951,324	24,645,052
Miles run by switching trains	3,656,390	4,196,088	4,309,209
Miles run by construction and other trains	661,119	783,209	891,908
Total miles run by all trains	25,510,975	27,930,621	29,846,169
Number of tons of freight carried	11,554,153	14,230,742	15,830,156
Number of tons of freight carried one mile	2,193,241,080	2,621,348,372	3,070,579,710
Mileage of freight cars—loaded	204,291,258	239,610,746	259,448,644
Mileage of freight cars—empty	82,745,785	98,876,373	107,895,463
Number of tons of freight carried per loaded car	10.74	10.94	11.84
Average number of loaded freight cars per train	15.56	16.26	16.04
Average miles each ton of freight was carried	189.82	184.20	193.97
Number of tons of freight per freight train mile	167.02	177.89	189.83
Revenue per ton of freight per mile	1.008 cts.	.972 cts.	.937 cts.
Revenue from freight per freight train mile	\$1.6834	\$1.7284	\$1.7789
Number of passengers carried	7,154,689	7,095,641	7,677,769
Number of passengers carried one mile	251,110,669	253,485,504	290,017,172
Average miles each passenger was carried	35.10	35.72	37.77
Revenue per passenger per mile	2.277 cts.	2.362 cts.	2.337 cts.
Revenue from passengers per passenger train mile	70.87 cts.	72.87 cts.	80.04 cts.
Repairs of Locomotives per revenue train mile	4.59 cts.	5.95 cts.	5.60 cts.
Repairs of Cars " " " "	6.75 cts.	6.43 cts.	7.97 cts.
Station Service " " " "	12.24 cts.	11.49 cts.	11.25 cts.
Train Service " " " "	7.06 cts.	7.12 cts.	7.23 cts.
Locomotive Service " " " "	8.41 cts.	8.53 cts.	8.60 cts.
Train and Station Supplies per revenue train mile	1.93 cts.	1.91 cts.	2.01 cts.
Fuel " " " "	8.48 cts.	9.50 cts.	9.44 cts.
Oil and Waste " " " " .....	.48 cts.	.47 cts.	.47 cts.
All Other Expenses " " " "	37.69 cts.	40.98 cts.	44.66 cts.
Total Operating Expenses " " " "	87.63 cts.	92.38 cts.	97.23 cts.
Percentage of Expenses(including taxes)to Earnings	60.94 %	62.01 %	62.55 %

NOTE.—The train mileage used in the computations in above table is arrived at upon the basis prescribed by the Interstate Commerce Commission, as follows :

FREIGHT TRAINS :

Miles run by freight trains	15,331,606	
Three-fourths of miles run by mixed trains	844,048	16,175,654

PASSENGER TRAINS :

Miles run by passenger trains	8,188,048	
One-fourth of miles run by mixed trains	281,350	8,469,398
Total miles run by revenue trains		<u>24,645,052</u>

STATEMENT OF COMMODITIES TRANSPORTED

DURING THE YEARS ENDING JUNE 30TH, 1898 AND 1899.

COMMODITIES	1898		1899	
	Tons	Per Cent	Tons	Per Cent
Flour	459,662	3.230	533,585	3.371
Mill Feed	196,532	1.381	197,926	1.250
Wheat	1,268,284	8.912	1,597,436	10.091
Rye	81,883	.575	97,047	.613
Barley	587,536	4.129	609,849	3.853
Oats	672,989	4.729	653,156	4.126
Corn	593,426	4.170	645,952	4.081
Flax Seed	111,987	.787	159,658	1.009
Hay	90,480	.636	79,592	.503
Dairy Products	58,233	.409	60,271	.381
Other Agricultural Products	332,082	2.340	349,622	2.208
Provisions	304,375	2.139	347,640	2.196
Salt	63,202	.444	63,960	.404
Lime, Cement and Plaster	153,634	1.080	157,751	.997
Brick and Stone	600,798	4.222	595,109	3.759
Iron and Steel	447,346	3.144	510,793	3.227
Iron and Other Ores	603,668	4.875	449,138	2.837
Manufactures	783,553	5.506	973,830	6.152
Coal	1,207,770	8.909	1,737,157	10.973
Coke	202,692	1.424	246,157	1.555
Live Stock	794,535	5.583	806,478	5.095
Lumber	1,342,896	9.436	1,602,860	10.125
Other Forest Products	1,387,488	9.750	1,564,991	9.886
Wines, Liquors and Beers	352,058	2.474	260,643	1.646
Ice	223,699	1.572	289,568	1.829
Merchandise	1,150,034	8.144	1,239,987	7.833
Total	14,230,742	100.000	15,830,156	100.000

**DETAIL OF EXPENDITURES
FOR ADDITIONS AND IMPROVEMENTS TO PROPERTY**

FOR THE YEAR ENDING JUNE 30TH, 1899.

Equipment—		
3138 Box Cars.....	\$1,336,539 05	
250 Carriage Cars.....	142,185 32	
1 Baggage Car.....	2,512 30	
403 Flat and Coal Cars.....	145,525 34	
6 Caboose Cars.....	3,575 85	
2 Pile Drivers and Cars.....	8,303 55	\$1,638,641 41
Second Track, Chicago and Council Bluffs Division—		
Between Davis Junction and Kittredge ...	20,024 19	
Between Savanna and Sabula Jct.....	44,097 49	64,121 68
Extensions—		
Fonda to Spencer, Iowa.....	45,627 07	
Rockwell City to Storm Lake, Iowa	75,394 31	121,021 38
Real Estate, Chicago, Elevator Property....	150,000 00	
Real Estate, sundry points.....	22,320 16	172,320 16
Purchase Des Moines, Nor. & Western R. R.		2,466,595 71
		<u>\$4,462,700 34</u>
Sundry Credits.....		98,929 84
Total		<u>\$4,363,770 50</u>
Cost of Road and Equipment, June 30th, 1898		\$214,195,294 69
Additions and Improvements as above		4,363,770 50
Purchase Chicago & Pacific R. R. Co. Stock ..		170 00
Purchase Dubuque Sou-West'n Ry. Co. Stock		2 00
		<u>\$218,559,237 19</u>
Credit—Cost of Third and Fourth Main Tracks, Chicago, to June 30th, 1898, charged to Cost of Road and Equipment in year ending June 30th, 1898—trans- ferred to Renewal and Improvement Fund in October, 1898	49,477 37	
Credit—Premium on General Mortgage Bonds	3,125 00	52,602 37
Cost of Road and Equipment, June 30th, 1899		<u>\$218,506,634 82</u>

Com. Advertiser, Aug. 25, 1898.

ST. PAUL.

Considerable interest will attach this year to the annual report of the St. Paul road. This report is always one of the events of the "annual report season," because it deals with the operations of one of the largest and most prosperous Western roads. Few things are more encouraging to the believers in honest and intelligent railroading than the continuous prosperity and increasing success of this system. It is just ten years since the company's management was reformed and its finances were placed on a sound and permanent basis. The process was uncomfortable for the stockholders at the time, but it has since been abundantly vindicated by experience.

It is known that the company earned over 8 per cent. on the common stock last year, and this after heavy charges to operating expenses, for work of a permanent character that will not have to be done twice. It may safely be said of the St. Paul road that genuine improvements have been made on the property and charged to operating expenses. This is claimed in the case of many companies, and in the case of some of them it is to be feared without much justification. The report, however, will show that the claim is allowable in the case of St. Paul. It must not be forgotten, moreover, that the company carries *revenue funds* on its books which actually are *revenue funds*, in that the money provided for the purpose is set apart in a special deposit. Other companies have not always followed this most excellent example. Many of them set up accountabilities for *revenue funds* without keeping the amount of those *funds* separate from general *funds*. When this is done the so-called *funds* are not *funds* at all, but are merely another form of *surplus* which may or may not be available, according to circumstances. Where *revenue funds* are set up they should be treated as St. Paul treats them, and carried in a separate cash account, preferably in the hands of some depositor.

The portion of the St. Paul report, however, which will specially appeal to students of railroad matters is that which deals with the transportation statistics. We are informed on the very best authority that in this department the company will report excellent results. The main item of interest is, of course, the average freight train load. The St. Paul is a road which carries a very heavy grain traffic, most of

which originates on the company's own line. This is seen from the fact that with a total mileage operated of something over 6,100, the average distance that each ton is hauled is only about 185 miles. It is evident, therefore, from the very nature of things that a heavy train load on the St. Paul presents difficulties to the operating department more serious than would be the case were it a road doing mainly a through business.

We understand that the report this year will show the company's train load close to 180 tons, a gain of at least ten tons over the preceding year, and the largest reported in its history. This must be regarded as a good showing, inasmuch as the company has no very large business, such as the carriage of minerals, which could be handled for a long distance in very heavy loads. The nearest approach to this kind of business is the hauling of grain from the South Dakota lines into Chicago. On this business no doubt the company is able to secure large trains, which can be hauled a considerable distance without breaking up. In years when South Dakota has a large wheat crop—as it has this year—the company can do well, and does well.

On the whole, however, it is not fair to expect from St. Paul train loads quite as heavy as those reported by other Northwest roads more favorably situated from this point of view. Consequently the company may be regarded as having done very well to bring up its train load to nearly 180 tons. We may notice, moreover, that so far as can be ascertained from the report, the *train load* is the *engine load*. No doubt St. Paul has comparatively little "helping," or double-headed mileage.

Directors meet on Sept. 8 to declare the semi-annual dividends, and there is more than usual uncertainty regarding their probable action. It is pretty well understood that several members of the Board—perhaps amounting to a majority—favor an increase in the rate. It would not be surprising if the dividend on the common were made 3 or even 3½ per cent. Certainly there is little doubt as to the ability of the company to earn 6 per cent. on the common stock, year in and year out, and in view of the fact that the road is facing the heaviest business in its history directors might well be pardoned for exercising some liberality in the consideration of stockholders' claims.

ST. PAUL'S TONNAGE.

In the year ending June 19, 1893, St. Paul carried a large quantity of grain. That year was the largest wheat year in the company's history. It carried nearly 1,500,000 tons. Last year the company carried only a little more than 1,250,000 tons. The character of the company's general business is shown for the year ending June 30, 1893, and for last year in the following table:

	1893.	1898.
Agricultural products	32.11%	31.30%
Provisions and salt	2.10	2.60
Lime, brick, stone, cement	6.61	5.30
Iron and steel	2.69	8.02
Coal and coke	12.78	10.33
Live stock	4.96	5.58
Lumber, etc.	16.62	19.19
Merchandise	9.26	8.15
Manufactures	4.24	5.51
Miscellaneous	8.69	4.02
	100.00%	100.00%

It is a mistake to suppose that St. Paul is purely a wheat road. Last year in spite of the large crops the company carried more lumber than it did wheat and its tonnage of other forest products was also larger than wheat. Its coal business was almost exactly as large as its wheat business.

Its tonnage of barley and oats together is practically as large as its wheat tonnage; so also is its tonnage of iron, ore and manufactured.

The Com. Adv.
9/7/98

THE ST. PAUL ANNUAL REPORT.

In due course we shall probably offer a few remarks on St. Paul's operating expenses in detail, according to our custom. Meanwhile there are a few general facts to be found in the company's annual report that are well worthy of notice, on the eve of the regular semi-annual dividend meeting. It is proper to say that the form of report used by the St. Paul Company packs away as much useful information in as small a compass and, withal, as clean a manner as any one could desire. There is not a line wasted or superfluous in the thirty-five pages of the pamphlet.

To begin with, we may notice that the net earnings, after preferred dividends and all prior charges, were equal to about 8.30 per cent. on the common stock. This, moreover, was after charging operating expenses with the following items:

New ballast.....	\$118,605
New sidetracks.....	\$ 64,680
Grades reduced.....	86,466
Renewal fund.....	1,125,000

Total\$1,394,751

besides unspecified sums for replacement of 72 wooden bridges with steel structures, 226 wooden culverts with iron and for new warehouses at Chicago and Milwaukee, car shop at West Milwaukee, passenger station at Cedar Rapids and "other new structures at various points." There was also, of course, charged to operating expenses sufficient to keep the company's equipment inventory intact, although all the replacements were not actually made during the year.

Consequently it is safe to say that actual betterments and improvements charged to operating expenses during the year amount to at least \$1,500,000, and probably more. Not merely is this the case, but the company has nearly \$1,700,000 of actual cash on hand, specifically "ear-marked" for track elevation, etc., provided out of operating expenses, so that provision has been largely made for future wants out of present plenty; nor does this provision entail the necessity of selling "treasury bonds," of which the company has on hand, duly earned, over six and one-half millions.

There can therefore be no question as to the integrity of the company's net earnings, although the company was operated for less than 60 per cent. Excluding actual betterments and extraordinary expenses, the company was probably operated for about 55 per cent. Putting it in another way, the company's real earning ca-

capacity is probably more accurately measured by 11 or 12 per cent. on the common than by the 8.30 per cent. actually reported. Of course the conservative way is the best, and the company did well to follow it, but that does not alter the fact. There is still some "improvement" work to be done, as over 500 miles of main track are laid with iron rails.

Another point is worthy of notice. The company's statement of character of tonnage transported shows no single item of freight accounting for 10 per cent. of the whole. It is customary to regard St. Paul as a "wheat road," but wheat and flour together amounted last year to only a little over 12 per cent. of the total tonnage. All grain, dairy and agricultural produce amount to only 31 per cent. of the whole. Lumber and forest products amount to over 19 per cent., coal and coke to over 10 per cent., iron and iron ore to over 8 per cent., live stock to over 5½ per cent., manufactures a like proportion, and merchandise to over 8 per cent.

In point of fact no Western railroad has a more diversified tonnage than St. Paul. New York Central itself is almost as much an agricultural road as St. Paul. Times have changed materially in the West and Northwest in the last few years. It is no longer true—if it ever were true—to speak of the company as a "one-crop road."

The balance sheet shows cash and current receivables, exclusive of "treasury bonds," to an amount equal to the current payables, accrued interest and replacement funds, so that the company is absolutely solvent, with over six and one-half millions of its own bonds on hand besides, available for sale at any moment. In other words, it has two-thirds of its accumulated surplus on hand, invested in these bonds, which can be used at any time. Its renewal fund is, of course, specially set aside and kept in a separate account with three depositories.

A more solid and satisfactory condition of finances could hardly be desired. When it is remembered, moreover, that the present year promises to be the best ever experienced by the company, it will be admitted that the company is in a position to produce results never before approached. It would not be at all surprising if it reported something over 10 per cent. for the common stock this year. If it pleased it could, probably fairly enough, report 12 per cent. or more.

DOW, JONES & CO.,

NEWS BULLETINS.

42-44 Broad Street, New York.

Telephone No. 1845 Broad.

Wednesday,

September 7, 1897 36 E No. 55

ST. PAUL.

We give in a table which follows a statement of the resources of St. Paul in the last year, and the application of those resources:

Resources:—

From increased capital stock.....	\$2,763,500.00
From increased sinking fund.....	11,811.48
From increased renewal fund.....	921,089.72
From increased liabilities.....	724,526.58
From decreased bonds and stocks.....	40,633.00
From decreased trust accounts.....	1,208.52
From decreased investment accounts.....	156,412.50
From surplus income.....	1,292,975.23

Total resources..... \$5,912,157.03

Applied as follows:

To bonds retired.....	\$1,173,500.00
To cost of road.....	1,600,580.54
To materials and supplies.....	354,614.27
To increased current assets.....	533,532.50
To renewal funds on deposit.....	1,095,929.72
To treasury bonds on hand.....	1,154,000.00

Total..... \$5,912,157.03

The amount of the increased capital stock exactly meets the reduction in bonded debt and the increase in cost of road. Income provided in all something over \$2,200,000, of which something over \$900,000 appears as renewal funds set up. This went into special deposit for renewal funds and into treasury bonds on hand. The company's increased current liabilities are represented by increased current assets and material and supplies on hand.

DOW, JONES & CO.,

NEWS BULLETINS.

42-44 Broad Street, New York.

Telephone No. 1845 Broad.

Friday,

September 9, 1908

No. 15

WHY ST. PAUL DECLARED 2½%.

Several causes are said to have governed the action of the St. Paul directors in declaring the semi annual dividend yesterday at the rate of 5% per annum, in spite of the fact that more than 8% was earned, and allowing for betterments charged to operating expenses about 12%. The directors would have been justified in making almost any distribution in the shape of a regular, or an extra dividend. In the old time days the management would undoubtedly have seized upon the opportunity, knowing well the speculative effect of a large dividend on so important a stock as St. Paul. The company has, however, been made over physically and also in the methods and objects of its directors.

The precedent established by Northwest and the price of the stock has had more weight with railroad directors than the public fully appreciates. St. Paul had a great year last year, and it had 90c., or higher, wheat. Rates, however, grew poorer and poorer through the year, and at present are more demoralized over the country than at any time since the interstate law went into effect. Wheat is 60 cents, and farmers have short memories. They are willing to pay a railroad a certain rate on dollar wheat, which rate they consider robbery with 60c. wheat. Then there is an important rate case pending before the higher courts, on appeal from Judge Carland's decision this summer, which if sustained by the higher courts would be very detrimental to western railroad interests. The payment of 5% is not apt to stimulate legislative and other opposition; stockholders receive a good return; the surplus earnings are intact, and if the rate situation or the grain movement continue unsatisfactory, or legislation is attempted, there will be no necessity for dividend reduction, while if business continues good, it is very easy at a subsequent dividend meeting to give to the stockholders additional sums.

AN IMPORTANT NOTICE.

The following notice has been posted at the St. Paul office in this city:

Stock certificates presented for transfer with an assignment executed in blank on the certificate must have affixed thereto a revenue stamp of two cents for each share to be transferred.

Where the assignment is on a separate paper, a like amount of revenue stamps must be attached to such separate assignment, which must be attached to the surrendered certificate.

If instead of assignments as above provided, a bill of sale or memorandum of sale is made, it must be by the person in whose name the certificate stands to the person or persons to whom the shares are to be transferred, and a like amount of revenue stamps must be affixed to such bill of sale and the bill of sale must be attached to the surrendered certificate for file in this office. And,

Where a change of ownership is made in person on the transfer books of the company, a like amount of stamps must be affixed to the books and cancelled as in other cases, and in such case the transfer on the certificate needs no stamp.

The Com. Adv. 9/16/98

ST. PAUL'S EXPENSES.

We have classified the operating expenses of St. Paul for the year ending June 30 last, according to our regular form, which divides them into five classes. We may state, however, that for the purposes of this classification we have excluded the *renewal fund* as being a definite appropriation against *income*, and not a regularly recurring expense. We have dealt only with the expenses which are to be found in the regular classification.

Beginning with Class I, we find that station expenses and the expense of handling freight at terminal points amounted to the sum of 15.40c. per ton, against 16.77c. per ton in the preceding. This is a reduction of about 1½c. per ton, and represents a saving of close upon \$250,000 as against increase in the tonnage handled, but a much smaller increase in the gross cost.

In Class II., which deals with the cost of the *train-mile*, there was little change as compared with the previous year. The expense per train-mile in 1897 was about 36.31c., whereas last year it was a fraction less than 38c. This includes, of course, that proportion of *renewals of rails, ties, etc.* which is a fair charge against the movement of trains. When we remember that on each train-mile there was carried 10 tons more freight than in the preceding year, it will be seen that there was considerable relative economy.

In the third class of expenses, which deals with *maintenance and renewals*, not chargeable against the movement of trains, we find some increase. In this class in 1897 the company spent \$529 per mile of road, whereas last year it spent \$593 per mile. It must be remembered that these expenses do not include any rails and include only two-thirds of the renewals, so that the total maintenance of way expenditures per mile of road were a good deal more than the sum above mentioned. As a matter of fact, St. Paul spent last year about \$755 per mile of main track and branches for *maintenance of way*. In spite of the increase shown, however, in the actual amount spent, there was a decrease in the ton-mile cost, thanks to the heavier train-load.

General expenses and expenses of a more or less fixed character, not included in the interstate commerce class IV., were last year slightly less than in 1897, in spite of the largely increased revenue. They

formed only 3.68 per cent. of total revenue against 4.56 per cent. in 1897. The absence of increase in these expenses is evidence of watchfulness and care.

In those expenses which are measured by the *car-mile* the increase in total amount is very small, and by no means in proportion with the increased business. Measuring these expenses by the *ton-mile*, we find an appreciable decrease on the preceding year.

Summarizing these findings it appears that last year the company did its freight business at a ton mile cost of .456c., or a little over 4¼ mills. Previous to this showing the lowest ton-mile cost ever reported by a "Granger" road was that of Chicago and Northwest, which, in its last fiscal year conducted its freight business at a cost of .481c. per ton mile. St. Paul, therefore, now holds the record in this respect, and its managers are to be congratulated on the excellent showing. Of course, if we were to include in operating expenses the appropriations for renewals the ton-mile cost would be materially higher. It is, however, certainly not fair so to include that amount. It is in every respect an extraordinary charge, and one which might with entire propriety have been taken out of operating expenses and charged against net income. The actual operating cost of St. Paul last year was not more than .456c. per ton-mile.

We have neglected altogether the passenger expenses because, as everybody knows, passenger business in the West brings in no profit to the railroads. In point of fact, figuring roughly, it would seem that the passenger-mile expenses of St. Paul last year were in the neighborhood of 2½ cents per passenger-mile. The actual revenue per passenger-mile was only a little over 2 cents.

St. Paul comes well out of any scrutiny that may be directed on its affairs, whether income, physical condition, financial condition or operating cost be considered. The property is beyond all question capably administered, and while the future will undoubtedly bring a materially lower ton-mile cost, very little fault can be found with the present management of the road. The current fiscal year will undoubtedly bring better results than did last year. It will be interesting to see whether Burlington will be able to show in its forthcoming report results as good as those of St. Paul.

Wednesday.

January 4, 1899.

60 N No. 16

PURCHASED BY ST. PAUL.

Advices from Des Moines say that the entire Hubbell interest in the Des Moines Northern & Western has been purchased by Chicago, Milwaukee & St. Paul. The property consists of a line 114 miles in length from Des Moines to Fonda and the road from Clive (7 miles from Des Moines) to Boone, 35 miles, a total of 149 miles. The equipment of the road is efficient and modern. Since St. Paul acquired a controlling interest in the road in August, 1894, it has operated it separately, but it is understood that it will hereafter be treated as part of the system. The Hubbells have a controlling interest in the Des Moines Union Railway, which is just completing a new depot at a cost of \$75,000 and there is reason to believe that St. Paul will also acquire that interest.

DOW, JONES & CO.,**NEWS BULLETINS.**

42-44 Broad Street, New York. Telephone No. 1845 Broad.
 Saturday. January 7, 1899. No. 47

St. Paul (special).—The acquisition of Des Moines, Northern & Western, from Des Moines to Fonda and to Boone, total of 156 miles by the St. Paul, was regarded as a logical transaction. The St. Paul has got into Des Moines over these tracks, and traffic alliance was so close as to be equivalent in operation to control.

DOW, JONES & CO.,**NEWS BULLETINS.**

42-44 Broad Street, New York. Telephone No. 1845 Broad.

Monday. January 9, 1899. 12 NNo. 19

ST. PAUL'S PURCHASE.

St. Paul has recently bought a small line of something over one hundred miles, giving it an entry into Des Moines and incidentally feeding the main line. We understand that this has been paid for out of the company's cash on hand, and that not a dollar has been borrowed by the company for that or any other purpose. The St. Paul management is spending large sums on the road for improvements that can be judiciously made, but in spite of this has large cash holdings.

DOW, JONES & CO.'S NEWS BULLETINS, 42-44 Broad St.

Tuesday.

January 17, 1899.
 THE ST. PAUL BONDS.

No. 50

The \$2,500,000 3½% bonds recently sold by the Chicago, Milwaukee & St. Paul R. R. to reimburse the company for the purchase money paid out of the current funds for the Des Moines, Nor. & West. R. R., will be known as general mortgage 3½% series B. These bonds were purchased by James P. Geddes, Mills Building, New York, a son of Peter Geddes, for many years identified with the St. Paul Co. The price is said to be about par and interest.

ST. PAUL.

Chicago (Press).—The price paid by St. Paul for the Fulton and the St. Paul grain elevators in Chicago was \$400,000.

The Fulton elevator is situated at the southeast corner of Canal Street and Carroll Avenue, and covers almost the entire lot, 147x107 feet. It is an old elevator, and not nearly so valuable as the St. Paul. The plant and ground were sold to the railway company for \$262,000.

The St. Paul elevator stands at the northeast corner of Canal and Fulton Streets, on ground that is owned by the railway company. It is a fine plant, and sold for \$138,000. It was built by Jesse Hoyt, who leased the ground from the railway company. The lease provided that the company might buy within a certain time.

The two elevators cover nearly all of water lots Nos. 1 and 2 of the block, and adjoin each other. The railway company expects to assume operation of both of them in about a month.

THE NEW YORK NEWS BUREAU.

41 Broad St.—Tel 981 Broad. Tuesday, Mar. 21¹/₁₉₉—No. 28.

ST. PAUL BOND CHANGES.

(Special Despatch to the New York News Bureau.)

Chicago.—The management of the Chicago, Milwaukee & St. Paul Railway Company has announced that for the present the issue of its general mortgage series "A." 4 per cent. bonds shall stop at number 24,000, and all of the series bearing higher numbers shall be cancelled and destroyed. In place of the \$857,000 bonds so cancelled, general mortgage security will be issued, known as series "B." These will bear interest at the rate of 3½ per cent. There has also been authorized an additional \$4,317,000 of series "B." 3½ per cent. bonds. This will make the registry of series bonds correspond with the amount of general mortgages shown in the last yearly report of the company.

Com. Ado. Apr. 1910

ST. PAUL'S RECENT PROGRESS.

Chicago, Milwaukee and St. Paul's gross earnings for the first two weeks of April, as published yesterday, amounting to \$1,399,827, show an increase of 19 per cent. over 1898. For the second week alone the gain is 22 per cent. Similar noteworthy gains have been reported almost without exception for many weeks. Going back to the beginning of the fiscal year, July 1, the improvement over last year is about 11½ per cent., or \$3,100,000 in actual figures. In volume of recent transactions on the Stock Exchange St. Paul has stood near the head of the railroad list, with quotations in the fractions about 128, four or five points below the highest for the year.

Present interest in St. Paul appears to be due chiefly to the fact that current earnings are greatly in excess of the established dividend payments, while the property is being steadily improved by liberal expenditure out of income. During the fiscal year 1898 the company paid, besides the 7 per cent. on the preferred stock, 5½ per cent. on the common, the October distribution being at the rate of 3 per cent. and that of April 2½ per cent. This year, however, the October dividend on the common stock was made 2½ per cent.—½ per cent. less than last year—and the April dividend, payable to-morrow, is at the same rate. The understanding is that 5 per cent. per annum will be the regular basis hereafter.

But the company last year showed plainly an earning capacity of 8 per cent. or more, making due allowance for expenditures for betterment of plant and equipment; and experts who have gone through the figures for the last nine months say without hesitation that the present year will show, on the basis of full but not extraordinary maintenance, not less than 12 per cent. earned on the common shares. Applying last year's operating ratio to this year's gross earnings to date, the increase in net is equivalent to about 2½ per cent. on the stock. By the part of the surplus that goes into the property the proprietors will, of course, benefit in the long run.

The St. Paul road is remarkably strong in the character of its traffic. Unfavorable crop reports have lately disturbed confidence in the Granger share to some extent, but St. Paul's tonnage is so diversified that no ordinary ills can affect the results materially. No single commodity amounts to so much as 10 per cent. of its traffic, and the largest proportions are borne by lumber and other forest products, which neither rust, caterpillars nor drought can destroy. Wheat constitutes less than 9 per cent. of the tonnage, wheat, rye, barley,

oats and corn together make only 22 per cent., and articles that fairly may be called manufactures cover an equal amount. Hence the effect of a flood or of a moderate dry spell here, and there need not be over-rated.

The company's last report announced the completion of the second track from Chicago to the Mississippi river on the Omaha line, and gave some space to the subject of track elevation in Chicago. Little or nothing was said about the further improvements in contemplation. During 1898 wooden bridges more than a mile in length were replaced by steel, and pile bridges aggregating two and one-half miles were filled with earth. We are informed that, in addition to the continuation of work of this kind on all part of the system, the company the present season will make very extensive improvements of a more comprehensive character on the La Crosse division and on the Omaha line, the latter chiefly in Iowa. An expenditure of nearly \$1,500,000 for these improvements has recently been authorized by the directors.

At many points between Portage and La Crosse the road will be relocated in order to reduce grades and ease curves. Much second-track will be laid. The avowed object of this outlay is to reduce operating cost. The project for track elevation in Chicago that was begun early in 1898, will be finished this year. An extensive and costly interlocking switch and signal plant has just been established on this work at Pacific Junction. A large amount of freight equipment will be built during the year at the Milwaukee shops.

Construction of the character of that just indicated is, of course, properly chargeable to capital account. In 1898 St. Paul's capital expenditures for additions to the property amounted to \$1,800,000. But the outlay for betterments at the cost of operating expenses was most liberal. The full cost of replacing equipment condemned is charged at once by this company to operating expenses. Its maintenance of way expenses in 1898 reached the high average of \$755 per mile. This policy, we are assured, continues the present year.

With regard to the St. Paul's purchase of the Des Moines Northern & Western road it may be said that that company in 1898 reported net earnings more than sufficient to cover the bonds issued by St. Paul because of the transaction. This line will be extended the present year from its present terminus at Fonda northward to Spencer on the Iowa and Dakota division some thirty miles. Of the 7 per cent. bonds convertible into preferred stock, \$285,000, issued on the Iowa and Dakota division, may be exchanged within the next ten days. If not exchanged before the end of this month the bonds will be paid July 1, when they will become due.

Post, May 5/1899.

Improvements on the St. Paul.
CHICAGO, May 3.—The Chicago, Milwaukee and St. Paul Road will expend more than \$2,500,000 this year on new lines and improvements to the properties generally. One million dollars will be laid out in the reduction of grades in Iowa and Wisconsin, \$500,000 on track elevation in Chicago, and another \$500,000 on new ballasting along the various lines. The company will, in addition, carry out the usual season's work in the way of renewing rails and bridges, and repairs to buildings, and complete its double track from Chicago to Sabula, Ia. Fifty miles of new line will be built between Fonda, Ia., and Spencer, Ia., forming an extension of the Des Moines, Northern and Western line, and connecting it with the Iowa and Dakota division, opening up a fine section of farming country.

Wall St. Jour. May 11/99.

AN ATTRACTIVE 5% STOCK.

In September, 1898, St. Paul adopted a definite policy regarding dividends by declaring a dividend of 2½% for the six months on the common stock. In March last the directors confirmed, as it were, this policy by declaring a similar dividend, thus substantially notifying everybody that the company regarded its common stock as being on a five per cent. basis. The importance of these steps lay in the fact that up to that time the dividends had been specifically declared as on a 4% basis.

In the twelve months ending June 30 last, the company reported a surplus for the common stock equal to 8.10%. This, moreover, was after charging against income no less than \$1,125,000 for "renewal account," over and above ordinary maintenance expenditures in all departments. Judged by ordinary standards the company earned for its common stock a sum equal to fully 11% in the year.

In the nine months ending March 31 the increase in net earnings reported is \$1,246,268. Assuming no net increase in fixed charges and "other income" on the same basis as in 1897-8, this means that in nine months the company has earned about 2¾% on the common stock more than in 1897-8. Supposing that the remaining three months add nothing to this, the company will wind up the year with 11% earned on the common stock.

Officers of the company are conservative in their expectations and are not willing to predict more than 10%, but the chances are that this estimate will prove materially too low. We understand that the company has made very heavy appropriations this year for betterments, charging the same to operating expenses. It has been decided, for example, to spend about \$1,000,000 on the reduction of grades on the Lacrosse division (which is the company's main line between Chicago and St. Paul) and on the Council Bluffs (in Iowa) division. This latter is the main artery for much of the company's heavy South Dakota grain business. The proposed grade reductions will increase the train capacity 22 to 40%. This naturally means an important saving.

Besides this work, the company is steadily completing the relaying of heavier rail, replacing of wooden bridges and trestles, and generally doing a vast amount of permanent work on the road. All this kind of work is being paid for out of operating expenses, so that the company does not have to sell bonds to meet the cost.

Probably some small quantity of bonds will be sold later on to provide funds for the construction of some new line to join the recently purchased Des Moines Northern & Western with another portion of the company's own lines. St. Paul's credit is now fairly upon a 3½% basis and it doubtful if the company will ever have to borrow at a higher rate again, at all events as long as it pursues its present policy.

Everything points to the company having another big spring wheat year. The seeding is late, but it has been completed under sufficiently favorable conditions, and there is a material increase in the acreage in the three great spring wheat states. As the gross earnings are now breaking all previous records, it will be apparent that there are considerable possibilities in the company assuming that the spring wheat turns out all right.

There are few stocks returning 5% dividends that promise more than does St. Paul common stock considering its price, and everything considered there are few stocks whose dividend is better assured. At present prices it yields 4%.

9/14/00

1900

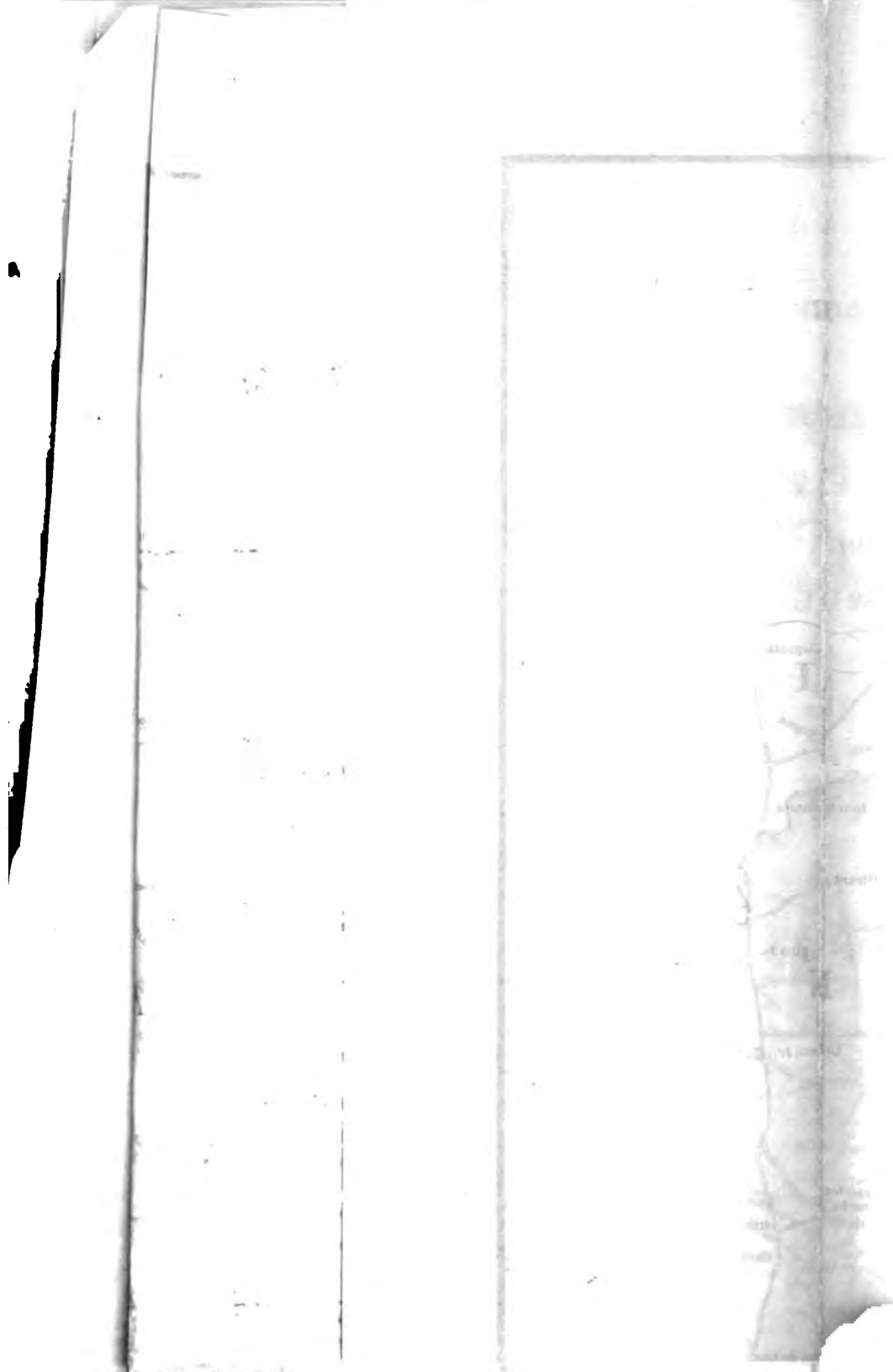
THIRTY-SIXTH ANNUAL REPORT

OF THE

**CHICAGO, MILWAUKEE & ST. PAUL
RAILWAY COMPANY**

FOR THE

FISCAL YEAR ENDING JUNE 30TH, 1900.





1900

Thirty-sixth Annual Report

OF THE

Chicago, Milwaukee & St. Paul
Railway Company

FOR THE

Fiscal Year ending June 30th, 1900.

CHICAGO
CORBITT RAILWAY PRINTING CO.
1900.

REPORT
OF THE
BOARD OF DIRECTORS.

THE
 THIRTY-SIXTH ANNUAL REPORT
 OF THE DIRECTORS OF THE
 CHICAGO, MILWAUKEE & ST. PAUL
 RAILWAY COMPANY
 TO THE STOCKHOLDERS.

For the Fiscal Year Ending June 30th, 1900.

The Directors submit to the Stockholders the following report of the business and operations of the Company for the year ending June 30th, 1900, and of the condition of its property and finances at the close of that year.

The operations for the year show the following results:

Gross Earnings	\$41,884,692 00
Operating Expenses, including taxes	28,420,837 01
Net Earnings	<u>13,463,854 99</u>
Income from other sources	144,755 67
Total	<u>13,608,610 66</u>
Fixed Charges—Interest on Bonds	6,633,170 41
Balance above all charges	<u><u>\$6,975,440 25</u></u>

During the year two dividends aggregating seven per cent were paid on the preferred stock, and two dividends aggregating five per cent were paid on the common stock—of which the dividends paid October 21st, 1899—three and one-half per cent on preferred and two and one-half per cent on common stock—were from net earnings of the previous fiscal year, ending June 30th, 1899.

MILES OF TRACK.

Owned solely by this Company:		
Main track.....	6,397.07	
Second main track	259.69	
Third main track	5.02	
Fourth main track.....	1.72	
Connection tracks	32.15	
Yard tracks, sidings and spur tracks.....	1,525.97	8,221.62
Owned jointly with other Companies:		
Main track.....	25.60	
Second main track.....	1.83	
Connection tracks	2.20	
Yard tracks, sidings and spur tracks.....	52.94	82.57
Used by this Company under contracts:		
Main track.....	38.89	
Second main track	23.81	
Third main track.....	1.14	63.84
Total miles of track.....		<u>8,368.03</u>

The lines of road are located as follows:

In Illinois	334.52 miles
“ Wisconsin	1,649.88 “
“ Iowa	1,782.48 “
“ Minnesota.....	1,120.09 “
“ North Dakota.....	118.21 “
“ South Dakota.....	1,122.27 “
“ Missouri.....	140.27 “
“ Michigan.....	154.95 “
Total length of main track	<u>6,422.67</u> miles

The lines of the Des Moines, Northern & Western Railroad Company—146.95 miles in length—acquired by this Company in January, 1899, became a part of this system July 1st, 1899, and the accounts are merged from that date.

The extensions of the lines acquired from the Des Moines, Northern & Western Railroad Co. from Fonda to Spencer, a distance of 43.48 miles, and from Rockwell City to Storm Lake, a distance of 38.58 miles, which were under construction at the close of the fiscal year ending June 30th, 1899, were completed during this year. The cost of these extensions to June 30th, 1900, is \$975,301.69.

Of the extension of the Libertyville line to Fox Lake—19.70 miles in length—16.58 miles have been completed. The cost of the extension to June 30th, 1900, is \$494,008.56. This Fox Lake line is now being extended to Janesville, Wisconsin, for the purpose of providing a direct connection to Chicago for the business tributary to the Prairie du Chien and Mineral Point Divisions.

Extensions of the Company's lines from Napa, six miles north of Yankton, to Platte, a distance of 82.2 miles, through the Sioux Reservation, in Charles Mix County, South Dakota; from Bowdle to the Missouri River, 40.52 miles; and from Ponca to Crystal Falls, Michigan, 6.93 miles; and 4.33 miles of spur tracks to iron mines in that locality, are under construction—all of which will be completed during the current year.

The elevation of the track in the City of Chicago, from Central Park Boulevard to Mayfair, and from Hawthorne Avenue to Wood Street has been completed. The total cost of this work to June 30th, 1900, is \$707,023.09, which has been charged to Renewal and Improvement Fund.

The reduction of grades on the La Crosse Division, and Chicago & Council Bluffs Division, in Iowa, has been continued, and the expenditures therefor to June 30th, 1900, are \$703,134.05 for the La Crosse Division, and \$338,231.32 for the Chicago & Council Bluffs Division, in Iowa. This expense has been charged to Renewal and Improvement Fund.

A second main track has been completed from Savanna to Sabula Junction, with the exception of the line over the bridge, at a cost of \$53,172.98.

Second main track from Marion to Martelle in Iowa, a distance of 12.59 miles, is under construction—of which 2.71 miles were completed at the close of the year.

This Company has made a contract with the Escanaba & Lake Superior Railway Company, by which it obtains the right, for twenty years, to the use of its track from Channing to Escanaba, Michigan; and is now engaged in the construction of ore-docks at Escanaba, for receiving and forwarding iron-ore from its lines.

During the year 58.95 miles of side and spur tracks have been constructed, the cost of which has been charged to Operating Expenses.

ROLLING STOCK.

At the close of the fiscal year ending June 30th, 1899, the Rolling Stock Replacement Fund amounted to \$298,520.

During the year just closed there has been added to the fund by charging to Operating Expenses the sum of \$167,583.17 for the cost of the replacement of 20 locomotives, and the sum of \$360,026.31 for the cost of the replacement of 680 cars destroyed or taken down during the year.

There was expended of this fund, for the replacement of 33 locomotives, \$305,323.17, and for the replacement of 804 cars, \$410,303.81—a total of \$715,626.98 as follows :

For 33 Locomotives	\$305,323 17
“ 373 Box Cars	166,681 47
“ 250 Stock Cars	151,875 11
“ 170 Flat Cars	84,910 16
“ 2 Ore Cars	1,473 28
“ 9 Caboose Cars	5,363 79

The unexpended balance of the Replacement Fund for Locomotives June 30th, 1900, amounted to \$89,960.00, and the unexpended balance of the Replacement Fund for Cars amounted to \$20,542.50—which is sufficient to replace the shortage of 10 locomotives and 31 cars as shown by statement on page 37.

There are now thirty-nine locomotives that have been dropped from the Equipment list and replaced with new and heavier locomotives, and the cost charged to Operating Expenses, which are still in use on lines of light traffic and will be scrapped when they require heavy repairs.

There has been expended during the year and charged to Operating Expenses, for new cars purchased and built, the sum of \$1,475,304.94, as follows:

For 21 Passenger Coaches	\$154,191 66
“ 2 Parlor Cars	31,209 49
“ 13 Baggage Cars	34,302 55
“ 3 Mail and Express Cars	8,415 99
“ 2 Postal Cars	8,308 88
“ 1,137 Box Cars	584,116 11
“ 500 Furniture Cars	329,256 19
“ 80 Flat Cars	39,957 72
“ 250 Coal Cars	137,903 86
“ 198 Ore Cars	145,854 56
“ 3 Caboose Cars	1,787 93

The total expenditure for Rolling Stock during the year—including that for replacement and that for additional equipment—3,013 Cars and 33 Locomotives—was \$2,190,931.92.

The total freight car equipment has been equipped with automatic couplers, and 74.22 per cent was equipped with air brakes, at the close of the year.

The average number of freight cars in service June 30th, 1900, per mile of road was 5.6.

There were in freight service June 30th, 1891, 24,814 cars with a carrying capacity of 466,671 tons, while on June 30th, 1900, there were 36,046 cars with a carrying capacity of 863,336 tons.

CAPITAL EXPENDITURES

FOR THE YEAR ENDING JUNE 30TH, 1900.

For New Lines—

Fonda to Spencer, Iowa	\$395,125 54	
Rockwell City to Storm Lake, Iowa	459,154 77	
Fox Lake Extension, Illinois	494,008 56	
Janesville Extension, Wisconsin.....	251,060 61	
Napa to Platte, South Dakota	385,437 04	
Bowdle to Missouri River, South Dakota	84,367 36	
Crystal Falls Extension, Michigan.....	44,488 05	\$2,113,641 93
For Second Main Track, Marion to Martelle, Iowa		46,859 82
“ Real Estate		134,753 16
Total		<u>\$2,295,254 91</u>

These additions to property have been paid for out of the Earnings of the Company, for which the Treasury will be reimbursed.

COST OF ROAD AND EQUIPMENT.

Cost of Road and Equipment June 30th, 1899...	\$218,506,634 82	
Paid in settlement of claim against the Central Railroad of Minnesota.....		3,000 00
		<u>\$218,509,634 82</u>
Credit—		
Cost of completion of second main track charged to Cost of Road and Equipment prior to June 30th, 1899, transferred to Renewal and Improvement Account, October, 1899..	\$137,103 44	
Cost of tracks taken up, buildings taken down or destroyed, etc.....	69,850 88	206,954 32
Cost of Road and Equipment June 30th, 1900	<u>\$218,302,680 50</u>	

RENEWAL AND IMPROVEMENT FUND.

Amount credited to Renewal and Improvement Fund, and deposited to credit of Company in New York, to June 30th, 1900.....	\$5,150,000 00
Interest.....	131,273 40
	<u>\$5,281,273 40</u>
Expenditures :	
For Elevation of Tracks in Chicago:	
Chicago & Milwaukee Division.....	\$528,658 87
Chicago & Council Bluffs Division.....	178,364 23
For Third and Fourth Main Tracks:	
Chicago & Milwaukee Division.....	145,224 45
For Reducing Grade and Perfecting Line:	
La Crosse Division.....	703,134 05
Chicago & Council Bluffs Division in Iowa.....	338,231 32
For Escanaba Docks and Track Connections....	180,618 25
For Completion of Second Main Tracks.....	<u>146,178 93</u>
Total Expenditure.....	<u>2,220,410 09</u>
Unexpended Balance, June 30th, 1900.....	<u>\$3,060,863 31</u>

CAPITAL STOCK.

At the close of the last fiscal year the share capital of the Company amounted to \$82,519,000; and consisted of \$35,595,400 of preferred stock, and \$46,923,600 of common stock.

It has been increased during this fiscal year by \$4,859,500 of preferred stock, and \$223,000 of common stock, issued in exchange for the same amount of convertible bonds canceled, and amounts at the close of the year to \$87,601,500.

The amount of capital stock per mile of road is \$13,639.42.

FUNDED DEBT.

At the close of the last fiscal year the funded debt of the Company was \$136,226,500.

It has been increased during this fiscal year by the issue of \$295,000 of General Mortgage Bonds and it has been decreased \$5,374,500 by underlying bonds retired and canceled, as shown on page 25 of this report.

The funded debt at the close of the fiscal year ending June 30th, 1900, was \$131,147,000—a decrease of \$5,079,500 since last report.

The amount of funded debt per mile of road is \$20,419.39 on which the interest charge per mile of road is \$1,063.22.

The total capitalization of the Company per mile of road is \$34,058.81.

TREASURY BONDS.

At the close of the last fiscal year, the amount of the Company's bonds in its treasury and due from Trustees was \$8,596,000.

This has been increased during this fiscal year \$295,000, as follows: \$194,000 General Mortgage Bonds received for underlying bonds canceled by sinking funds; \$98,000 for underlying bonds maturing July 1st, 1897, February 1st, 1898, and July 1st, 1899, paid and canceled; and \$3,000 for balance of cost of real estate and other additions and improvements to the property, to June 30th, 1899.

Bonds in the treasury or due from Trustees, June 30th, 1900, amount to \$8,891,000, as shown on page 24 of this report.

Of this amount \$324,000 are General Mortgage 4% Bonds; \$7,478,000 are General Mortgage 3½% Bonds, and \$1,089,000 are Milwaukee & Northern R. R. Co. Consolidated Mortgage 6% Bonds.

These treasury bonds represent actual expenditures for extensions, improvements, additional property and underlying bonds paid and canceled, out of the cash receipts of the Company from the operations of its lines.

BONDS IN INVESTMENT ACCOUNT.

At the close of the last fiscal year, the amount of bonds purchased by the Company and held in Investment Account for Sinking Fund purposes was..... \$161,000 00

There have been canceled during the year:

21 First Mortgage Bonds, Wisconsin Valley Division	\$21,000 00	
84 First Mortgage Bonds, Dubuque Division	84,000 00	105,000 00
Par Value of Bonds in Investment Account, June 30th, 1900, as shown on page 24 of this report.....		<u>\$56,000 00</u>

INSURANCE DEPARTMENT.

Cash balance at date of last report		76,942 37
Premiums received during the year.....		103,945 95
Income from investment of Guaranty Fund.....		29,770 00
Interest on money loaned.....		1,079 76
Amount collected for fire losses under reinsurance policy.....		13,648 53
		<u>\$225,386 61</u>
Paid losses during the year	\$38,261 37	
Paid expenses during the year.....	3,894 91	42,156 28
		<u>\$183,230 33</u>
Paid for bonds purchased :		
\$50,000 Baltimore & Ohio R. R.		
Co. 3½% bonds.....	\$46,812 50	
\$50,000 Northern Pacific R'y Co.		
4% bonds	51,211 25	
\$1,000 Chicago, Milwaukee & St.		
Paul R'y Co., Chicago & Pacific		
Western Division 5% bond	1,100 00	99,123 75
Cash Balance, June 30th, 1900.....		<u>\$84,106 58</u>

The Guaranty Fund is now \$709,788.75—represented by \$728,000 par value of bonds. The Guaranty Fund June 30th, 1899, was \$610,665—represented by \$627,000 par value of bonds.

The Guaranty Fund is invested as follows :

Chicago, Milwaukee & St. Paul R'y Co. bonds.		
General Mortgage 4%.....	\$435,000 00	
Consolidated Mortgage 7%.....	10,000 00	
Southern Minnesota Division 6%	7,000 00	
La Crosse & Davenport Div. 5%--	4,000 00	
Chicago & Pac. Western Div. 5%	6,000 00	462,000 00
Kansas City Belt R'y Co. 6% bonds		110,000 00
Dakota & Great Southern R'y Co. 5% bonds.....		6,000 00
Chicago, Burlington & Quincy R. R. Co., Nebraska		
Extension 4% bonds		50,000 00
Baltimore & Ohio R. R. Co. 3½% bonds.....		50,000 00
Northern Pacific R'y Co. 4% bonds.....		50,000 00
Par value of bonds.....		<u>\$728,000 00</u>
Amount of annual interest		<u>\$31,670 00</u>

EARNINGS.

The results from operation of your Company's lines during the year ending June 30th, 1900, compared with the previous year, show an increase of \$3,574,059.51 in gross earnings; an increase of \$4,458,000.19 in operating expenses, and a decrease of \$883,940.68 in net earnings.

The earnings from freight traffic were \$31,220,217.27—74.54% of total earnings—an increase of \$2,446,994.84, or 8.50%.

The number of tons of freight carried was 17,757,419—an increase of 1,927,263 tons, or 12.17%.

The increase in number of tons of freight carried was in the following commodities: flour and mill feed, 109,228 tons; barley, 184,349 tons; corn, 39,504 tons; hay, 32,951 tons; dairy and other agricultural products, 35,581 tons; provisions, 24,464 tons; salt, 5,042 tons; lime, cement and plaster, 42,780 tons; brick and stone, 128,811 tons; iron and steel, 144,485 tons; iron and other ores, 198,829 tons; manufactures, 159,890 tons; coal, 81,377 tons; coke, 19,228 tons; live stock, 30,308 tons; lumber, 119,440 tons; other forest products, 292,108 tons; wines, liquors and beers, 44,084 tons, and merchandise, 454,809 tons.

The following commodities show a decrease from the previous year: wheat, 127,387 tons; rye, 27,169 tons; oats, 36,164 tons; flax seed, 7,861 tons, and ice, 21,424 tons.

The number of tons of all agricultural products carried during the year was 5,187,126 tons—an increase compared with the previous year of 203,032 tons or 4.07%. Agricultural products comprised 29.21% of the total tonnage carried as compared with 31.48% of the total tonnage of last year.

The number of tons of commodities other than agricultural products carried during the year was 12,570,293 tons—an increase compared with the previous year of 1,724,231 tons or 15.90%—the per cent of the total being 70.79% against 68.52% last year.

The number of tons of freight carried one mile was 3,357,456,584—an increase of 286,876,874, or 9.34%. The revenue per ton per mile was .930 cents—a decrease of .007 cents or .75%. The average miles each ton of freight was carried, was 189.07 miles—a decrease of 4.90 miles or 2.53%.

The number of tons of freight carried per loaded car was 12.20, against 11.84 last year—an increase of 3.04%. The number of tons of freight per freight train mile was 205.13, against 186.58 last year—an increase of 9.94%. The revenue from freight per freight train mile was \$1.9074, as against \$1.7484 last year—an increase of 9.09%.

The average rate per ton per mile received for freights, for a series of years past, has been as follows, viz.:

1871.....2.54 cts.	1881.....1.70 cts.	1891.....1.003 cts.
1872.....2.43 “	1882.....1.48 “	1892.....1.026 “
1873.....2.50 “	1883.....1.39 “	1893.....1.026 “
1874.....2.38 “	1884.....1.29 “	1894.....1.037 “
1875.....2.10 “	1885.....1.28 “	1895.....1.075 “
1876.....2.04 “	1886.....1.17 “	1896.....1.003 “
1877.....2.08 “	1887.....1.09 “	1897.....1.008 “
1878.....1.80 “	1888.....1.006 “	1898.....0.972 “
1879.....1.72 “	1889.....1.059 “	1899.....0.937 “
1880.....1.76 “	1890.....0.995 “	1900.....0.930 “

The earnings from passenger traffic during the year were \$7,698,513.51—18.38% of total earnings—an increase of \$919,592.31 over the previous year, or 13.57%. The number of passengers carried was 8,677,822—an increase of 1,000,053, or 13.03%. The number of passengers carried one mile was 328,178,516—an increase of 38,161,344, or 13.16%; the revenue per passenger per mile was 2.346 cts.—an increase of .009 cts. or .39%; the average miles each passenger was carried was 37.82 miles—an increase of .05 miles, or .13%.

EXPENDITURES.

The cost of operation has been considerably increased during the year by the increased cost of material, fuel and supplies of all kinds, and also the increased cost of labor in Maintenance of Way.

There was an increase in the average cost of the principal articles of material consumed during the year, as follows: rails, \$7.82 per ton; ties, 8 cents per tie; coal, 11 cents per ton; lumber and timber, \$1.50 per thousand feet.

The expenses of Maintenance of Way and Structures were \$7,554,787.81; Maintenance of Equipment, \$3,360,469.00; Conducting Transportation, \$10,888,728.06; Renewal and Improvement Account, \$1,550,000.00; Additional Equipment, \$1,475,304.94; and General Expenses, including Taxes, \$3,591,547.20.

The increase in expenditures for Maintenance of Way and Structures was \$2,454,619.01; for Conducting Transportation, \$798,459.85; for Additional Equipment \$1,475,304.94; and for General Expenses, including Taxes, \$179,298.38. There was a decrease in Maintenance of Equipment of \$74,681.99; and in Renewal and Improvement Account of \$375,000.00.

In the expenditures pertaining to Maintenance of Way and Structures, there was an increase from the previous year as follows: Repairs of Track, \$536,755.30; Renewal of Rails, \$907,147.48; Renewal of Ties, \$405,148.25; Repairs of Bridges, \$449,496.08; Repairs of Fences, \$2,324.17, and for Repairs of Buildings, \$153,747.73.

The expenditures for Repairs of Track during the year, include the amount of \$325,612.40 for 58.95 miles of side and spur tracks; \$175,506.29 for ballasting on lines not previously ballasted; and \$17,542.36 for reducing grades—except on the La Crosse and Council Bluffs Divisions, the cost of which was charged to Renewal and Improvement Fund.

Renewal of Rails includes 62,624 tons of new steel rails, costing \$1,587,667.18. During the previous year 25,494 tons of new steel rails were laid, costing \$446,995.65. The weight of steel rails used in renewals is 75 pounds and 85 pounds per yard.

Renewal of Ties includes 1,827,838 new ties—costing \$775,581.02. During the previous year 1,340,924 new ties, costing \$460,972.07, were placed in track.

The expenditures for Repairs of Bridges include the total cost of 88 steel bridges, aggregating 8,081 feet in length—replacing an equal number of wooden bridges; the filling of about 3.56 miles of pile bridges with earth—293 bridges having been completely filled and 103 reduced in length by filling; and the replacing of 236 wooden culverts with iron. The cost of these above the cost of renewal in the original form was \$427,293.67.

The expenditures for Repairs of Buildings include the sum of \$148,202.56 for the completion of new structures which were

under construction at the close of the previous fiscal year; and \$113,490.36 for Passenger Stations at Sioux City, Libertyville, Elk Point, Albert Lea, Rockwell City and other points; Freight Warehouses and other structures at Minneapolis, Sioux City and various stations—some of which were not completed at the close of the year.

The expenditures for Maintenance of Equipment during the year were \$3,360,469.00—a decrease of \$74,681.99 from the previous year; and include the amount of \$527,609.48 charged to Operating Expenses to replace the loss of equipment during the year, as against \$601,897.86 charged during the previous year.

In the expenditures pertaining to Conducting Transportation there was an increase of expenses of \$798,459.85, as follows: Station Service, \$226,376.61; Conductors, Baggage-men and Brakemen, \$47,266.73; Engineers, Firemen and Wipers, \$116,381.27; Train and Station Supplies, \$57,356.02; Fuel Consumed, \$269,277.81; Oil and Waste, \$9,295.13; Rental of Tracks and Terminals, \$92,358.80; and in Switching Charges a decrease of \$19,852.52.

The amount paid the United States Government for Internal Revenue Tax during the year was \$64,038.73.

The payments of the Company for labor directly employed in its service during the year were \$15,502,731.20, as compared with \$13,739,112.92 last year; and for Material and Supplies, \$11,647,630.05, as compared with \$7,704,004.27 last year.

The Board has continued the policy which has prevailed for several years past, of making improvements of the property and including them in Operating Expenses, when the earnings justify.

The principal items of improvements charged as Operating Expenses are new passing, side and spur tracks; ballasting lines not heretofore ballasted; strengthening bridges and replacement of wood with steel; filling openings; new fences; new freight and passenger stations; improvement of grades and alignment; elevation of tracks at Chicago. It has seemed prudent also to charge Operating Expenses with the cost of building cars during the year past against the time when there will be a large number of small cars to be retired from service.

During the past year the Company has sustained the loss by death of its Director, Mr. C. H. Coster, whose services were unusually valuable, and whose relations to the Board were of the most pleasant character.

To the officers and employes of the Company much credit is due for the faithful and efficient manner in which they have performed the duties assigned them.

For details of operation, reference is made to the statements of the General Auditor, appended hereto.

By order of the Board of Directors.

A. J. EARLING,
President.

ROSWELL MILLER,
Chairman of the Board.

AUGUST, 1900.

To the Board of Directors :

Herewith are submitted the General Accounts of the Company for the fiscal year ending June 30th, 1900, and the Statements of Operation for the same period.

W. N. D. WINNE,
General Auditor.

STATEMENT OF INCOME ACCOUNT, JUNE 30TH, 1900.

Credit Balance, June 30th, 1899			\$12,770,871 41
Dividend payable October 21st, 1899, from net earnings of fiscal year ending June 30th, 1899, viz.:			
3¼% on \$35,595,400—Preferred Stock	\$1,245,839 00		
2¼% on \$48,923,600—Common Stock	1,173,090 00		2,418,929 00
Balance July 1st, 1899			\$10,360,942 41
Gross Earnings for the year ending June 30th, 1900	\$41,884,692 00		
Less Operating Expenses, including taxes	28,420,837 01		
Net Earnings.....	\$13,463,854 99		
Income from other sources.....	144,755 87		
Net revenue for the year ending June 30th, 1900	\$13,608,610 86		
Interest accrued during the year on Funded Debt.....		\$6,633,170 41	
Dividend payable April 20th, 1900, from net earnings of fiscal year ending June 30th, 1900, viz.:			
3¼% on \$36,305,400—Preferred Stock	1,270,689 00		
2¼% on \$47,137,600—Common Stock	1,178,440 00		
Balance for the year ending June 30th, 1900	9,082,299 41		4,526,311 25
Credit Balance, June 30th, 1900.....			\$14,887,253 66

GENERAL ACCOUNT, JUNE 30TH, 1900.

Dr.

Cr.

Cost of Road and Equipment..... Bonds, Stock, etc., of other Companies..... New England Trust Co.—Bonds and Cash, held in Trust, for Dubuque Division and Wisconsin Valley Division Sinking Funds Cash held in Special Trust for Dubuque Division and Wisconsin Valley Division Sinking Funds..... Farmers Loan & Trust Co., Trustee..... United States Trust Co., Trustee..... Depositories of Renewal Fund— United States Trust Co., New York..... Union Trust Co., New York..... Insurance Department..... Investment Account—Cost of Bonds pur- chased for Sinking Fund purposes..... Mortgage Bonds of the Company, unsold, held in its Treasury, and due from Trustees..... Milwaukee & Northern R. R. Co. 6% Consolidated Mortgage Bonds, unsold, held in the Treasury of this Company..... Stock of the Company held in its Treasury Stock of Material and Fuel..... Due from Agents and Conductors..... Due from Sundry Companies— Traffic Balances..... Operating Balances..... Miscellaneous Balances..... Due from United States Government..... Cash Expended from Earnings for Con- struction of new lines, for real estate, etc., for which the Treasury has not yet been reimbursed..... Cash on hand.....	\$218,302,680 50 557,690 75 555,288 89 17,895 02 1,484,118 09 1,667,747 92 7,802,000 00 1,089,000 00 546,315 38 60,750 00 225,163 60 762,318 92 351,250 70 2,205,254 91 5,088,400 85	Preferred Stock..... Common Stock..... Funded Debt..... Wisconsin Valley Division Sinking Fund Dubuque Division Sinking Fund..... Sinking Fund, Income-Convertible Bonds Renewal and Improvement Fund..... Replacement Fund—Locomotives..... Replacement Fund—Cars..... Pay Rolls and Vouchers..... Due Sundry Companies— Traffic Balances..... Operating Balances..... Miscellaneous Balances..... Dividends Unclaimed..... Interest Coupons not presented..... Interest Accrued, not yet payable, in- cluding interest due July 1st..... Income Account.....	\$40,454,900 00 47,146,000 00 1,027 75 572,156 16 89,960 00 20,542 50 2,575,016 30 239,846 84 302 08 1,059,300 21 52,556 58 49,337 50 3,028,800 42	87,601,500 00 131,147,000 00 573,183 91 22,640 00 3,060,863 31 110,502 50 7,005,210 53 14,887,253 66
				\$244,408,153 91

FUNDED DEBT, JUNE 30TH, 1900.

Total Funded Debt, June 30th, 1899, including all liens on purchased roads.....		\$136,226,500 00
General Mortgage Bonds issued during the year:		
For underlying bonds paid and canceled as fol- lows:		
Iowa & Minnesota Division	33,000 00	
Prairie du Chien Division, Second Mortgage	3,000 00	
Iowa & Dakota Division	62,000 00	
Income Sinking Fund Convertible.....	89,000 00	
Dubuque Division.....	84,000 00	
Wisconsin Valley Division	21,000 00	292,000 00
“ Expenditures for Additional Equipment, Real Estate and Improvements, to June 30th, 1899		3,000 00
		<u>\$136,521,500 00</u>
Deduct:		
Bonds, paid and canceled:		
Iowa & Minnesota Division	33,000 00	
Prairie du Chien Division, Second Mortgage	3,000 00	
Iowa & Dakota Division.....	62,000 00	
Income Sinking Fund Convertible.....	89,000 00	
Dubuque Division	84,000 00	
Wisconsin Valley Division.....	21,000 00	
Bonds received in exchange for preferred stock and canceled:		
St. Paul (or River) Division.....	283,000 00	
St. Paul (or River) Division—Sterling.....	69,500 00	
Hastings & Dakota Division	2,000 00	
Chicago & Milwaukee Division	424,000 00	
Consolidated Mortgage of 1874	14,000 00	
Consolidated Mortgage of 1875	3,384,000 00	
Iowa & Dakota Division Extension.....	683,000 00	
Bonds received in exchange for common stock and canceled:		
Income Sinking Fund Convertible	223,000 00	5,374,500 00
Total Funded Debt, June 30th, 1900		<u>\$131,147,000 00</u>
Decrease.....		<u>\$5,079,500 00</u>
Of the total amount of Bonds outstanding as stated above, there remain in the Treasury unsold, and due from Trustees		<u>\$8,891,000 00</u>

FUNDED DEBT, JUNE 30TH, 1900.

DESCRIPTION OF BONDS.	DATE OF ISSE.	WHEN DUE.	RATE OF INTEREST.	INTEREST PAYABLE.	AMOUNT OF BONDS OUTSTANDING.	INTEREST.	
						ACCURUED DURING THE YEAR.	PAID DURING THE YEAR.
St. Paul (or River) Division	1872	1902	7 per cent.	Jan. and July.	1,323,000 00	92,610 00	90,895 00
St. Paul (or River) Division, Sterling	1872	1902	7 " "	" " "	255,500 00	17,885 00	19,040 00
Hastings & Dakota Division	1872	1903	7 " "	" " "	78,000 00	5,460 00	5,460 00
Chicago & Milwaukee Division	1873	1903	7 " "	" " "	1,290,000 00	90,300 00	90,720 00
Consolidated Mortgage	1874	1904	7 " "	" " "	146,000 00	10,220 00	10,150 00
Consolidated Mortgage	1875	1905	7 " "	" " "	5,318,000 00	372,260 00	372,085 00
Iowa & Dakota Division Extension	1878	1908	7 " "	" " "	2,287,000 00	160,020 00	160,020 00
Southwestern Division	1879	1909	6 " "	" " "	4,000,000 00	240,000 00	238,980 00
Hastings & Dakota Division Extension	1880	1910	7 " "	" " "	5,680,000 00	397,000 00	397,145 00
Hastings & Dakota Division Extension	1880	1910	5 " "	" " "	990,000 00	49,500 00	49,500 00
Chicago & Pacific Division	1880	1910	6 " "	" " "	3,000,000 00	180,000 00	179,670 00
Southern Minnesota Division	1880	1910	6 " "	" " "	7,432,000 00	445,920 00	443,550 00
Mineral Point Division	1880	1910	5 " "	" " "	2,840,000 00	142,000 00	141,250 00
Terminal Mortgage	1884	1914	5 " "	" " "	4,748,000 00	237,400 00	237,075 00
Income Sinking Fund Convertible	1886	1916	5 " "	" " "	19,000 00	950 00	950 00
La Crosse & Davenport Division	1879	1919	5 " "	" " "	2,500,000 00	125,000 00	124,875 00
Dubuque Division	1880	1920	6 " "	" " "	6,058,000 00	363,480 00	362,970 00
Wisconsin Valley Division	1880	1920	6 " "	" " "	2,184,000 00	131,040 00	129,000 00
Chicago & Pacific Western Division	1881	1921	5 " "	" " "	25,340,000 00	1,297,000 00	1,266,975 00
Wisconsin & Minnesota Division	1881	1921	5 " "	" " "	4,755,000 00	237,750 00	236,175 00
Chicago & Lake Superior Division	1881	1921	5 " "	" " "	1,360,000 00	68,000 00	68,075 00
Chicago & Missouri River Division	1886	1926	5 " "	" " "	3,083,000 00	154,150 00	153,775 00
General Mortgage	1889	1989	4 " "	" " "	24,000,000 00	960,000 00	990,940 00
General Mortgage	1889	1989	3 1/2 " "	" " "	9,978,000 00	349,230 00	89,337 50
Wisconsin Valley R. R. Co.	1879	1909	7 " "	" " "	1,106,500 00	77,455 00	77,332 50
Mil. & Northern R.R. Co. 1st Mortgage	1880	1910	6 " "	June and Dec.	2,155,000 00	129,300 00	130,410 00
Mil. & Northern R.R. Co., Consolidated	1884	1913	6 " "	" " "	3,092,000 00	305,520 00	240,510 00
Dakota & Great Southern R'y Co.	1886	1915	5 " "	" " "	2,856,000 00	142,800 00	142,675 00
Fargo & Southern R'y Co.	1886	1915	5 " "	Jan. and July.	1,260,000 00	75,000 00	75,000 00
Income Sinking Fund Convertible	1883	1924	6 " "	" " "	21,000 00	615 42	1,025 00
Iowa & Dakota Division					2,000 00		
Interest on bonds retired						147,004 99	330,554 59
Interest on bonds in the Treasury of the Company and in hands of Trustees.						86,975,640 41	
Total					\$181,147,000 00	86,653,170 41	\$6,856,119 59

a selected by lot for payment—Interest ceased February 29, 1900. b Bonds matured and interest ceased July 1st, 1900.

CAPITAL STOCK, JUNE 30TH, 1900.

PREFERRED STOCK.

Amount of Preferred Stock, June 30th, 1899...		\$35,595,400 00
Issued during the year in exchange for bonds convertible into preferred stock by terms of mortgage, viz.:		
For St. Paul (or River) Division Bonds.....	283,000 00	
For St. Paul (or River) Division Bonds—Sterling	69,500 00	
For Hastings & Dakota Division Bonds.....	2,000 00	
For Chicago & Milwaukee Division Bonds.....	424,000 00	
For Consolidated Mortgage Bonds of 1874.....	14,000 00	
For Consolidated Mortgage Bonds of 1875.....	3,384,000 00	
For Iowa & Dakota Division Extension Bonds.	683,000 00	4,859,500 00
Total Preferred Stock, June 30th, 1900..		<u>\$40,454,900 00</u>

COMMON STOCK.

Amount of Common Stock, June 30th, 1899...		\$46,923,600 00
Issued during the year in exchange for Income Sinking Fund Convertible Bonds.....		<u>223,000 00</u>
Total Common Stock, June 30th, 1900...		<u>\$47,146,600 00</u>
Total Capital Stock, June 30th, 1900		<u>\$87,601,500 00</u>

DETAILED STATEMENT OF EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1899 AND 1900.

EARNINGS.

	1899	1900	INCREASE.	DECREASE.
From Freight	\$28,773,222 43	\$31,220,217 27	\$2,446,994 84	
From Passengers.....	6,778,921 20	7,698,513 51	919,592 31	
From Mail, Express, etc.....	2,758,488 86	2,965,961 22	207,472 36	
Gross Earnings.....	\$38,310,632 49	\$41,884,692 00	\$3,574,059 51	

EXPENSES.

Repairs of Track.....	\$2,382,247 94	\$2,919,003 24	\$536,755 30	
Renewal of Rails.....	519,007 29	1,426,154 77	907,147 48	
Renewal of Ties.....	684,419 96	1,089,568 21	405,148 25	
Repairs of Bridges.....	933,800 67	1,383,296 75	449,496 08	
Repairs of Fences.....	118,621 84	120,946 01	2,324 17	
Repairs of Buildings.....	462,071 10	615,818 83	153,747 73	
Repairs of Locomotives	1,379,514 63	1,315,087 98		\$64,426 65
Repairs of Cars.....	1,965,190 76	1,926,983 54		38,207 22
Repairs of Tools and Machinery.....	90,445 60	118,397 48	27,951 88	
Management and General Offices	737,500 21	783,697 55	46,197 34	
Foreign Agency and Advertising.....	243,416 17	310,054 71	66,638 54	
Station Service.....	2,772,863 46	2,999,240 07	226,376 61	
Conductors, Baggage and Brakemen	1,781,335 05	1,828,601 78	47,266 73	
Engineers, Firemen and Wipers.....	2,118,632 69	2,235,013 96	116,381 27	
Carried forward.....	\$16,189,067 37	\$19,071,864 88	\$2,985,431 38	\$102,633 87

	1899	1900	INCREASE.	DECREASE.
Brought forward.....	\$16,189,067 37	\$19,071,864 88	\$2,985,431 38	\$102,633 87
Train and Station Supplies.....	494,375 38	551,731 40	57,356 02	-----
Fuel Consumed.....	2,326,973 99	2,596,251 80	269,277 81	-----
Oil and Waste.....	116,317 83	125,612 96	9,295 13	-----
Personal Injuries.....	134,157 91	162,158 07	28,000 16	-----
Damage to Property.....	31,842 81	35,741 63	3,898 82	-----
Loss and Damage, Freight and Baggage	79,853 67	79,870 02	16 35	-----
Legal Expenses.....	129,667 41	112,121 45	-----	17,545 96
New York Office Expenses.....	26,084 20	26,292 59	208 39	-----
Taxes.....	1,186,166 40	1,258,007 84	71,841 44	-----
Insurance.....	96,306 57	104,024 16	7,717 59	-----
Miscellaneous Expenses.....	352,193 47	322,217 33	-----	29,976 14
Stock Yard Expenses.....	11,391 02	11,006 48	-----	384 54
Expenses of Elevators.....	30,724 35	30,734 07	9 72	-----
Mileage of Cars.....	209,665 30	196,299 65	-----	13,365 65
Rental of Tracks and Terminals.....	208,635 50	300,994 30	92,358 80	-----
Switching Charges—Balance.....	271,134 31	251,281 79	-----	19,852 52
Sleeping and Parlor Car Expenses.....	81,096 75	95,282 92	14,186 17	-----
Additional Equipment.....	-----	1,475,304 94	1,475,304 94	-----
Renewal and Improvement Account.....	1,925,000 00	1,550,000 00	-----	375,000 00
U. S. Government Internal Revenue Tax	62,182 58	64,038 73	1,856 15	-----
Total Expenses.....	\$23,962,836 82	\$28,420,837 01	\$4,458,000 19	-----
Net Earnings.....	\$14,347,795 67	\$13,463,854 99	-----	\$883,940 68

CONDENSED STATEMENT OF EARNINGS AND EXPENSES

FOR THE YEARS ENDING JUNE 30TH, 1897, 1898, 1899 AND 1900.

EARNINGS.

	1897	1898	1899	1900
From Freight.....	\$22,104,802 66	\$25,468,851 73	\$26,778,222 43	\$31,220,217 27
From Passengers.....	5,717,485 98	5,986,940 18	6,778,921 20	7,698,513 51
From Mails, Express, etc.....	2,684,469 35	2,733,971 78	2,758,488 86	2,965,961 22
Gross Earnings.....	\$30,486,767 99	\$34,189,663 68	\$36,315,632 49	\$41,884,692 00

EXPENSES.

Maintenance of Way and Structures.....	\$4,334,954 78	\$4,642,275 15	\$5,100,168 80	\$7,554,787 81
Maintenance of Equipment.....	2,464,838 52	2,918,523 70	3,435,150 99	3,360,469 00
Conducting Transportation.....	8,475,313 40	9,890,370 07	10,090,268 21	10,888,728 06
Loss and Damage to Persons and Property.....	229,176 77	221,513 32	243,854 59	277,769 72
General Offices, Agencies and Advertising.....	984,205 40	1,078,815 94	1,136,967 99	1,232,166 30
Mileage of Cars.....	310,257 18	217,469 95	209,665 30	196,299 65
Taxes.....	1,184,230 86	1,134,130 68	1,186,166 40	1,238,007 84
Renewal and Improvement Account.....	200,000 00	1,125,000 00	1,925,000 00	1,550,000 00
Additional Equipment.....	.....	.....	.....	1,475,804 94
Miscellaneous.....	494,562 17	473,467 80	638,894 74	627,808 69
Total Expenses.....	\$18,577,539 08	\$21,201,566 61	\$23,962,896 83	\$28,420,887 01

RECAPITULATION.

Gross Earnings.....	\$30,486,767 99	\$34,189,663 68	\$36,315,632 49	\$41,884,692 00
Total Expenses.....	18,577,539 08	21,201,566 61	23,962,896 82	28,420,887 01
Net Earnings.....	\$11,909,228 91	\$12,988,097 07	\$14,347,795 67	\$13,463,804 99
Average Miles in Operation.....	6,152.55	6,153.83	6,153.72	6,347.38

STATEMENT OF MONTHLY EARNINGS AND EXPENSES.

	FREIGHT	PASSENGER	MAILS, EXPRESS, ETC.	GROSS EARNINGS	OPERATING EXPENSES	NET EARNINGS
July, 1899	\$2,430,767 10	\$703,853 50	\$249,855 98	\$3,384,476 58	\$2,244,418 40	\$1,140,058 18
August, "	2,342,583 90	785,989 30	248,110 33	3,376,693 53	2,190,031 60	1,186,661 93
September, "	2,842,381 22	787,059 44	249,961 83	3,879,402 49	2,675,015 17	1,204,387 32
October, "	3,414,163 37	661,400 63	252,126 62	4,327,690 62	2,637,186 77	1,690,503 85
November, "	3,179,788 72	597,159 72	245,738 30	4,022,686 74	2,498,715 50	1,523,971 24
December, "	2,698,211 30	651,572 22	245,615 42	3,595,398 94	2,172,928 85	1,422,470 09
January, 1900	2,435,984 51	534,202 36	240,616 23	3,210,813 10	2,188,023 56	1,022,789 54
February, "	2,197,885 69	441,059 37	228,798 16	2,867,741 22	2,118,449 59	749,291 63
March, "	2,610,933 12	578,006 17	238,882 03	3,427,821 32	2,239,420 78	1,188,400 54
April, "	2,459,907 11	561,780 04	242,416 60	3,264,103 75	2,506,902 71	757,201 04
May, "	2,237,464 58	610,506 86	260,686 94	3,108,658 38	2,505,158 74	603,499 64
June, "	2,370,136 65	785,913 90	263,154 78	3,419,205 33	2,444,585 34	974,619 99
Total	\$31,220,217 27	\$7,698,513 51	\$2,965,961 22	\$41,884,092 00	\$28,420,837 01	\$13,463,254 99

COMPARATIVE SUMMARY OF OPERATION.

Gross Earnings.

1899	\$38,310,632 49		
1900	41,884,692 00	Increase	\$3,574,059 51

Operating Expenses.

1899	\$23,962,836 82		
1900	28,420,837 01	Increase	\$4,458,000 19

Net Earnings.

1899	\$14,347,795 67		
1900	13,463,854 99	Decrease	\$883,940 68

Gross Earnings per Mile of Road.

1899	\$6,225 61		
1900	6,598 74	Increase	\$373 13

Operating Expenses per Mile of Road.

1899	\$3,894 04		
1900	4,477 57	Increase	\$583 53

Net Earnings per Mile of Road.

1899	\$2,331 57		
1900	2,121 17	Decrease	\$210 40

Freight Earnings per Mile of Road.

1899	\$4,675 75		
1900	4,918 60	Increase	\$242 85

Passenger, Mail and Express Earnings, per Mile of Road.

1899	\$1,549 86		
1900	1,680 14	Increase	\$130 28

Average Miles of Road Operated During the Year.

1899	6,153.72		
1900	6,347.38	Increase	193.66

TRANSPORTATION STATISTICS

FOR THE YEARS ENDING JUNE 30TH, 1898, 1899 AND 1900.

	1898	1899	1900
Miles run by freight trains	13,880,445	15,331,606	15,124,734
Miles run by passenger trains.....	7,930,481	8,188,048	9,031,841
Miles run by mixed trains	1,140,398	1,125,398	1,242,986
Total miles run by revenue trains	22,951,324	24,645,052	25,399,561
Miles run by switching trains.....	4,196,088	4,309,209	4,560,610
Miles run by construction and other trains	783,209	891,908	1,434,158
Total miles run by all trains.....	27,930,621	29,846,169	31,394,329
Number of tons of freight carried.....	14,230,742	15,830,156	17,757,419
Number of tons of freight carried one mile	2,621,848,372	3,070,579,710	3,357,456,584
Mileage of freight cars—loaded	239,610,746	259,448,644	275,219,041
Mileage of freight cars—empty	98,870,373	107,895,463	108,389,277
Number of tons of freight carried per loaded car..	10.940	11.835	12.199
Number of loaded freight cars per train.....	15.952	15.765	16.815
Average miles each ton of freight was carried	184.20	193.97	189.07
Number of tons of freight per freight train mile ..	174.51	186.58	205.13
Revenue per ton of freight per mile.....	.9716 cts.	.9371 cts.	.9299 cts.
Revenue from freight per freight train mile	\$1.6955	\$1.7484	\$1.9074
Average amount received for each ton of freight ..	\$1.78971	\$1.81762	\$1.75815
Number of passengers carried	7,095,641	7,677,769	8,677,822
Number of passengers carried one mile.....	253,485,504	290,017,173	328,178,516
Average miles each passenger was carried	35.72	37.77	37.82
Revenue per passenger per mile.....	2.302 cts.	2.337 cts.	2.346 cts.
Revenue from passengers per passenger train mile...	66.00 cts.	72.79 cts.	74.93 cts.
Repairs of Locomotives per revenue train mile....	5.95 cts.	5.60 cts.	5.18 cts.
Repairs of Cars " " " "	6.43 cts.	7.97 cts.	7.59 cts.
Station Service " " " "	11.49 cts.	11.25 cts.	11.81 cts.
Train Service " " " "	7.12 cts.	7.23 cts.	7.20 cts.
Locomotive Service " " " "	8.53 cts.	8.80 cts.	8.80 cts.
Train and Station Supplies per revenue train mile..	1.91 cts.	2.01 cts.	2.17 cts.
Fuel " " " "	9.50 cts.	9.44 cts.	10.22 cts.
Oil and Waste " " " " .....	.47 cts.	.47 cts.	.49 cts.
All Other Expenses " " " "	40.98 cts.	44.06 cts.	58.44 cts.
Total Operating Expenses " " " "	92.38 cts.	97.23 cts.	111.90 cts.
Percentage of Expenses, including taxes, to Earnings	62.01 %	62.55 %	67.85 %

NOTE.—In the computations in above statement based on mileage of revenue trains, the total mileage of mixed trains is included with the mileage of both freight and passenger trains. This is in accordance with ruling of the Interstate Commerce Commission.

STATEMENT OF COMMODITIES TRANSPORTED
DURING THE YEARS ENDING JUNE 30TH, 1899 AND 1900.

COMMODITIES	1899		1900	
	Tons	Per Cent	Tons	Per Cent
Flour	533,585	3.371	598,052	3.368
Mill Feed	197,926	1.250	242,687	1.367
Wheat	1,597,436	10.091	1,470,049	8.279
Rye	97,047	.613	69,878	.393
Barley	609,849	3.853	794,198	4.472
Oats	653,156	4.126	616,992	3.475
Corn	645,952	4.081	685,456	3.860
Flax Seed	159,658	1.009	151,797	.855
Hay	79,592	.503	112,543	.634
Dairy Products	60,271	.381	63,012	.355
Other Agricultural Products ..	349,622	2.208	382,462	2.154
Provisions	347,640	2.196	372,104	2.095
Salt	63,960	.404	69,002	.389
Lime, Cement and Plaster	157,751	.997	200,531	1.129
Brick and Stone	595,109	3.759	723,920	4.077
Iron and Steel	510,793	3.227	655,278	3.690
Iron and Other Ores	449,138	2.837	647,967	3.649
Manufactures	973,830	6.152	1,133,720	6.385
Coal	1,737,157	10.973	1,818,534	10.241
Coke	246,157	1.555	265,385	1.494
Live Stock	806,478	5.095	836,786	4.712
Lumber	1,602,860	10.125	1,722,300	9.699
Other Forest Products	1,564,991	9.886	1,857,099	10.458
Wines, Liquors and Beers	280,643	1.646	304,727	1.716
Ice	289,568	1.829	268,144	1.510
Merchandise	1,239,987	7.833	1,694,796	9.544
Total	15,830,156	100.000	17,757,419	100.000

MATERIAL AND FUEL ON HAND.

Coal	58,217 Tons,	\$118,555	47
Wood.....	2,473 Cords,	4,553	96
Ties.....	1,207,186 Number,	531,999	14
New Steel Rails.....	11,523 Tons,	355,299	18
Old Steel Rails.....	27,389 Tons,	394,150	95
Old Iron Rails	11,705 Tons,	140,457	96
Rail Fastenings.....	10,835,650 Pounds,	151,699	10
Oil.....	96,382 Gallons,	17,383	61
Waste	85,676 Pounds,	5,242	95
Iron (worked and unworked)...	18,770,993 Pounds,	281,564	89
Copper and Brass.....	483,153 Pounds,	64,777	56
Lumber and Timber.....	27,947,966 Feet,	473,765	33
Piles.....	664,262 Feet,	85,254	12
Posts	110,452 Number,	10,472	08
Engine and Car Wheels.....	6,450 Number,	66,829	31
Engine and Car Wheels (on axles)	1,906 Pairs,	44,100	40
Engine and Car Axles.....	1,160,739 Pounds,	25,426	35
Tires.....	96,022 Pounds,	4,644	25
Steel and Steel Springs	1,173,442 Pounds,	47,422	00
Engine, Car and Road Castings	6,527,913 Pounds,	120,577	76
Paints and Oils		14,910	07
Stationery Supplies		21,558	42
Other Supplies		514,253	09
Total, June 30th, 1900.....		\$3,494,897	95
Total, June 30th, 1899		2,467,793	88
Increase.....		\$1,027,104	07

EQUIPMENT JUNE 30TH, 1900.

STANDARD GAUGE.

Locomotives.....		830
Passenger Cars.....		432
Sleeping Cars.....		53
Parlor Cars.....		17
Dining Cars.....		8
Baggage, Mail, Express and Combination Cars.....		314
Freight Cars—		
Box Cars.....	25,212	
Stock Cars.....	2,844	
Flat, Coal and Ore Cars.....	6,972	
Refrigerator Cars.....	712	35,740
Caboose Cars.....		501
Wrecking and Tool Cars.....		83
Business Cars.....		13
NARROW GAUGE.		
Locomotives.....		7
Passenger Cars.....		4
Baggage, Mail, Express and Combination Cars.....		5
Freight Cars—		
Box Cars.....	202	
Stock Cars.....	59	
Flat Cars.....	45	306
Caboose Cars.....		5
Total.....		<u>38,318</u>

Eleven locomotives, 10 passenger coaches, 5 baggage, mail and express cars, 100 box freight cars, 50 stock cars, 84 flat and coal cars, 5 caboose cars, and 2 work cars were acquired with the Des Moines, Northern & Western R. R. as of July 1st, 1899, and are included in statement above.

At the close of the year ending June 30th, 1899, a shortage of 23 locomotives and 155 cars was shown by the inventory of equipment and the sum required to replace this shortage had been charged to operating expenses at that date.

During the present year 20 small locomotives were dropped from the equipment list, the cost of 20 new locomotives to replace them has been charged to operating expenses.

Thirty-three locomotives have been purchased or built during the present year for replacement and the amount required to replace the remaining shortage of 10 locomotives—\$89,960—is shown at the credit of the account of "Replacement Fund—Locomotives" on page 24 of this report.

During the present year 680 cars were destroyed—220 by wreck and fire on this and other roads, and 460 old cars of small capacity were taken down, being unfit for further service.

Eight hundred and four cars have been built during the present year for replacement, comprising 373 box, 250 stock, 170 flat, 2 ore, and 9 caboose cars.

At the close of this fiscal year, ending June 30th, 1900, there exists a shortage of 12 refrigerator cars and 19 stock cars. The amount required to replace the 31 cars—\$20,542.50—has been charged to operating expenses and is shown at the credit of the account of "Replacement Fund—Cars" on page 24 of this report.

Com. Adv. 7/11/99

ST. PAUL.

In the fiscal year 1897-98 the Chicago, Milwaukee and St. Paul road, making no allowance for its expenditures for betterments in excess of normal renewals, earned about 8 per cent. on the common stock. A conservative estimate of the results of the year that ended June 30, 1899, is a surplus after the payment of the preferred dividends of not less than 11 per cent. on the common shares. Taking into account the outlays for improvements over and above ordinary maintenance expenditures in all departments, the company earned for its common stock in 1898 a sum fully equal to 11 per cent., and by the same standard in 1899, in the opinion of good judges, certainly 12 per cent. or more. These facts lend color to the prediction that the next dividend announcement will put the stock on a 6 per cent. basis, or, at all events, that more than 2½ per cent. will be paid, although, of course, no official confirmation of this prophecy can be had. With the earnings of the last two years for a basis, 8 per cent. might be safely paid.

With the exception of the general mortgage due in 1899 the company's funded debt will mature at intervals between 1902 and 1926. None of it will become payable next year or the year after, but a quantity of Iowa and Dakota Division 7s matured on the 1st inst. The amount of these bonds outstanding at the beginning of the year was \$285,000, but all but about \$75,000 had been converted into preferred stock before maturity. The remainder were paid off and cancelled. The interest that accrued on these bonds in 1898 was \$19,950. This amount, of course, is saved as an interest charge, but the greater part of it reappears in the preferred stock dividend payments.

A great deal has been published in a fragmentary way during the past few months about the St. Paul's new construction. As often happens in such cases the promise is more important than the realization. The reported new construction is of two kinds—that which is merely suggested and is talked about within or without the directors' room, and that which actually is undertaken. Perhaps a third kind should be added—that which is proposed by outsiders, not insiders. Of the last named class appears to be the rumor of an extension of the Des Moines, Northern and Western division to Sioux Falls. S. D.

As a matter of fact the only new construction under contract is confined to three, short extensions of existing lines. Work is in progress in Iowa on an extension of the Des Moines Northern and Western line from its present terminus at Fonda, on the Illinois Central, northwest to Spencer, and on a branch of the same division from Rockwell City via Sac City to Storm Lake. In northwestern Illinois, again, the Libertyville branch of the Chicago and Milwaukee line is being extended northwest to the Fox Lake district. But this new work altogether amounts to not much more than 100 miles of road. The reported project for a line to connect Spirit Lake, Ia., with Jackson, Minn., is wholly "in the air." On the possible line from St. Paul to Duluth surveys are in progress, but action by the directors has not passed beyond this preliminary stage.

The company's principal outlays this year are for the improvement of existing lines. We are informed authoritatively that the construction work of the calendar year all told will amount approximately to \$2,500,000. Of this sum in round numbers \$1,000,000 will be expended upon the reduction of grades in Iowa and Wisconsin, the greater part on the direct Omaha line and on the La Crosse division of the St. Paul line. Another half-million will go into ballast on various parts of the system, and as much more into the continuation of track elevation in Chicago. Besides all this, the St. Paul Company is behind none of its neighbors in the rebuilding of bridges and trestles and the laying of heavier rails, at the cost of operating expenses. As regards revenue with which to meet the bills, attention is just now centred upon the spring wheat crop, concerning which the advices from all of the St. Paul's agents are to the effect that the prospects never were better.

Freight earnings on the St. Paul road reached in 1898 the lowest point recorded, at 9.72 mills per ton per mile. Returns permanently below 1 cent are to be looked for. In 1869 this company earned a fraction over 3 cents, and in 1877 a fraction over 2 cents per ton per mile. Only once before 1898 had the price fallen below 1 cent. The downward tendency is obvious enough, and is warrant enough for the present vast expenditures upon the property in order to reduce the cost of transportation to the lowest terms.

DULUTH LINE FOR THE ST. PAUL.

(Special despatch to the New York News Bureau.)

Duluth.—W. H. Sheldon, locating engineer for the Chicago, Milwaukee & St. Paul Railway, says that surveys for a line from the twin cities to Duluth have been completed and that the road will be built within a year from next Fall. The estimates are not to exceed \$3,000,000, or less than \$20,000 a mile for the 160 miles.

Times, July 26/99.

MAY LOSE ITS RIGHT OF WAY.

Special to The New York Times.

CHICAGO, July 25.—The franchise of the Chicago, Milwaukee and St. Paul Railroad through the northern half of Evanston is being assailed in the City Council. For two weeks, it is claimed, no steam cars have been running over the company's tracks from Foster Street to Wilmette.

Corporation Counsel Joseph L. Paden has been instructed to prepare a communication setting forth the city's rights to declare the franchise forfeited, and if the facts as set forth by Alderman Gooch are authenticated, the railroad will be deprived of a right of way which has cost many thousands of dollars to maintain.

Since the suburban branch was first built to Evanston it has operated its trains over tracks three miles north of Evanston station in order to hold the franchise, although there have been no passengers for that part of the city. A station has been maintained on the prairie at Noyes Street.

Resolutions which order the Mayor to remove the tracks north of Church Street were favorably received and referred to the Judiciary Committee and Corporation Counsel at the last meeting.

Bureau's

STREET, NEW YORK

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Journal of Com.
Aug. 4, 1899.

the St. Paul Road amount to 59,000 shares, which is a decrease from 93,000 shares, which represented the foreign holdings on January 1, 1898. St. Paul holdings fluctuate very freely, however. On June 30, 1898, the amount held abroad was almost exactly the same as at present—60,000 shares. In 1897 the amount fluctuated between 137,000 and 68,000 shares, in 1896 between 136,000 and 202,000 shares and in 1895 between 246,000 and 136,000 shares.

Wall St. Review
Sept. 8, 1899.

ST. PAUL ROAD'S HEAVY EARNINGS.

Company's Annual Report Shows Surplus of More Than Ten Per Cent. on the Stock.

The annual report of the Chicago, Milwaukee and St. Paul Railway Company, covering the fiscal year ended June 30, was issued late Tuesday afternoon. Figures showing the road's operations for the twelve months were published in Wall Street just after the close of the market. The figures showed that the road earned between 10 and 11 per cent. on the outstanding common stock, after the payment of all charges, and 7 per cent. dividends on the preferred stock.

ST. PAUL'S EARNING POWER.

St. Paul pays in dividends on the common stock 5 per cent. per annum. On the face of the returns the company in the year that ended June 30 last earned 11.3 per cent. on the common shares. Its actual earning power, allowing for the contribution out of revenue to the renewal and improvement fund, which is set apart for expenditure for permanent betterments, is nearly 16½ per cent. With earnings as at present, and as they are likely to be for another year, the dividend rate might be increased moderately with perfect safety. On the other hand every dollar that is saved from earnings to be put into the road is so much laid up wisely for future rainy days. Whatever decision the directors may come to upon the dividend question will be susceptible of good defense.

The St. Paul report is excellent in many respects, but its form cannot be considered wholly beyond improvement. In certain particulars the company's practice obviously is better than its statement of its practice in words and figures. The accounting department has yet to adopt in full the Interstate Commerce Commission's form

of setting forth operating expenses. This form may or may not be better than any other, but at all events has been devised with care, and the co-operation of most of the principal railroad companies, and its use contributes to the easy and accurate presentation of comparisons. Under the interstate commerce transportation and general expenses are carefully distinguished. In the Paul report "those babies" are up decidedly, and taxes are sandwiched in with them. So far as can be seen, no good end is subserved by the departure from the accepted style.

Taking it for granted that none of the "miscellaneous" and other distributed items of expense belong to maintenance of way and structures, the St. Paul Company has expended in this department per mile of road in the last three years: \$704 in 1897, \$754 in 1898, and \$829 in 1899. The average is \$762 per annum. The average for a longer series of years on this road does not vary from that amount, or, say, \$750 per annum, and \$750 may be accepted as about the annual requirement per mile for full maintenance of way upon the entire railway system throughout the Mississippi valley. The St. Paul's maintenance charges ought to prove suggestive to Chicago and Eastern Illinois enthusiasts. In view of the advance in materials and the condition of the labor market a decided increase in the cost of adequate maintenance may be anticipated the coming year.

The company's average expenditures for repairs and renewals of locomotives and cars cannot be determined in the usual way from the St. Paul's reports. St. Paul, however, easily stands at the head of the list of American roads in making it plain that no shortage of equipment maintenance occurs from year to year. Here is another pointer for Chicago and Eastern Illinois. Op-

erating expenses are charged annually and specifically with sufficient money to replace every locomotive and every car wrecked or sent to the scrap heap and the replacements are made out of the funds so provided. The inventory is always complete, or the money is in hand and appropriated from the form with which to make it complete. But no outright additions to the equipment are charged to operating expenses so that the reported expenditures and this head show no excess of earning power. Down to this point, according to the reported net earnings are actual net earnings, and no more.

But the expense account shows that in 1898 the sum of \$1,125,000 and in 1899 \$1,925,000 was taken out of income and set aside as a "renewal and improvement fund." The report shows further that from this fund last year \$861,000 was expended for betterment including the elevation of tracks at Chicago, third and main tracks on the Chicago and Milwaukee division, and the heavy work of grade reduction now still in progress on the La Crosse and Council Bluffs divisions, besides which \$23,500 seems to have been expended from this fund without explanation. Obviously the amount of \$1,925,000 expended, or to be expended, as above out of the earnings of the past year, as truly a part of the measure of the company's earning power as it would be if the money had remained unappropriated, and thus had appeared in the reported surplus for 1899. The year's addition to the renewal fund was equivalent to 4.1 per cent. on the common stock, and the rate actually earned on the common after the payment of the preferred dividend was 15.4 per cent. The payment into the improvement and renewal fund was equal to \$3.14 per mile of road, and the total appropriation for maintenance, betterment and additions in the road department was \$1.142 per mile.

THE NEW YORK NEWS BUREAU.

41 Broad St.—Tel. 981 Broad. Tuesday, Oct. 10, '99—No. 42

The case of the Chicago, Milwaukee & St. Paul Railway Company vs. the Board of Railway Commissioners of the State of South Dakota is a suit to enjoin State officials as a Board of Railroad Commissioners from the publication and promulgation of a certain schedule of maximum rates of fares for the transportation of passengers and freight by railway in the State of South Dakota, which schedule had been adopted by the defendants and was about to be published and promulgated. It is stated that the reduction in charges for transportation of the proposed schedule will amount, as estimated, by complainant on the basis of the business transacted during the years 1894, 1895, 1896, and 1897 to \$682,164.70 in freight and \$227,912.07 in passenger business, or an average annual reduction of \$170,540.17 in freight and \$56,978.01 in passenger business.

Post. Jan. 11, 1900.

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Paid from _____

In discussing the recently quoted statement of President Roswell Miller of the St. Paul, to the effect that extraordinary expenditure for equipment, grading, and trackage was practically over for the fiscal year, another officer of that railroad said to-day:

"I cannot believe that Mr. Miller said all that he is reported to have said. It is true that the road will not buy iron or supplies for car-building this year. But this is because we bought very heavily of iron and steel during the latter half of last year. Much of this material has not yet been delivered. But deliveries will continue steadily, and car-building and engine replenishment will be carried forward. We have been building cars at the rate of fifteen a day at our shops, but I believe this output has been reduced to ten per day. We have broken up a number of locomotives and replaced them by larger and more modern machines. We have funds on deposit for the construction of twenty-three more new engines this year.

"Our work on roadbeds, however, and on grades, replacing wooden by steel bridges, and in other permanent improvements, has been steadily carried forward since 1895. It is not completed, nor will it be completed for a considerable time. There is a vast amount of work yet to be undertaken. It will be pushed through until no more permanent improvements are needed. It will be paid for out of the gross earnings as long as they continue heavy.

"Our policy has undergone no change. We are still working to the end that the permanency of dividends, as they are being paid now, may be secured to stockholders. Every new unit of rolling-stock we build, every inch of track we straighten, and every grade we cut down increases our train capacity and cuts down operating expenses. This we believe to be the only sure method of insuring the stability of the dividend rate. We are banking against the day when poor crops or other unfavorable conditions may cut down our earnings."

Wall St. Sun. Jan. 13, 1900.

THE ST. PAUL NEEDS MORE ROOM.

(Special despatch to the New York News Bureau.)

Chicago.—The Chicago, Milwaukee & St. Paul may leave the Union Passenger Station and take the place of the Wisconsin Central at the Grand Central Station, owned by the Chicago Terminal Transfer Company. The St. Paul has already made a contract for freight facilities with the Chicago Terminal Transfer Company. The Union Station is being used by the Chicago, Burlington & Quincy, the Chicago & Alton, the Pennsylvania and the St. Paul, and is too crowded. The St. Paul owns one-fourth interest in the Union Station and if it moves it will sell that to the Pennsylvania Railroad.

Post, Jan. 23, 1900.

**Gains a Point in the Fight with
South Dakota.**

WASHINGTON, Jan. 22. The United States Supreme Court to-day decided the case of the Chicago, Milwaukee and St. Paul Railroad Company against the Railroad Commissioners of the State of South Dakota. The case involved the State law providing a maximum rate for the railroads. The Circuit Court of the United States for the District of South Dakota dismissed the bill, but to-day's opinion reverses this judgment and remands the case, with instructions, to the lower court to investigate the earnings of the road in the State so as to arrive at the equities in the case.

The opinion, written by Justice Brewer, criticised the court below for its summary disposition of the case without a proper investigation of the facts such as the case demanded. The Justice said that the evidence before the court showed that the local operating expenses were much greater than the general operating expenses of the entire system and that they amounted to or exceeded 85 per cent. He also stated that if the local operating expenses were 85 per cent. it was obvious that under the schedule prescribed by the Commissioners there would be nothing left by way of profit or reward to the stockholders.

Post, Jan. 24, 1900.

St. Paul Extension Completed.

(Special Despatch to The Evening Post.)

CHICAGO, January 24.—The St. Paul Road has completed its extension to Fox Lake, Ill., and will begin running trains to the summer resorts in Northern Illinois.

Post, Jan. 30, 1900.

The St. Paul's Operating-Expense Account.

The fact that the Chicago, Milwaukee and St. Paul's December statement, just published, showed decrease of \$169,000 in net earnings, despite a gain of \$91,000 in gross, has again drawn the attention of railway interests to the company's avowed policy of paying for improvements and new equipment out of operating expenses.

An official of the St. Paul road said to-day that this policy will not be discontinued at present, and that he considered the working of the principle highly satisfactory, not only as a method of appropriating legitimate expenses without disappointing stockholders with an eye to the impossible distribution of large surplus sums, but also as a means of keeping up with the present improvement in railroad service.

The St. Paul started in with cars of 30,000 pounds capacity; then it used 50,000-pounds cars; and now it is building them for 60,000. Some roads are carrying as much as 100,000 pounds per car. The same is true of passenger coaches and locomotives. In all, the St. Paul has spent \$600,000 on rolling-stock alone since July 1, 1893. The improvements in other departments have been proportionate. Increased traffic has been carried at the cost of straightening curves, cutting down grades, renewing ballast and rails, and strengthening bridges and trestles. The railway officer added that managers of the St. Paul, and, indeed, of every railroad, see as yet no limit to this improvement, and admit that the system of charging improvement to operating expense is the simplest and most satisfactory method of meeting the situation.

Boston Financial, News, Feb. 10, 1900.

THE COMING ST. PAUL DIVIDEND.

New York.—Some time during the coming month the Chicago, Milwaukee & St. Paul Railroad Company will declare a semi-annual dividend. It is the practice of the company to pay the Spring dividend from the earnings for the first half of the fiscal year, and the October dividend from those of the last half. The dividend declared next month will, therefore, be taken from the six months ended December last, and will be the first one for the present fiscal year.

During the fiscal year which ended June 30, 1899, the company earned about 11 per cent, and will, no doubt, do as well during the current year which ends next June. The directors would be justified in increasing the rate from 5 per cent. to 6 per cent., in view of this showing, but whether they will do so or wait until the Fall, when the dividend for the last six months is declared and then pay the advance in the shape of an extra dividend, will not be known until the meeting is held. It certainly seems reasonable for the stockholders to expect something over 5 per cent. for the year.

The present large earnings of the company make it difficult to realize that less than 3 per cent. was earned on the stock in 1895, and that the company only rejoined the ranks of dividend-payers in 1893. There has been such a tremendous change in railroad earnings, as a whole, as well as in general business during the past four years, that it is natural for investors to be unable to expect that the low figures of 1894-95 will ever be reached again, but the fact that conservative railroad managers are paying out in dividends only a portion of the earnings of their companies shows that they at least realize that it not reasonable to expect the present volume of earnings to continue year in and year out. It is a fact, however, that railroad companies have been fortifying themselves against the falling off in earnings by heavy expenditures to put the transportation machine in shape for economical working; and further, that this policy is sure to bring about a greater uniformity in returns to stockholders.

The advance in the rate earned upon a stock—from about 2 per cent. in 1895 to 11 per cent. in 1899—is so large as to make interesting a comparison of the different elements in the company's business. The increase in dollars is about \$3,500,000. To begin with, the fixed charges have decreased about \$800,000, but from this amount must be deducted an increase of \$460,000 in the dividends on the preferred stock, leaving a net gain of \$4,340,000 from this source, and leaving about \$4,000,000 to be credited to an increase in the company's traffic. The decrease in fixed charges comes from a lower rate of interest on the bonds issued and from the fact that certain of the bonds are from time to time exchanged for the preferred stock, in accordance with the terms of the respective mortgages. The gross earnings increased \$11,400,000 from 1895 to 1899, or about 40 per cent., and operating expenses were increased \$7,000,000, or about 40 per cent. The increase in net earnings was \$4,100,000, making the increase in net about the same per cent. (40 per cent.) as for the gross. Of the increase in operating expenses about \$4,-

700,000 was in the maintenance department, leaving only \$2,300,000 as the increase in the direct expense of handling the larger volume of traffic. The result is certainly a brilliant commensurate upon the ability of the managers, especially in view of the fact that ton-mile receipts have decreased 1.4 mills. The main reason for this extraordinary showing is to be found in the increase of the average train load from 152 to 190 tons. An increase of about \$1,100,000 in passenger and miscellaneous earnings has also helped. The number of tons of freight carried increased 50 per cent.—from 10,400,000 to 15,800,000 tons—and, as the average haul has increased, it is evident that much of the increase in tons carried was in long haul business. We have made the comparisons between 1895 and 1899, because these were the extremes of the good and bad years.

The amount charged to operating expenses for improvements have been so large that it seems unnecessary to present any further figures, while the sums charged to construction account here represented new property only. It may be said, also, that nearly all of the bonds issued to pay for the latter charges have remained in the company's treasury, so that the charges to capital account have been mainly met from the surplus. The last balance sheet of the company—dated June 30, 1899—shows a surplus of something like \$11,000,000 in the current assets over liabilities.

The two questions to be considered in determining the probable future value of St. Paul stock would seem to be:—First: What rate of dividend can be expected as an average? And, second, has St. Paul as yet taken its position amongst investment stocks? In regard to the first consideration, all the facts would seem to indicate that the company could surely maintain an average rate of dividends of from 5 per cent. to 6 per cent.; and as to the second consideration, it may be said that even though St. Paul has not yet attained the standing of an investment stock, investors' growing realization of the earning power of the company and the conservatism of its directors are gradually working the security into that class.

THE NEW YORK NEWS BUREAU.

16 Broad St.—Tel 1378 Cort. Saturday, April 28, 1900—No 24

ST. PAUL EXTENSION.

(Special despatch to the New York News Bureau.)

Sheboygan, Wis.—The city of Sheboygan will accept a proposition made to it by the Chicago, Milwaukee & St. Paul road for the extension of its line to Sheboygan. The company is to spend \$500,000 on the new line and has secured options on \$183,000 worth of property in Sheboygan.

DOW,

THE WALL STREET JOURNAL

Morning and Evening Editions.

NEWS PUBLISHED SIMULTANEOUSLY

12 8

NEW YORK

ST. PAUL.

We have been asked to state an amount of income put into the St. I the five years to end June 30 next. timate the amount this year, but fi are available for the four years prec

This income has been put into two ways,—one in the shape of adm come, and the other in the shape of penses for maintenance, etc. We m surplus income.

The reports show the followin fixed charges for four years ending

1895-6	4
1896-7	
1897-8	
1898-9	

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1912

0.

THE

Inventory alone represents more than \$15,000,000 spent on construction

comparison compares as follows in 1889

	1889.	1899.
.....	\$123,765,000	\$136,226,500
.....	738,060	8,596,000
and.....	\$123,027,000	\$127,630,500
.....	21,610,900	35,595,400
.....	\$144,637,900	\$162,825,900
.....	39,868,961	46,923,600

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NEW YORK, N. Y.

Inventory alone represents more than \$15,000,000 spent on construction
comparison compares as follows in 1889

Since the reports of crop damage began, St. Paul has been sold because it has a large mileage in the States in which wheat has been most damaged. The company operates about 6,300 miles, of which 1,120 miles are located in Minnesota, 118 miles in North Dakota, and 1,101 miles in South Dakota, making a total of 2,339 miles in these States, or about 37 per cent. of all. The tonnage is diversified so much, however, that last year wheat furnished only 10 per cent. of the tons carried. This percentage is misleading in that earnings are based on ton miles instead of the number of tons carried, so that to determine the relative importance of any article, it would be necessary to have a classification of the ton miles. This is never given. The probabilities are that the St. Paul Company gets a haul on wheat in excess of the average of all the tonnage, in which case wheat is of greater importance to it than appears from the percentage as given.

The question of the return movement of merchandise, as well as the passenger traffic, must also be considered, as these depend upon the prosperity of the communities along the lines which, in turn, depends upon the size of crops in agricultural regions. It would be entirely erroneous, therefore, to state that a loss of 50 per cent. of the wheat crop would injure the St. Paul earnings to the extent of only 5 per cent. of the road's tonnage. The road gets about 13 per cent. of its tonnage from other grain than wheat and good crops of barley, corn and oats may help make up the loss in wheat. For instance there are 1,553 miles, or nearly one-quarter of the total mileage, located in Iowa from which no damage reports have been received, and Iowa is probably the greatest agricultural State in the Union. The haul from Iowa is not nearly so long as from Minnesota or the Dakotas, however.

Looking at the matter from another standpoint and taking it for granted that the company will lose one-third of the traffic from the States of Minnesota and the Dakotas as the result of crop damage, the company would lose one-third of 37 per cent. of its gross earnings, which would amount to \$5,000,000 in round figures. But even with this loss with the leeway the St. Paul Company has in the amounts which have been charged to operating expenses for permanent improvements, and the natural saving in transportation expenses, the net could easily be as large as for the current year when over 10 per cent. has undoubtedly been earned. Of course, these figures are hardly more than guesses, as all such estimates must be, but they seem to set forth the crop damage scare in a more rational light than do current reports. There are other causes which may operate to reduce the earnings of the St. Paul Company, which cannot very well be dealt with—such as dulness in general trade or the failure of other crops—but while the St. Paul Company may be especially affected by the damage to spring wheat, it is well to bear in mind that spring wheat in Minnesota and the Dakotas is not all important to it.

There has been vast sums put into the roadway and equipment of the St. Paul lines and the operating department has not been slow to grasp the modern methods of economy while all the time the country along its lines has been growing in importance. It is doubtful, therefore, if the stock ever gets back to the old low figures, unless more than one crop should prove a total failure for more than one year.

100-01-9.

5/20/10

MORTGAGE DEED OF TRUST

FROM THE

Milwaukee and St. Paul Railway Co.

TO

**RUSSELL SAGE and N. A. COWDREY,
TRUSTEES,**

IN TRUST, TO SECURE THE PAYMENT OF \$18,000 PER MILE, NOT EXCEEDING \$3,800,000, REPRESENTING 212 MILES OF RAILROAD, EXTENDING FROM HASTINGS TO THE MINNESOTA STATE LINE.

DUE JANUARY 1, A. D. 1903.

visions your pres
Hastings & Dakota div. 187
1st mtg. Hastings, Minn., to Glencoe, Minn. Bonds convertible into preferred stock, same as (1).
Ja 1 03 | 89,000

NEW YORK:

JOHN J. CAULON, PRINTER, 47 LIBERTY STREET.

1872.

THIS INDENTURE, made this day of April, A.D. 1872, between the MILWAUKEE and ST. PAUL RAILWAY COMPANY, a corporation duly incorporated by the State of Wisconsin, parties of the first part, and Russell Sage and N. A. Cowdrey, both citizens of the City and State of New York, parties of the second part, *Witnesseth*,

That whereas, the said Railway Company have purchased and are desirous of completing the construction and equipment of a Railroad from Hastings, in Dakota ^{Preamble.} County, on the Mississippi River, in the State of Minnesota, westerly to the Missouri River.

And whereas, to pay for and to build and equip said line of Railroad it is necessary for said Railway Company to borrow the sum of eighteen thousand dollars per mile for each mile of railroad purchased, built and equipped, not exceeding in all, three million eight hundred thousand dollars, representing two hundred and twelve miles of railroad purchased, built, and to be built, and for that purpose and in evidence of the money so borrowed to make and issue bonds, in sums of one thousand dollars each, in manner and form as herein below set forth, and to secure the payment of said bonds by a mortgage of their entire line of railroad, and all their property, real and personal, within the limits above named, appertaining thereto, and also of all their franchises appertaining to said described road, to which end the said Railway Company have determined to make, issue, sell, negotiate and deliver their bonds in sums of one thousand dollars each, to the aggregate amount of three million eight hundred thousand dollars, which bonds now are or are to be all duly and legally made and issued, and are to be held by the Trustees herein named, and are only to be by them delivered as the railroad is completed, in sections of ten miles each, at the rate of \$18,000 per mile, and to be numbered 1 to 3,800 inclusive; and are all, so far as issued, secured or designed to be

secured, equally and alike by these presents, and are of the form and tenor following, viz. :

UNITED STATES OF AMERICA.

Form of Bond.

MILWAUKEE AND ST. PAUL RAILWAY COMPANY.

\$1,000.

STATE OF MINNESOTA.

No. —

Know all men by these presents, that the Milwaukee and St. Paul Railway Company are indebted to Russell Sage and N. A. Cowdrey or bearer, in the sum of one thousand dollars, lawful money of the United States of America, for the purchase money of their line of railroad, called the Hastings and Dakota Division, which indebtedness they promise to pay on the first day of January, A. D. 1903, at the office or agency of the obligors in the City of New York, with interest thereon from the first day of July, A. D. 1872, at the rate of seven per centum per annum, payable semi-annually on the first days of January and July in each year, at said office or agency in the City of New York, on the presentation and surrender of the annexed coupons as they severally become due. If the obligor or its successors shall make default in the payment of semi-annual interest on this bond for six months from the time it becomes due, then without demand or notice, the whole principal thereof shall become due and payable, and may at once be enforced against this company or its successors.

The obligors also agree to transfer to the bearer, at his option, ten shares, of one hundred dollars each, of its preferred stock, at any time within ten days after any dividend shall have been declared and become payable on said preferred stock, upon the delivery to them in the City of New York, of this bond and the unmatured coupons, and upon the transfer to the obligor of the ten shares of scrip stock hereto attached.

This bond is one of a series of bonds of the same tenor and date, amounting in the aggregate to three million eight hundred thousand dollars, the payment

of which is secured by a mortgage deed of trust duly executed and delivered by the obligors to Russell Sage and N. A. Cowdrey, Trustees, and conveying the entire franchises and property, real and personal, of said company, appertaining to their line of railway from Hastings, in Dakota County, Minnesota, westerly to the State Line at or near Big Stone Lake.

This bond shall not be valid until it shall have been authenticated by a certificate endorsed hereon, and duly signed by both of said Trustees, or their or his survivor, successor or successors, and is issued, received and held subject to the terms and conditions contained in said mortgage deed of trust above named.

This bond is not transferable from person to person, except when the transfer is accompanied by a certificate for ten shares of scrip stock.

In witness whereof, the said company have caused their corporate name and seal to be hereto affixed, and signed by their President and Secretary, this 1st day of May, A. D. 1872.

MILWAUKEE AND ST. PAUL RAILWAY COMPANY.

[L. s.]	By	President.
	Attest	Secretary.

(Endorsed on back of Bond.)

\$1,000. No. — BOND.

MILWAUKEE AND ST. PAUL RAILWAY COMPANY.

FIRST MORTGAGE.

Hastings and Dakota Division.

7 per cent. interest, payable 1st day of January and July.

THIS IS TO CERTIFY—That the within bond is included in a mortgage of the franchises and property of the Milwaukee and St. Paul Railway, extending from Hastings westerly to the Minnesota State Line, at or near Big Stone Lake, in all about 212 miles, to secure the payment of \$3,800,000, to be issued at the rate

of \$18,000 per mile for completed railroad ; and that we have caused said mortgage to be duly recorded :— That the stamps required by the U. S. Internal Revenue Laws are to be affixed to each bond.

} *Trustees.*

Description of
Premises Mort-
gaged.

Now, therefore, The Milwaukee and St. Paul Railway Company, for and in consideration of the premises herein described and of the money received and to be received from the sale of said bonds, and for the purpose [and with the intent of securing equally and alike the payment of all the bonds above described, issued or to be issued under this mortgage or trust deed, and to establish the same as a lien upon the entire franchises and property of the Railway Company, appertaining to the premises herein described, both real and personal, now owned or to be hereafter acquired by them for operating their line of railroad from Hastings, Dakota County, westerly to the west line of the State of Minnesota, at or near Big Stone Lake ; and excepting all public lands now donated or granted, or which shall hereafter be donated or granted, either by Congress or by the State of Minnesota, or by any city, town or county in said State to aid in building said railroad,

Premises
Mortgaged.

Hath granted, bargained, sold, conveyed, assigned, transferred and confirmed, and by these presents doth grant, bargain, sell, convey, assign, transfer and confirm, to said Russell Sage and N. A. Cowdrey, citizens of the City and State of New York, as Trustees and in trust, and to the survivor of them and to their and his successors or successor, the entire property appertaining to the Railroad herein described, real and personal, of the said railway company, (except the lands not used for the business of the railroad, which either have been or may hereafter be donated by the United States to the State of Minnesota, with which to aid in constructing said railroad, and excepting lands not used by the railway company for its business in carrying persons and prop-

erty, which either now have been or which may hereafter be donated to said railway company by the State of Minnesota, or by any county or city in said State, or from any other source,) and embracing and including all its franchises and privileges appertaining to said line of railroad, now held and acquired by said company, also embracing and including all of their said railroad now constructed or to be hereafter constructed from the Mississippi River, at or near Hastings, in the county of Dakota, State of Minnesota, westerly through the counties of Dakota, Scott, Carver, McLeod, Sibley, Renville, Redwood, Chippewa, Lac Qui Parle and McPhail, to the boundary line of the State at or near the southerly end of Big Stone Lake—Township 121, Range 46—including the right of way, and land occupied by said road, and all the appurtenances thereto belonging; and also embracing all the lands acquired and appropriated or which may hereafter be acquired or appropriated on the line of road hereby conveyed, for depots, engine houses, car houses, station houses, warehouses, machine shops, workshops, superstructures, erections and fixtures, together with all buildings erected thereon, and all improvements made thereon, and all appurtenances, rights and privileges thereunto belonging.

Premises
Mortgaged.

And also, all and singular, the locomotives, tenders, passenger cars, freight cars, and every and all other cars, carriages, tools, machinery, wood, coal, and fuel, and equipments for said line of railway, hereby conveyed, and now owned or which shall hereafter be owned or acquired by said company for use upon said line of railroad.

And also, all goods and chattels, wood, fuel, oil or supplies now owned, or which shall hereafter be owned by said company, and in any way relating or appertaining or belonging to or connected with said line of railway hereby conveyed or running or operating the same.

And also, all the rents, issues, incomes, tolls, profits, currency, moneys, rights, benefits and advantages derived, or to be derived, had or received therefrom by said railroad company in any way whatever.

It is understood and agreed by the parties hereto, that the language above used relating to the equipment and supplies for use upon said line of railroad, shall be construed to mean, and to embrace, and include such proportion of equipment and supplies as the number of miles of railroad in operation, carrying persons and property, conveyed by and embraced in this mortgage, bears to the whole number of miles of railroad owned by the grantors in the State of Minnesota.

And in the event of said railroad company, or any successor, successors or assigns thereof, being in default in the payment of interest upon said bonds for the period of six months, then the issues, rents, income, tolls, and profits earned upon the mortgaged premises, are hereby declared to vest in the Trustees of the holders of the bonds issued hereunder and secured hereby, and in their successors and assigns, without demand or notice, and whoever is in possession of the mortgaged premises, it is here agreed shall account to said Trustees, their successors or assigns, for said rents, tolls, income and profits.

It is agreed that this agreement is a covenant between the parties hereto and that it is binding and obligatory upon the property and premises embraced herein; and that the same is attached to the fee, and goes with and belongs to the fee of the premises embraced herein.

To have and to hold the above granted and bargained premises, with the appurtenances thereof, unto the said Russell Sage and N. A. Cowdrey, and to the survivor of them, and to their and his successors and successor, and their and his assigns: *In trust*, and upon the trust, uses and purposes hereinafter expressed, of and concerning the same, for the use and benefit of the person and persons, firm or firms, bodies politic or corporate, who shall hereafter, at any time become the purchasers or holders, owners or bearers, of any of said indebtedness, or either of said bonds, subject to the terms, provisions and stipulations in said bonds contained, and also subject to the possession and management of said railroad and property by said com-

Declaration of
trust.

pany and its successors and assigns, so long as no default shall be made in the payment of either interest or principal of said debt or bonds, or in any or either of them, and so long as the said company shall well and truly observe, keep and perform all and singular the covenants, agreements, conditions and stipulations in said bonds, and in this indenture contained and set forth, and which are to be observed, kept and performed by and on the part of the said company.

It is mutually covenanted and agreed by the parties hereto, that said Company, with the consent in writing of said Trustees, or their or his successor or successors, or the survivor of them, may sell and convey any lands herein mortgaged, and not necessary or required to be retained for the convenience and use of the Company; and that the proceeds of said sales, whenever they amount to the sum of one thousand dollars or upwards, shall be applied to the purchase and cancellation of prior liens upon the mortgaged premises, or at the option of the Company, to the purchase and cancellation of one or more of said bonds secured by this mortgage; and said Trustees shall then be authorized to release the premises so sold from the lien of this mortgage. In lieu of purchasing and cancelling said bonds, the proceeds of said sale may be invested under the sanction and with the approval of said Trustees in the purchase of other property, real or personal, required for use by said Company, which shall be embraced in and covered by this mortgage.

Authority to sell lands not required by the Company.

It is also agreed by the parties hereto, that said Trustees shall hold and retain said bonds in their possession, and shall only deliver them to the contractors, or to whoever shall be entitled to receive said bonds, at the rate of \$18,000 per mile of finished railroad, by which is meant railroad so far finished as that regular trains for carrying persons and property run upon or over the same.

Trustees only to deliver bonds at the rate of \$18,000 per mile finished railroad.

And to the end that the bonds secured hereby may bring the best market price, and thus enhance the credit of the parties hereto, the said Company covenants and agrees to and with said Sage and Cowdrey,

Covenant to pay certain specific taxes.

Trustees, and with their successors, successor, survivor and survivors, and with each of the holders of bonds issued thereunder, that the said Company will assume and pay all taxes and assessments which may be specifically levied upon the bonds purporting to be secured thereby or upon this mortgage or trust deed, by the State of Minnesota, or by the Territory or State of Dakota.

Covenant to pay principal and interest of bonds in lawful money, or if that is retired, then in gold coin.

And the said Company does hereby covenant, promise and agree for itself, its successors and assigns, to and with the said Trustees, the survivor and survivors of them, and their and his successors or successor, that the said Company will well and truly pay each and every of said bonds issued by them, and secured by this mortgage, and all indebtedness issued hereunder or secured hereby, together with the semi-annual interest to become due thereon, at the rate of seven per cent. per annum, at the times, and in the manner, and at the place specified therein, in the present lawful money of the United States of America now in circulation by virtue of existing laws.

And that in the event of the present lawful money, commonly called legal tender, being retired, withdrawn or redeemed by the United States of America, or held by any Court of competent jurisdiction illegal, unconstitutional or void, then and thereupon the said Company hereby agrees to pay the principal and interest of each and all of the bonds issued under and purporting to be secured by this mortgage or trust deed in and with the gold coin of the United States of America, of the standard of 1871, at the times and in the manner named in said bonds, and in the coupons attached thereto.

Principal to become due in case of six months' default.

And that in case said Railroad Company shall, for the space of six months, make default in the payment of the said semi-annual interest to become due upon any of said indebtedness, or either or the whole of said mortgage bonds, then, after the expiration of six months from the time it became due, and without demand or notice, the whole principal sum mentioned in each and all of said mortgage bonds, then outstanding,

shall forthwith become due and payable, and the lien or incumbrance hereby created for the security and payment thereof may be at once enforced.

And it is agreed, in case of the default of the payment of the semi-annual interest as above provided, that said Trustees and the survivor or successors of them, are hereby expressly authorized and empowered, upon the request in writing of the owners or holders of said bonds or indebtedness, to the amount of one hundred thousand dollars, to enter into and upon, and take actual possession of all the property, real and personal, and rights, franchises, and privileges of the premises hereby conveyed, and each and every part thereof, and by themselves or by their attorneys or agents, have, hold, use and enjoy the same; and, from time to time, make all repairs and replacements, and all useful alterations, additions and improvements thereto, as fully as the party of the first part might have done before such entry, and to collect and receive all tolls, freights, incomes, rents, issues and profits of the same, and of every part thereof.

Authority to
take possession
of premises.

And the said Trustees, and the survivors and survivor of them, and their and his successors and successor, shall and may, and hereby are expressly authorized and empowered to sell at public auction to the highest bidder, the entire property, real and personal, rights, franchises and privileges herein conveyed. Said sale shall be either in the state of Minnesota or in the City of New York, and at least three months' notice shall be given of the time, place and terms of said sale, by advertising the same in one newspaper of good circulation in each of the places above named, and wherever else required by law, and continuing such advertisements at least once a week until the time of sale; and they may, at their discretion, adjourn said sale from time to time, giving reasonable notice of the time and place where it will take place. And as the attorney or attorneys in fact of said Company, or their successors, shall have full power and authority to make, execute and deliver to the purchaser or purchasers thereof, good, valid, and sufficient deed or

To sell by advertisement.

deeds, conveyance or conveyances, assignments or transfers, in fee simple or otherwise, of the entire property herein conveyed, and all the rights, franchises and privileges of the Company or its successors, which are embraced in this mortgage deed; said conveyance or conveyances, transfer or deeds, shall vest in the purchaser or purchasers all the right, title, interest, and estate whatever, reversionary or in possession, or which they may be entitled to receive, have, or hold of the said Company, and said sale shall be a complete and perpetual bar or estoppel both in law and in equity, against said Company, its successors and assigns; and all persons or parties claiming by, from or under it or them, in anywise or manner whatsoever. And the said Company hereby covenant and agree to waive, and expressly covenant and agree that neither the Company nor their successors shall have or claim any advantage of any valuation, appraisements, or extension laws.

Purchase money
—how paid.

The amount of the bid or purchase money on said sale may be paid and satisfied, in whole or in part, by the outstanding indebtedness or mortgage bonds, or any of them secured hereby, and said indebtedness or bonds shall be received in whole or in part payment and satisfaction by the said Trustees, their survivors or survivor, successors or successor, according to its or their value, to be ascertained and determined by the net amount arising from said sale.

Proceeds of sale,
how distributed.

And out of the moneys received from said tolls, freights, incomes, rents, profits, and earnings of said railroad and premises, or out of or from the proceeds of said sale so to be made as aforesaid, after first deducting the expenses, disbursements, costs, charges, and counsel fees, incurred in and about the conducting of said sale, or the working and operating of said railroad, including the compensation and commission of said Trustees in and about the execution of this trust, and all expenses of repairs, replacements, alterations, additions and improvements, and all payments for taxes, assessments, charges, or liens of said premises, or any part thereof; the said Trustees shall, if the amount secured be sufficient for that purpose, pay said

mortgage bonds, or so many of them as shall be then outstanding and unpaid, together with all interest then due upon the same; and if the amount be insufficient, then to divide the same *pro rata* among the outstanding bonds, and the surplus of all such moneys or proceeds of sale, if any there be, shall be paid to said Company or their successors or assigns.

And it is further covenanted and agreed, by and between the parties hereto, that in case of any judicial foreclosure sale, or other sale of the premises embraced in this mortgage, under the decree of any Court having jurisdiction thereof, based upon the foreclosure of this mortgage, and the holders of a majority of the then outstanding indebtedness or bonds secured by this mortgage, shall, in writing, request the said Trustees, they, or his survivors or survivor, successors or successor, they are, or he is authorized to purchase the premises embraced herein for the use and benefit of the holders of the then outstanding indebtedness or bonds secured by this mortgage.

In case of sale,
Trustees to purchase premises.

And that having so purchased said premises, the right and title thereto shall vest in said Trustee or Trustees, and no holder of said indebtedness or bonds shall have any claim to the premises or the proceeds thereof, except for his *pro rata* share of the proceeds of said purchased premises, as represented in a new Company or Corporation to be formed for the use and benefit of the holders of the indebtedness or bonds secured hereby. And the said Trustees, or their successors or successor, survivors or survivor, may take such lawful measures as he or they deem for the interest of the holders of said indebtedness or bonds, to organize a new Company or Corporation for their benefit; said new Company or Corporation shall be organized upon such terms, conditions and limitations, and in such manner as the holders of a majority of said outstanding indebtedness or bonds secured by this mortgage, shall in writing request or direct—and thereupon to reconvey the premises so purchased by him or them to said new Company or Corporation.

And to organize
a new corporation.

And it is further agreed that the said Trustees, his or

Trustees may
employ counsel,
agents, &c.

their survivor or survivors, successor or successors, may appoint and employ, at the expense of the said trust estate, all such attorneys, counsellors, clerks, book-keepers, engineers, or other agents, as may be reasonably necessary in the execution of any of the trusts herein or hereby declared, and shall not be answerable for the defaults, or other misconduct or neglect of such attorneys, counsellors, clerks, book-keepers, engineers, or other agents, unless chargeable with culpable negligence in their selection; and further, that neither of said Trustees shall be answerable for the acts, omissions, or default of his associate; nor shall either of them, or their survivor, successor or successors, be responsible for anything short of gross negligence or wilful defaults in the discharge of their duties.

Compensation of
Trustees.

And it is further mutually agreed by all parties hereto, that said Trustees, their or his successors, survivors or survivor, shall receive from said Company for his or their services in the acceptance of this trust, and the signing and delivery of the bonds issued hereunder, the sum of one-tenth of one per centum on the par amount of the bonds issued under this mortgage, exclusive of all cash disbursements; and for further services hereunder, he or they shall receive as follows, viz.: For services under any foreclosure proceedings to foreclose this mortgage, the sum of one-fifth of one per centum on the par amount of the indebtedness or bonds to be secured by this mortgage, then outstanding, exclusive of all cash disbursements. For services in selling and conveying the lands herein described and applying the proceeds as herein provided, the sum of one per centum on the par amount of the indebtedness, or bonds cancelled in that manner—exclusive of all cash disbursements. The above commission to be in full payment of both Trustees for the services named, and to be equally divided between them.

Trustees may
resign.

And it is hereby further agreed, that either of the said Trustees, or any successor, may resign and discharge himself of the trust created by these presents, by notice in writing to the party of the first part, or its

successors, and to the existing Trustees or Trustee, if there be such, three months before such resignation shall take effect, or such shorter time as they may accept as adequate notice, and upon the due execution of the conveyances hereinafter required ; that the said Trustees, or either of them, may be removed by a majority in interest of the holders of the aforesaid bonds, by a vote of such majority in interest of the said bondholders, convened upon the notice hereinafter prescribed, and being attested by an instrument under the hands and seals of the chairman and secretary of such meeting ; that in case at any time hereafter either of the said Trustees, or any Trustee hereafter appointed, shall die or resign, or be removed as herein provided, by a court of competent jurisdiction, or shall become incapable or unfit to act in the said trust, a successor to such Trustee shall be appointed by the holders, for the time being, of a majority in interest of the said bonds then outstanding, by an instrument in writing under their hands and seals ; and the Trustee so appointed, with the Trustees or Trustee so surviving or continuing, shall thereupon become vested with all the powers, authorities and estates granted to or conferred upon the parties of the second part by these presents, and all the rights and interests requisite to enable him, as such Trustee, to execute the purposes of this trust, without any further assurance or conveyance ; but the surviving or continuing Trustees or Trustee shall immediately execute all such conveyances and other instruments as may be fit or expedient for the purpose of assuring the legal estate in the premises, jointly with themselves or himself, to the Trustee so appointed ; and upon the death, resignation or removal of any Trustee, or any appointment in his place, in pursuance of these presents, all his powers and authorities, by virtue hereof, shall cease ; and all the estate, right, title and interest in the said premises of any Trustee so dying, resigning or being removed, shall, if there be a co-trustee surviving or continuing in office, wholly cease and determine ; but the Trustee so resigning or being removed shall, on the written re-

Bondholders
may appoint
new Trustees.

quest of the new Trustee who may be appointed, immediately execute a deed or deeds of conveyance, to vest in such new Trustee, jointly with the continuing Trustees or Trustee, and upon the trusts herein expressed, all the property, rights and franchises which may be at that time held upon the said Trustees; *Provided, nevertheless*, and it is hereby agreed and declared, that in case it shall, at any time hereafter, prove impracticable, after reasonable exertions, to appoint in the manner hereinbefore provided, a successor in any vacancy which may have happened, in said trust, application in behalf of all the holders of the bonds secured hereby shall be made by the surviving or continuing Trustees or Trustee, within sixty days after notice of such vacancy—or if the trust be wholly vacant, such application may be made by holders of the said bonds to the aggregate amount of one hundred thousand dollars—to any court of competent jurisdiction, for the appointment of a new Trustee or new Trustees.

Court may appoint Trustee.

And it is hereby further expressly declared and agreed, that whenever and as often as any contingency shall arise, in which the action of a majority in interest of the holders of said bonds shall be necessary, or in which the said bondholders are herein declared to have any discretionary voice or power, it shall be the duty of the said Trustees, and they or a majority of them shall be, and they are hereby authorized and required, to call a meeting of all the holders of said bonds, to be held in the City of New York, by advertisements, to be published at the expense of the said Company three times a week for six weeks, in at least two newspapers of large circulation amongst the business community in said city; and at such meeting so convened, a majority in interest of the holders of said bonds shall be competent to exercise, in person or by proxy, all the powers and authorities conferred upon them by these presents.

Notice of Bondholders' meeting

Bondholders to qualify if required.

And any person appearing at said meeting of bondholders and claiming a right to participate therein, shall, if requested by any bondholder present thereat,

produce the bond or bonds upon which such person may claim the right to vote at such meeting, or file an affidavit with the chairman of such meeting that he, the person so claiming the right to participate in such meeting, is a holder of one or more of the bonds aforesaid, or the proxy of such holder, in which affidavit he shall specify the amount and numbers of the bonds which he claims to hold or represent, before being allowed to vote at such meeting, except for the purpose of temporarily organizing the same; and on the adjournment of such meeting, all such affidavits shall be delivered to the said Railway Company to be filed among the records of said Company.

The said Company, and their successors and assigns, hereby covenant to make, execute and deliver all such other or further instruments, deeds, or indentures as may be necessary to enable the person or persons so appointed to execute the trust hereby created, as fully and perfectly in all respects as he or they could have executed the same, if originally a party to this indenture. Also, to execute and deliver any further reasonable and necessary deed or deeds, conveyance or conveyances to the said Trustees, their survivor, successor or successors, for the more fully securing the payment of said indebtedness and bonds, particularly for the conveyance of any right, interest or property acquired by said Company or their successors, subsequent to the date hereof.

Covenant for further or supplemental deeds.

Provided always, and this grant and conveyance is upon the express condition, that upon the payment in full of said indebtedness and bonds, and the interest due thereon, on exhibiting said bonds canceled to the said Trustees, his or their survivors, successors or successor, and transferring to the obligor or its successors, the indebtedness named in said Trustee's certificates, then the estate, title, and interest of the said Trustee, his or their survivor, successors or successor, shall cease, determine, and become void; and he or they shall, upon request of the Company, or their successors, duly execute and deliver a proper release or satisfaction of this mortgage.

If bonds paid, the estate conveyed to become void.

In witness whereof, the said MILWAUKEE AND ST. PAUL RAILWAY COMPANY have caused this indenture to be subscribed in their corporate name, by their president, and secretary, and have caused their corporate seal to be hereunto affixed.

MILWAUKEE AND ST. PAUL RAILWAY COMPANY,

By

[SEAL.]

President.

Attest,

Secretary.

In presence of

And the said parties of the second part, for the purpose of signifying their acceptance of the trust herein and hereby created, have hereunto subscribed their names—all done on the day and year first above written.

RUSSELL SAGE,
N. A. COWDREY.

STATE OF NEW YORK, }
County of New York, } ss. :

Be it remembered that on the day of A. D. 1872, before me, a notary public, duly commissioned in and for said county, and duly authorized to administer oaths and take acknowledgments of deeds, came Alexander Mitchell, President, and James M. McKin-

lay, Assistant Secretary of the Milwaukee and St. Paul Railway Company, who, being by me duly sworn, did respectively depose and say: That they are President and Secretary of the said Company; that they know the seal of said Company, and that the seal affixed to the foregoing instrument was affixed by order of the Company, and that they signed their respective names thereto, as President and Assistant Secretary, by the like order; and they severally acknowledge the execution thereof to be their free act and deed, and the free act and deed of said Milwaukee and St. Paul Railway Company, for the purpose therein expressed. And I certify that they are known to me to be the persons they are above described to be, and who executed this instrument.

And I further certify that the foregoing instrument is executed according to the forms of the law of the State of Minnesota and Territory of Dakota.

In witness whereof, I have hereunto set my hand and affixed my official seal on the day and year above named.

Notary Public.



GENL No. 2367
File C No. 9

*Consolidated mtg. 1874-1893, 7 C. & J. J. A. 1904, \$186,000
 1st mtg., 568.4 miles, as follows: Milwaukee to La
 Crosse, Wis., 197.7 miles; Watertown to Madison,
 Wis., 27 miles; Horicon to Berlin and Winneconne, Wis.,
 58 miles; Milwaukee to Portage City, Wis., via Horicon,
 Wis., 95 miles; La Crosse Bridge and approaches, 1.7 miles;
 Monroe to Milton, Wis., 42 miles; Austin, Minn., to Mason
 City, Ia., 40 miles; Conover to Decorah, Ia., 10 miles; Sabula
 to Marion, Ia., 87 miles; and 2d mtg. on 824.5 miles as de-
 scribed by (1) to (8), both inclusive, except (3), on which this
 is a 3d mtg. In all 1,392.9 miles; also on all property of
 the company, real and personal, and on income of road.
Bonds convertible into preferred stock, same as (1).

[Consolidated of 1874.]

MORTGAGE DEED OF TRUST

FROM THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.

TO

RUSSELL SAGE AND LEVI P. MORTON,

TO SECURE THE PAYMENT OF \$35,000,000 IN AMOUNT, DUE JAN. 1, 1904.

THIS INDENTURE, made this 14th day of February, in the year one thousand eight hundred and seventy-four, between the CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY, a corporation existing under the laws of the States of Illinois, Wisconsin, Iowa and Minnesota, party of the first part, and RUSSELL SAGE and LEVI P. MORTON, both of the City of New York, parties of the second part.

WHEREAS, the party of the first part owns the several lines of railway, with their equipment and appurtenances, situated within the States of Illinois, Wisconsin, Iowa and Minnesota, in the United States of America, described as follows:

1. A line of railway from Chicago, Illinois, via Milwaukee, Watertown, Portage City and La Crosse to the City of St. Paul, Minnesota, including the bridges constructed, and in process of construction across the Mississippi River, with the approaches thereto, the whole line being about four hundred and eleven miles.
2. A line of railway from Milwaukee, Wisconsin, via Prairie du Chien to St. Paul, aforesaid, being about four hundred and five miles.
3. A line of railway from St. Paul to Minneapolis, Minnesota, being about nine miles.

4. A line of railway from Hastings, Minnesota, to Glencoe in Minnesota, being about seventy-five miles.

5. A line of railway from Austin, Minnesota, to Mason City in Iowa, being about forty miles.

6. A line of railway from Conover, Iowa, to Decora, in the same State, about ten miles.

7. A line of railway from Calmar, in Iowa, to Algona in the same State, about one hundred and twenty-six miles.

8. A line of railway from Sabula, Iowa, to Marion, in the same State, about eighty-seven miles.

9. A line of railway from Milton, Wisconsin, to Monroe, in the same State, about forty-two miles.

10. A line of railway from Watertown, Wisconsin, to Madison, in the same State, about thirty-seven miles.

11. A line of railway from Horicon, Wisconsin, to Berlin and Winneconne, in the same State, about fifty-eight miles.

12. A line of railway from Milwaukee, Wisconsin, to Portage City via Horicon, about ninety-five miles.

All of which lines of railway are displayed upon a map of parts of Illinois, Wisconsin, Iowa and Minnesota, hereto annexed, the same being designated by red lines; and

WHEREAS, the Chicago, Milwaukee & St. Paul Railway Company hold the said lines of railway and the railway property, rights and franchises, connected therewith and appurtenant thereto, subject to mortgage liens made to secure bonds issued by the party of the first part, under the name of the Milwaukee & St. Paul Railway Company, and by various corporations prior to the said lines of railway becoming the property of the said Chicago, Milwaukee & St. Paul Railway Company, to the extent of twenty-six million, two hundred and twenty-five thousand five hundred dollars, as follows:

1. A mortgage made by the Milwaukee & St. Paul Railway Company upon the lines of railway from Milwaukee to La Crosse, via Watertown and via Horicon, and from Horicon to Berlin and Winneconne, on which are secured bonds of that Company now outstanding for \$5,527,000, bearing interest at 7 per cent. per annum, and the principal payable January 1, 1893.

2. A mortgage made by the Milwaukee & St. Paul Railway Company upon the line of railway from Milwaukee to Prairie du Chien, via Milton Junction, on which are secured bonds of

that Company now outstanding for \$3,674,000, bearing interest at eight per cent. per annum, and the principal payable February 1, 1898.

3. A mortgage made by the Milwaukee & St. Paul Railway Company upon the line of railway from Chicago to Milwaukee, on which are secured bonds of that Company now outstanding for \$2,500,000, bearing interest at seven per cent. per annum, and the principal payable on the first day of January, 1903.

4. A mortgage made by the Milwaukee & St. Paul Railway Company upon the line of railway from McGregor to Minneapolis and St. Paul, on which are secured bonds of that Company now outstanding for \$3,810,000, bearing interest at seven per cent. per annum, and the principal payable on the first day of July, 1897.

5. A mortgage made by the Milwaukee & St. Paul Railway Company upon the line of railway from La Crescent to St. Paul, on which are secured bonds of that Company, now outstanding, for \$4,000,000, bearing interest at seven per cent. per annum, payable in gold, and the principal payable on the first day of January, 1902; (of which £200,000, equal \$1,000,000, are in sterling bonds).

6. A mortgage made by the Milwaukee & St. Paul Railway Company upon the line from Hastings to Glencoe, on which are secured bonds of that Company, now outstanding, for \$1,350,000, bearing interest at seven per cent. per annum, and the principal payable on the first day of January, 1902.

7. A mortgage made by the Milwaukee & St. Paul Railway Company upon the line of railway from Calmar to Algona, on which are secured bonds of that Company, now outstanding, for \$1,008,000, bearing interest at seven per cent. per annum, and the principal payable on the first day of July, 1899.

8. A mortgage made by the Milwaukee & St. Paul Railway Company upon one elevator and certain depot grounds in Milwaukee, on which are secured bonds of that Company, now outstanding, for \$148,500, bearing interest at seven per cent. per annum, and the principal payable on the first day of July, 1874.

9. A mortgage made by the Milwaukee & St. Paul Railway Company upon one elevator and certain of its depot grounds in Milwaukee, and also upon the lines of railway above men-

tioned (No. 1), from Milwaukee to La Crosse, via Watertown, and via Horicon, and from Horicon to Berlin and Winneconne; on which are secured bonds of that Company now outstanding, for \$1,211,000, bearing interest at seven per cent. per annum, and the principal payable on the first day of October, 1884.

10. A mortgage made by the Milwaukee & St. Paul Railway Company upon the line of railway above mentioned (No. 2), from Milwaukee to Prairie du Chien, via Milton Junction, on which are secured bonds of that Company, now outstanding, for \$1,315,000, bearing interest at 7.3-10 per cent. per annum, and the principal payable on the first day of February, 1898.

11. A mortgage made by the Milwaukee & St. Paul Railway Company, upon the bridge across the Mississippi River at La Crosse, on which are secured bonds of that Company, now outstanding, for \$245,000, bearing interest at ten per cent. per annum, and the principal payable on the first day of June, 1883.

12. A mortgage made by the La Crosse & Milwaukee Railroad Company, upon the line of railway from North Milwaukee to Portage, on which are secured bonds made by that Company, now outstanding, for \$781,500, bearing interest at eight per cent. per annum, and the principal payable on the first day of November, 1874.

13. A mortgage made by the La Crosse & Milwaukee Railroad Company, upon the same line of railway (No. 12), from North Milwaukee to Portage, on which is now outstanding a bond for \$1,000, now payable, but which has not been presented for payment.

14. A mortgage made by the Milwaukee, Fond du Lac & Green Bay Railroad Company upon parts of the same line of railway (No. 12) from North Milwaukee to Portage, on which are secured bonds, now outstanding, for \$86,000, made by the City of Milwaukee, bearing interest at seven per cent. per annum, and the principal now due and payable; also bonds for \$144,500, made by the City of Milwaukee, bearing interest at seven per cent. per annum, secured by a mortgage upon another part of the same line of railway, made by the La Crosse & Milwaukee Railroad Company, the principal of which is payable March 1, 1874.

15. A mortgage made by the Milwaukee & Western Railroad Company on the line of railway from Brookfield to Watertown, on which are secured bonds made by that Company, now outstanding, for \$234,000, bearing interest at seven per cent. per annum, and the principal payable on the first day of July, 1891.

16. A mortgage made by the Minnesota Central Railway Company upon the line of railway from Minneapolis to Owatonna, on which are secured bonds, now outstanding, for \$190,000, made by that Company, bearing interest at seven per cent. per annum, and the principal payable on the first day of July, 1894.

All of which mortgage liens the Chicago, Milwaukee & St. Paul Railway Company are bound to satisfy; and

WHEREAS, the Chicago, Milwaukee & St. Paul Railway Company desires to make a provision for paying and discharging the said liens; and to raise means for completing, improving and equipping its lines of railway, involving the building of three railway bridges across the Mississippi River, to-wit: one at or near La Crosse, one at or near Prairie du Chien, and one at or near Sabula; and the substitution of steel rails in place of iron rails upon those portions of its main lines on which steel rails have not already been laid; to accomplish which will, in the aggregate, amount to thirty-five million dollars; and

WHEREAS, the said Chicago, Milwaukee & St. Paul Railway Company has resolved, for the purpose aforesaid, to make and issue twenty-five thousand negotiable bonds of one thousand dollars each, to be numbered from one to twenty-five thousand, inclusive, which shall bear interest at the rate of seven per cent. per annum, and be payable, principal and interest, in lawful money of the the United States of America; and ten thousand bonds to be numbered from one to ten thousand, inclusive, for two hundred pounds sterling each, which shall bear interest at the rate of six per cent. per annum, and be payable, principal and interest, in gold coin; the whole to be secured by a consolidated mortgage covering the franchises and theseveral lines of railway hereinbefore mentioned, with all the railway and elevator and bridge property and appurtenances of every description, and which bonds are of the tenor and effect following, that is to say:

UNITED STATES OF AMERICA.

ILLINOIS, WISCONSIN, IOWA AND MINNESOTA.

No.

\$1,000.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY.

FIRST MORTGAGE CONSOLIDATED SEVEN PER CENT. BOND.

KNOW ALL MEN BY THESE PRESENTS, that the Chicago, Milwaukee & St. Paul Railway Company is indebted to and promises to pay to the bearer, One Thousand Dollars lawful money of the United States of America, on the first day of January, in the year one thousand nine hundred and four, at its office or agency in the City of New York, with interest thereon from the first day of January, 1874, at the rate of seven per cent. per annum, payable semi-annually on the first day of July and January in each year, at said office or agency in the City of New York, on the presentation and surrender of the annexed coupons, as they severally become payable. If said Company shall, on presentation of the proper coupon, make default in the payment of the semi-annual interest on this bond, and continue such default for six months from the time the coupon was payable, then, without demand or notice, the whole principal shall become payable and may at once be enforced.

At the option of the holder, this bond is convertible into preferred stock of the said Company, at par, at any time within fifteen days after any dividend has become payable on said stock, upon the delivery to the Company, at its office or agency in the City of New York, of the bond, with the unmatured coupons, and the transfer to the Company of the ten shares of scrip stock hereto attached; and it is not transferable from person to person, except when the transfer is accompanied by such certificate for ten shares of scrip stock.

This bond is one of a series of twenty-five thousand bonds of like amount, tenor and date, numbered respectively from 1 to 25,000 inclusive, made by the said Company, and which series, with another series of ten thousand bonds, each for Two Hundred Pounds Sterling, numbered respectively from 1 to 10,000 inclusive, bearing interest at the rate of six per cent. per annum, payable semi-annually, is secured without preference by the Consolidated deed in trust in the nature of a mortgage made by the Chicago, Milwaukee & St. Paul Railway Com-

pany, to Russell Sage and Levi P. Morton, of New York, Trustees, covering the entire railway, elevator and bridge property and franchises of the said Company in the States of Illinois, Wisconsin, Iowa and Minnesota, including about one thousand four hundred miles of railway now in operation, with its equipment.

To be valid, this bond must have the certificate endorsed hereon that it is secured by the said deed of trust, and that the same has been issued in accordance with the provisions thereof, signed by the Trustees in the said deed named, or their successors in the trust.

IN WITNESS WHEREOF, the said Company has caused its corporate name and seal, and the signatures of its President and Assistant Secretary to be hereto affixed, this 14th day of February, 1874.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY,

By*President.*

[SEAL.]

.....*Assistant Secretary.*

[*Endorsed.*]

The within is one of twenty-five thousand bonds for one thousand dollars each, bearing interest at the rate of seven per cent. per annum, secured by a deed in trust in the nature of a mortgage by the Chicago, Milwaukee & St. Paul Railway Company to the subscribers, Russell Sage and Levi P. Morton, dated February 14th, 1874, and duly recorded, covering all the railways, franchises, bridges, elevators, and other property, real and personal, of the said Company; and this bond has been issued in accordance with the provisions of the said deed.

..... } *Trustees.*
 }

[*Sterling Bond.*]

UNITED STATES OF AMERICA.

STATES OF ILLINOIS, WISCONSIN, IOWA AND MINNESOTA.

No.

£200

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY.

CONSOLIDATED FIRST MORTGAGE SINKING FUND STERLING BOND.

KNOW ALL MEN BY THESE PRESENTS, that the Chicago, Milwaukee & St. Paul Railway Company is indebted to, and

promises to pay to the bearer, Two Hundred Pounds Sterling, in gold coin of Great Britain, on the first day of January, in the year one thousand nine hundred and four, at the banking house of Morton, Rose & Co., in the City of London, with interest at the rate of six per centum per annum, payable semi-annually in like gold coin on the first day of January and July in each year, at the said banking house, on the presentation and surrender of the annexed coupons as they respectively become payable. If said Company shall, on presentation of the proper coupon, make default in the payment of the semi-annual interest on this bond, and continue such default for six months from the time the coupon was payable, then, without demand or notice, the whole principal shall become payable, and may at once be enforced.

At the option of the holder this bond is convertible into the preferred stock of the Company, at par, at any time within fifteen days after any dividend has become payable on said stock, upon the delivery to the Company, at its office or agency in the City of New York, of the bond with its unmatured coupons.

This bond is one of a series of ten thousand bonds of like amount, tenor and date, numbered respectively from 1 to 10,000, inclusive, made by the said Company, and which series, with another series of twenty-five thousand bonds, each for one thousand dollars, lawful money of the United States of America, bearing interest at the rate of seven per cent. per annum, payable semi-annually, is secured without preference, by the Consolidated Sinking Fund Deed of Trust, in the nature of a mortgage made by the Chicago, Milwaukee & St. Paul Railway Company, to Russell Sage and Levi P. Morton, Trustees, covering the entire railway, elevator and bridge property and franchises of the said Company in the States of Illinois, Wisconsin, Iowa and Minnesota, including about one thousand four hundred miles of railway in actual operation, with its equipment.

And the said Company agrees to and with the holder at any time upon presentation of this bond at its office or agency in the City of New York, to exchange it for a bond of one thousand dollars, payable at the said office or agency in lawful money of the United States of America, with interest at seven per centum per annum, payable semi-annually in like money,

and with a certificate of ten shares of scrip stock attached, authorizing a conversion of the bond into preferred stock, as aforesaid, which bond and scrip shall, in all respects, conform to the first mortgage consolidated seven per cent. bonds of the Company and their scrip; and shall be and is secured by its consolidated mortgage, bearing even date herewith, in the same manner as if originally made as one of such consolidated seven per cent. bonds. Whenever the exchange is made the bonds given for sterling bonds will be numbered 25,001 onward. And the Company agrees to pay in gold coin, to the Trustees annually, commencing with the year 1875, as a sinking fund, one per centum of the amount of this series of bonds at the time outstanding, with which to pay, each year, on the first day of July, one per cent. in number of the outstanding bonds of this series, to be designated by lot on the first Monday of May; immediately thereafter public notice thereof shall be given in London and New York; and the bonds so designated will then be payable in New York at the rate of \$1,000 gold for each £200, and cease to draw interest, as provided in the said deed of trust.

To be valid this bond must have the certificate endorsed hereon that it is secured by the said deed of trust, and that the same has been issued in accordance with the provisions thereof, signed by the Trustees in the said deed named, or their successors in the trust.

IN WITNESS WHEREOF, the said Company has caused its corporate name and seal, and the signatures of its President and Assistant Secretary to be hereto affixed, this 14th day of February, 1874.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY,

By*President.*

[L. S.]*Assistant Secretary.*

[*Endorsed.*]

The within is one of ten thousand bonds for Two Hundred Pounds Sterling each, bearing interest at the rate of six per cent. per annum, convertible into seven per cent. bonds, payable in lawful money of the United States of America, secured by a deed in trust in the nature of a mortgage by the Chicago, Milwaukee & St. Paul Railway Company, to the subscribers, Russell Sage and Levi P. Morton, dated February 14, 1874,

and duly recorded, covering all the railways, franchises, bridges, elevators, and other property, real and personal of the said Company; and this bond has been issued in accordance with the provisions of the said deed.

..... } *Trustees.*
..... }

NOW THEREFORE, to secure the said bonds to be made by the party of the first part, and in consideration of the premises, and of thirty-five million dollars to be paid and satisfied to the party of the first part, upon the bonds to be issued as aforesaid, and of one dollar to the party of the first part, paid by the parties of the second part, the receipt whereof is hereby acknowledged, the party of the first part has granted, bargained, sold, remised, released, aliened, enfeoffed and confirmed, and it doth by this indenture grant, bargain, sell, remise, release, alien, enfeoff and confirm to the parties of the second part, in their actual possession now being, and to the survivor and to such person or persons as may, in the manner herein provided, be substituted as a party or parties of the second part, their heirs and assigns, and the heirs and assigns of the survivor forever, as joint tenants and not as tenants in common, and as Trustees under this indenture, the entire lines of railway of the party of the first part hereinbefore mentioned and referred to with all the franchises of the party of the first part, in relation to the said lines of railway, all lands, railway tracks, sidings, rights and privileges, bridges built and to be built, elevators and elevator grounds, station-houses and grounds, depots and depot grounds, warehouses, machine-shops and tools, and machinery used in or in connection therewith, engines, cars, rolling-stock and apparatus of every description used in connection with all and with each of the said lines of railway, and all that may, at any time hereafter, be acquired by the party of the first part to be used in operating the said lines of railway, and in improving the same, or any or either of them whatsoever.

TO HAVE AND TO HOLD, the same and every part thereof, with their appurtenances, unto the parties of the second part and their survivor, and such person or persons as shall or may become a successor or successors in the trust hereby created and raised, for their only use, benefit and behoof forever.

IN TRUST NEVERTHELESS, for the use, benefit and security as well of the parties of the first and second parts as of all

persons natural or artificial, their respective successors, executors, administrators or assigns who shall be or become the holders of all or of any one or more of the said bonds of the party of the first part, in manner following:

FIRST. Until a default shall be made in the payment of any of the bonds to be made pursuant to the provisions of this indenture, or in the payment of any of the interest to accrue upon any of such bonds, or in any of the covenants and conditions herein contained, the party of the first part shall remain in the possession and use of all the said lines of railway, elevator and bridge property, with their franchises, and all the property, real and personal, in this indenture granted, bargained, sold, remised, released, aliened, enfeoffed, or confirmed; and that if the party of the first part shall, and doth well, truly, faithfully and seasonably pay, according to the terms and conditions thereof, each and all the principal and interest upon the bonds which it may make and issue in pursuance of the provisions of this indenture, and observe, keep, perform and fulfill all the obligations contained in each of them, and shall also keep, perform and fulfill all the covenants of the party of the first part herein contained to be kept, performed and fulfilled, then this indenture, and all the estate, franchises, rights, title, claim and demand, herein and hereby created, passed and conveyed to the parties of the second part, their survivor or successor or successors in the trust, shall become and be absolutely null and void.

SECOND. That the party of the first part, with the consent in writing of the said Trustees or their successors in the trust, to be endorsed upon the deeds, may sell and convey any of the land herein and hereby conveyed, not necessary or required to be retained for the convenience or use of the party of the first part; but in all such cases, where the amount of sale shall be one thousand dollars or more, it shall be paid to the said Trustees or their successors in the trust, and shall be by them applied to the purchase and cancellation of any of the liens now existing against the Company, or, at the option of the party of the first part, to the purchase and cancellation of one or more of the bonds to be issued on the security hereof; or the proceeds of such sales may, with the consent of the parties hereto, be invested in the purchase of other property, real or personal, required for the convenience of the Company, which

property so purchased shall be at once conveyed by the party of the first part to the said Trustees or their successors in the trust, in aid of, and as part of, the estate hereby conveyed.

THIRD. The series of twenty-five thousand bonds for one thousand dollars each, at seven per cent. interest, with the coupons attached, and one thousand two hundred and twenty-five of the bonds for two hundred pounds sterling, at six per cent. interest, with their coupons attached, being those numbered from 1 to 1,225, inclusive, are, when made, to be placed in the hands of the said Trustees or their successors in the trust, to be used by them only for making exchanges for equivalent amounts of bonds now outstanding, secured by existing liens upon all or some portion of the property in this indenture granted, conveyed, and transferred. The party of the first part, to facilitate such exchanges, may, with the consent of the parties of the second part, negotiate and sell in advance not exceeding two hundred of such bonds, the proceeds to be used only in the purchase of an equal number of bonds of one thousand dollars, or their equivalent in bonds of other denominations, of those now outstanding and secured by existing liens. And as the proceeds of such sale are disposed of in the manner aforesaid, another quantity of bonds may, with consent as aforesaid, be sold, and their proceeds applied as aforesaid, and so from time to time; but the aggregate number of bonds so sold in advance shall at no time exceed two hundred.

The parties of the second part, and their successors in the trust, are not to subscribe the certificates upon the said bonds, excepting as to those authorized to be sold in advance as in the last preceding sentence is provided, but upon exchanging them in equal amounts for the outstanding bonds secured by the various liens hereinbefore specified.

The bonds numbered from 1,226 to 10,000, inclusive, of the series of ten thousand bonds for two hundred pounds sterling each, are to be used only for the following purposes: The relaying with steel rails the lines of some of the railways aforesaid; the erection and completion of bridges aforesaid; the erection and completion of elevators; the further equipment of the lines of railway aforesaid; and for permanent improvements upon the premises herein conveyed. To effect these purposes, the Trustees for the time being, with the assent of the party of the first part, may negotiate all or any portion of

such bonds, and deposit their proceeds, in their names as Trustees, in a trust company or banking institution in the City of New York of the highest financial standing, and in their discretion change the deposits to another similar company or institution of like standing. Then on receiving satisfactory evidence from the party of the first part, that it has made actual expenditures for any such purposes, the Trustees shall pay the party of the first part by their checks upon the depository for the moneys so expended. And the Trustees shall make no payments therefrom except upon proofs satisfactory to them that the amount they pay has been fairly and in good faith expended or bestowed for the purposes aforesaid.

FOURTH. None of the bonds so to be made by the party of the first part, in pursuance of this indenture, shall be binding as a security against the party of the first part until the certificate thereon endorsed, as indicated in the form of the bond hereinbefore set forth, shall be subscribed by the said Trustees or their successors in the trust, and until so subscribed it shall not be deemed and shall not be secured by this indenture, but every bond not containing such a certificate shall be void.

The party of the first part covenants and agrees with the parties of the second part, that it will not issue any more of the bonds designated Equipment and Bridge Bonds; and that it will retire by exchange or purchase the two hundred and forty-five of said bonds heretofore issued, on or before the first day of July, 1878.

And the party of the first part hereby covenants and agrees, to and with the parties of the second part, their survivor, successor and successors in the trust herein contained, that it will well and seasonably pay and discharge all the principal and interest moneys upon the said bonds made and issued in pursuance of this indenture; and that it will also seasonably pay and discharge all taxes and assessments, of every sort and description, which may at any time be imposed or assessed upon all and every part of any of the franchises and property herein and hereby conveyed, by any of the States wherein any of such franchises and property may be, or under the authority thereof, so as to keep the mortgaged premises free and clear from any lien or incumbrance by reason thereof; and also, that it will seasonably pay and discharge all taxes and assessments, of every sort and description, which may, by the States of Illinois,

Wisconsin, Iowa, and Minnesota, or either of them, or under either of their authority, be charged or assessed upon any of the bonds to be issued under and in pursuance of the provisions of this indenture, or upon the parties of the second part, their survivor and successor or successors, or the holders of any of such bonds in respect thereto.

And the party of the first part further covenants and agrees with the parties of the second part, their survivor and successor and successors in the trust, that upon the reasonable request of the parties of the second part, their survivor and successor and successors in the trust aforesaid, the party of the first part will make, execute and deliver to them all and every further deed, conveyance, transfer or assurance for the better and more effectually vesting and confirming, in the parties of the second part, their survivor and successor and successors as aforesaid, the rights and franchises, and real and personal estate and property hereby granted and conveyed, or intended so to be, for the uses and trusts herein contained, as by the parties of the second part, their survivor and successor and successors in the trust, or their counsel learned in the law, shall be reasonably desired, advised or required; and also, that the party of the first part will, at all times by this indenture, warrant and defend the parties of the second part, their survivor and successor and successors as aforesaid, and their grantees, in pursuance of the provisions herein contained, and their heirs and assigns, and every of them, in the quiet and peaceable possession of the said rights and franchises and real and personal estate, hereby granted or conveyed, or intended so to be, whether the same are now owned by the party of the first part or shall be hereafter acquired, against all and every person or persons lawfully claiming or to claim the whole or any part thereof.

And the party of the first part further covenants and agrees to and with the parties of the second part, their survivor and successor and successors in the trust, that upon any default in the payment of the interest or principal of any of the bonds to be issued and made, under and in pursuance hereof, or upon any default in the seasonable payment and discharge of any tax or assessment upon any of the mortgaged premises, or upon any part thereof, or of any tax or assessment which may be by the States of Illinois, Wisconsin, Iowa and Minnesota, or

either of them, be charged or assessed upon any of the bonds to be issued under and in pursuance of the provisions of this indenture, or upon the parties of the second part, their survivor and successor and successors or the holders of any of such bonds in respect thereof, or upon any default in the seasonable keeping and performance of any covenant herein contained, if such default shall continue for six months, the parties of the second part, their survivor and successor or successors on the request in writing of the holders of at least one-tenth of the bonds to be made and issued as aforesaid, then outstanding, or on request of the holders of one-tenth of the sterling bonds outstanding, if the default relate to the sinking fund, and on proof by affidavit of the requesting bondholders or their agents, of such default or defaults, may and shall, either in person or by their attorney or attorneys, agents and servants, enter into and take possession of all the mortgaged premises, and have, use and operate the same, and collect and receive all income, issues and profits thereof, and from them pay and discharge all expenses they may incur in so doing, and any expenditures which they may deem proper to make for the maintenance and protection of the same, and the repairs, replacements and improvements to keep up and render the several lines of railway, elevators and bridges, and their equipment, efficient and safe.

And the parties of the second part may then, in their discretion, sell the said mortgaged premises, including all the said lines of railway, elevator and bridge property, with their rights and franchises and equipment, at the time appertaining thereto, at public auction, to the highest bidder, either in the City of New York, the City of Chicago, the City of Milwaukee, or the City of St. Paul, upon a notice of the time and place of sale, to be published at least three months prior thereto, in two newspapers of large circulation, published in the City of New York, and in the London Times, and to continue the publications at least once a week in each newspaper up to and including the week in which the sale is to take place; and the parties of the second part, their survivor and successor and successors, may, in their discretion, adjourn the sale from time to time, but if any such adjournment shall be for more than two days, notice of the same shall be published in the said newspapers in the City of New York at least twice before the adjourned day.

Upon making the sale, the parties of the second part, their survivor and successor or successors in trust, for the time being, shall execute and deliver to the purchaser or purchasers a grant and conveyance of all the mortgaged premises, including all the rights, franchises and real and personal estate appurtenant to the said lines of railway, bridges and elevator property, which grant and conveyance shall pass to and vest in the purchaser or purchasers a full, valid and indefeasible title thereto and to every part thereof. And the party of the first part covenants and agrees to and with the parties of the second part, their survivor and successor and successors, and to and with their grantees under such conveyance, and their heirs and assigns, that it will never claim any estate, right, title or interest in any portion of said mortgaged premises in bar or opposition to or impeachment of the title passed thereby.

Or the parties of the second part, their survivor and successor and successors in the trust, may in their discretion, in case of any such default, foreclose the equity of redemption of the party of the first part, and of all other persons having any equitable rights in the mortgaged premises or in any part or parcel thereof, including the rights and franchises appurtenant thereto, or to any part thereof, by any suits, actions or proceedings at law or in equity, provided for by the laws of either of the States of Illinois, Wisconsin, Iowa and Minnesota or in the Circuit Court of the United States within any or either of the said States.

PROVIDED, NEVERTHELESS, that the holders of a majority of all the bonds issued in pursuance of this indenture, and then outstanding, may, in writing, instruct and direct the parties of the second part, their survivor and successor or successors, to sell as aforesaid, or to foreclose the equity of redemption aforesaid, or to refrain from selling the mortgaged premises, or from proceeding so to foreclose the equity of redemption as herein last provided; and the parties of the second part, their survivor and successor and successors, shall thereupon proceed to sell or to foreclose or to refrain from so proceeding, and shall comply with the reasonable and legal instructions of such bondholders, given in writing, in relation to the same.

In case the parties of the second part, their survivor, or successor or successors, shall take possession of the mortgaged premises, and operate the same as herein provided, while so

operating the same the net proceeds arising from the operation, after the payment and discharge of the expenses thereof, as aforesaid, and of the management of the trust, and their compensation therefor, shall be by them applied in discharging any interest which the party of the first part is bound to pay upon any of the bonds (including those held by the Trustees) secured by prior liens upon the mortgaged premises, or any part thereof, which interest shall then be outstanding and unpaid, if such net proceeds are sufficient, and if they are not, by making payments upon them equally, without preference; and if, after paying the said interest, there is a surplus, then to apply the same (together with the interest collected on old bonds held by the Trustees), to payment and discharge of interest warrants or coupons which may have become payable upon the bonds to be issued in pursuance of this indenture, then outstanding; and if such moneys shall not be sufficient to pay all such interest warrants or coupons, then to make payments thereon equally, without preference.

In case the parties of the second part, their survivor or successor or successors in the trust, shall sell the mortgaged premises as above provided, or cause the same to be sold upon suits, actions, or proceedings to foreclose the same, as hereinbefore provided, then after payment of all their expenses in the care and management of their trust, and their own compensation, they shall apply the net proceeds of the sale to the payment of bonds issued under and in pursuance of the provisions of this indenture, then outstanding, and of all the interest warrants upon them payable before and up to the time of the application of such net proceeds, if the same shall be sufficient; but if they are insufficient, such net proceeds shall be applied by them to the payment of each of such outstanding bonds, with the interest warrants payable before and up to the time of the application, so that each holder of a bond or interest warrant payable up to the time of the application, shall receive a payment thereon of the same proportion of such net proceeds which his debt bears to the whole amount owing for principal and interest upon the bonds outstanding and secured hereby.

AND IT IS MUTUALLY AGREED AND PROVIDED by the parties hereto, that in case of a sale of the said mortgaged premises, either by the parties of the second part, their survivor, successor or successors in the trust, in the manner hereinbefore pro-

vided, or upon a foreclosure thereof at law or in equity, then on the previous request in writing from the holders of a majority of all the bonds issued in pursuance hereof, then outstanding, the parties of the second part, their survivor and successor and successors, may and shall at such sale purchase all the mortgaged premises, including the rights and franchises appurtenant, for account and benefit of all the holders of the bonds issued in pursuance hereof, then outstanding, and they shall then at once proceed to organize a corporation to own and operate all the mortgaged premises, with a capital equaling in amount the sum of the said outstanding bonds, and the interest warrants which had then matured and become payable, to be divided into shares of one hundred dollars each; and when the corporation is so organized, to transfer to each holder of a bond or interest warrant then matured and become payable, shares to represent the amount owing thereon; and if such amounts cannot be divided into sums of one hundred dollars, to issue shares for each hundred dollars, and fractional certificates for residuary sums over multiples of one hundred dollars, which may be converted into shares upon the surrender of the same in amounts to equal one hundred dollars.

AND IT IS FURTHER MUTUALLY AGREED AND PROVIDED by the parties hereto, that upon the first Monday of May in each year, commencing with the year 1875, the Trustees and their successors in the trust shall designate by lot, to be redeemed, one per centum of the number of the two hundred pounds sterling bonds at such time outstanding; and shall give notice thereof to the party of the first part, and publish a notice in two newspapers of large circulation in the City of New York, and in the London Times, stating therein that such bonds, bearing such numbers, will be redeemed on the presentation thereof with the unmatured coupons, on the first day of July thereafter, at a trust company or banking institution therein to be named, of the highest financial standing in the City of New York, and thereupon such bonds, bearing such numbers, shall become payable at such trust company or banking institution, upon such first day of July, and the interest thereon shall then cease, unless upon being presented for payment on and after such first day of July, as aforesaid, default be made in the payment thereof, in which case the interest will continue until principal and interest be paid. And the party of the first

part shall, on or before the thirtieth day of April preceding such July, pay to the Trustees or their successors in the trust, one thousand dollars in American gold coin, for each bond so to be designated, to be by them deposited in a trust company or banking institution in the City of New York, of the highest financial standing, to pay such bonds on presentation, on and after such first day of July, at the rate of one thousand dollars in gold for each bond, and then deliver them to the said Trustees or their successors in the trust.

And upon the payment of any such bond the said Trustees shall immediately cancel the same, and the unexpired interest warrants attached, by mutilation, or in some other effectual manner, to prevent their negotiation, and then deliver the same to the party of the first part, who shall keep a register containing the numbers of such bonds so cancelled and delivered to it, which shall be open to the inspection of any of the stockholders of the party of the first part, and the holders of any of the bonds to be issued under the provisions of this indenture, which are outstanding and unpaid.

AND IT IS FURTHER MUTUALLY AGREED AND PROVIDED, that when any of the bonds now outstanding, secured by the existing liens above mentioned upon the mortgaged premises, or any part thereof, shall be received by either of the parties in exchange for any of the bonds issued or made in pursuance hereof, or acquired by purchase from the proceeds of any of the bonds issued in pursuance of this indenture, they shall be placed in the hands of the parties of the second part, their survivor, successor and successors, and by them marked by printing thereon upon the same, and upon all the unmatured interest warrants or coupons attached, "This bond belongs to the Trustees of the deed of trust made by the Chicago, Milwaukee & St. Paul Railway Company, dated February 14th, 1874, and is not negotiable."

And the same shall be registered by the Trustees in books to be kept by the parties of the second part, their survivor and successor and successors, subject to the inspection provided in the last preceding clause hereof; and such bonds of each class shall be held by them until all the bonds of that class shall have been paid and redeemed, when they shall proceed to procure a satisfaction of the lien under which they are secured and then cause the said bonds to be cancelled and destroyed in their

presence and the presence of a committee of the Directors of the party of the first part; and they shall in like manner proceed as to every class of such bonds.

AND IT IS FURTHER MUTUALLY AGREED AND PROVIDED, that either of the parties of the second part, their survivor or successor or successors, may resign and discharge himself of the trusts herein created, by giving to the parties of the first part a notice in writing, stating his intention to resign, after three months from the delivery of the notice, and by publishing a copy of such notice in two papers of general circulation, printed in the City of New York, and in the London Times, at least once in each week for six successive weeks before the expiration of such three months; and at the expiration of such three months, by executing an instrument in writing under his seal, conveying and releasing to the other of such parties of the second part, whether one of the original parties hereto or a successor substituted as herein provided, all the right, title and estate vested in him, under or in pursuance of this indenture, to have and to hold the same upon the trusts herein expressed and provided for.

And that upon such resignation, or in case of the death, or of any inability of either of the parties of the second part, or their survivor or successor or successors, to perform the duties herein provided to be performed by them, or if in any manner howsoever there shall happen to be a vacancy in the office of either of the Trustees under this indenture, if there be one of such Trustees remaining in office, he may unite with a majority in interest of those holders of bonds issued under this indenture, who are present or represented at a meeting of the bondholders to be called as hereinafter provided, in the appointment, in writing, under seal and duly acknowledged by the chairman of such meeting, of a person to be substituted as a Trustee to succeed the Trustee so dying, resigning or becoming incapable to act, and he shall thereupon become and be deemed one of the parties of the second part.

And in all such cases, and also in case it should happen that both of the said Trustees for the time being should resign, die, or become incapable of performing their duties as Trustees, the holders of one hundred of the bonds issued in pursuance hereof may, by a notice published in two newspapers of large circulation in the City of New York, and in the London Times, once

in each week, for four successive weeks, call a meeting of the holders of all the bonds issued in pursuance hereof, then outstanding, to be held in the City of New York, at a time and place to be therein designated, for the purpose of nominating one or two persons, as the case may be, to be the successors of the Trustees in the trust herein, and at such meeting a majority in interest of those holders of such bonds, who are present or represented, may agree with the surviving Trustee, if any, and if none, then with the party of the first part, or a committee appointed by the party of the first part, upon a person or persons, as the case may be, to be substituted in place of the Trustee or Trustees, as successor or successors in the estate and trusts herein created and raised; and such person or persons shall thereupon, by virtue of this indenture, succeed to all the estate, rights and duties herein of the parties of the second part, and shall for every purpose be deemed Trustee or Trustees under this indenture; and in case of any disagreement between any surviving Trustee and such bondholders as to the person to be appointed, or a disagreement between the bondholders at such meeting or meetings, any court of competent jurisdiction, holding its sessions in Illinois, Wisconsin, Iowa or Minnesota may, on the application of the holders of one hundred of the said bonds, upon a written notice of three weeks, in writing, to the party of the first part, and a publication of such notice in two newspapers of large circulation in the City of New York, at least twice in each week for two weeks, appoint one or two persons, as the case may be, who shall thereupon succeed to the rights, powers and duties of the parties of the second part herein, whose trusts shall have been vacated.

At the meeting of the holders of bonds hereinbefore provided, any person claiming a right as a bondholder shall, if requested by any bondholder, produce the bond or bonds upon which he claims the right, or shall file with the chairman of the meeting an affidavit that he is the owner of one or more of the bonds, specifying them by their numbers, and stating the reason why he does not so produce them; if one claiming the right as attorney or proxy of a bondholder is requested, he shall file the affidavit of the owner as above provided, and a power of attorney from him to act for him. If either of such requests are not complied with he shall not be permitted to vote. On the adjournment of the meeting of bondholders, the affidavits

and powers are to be delivered to the Secretary of the party of the first part, to be preserved as part of its records.

AND IT IS FURTHER MUTUALLY AGREED, that the party of the first part shall pay to the parties of the second part, their survivor, successor and successors, for their services in the acceptance of the trust herein created, and the signing and delivery, and exchange of the bonds made pursuant hereto, and their attention to the sinking fund, the sum of one-tenth of one per centum on the amount of such bonds which may be sold or exchanged as herein provided, and all reasonable cash disbursements made by them; which is to be in full for such services, and is to be divided between the persons performing them; and that it will also pay the parties of the second part, their survivor, successor and successors, for any other services to be performed in pursuance hereof, what the same shall be reasonably worth; and that in case of the parties of the second part, their survivor, successor or successors, taking possession of the mortgaged premises, or foreclosing them on account of a default, they shall receive under the trust herein created, a reasonable compensation for their services under and in pursuance of their trust.

AND THIS INDENTURE FURTHER WITNESSETH, that upon the full payment and satisfaction of all the bonds to be issued in pursuance hereof, with all the interest thereon, and the complete performance of all the covenants, agreements and provisions herein contained, all the franchises, estate, right, title and interest of the parties of the second part, their survivor, successor and successors in the trust herein created and raised, shall cease, determine and become absolutely null and void; and that upon proper evidence thereof, the parties of the second part, their survivor, successor and successors, shall make and acknowledge satisfaction thereof in the manner required by law at the time, to re-invest in the party of the first part the mortgaged premises.

AND IT IS FURTHER MUTUALLY AGREED AND PROVIDED, that neither the parties of the second part, their heirs, executors and administrators, nor their successor nor successors in the trust, shall be answerable for the acts, omissions or defaults of each other in matters relating to this indenture, or of any of its provisions; and that no person now being, or hereafter becoming, as aforesaid, a party of the second part, shall be responsible

excepting for his willful default or gross negligence; and that the parties of the second part, and such persons as may be appointed to succeed them as Trustees under this indenture, may employ such attorneys, counselors, clerks, book-keepers, engineers, and other agents as may become necessary and proper to execute any of the trusts in this indenture expressed, and that they shall not be answerable for the misconduct or default of any of them, unless the said parties of the second part shall have been guilty of culpable negligence in their selection; and that the party of the first part will, upon demand, pay the parties of the second part, and those who shall succeed them in the trusts herein, any expenses, costs, or charges which they may reasonably incur in the employment of such attorneys, counselors, clerks, book-keepers, engineers and other agents, and in discharging the duties of their trusts under this indenture, or in obtaining the advice of legal counsel in relation thereto.

IN WITNESS WHEREOF, the Chicago, Milwaukee & St. Paul Railway Company hath caused its name and seal, and the signature of its President and Assistant Secretary to be hereto set, and the parties of the second part have hereto set their signatures and seals in five separate parts, each of which is identical with the others, the day and year first above written.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY,
[SEAL.] By ALX. MITCHELL, *President*.
JAMES M. MCKINLAY, *Assistant Secretary*.

*Sealed and Delivered in
the presence of*

JOHN BARKER.
FRANK SAUNDERS.

L. P. MORTON.
RUSSELL SAGE.

STATE OF NEW YORK, }
COUNTY OF NEW YORK. } ss.

BE IT REMEMBERED that on the 3d day of March, 1874, before me, a Notary Public, duly commissioned in and for said County, and duly authorized to administer oaths and take acknowledgments of deeds, came ALEXANDER MITCHELL, President, and JAMES M. MCKINLAY, Assistant Secretary of the Chicago, Milwaukee & St. Paul Railway Company, who, being

by me duly sworn, did respectively depose and say: That they are President and Assistant Secretary of the said Company, that they know the seal of said Company, and that the seal affixed to the foregoing instrument was affixed by order of the Company, and that they signed their respective names thereto as President and Assistant Secretary by the like order; and they severally acknowledged the execution thereof to be their free act and deed, and the free act and deed of said Chicago, Milwaukee & St. Paul Railway Company, for the purpose therein expressed.

And I certify that they are personally known to me to be the persons they are above described to be, and who executed this instrument.

And I further certify that the foregoing instrument is executed according to the forms of law required by the States of Illinois, Wisconsin, Iowa and Minnesota.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal, on the day and year above named.

FRANK SAUNDERS,
Notary Public.

{ NOTARIAL }
{ SEAL. }

STATE OF NEW YORK, }
CITY AND COUNTY OF NEW YORK. } ss.

BE IT REMEMBERED that on this 3d day of March, 1874, before me, a Notary Public, residing in the City and County aforesaid, duly commissioned and sworn, in person came RUSSELL SAGE and LEVI P. MORTON, parties of the second part named in the foregoing indenture, and who executed the same, to me known personally to be such persons; and they severally acknowledged before me that they voluntarily executed the said indenture as parties of the second part, for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal, the day and year above named.

FRANK SAUNDERS,
Notary Public.

{ NOTARIAL }
{ SEAL. }

STATE OF NEW YORK,
CITY AND COUNTY OF NEW YORK, } ss.

I, WILLIAM WALSH, Clerk of the City and County of New York, and ex-officio Clerk of the Supreme Court of the State of New York, in said County, which is a Court of record, hereby certify that FRANK SAUNDERS, the person whose name is subscribed to each of the foregoing notarial certificates, was, at the date thereof, a Notary Public of the said City and County, duly commissioned and sworn and authorized by the laws of said State to take the acknowledgment of deeds therein; that I know his signature, and believe that the signature of the said Frank Saunders to each of the said certificates to be genuine.

And I hereby certify that the foregoing deed is executed and acknowledged according to the laws of the State of New York.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal, this 4th day of March, one thousand eight hundred and seventy-four.

WM. WALSH,
County Clerk.

{ OFFICIAL }
{ SEAL. }

RECORDED: In the office of the Secretary of State of the State of Wisconsin, March 21st, 1874, in Vol. 3 of Railroad Mortgages, on pages 260 et seq.; in the office of the Recorder of Cook County, Ill., March 20th, 1874, in Book 1 of Railroad Corporations, pages 119 et seq.; and in the office of the Register of Deeds of Ramsey County, Minn., April 18th, 1874, in Book 35 of Mortgages, pages 29 et seq.

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