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M I L W A U K E E & P R A I R I E D U C H I E N
R a i l w a y C o m p a n y,

T O T H E S T O C K H O L D E R S .

The Milwaukee and St. Paul Railway Company and the Milwaukee and Prairie du Chien Company have agreed to consolidate their earnings for a series of years, thus: The St. Paul company for its 275 miles of railway is to receive 54 per cent., and the Prairie du Chien company for its 235 miles 46 per cent. The contract has been made to avoid ruinous competition, and with a view to the reduction of operating expenses.

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ANNUAL REPORT

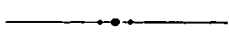
OF THE

MILWAUKEE & PRAIRIE DU CHIEN

Railway Company,

TO THE STOCKHOLDERS,

FOR 1865.



MILWAUKEE :

DAILY WISCONSIN BOOK AND JOB PRINTING OFFICE.

1866.

DIRECTORS AND OFFICERS

FOR THE YEAR 1865.

DIRECTORS.

L. H. MEYER,	- - - -	New York.
JOHN CATLIN,	- - - -	Elizabeth, N. J.
WILLIAM P. LYNDE,	- - - -	Milwaukee.
CHARLES F. ILSLEY,	- - - -	Milwaukee.
WM. H. NEILSON,	- - - -	New York.
ALLAN CAMPBELL,	- - - -	New York.
G. M. HARWOOD,	- - - -	Troy, N. Y.
LOUIS A. VON HOFFMANN,	- - - -	New York.
H. L. DOUSMAN,	- - - -	Prairie du Chien, Wis.

OFFICERS OF THE COMPANY.

L. H. MEYER,	- - - -	PRESIDENT.
JOHN CATLIN,	- - - -	VICE PRESIDENT AND COUNSEL.
WM. TAINTOR,	- - - -	SECRETARY AND TREASURER.
G. E. TAINTOR,	- - - -	TRANSFER AGENT, NEW YORK.

OFFICERS IN CHARGE OF THE LINE.

JAMES C. SPENCER,	- - - -	GENERAL MANAGER.
WM, JERVIS,	- - - -	SUPERINTENDENT.
H. B. WILKINS,	- - - -	GEN. FREIGHT AND PASS. AGT.
JOHN C. SPENCER,	- - - -	AUDITOR.

ELECTION NOTICE.

Chapter 308, Act published April 14, 1860.

SECTION 4. The preferred stockholders of the first and second classes, shall elect the directors under the new organization, until a dividend shall have been earned on all the preferred shares of the several classes, when all of the preferred stockholders shall elect the directors, until a dividend shall have been earned on all the shares of the said company, both preferred and common stock, and thereafter all the shareholders of the said company shall elect the directors.

Chapter 80, Act published March 25, 1863.

SECTION 1. The annual meeting of the stockholders, and election of directors, of the Milwaukee and Prairie du Chien Railway Co., may, with the approval of the stockholders, be hereafter held in the month of June of each year, at such time and place within the State of Wisconsin, as the directors may specify.

Article 3 of the By Laws.

Bond and shareholders shall meet annually in the State of Wisconsin, on the second Thursday of June, at noon, at such place as the board of directors may determine, for the election of directors and the transaction of other business.

The place of holding the annual meeting of the stockholders for the year 1866, will be duly advertised.

WM. TAINTOR,
Secretary.

FIFTH ANNUAL REPORT

OF THE

Milwaukee & Prairie du Chien Railway Co.,

FOR THE YEAR 1865.

The Report required by law, R. S. Chapter 91, Act approved 15th May, 1858, from Superintendent, Secretary and Treasurer, is appended.

Besides the usual fuller statements,

1st. Of the General Manager.

2d. " Secretary and Treasurer.

3d. " Transfer Agent.

4th. " Trustees of the Sinking Fund.

A Fifth Report—The first one on the McGregor Western Railway, the Milwaukee and Prairie du Chien Co. Lessees, is herewith submitted.

The General Manager's Report shows the following results in comparing business of 1865 with that of 1864:

LOCAL FREIGHT BUSINESS.

Decrease of Total Tonnage	about.....	10	per cent.
Increase of Earnings on same	"	1-4	"
Decrease of East bound Tonnage	"	20	"
Increase of West " "	"	6	"

THROUGH FREIGHT BUSINESS.

Increase of Tonnage	about.....	20	per cent.
" " Earnings on same	"	36	"
" " East bound Tonnage	"	15	"
" " West " "	"	41	"

LOCAL PASSENGER BUSINESS.

Increase in number of Passengers	about.....	8	per cent.
" " Earnings on same	"	6½	"

THROUGH PASSENGER BUSINESS.

Increase in number of passengers about.....	24	per cent.
“ “ Earnings on same “	23	“
Net Earnings as shown by General Manager's Report are, for 1865.....	\$647,631	45
Capital Investment	\$7,512,000	
Less amount issued for McGreg- or Western Lease which takes care of itself	300,000	
	<u>\$7,212,000</u>	—9 per cent.—649,080

COMPARISON BETWEEN EARNINGS AND TAXES.

	1861.	1862.	1863.	1864.	1865.
Gross Earnings,	\$1,108,353	\$1,163,734	\$1,247,257	\$1,711,280	\$1,985,511
Net “	436,039	414,740	453,510	504,330	647,631
Taxes,	11,143	26,611	51,029	73,229	112,234
Per centage of } taxes on gross } earnings, }	Ab't 1 per cent	Ab't 2½ per cent	Ab't 4½ per cent	Ab't 4 22-100 per cent	Ab't 5 65-100 per cent

The following, on the basis once adopted, are given as Extraordinary Expenses, charged in Operating Expenses, and are only given to enable, as before, a comparison.

EXTRAORDINARY EXPENSES.

New Buildings,	\$14,845	44
“ Side Track,	8,633	00
“ Taxes, (Increase),	39,004	57
“ Patent,	620	00
	<u>\$63,103</u>	<u>01</u>

COMPARISON OF PER CENTAGE.

	1861.	1862.	1863.	1864.	1865.
Total operating expenses.	60 67-100	64 36-100	63 63-100	70 53-100	67 38-100
Less extraordinary “	. 9 40-100	7 94-100	3 72-100	5 40-100	3 18-100
Running expenses.....	51 27-100	56 42-100	59 91-100	65 13-100	64 20-100

Being such per centage on each year's gross earnings.

Average per centage of five years' operating expenses, 65 32-100
 Same of extraordinary exp.,....5 93-100.
 And of running expenses59 39-100.

Special attention is called to the General Manager's remarks on local and through traffic and increase of expenditure in sundry branches.

Bridges and Rail will cause heavier expense next year.

CONVERSION AND PAYMENT OF BONDS.

Last Report showed the Bond debt reduced by payment and conversion from,

In 1861,.....	\$2,556,000
To, in 1864,.....	966,000

On payment of dividend on first preferred stock, in February last, right to convert became operative. 372 Bonds, in amount \$359,000, were converted, reducing the Bond debt 21st February, 1865, to \$607,000, and increasing first preferred stock to \$2,773,500. Sinking Fund installment for the first half year was \$80,995; and for second half year, \$83,847.50. Amount of Bonds cancelled by Sinking Fund in 1865, was \$164,000; reducing amount of Bond debt to \$443,000.

In November, on payment of half year dividend on first preferred stock, the right to convert again operated. 43 Bonds were converted, amounting to \$34,500; reducing Bond debt to \$408,500, and increasing amount of first preferred stock to \$2,808,000.

In December, the Trustees of the Milwaukee and Mississippi Railroad creditors donated to the company and cancelled Bonds \$6,500; reducing Bond debt to \$402,000.

On this basis of \$402,000 Bonds and Scrip Stock, \$2,808,000 1st Preferred Stock, \$1,014,000 2d Preferred Stock, exclusive of issues to meet requirements of the McGregor Western Railway lease contract, which take care of themselves, the yearly payments ahead of the common stock will be,

Interest and Sinking Fund on debt,....	\$204,480
8 per cent. on 1st Preferred Stock,.....	224,640
7 " 2d " " " 	70,980

Total,.....	<u>\$500,100</u>
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Subject to increase in event of conversion in February, 1866.

The reduction of debt in 1865, as stated above, \$170,500,

amounts to about 5 53-100 per cent. on first preferred stock, 17 per cent. on second preferred stock, and 5 65-100 on common stock, and is equal to 2 27-100 per cent. on the whole capital, \$7,512,000.

MCGREGOR WESTERN RAILWAY LEASE CONTRACT, AND ISSUES UNDER SAME.

Last Report, 1864, shows that negotiations were still pending with the McGregor Western Railway Company for a lease contract.

These negotiations ended in the contract, copy of which is appended. Assented to in writing by

6,665	Shares	first Preferred Scrip	Stock			
12,679	"	"	"	Full Paid	Stock	
5,228	"	Second	"	"	"	"
15,853	"	Common	Stock,			

with authority to the Board to issue not exceeding \$500,000 in first or second preferred, or in common stock for the requirements of the lease, provided the stock can be sold for par cash.

We took possession under the contract of the part that was in condition to be operated—end of March, and of the whole, finished or unfinished, on the first of August last, and have operated same, in accordance with the contract since 1st April, as will more fully appear, from the separate report appended, to which special attention is called. The result has exceeded my expectations, and proves the importance to our line of a feeder, west of the Mississippi river.

The tonnage of our local traffic has fallen off about 30 per cent. since 1863.

This makes it imperative upon us to nurse a western feeder, the through business from which will indemnify us for loss of local.

Of the 500,000 stock issuable in all three classes of stock voted by Stockholders to the Board of Directors, \$300,000 were placed at the disposal of a committee to meet the requirements of the lease contract.

These were issued as follows :

\$274,000 in first preferred full paid Stock, at or over par.
26,000 in Common Stock at 150 per cent.

\$300,000 to meet outlay, under Sec. 2, 5, 7, 19 and 22.

Before the Board of Directors could be convened, and vote the issue of \$200,000 — balance of the above mentioned \$500,000—an injunction (dissolved as soon as the case could be heard,) was obtained to prevent the further issue of common stock, then selling at from 150 to 200 per cent, and as it fell again to below par, before the injunction could be dissolved, no further issues were made.

CANCELLATION OF ISSUES SINCE ORGANIZATION IN 1861.

Donation of Trustees of Milwaukee and Mississippi	
Railroad creditors.....	\$20,000
and purchases under Sec. 7, Chap. 308, first mortgage bonds with scrip stock.....	10,000
	\$30,000
Cancellation first preferred stock by Trustees M. & M R. R. creditors.....	
	\$34,600
Ditto second preferred stock.....	66,800
In 1862, bonds by Trustees Mortgage Sinking Fund	16,000
“ “ Comp’y, under Sec. 7, Chap. 308.	56,000
First preferred stock by Company, under Sec. 7, Chap. 308.....	9,800
Second preferred stock by Company, under Sec. 7, Chap. 308.....	6,000
In 1863 Operation Mortgage Sinking Fund.....	34,000
In 1864 “ “ “ “.....	90,500
In 1865 “ “ “ “.....	164,000
Donation Trustees M. & M. R. R. creditors.....	6,500
	\$514,200

IMPROVEMENTS PAID OUT OF FUNDS FREED BY REPEAL OF SECT. 7, CHAP. 308.

In 1862,.....	\$67,852 49
“ 1863,.....	26,180 89
“ 1864,.....	91,429 62
“ 1865,.....	110,244 37
	\$295,707 37

REAL ESTATE BOUGHT SINCE ORGANIZATION.

1861,	\$	500 00
1862,	"	1,022 10
1863,	"	50 00
1864,	"	8,875 85
1865,	"	10,289 42
		<hr/>
	\$	20,737 37

LIENS PAID SINCE ORGANIZATION.

In 1861,	\$	15,110 08
" 1862,	"	28,220 36
" 1863,	"	5,384 21
" 1864,	"	788 25
" 1865,	"	517 25
		<hr/>
	\$	50,020 15

These items show an aggregate of \$880,664 89, equal to 29 per cent. on \$3,014,000 Common Stock; allowing \$127,900 for donations of Trustees of Milwaukee & Mississippi Railroad Creditors, there remains the sum of \$702,744 74 paid out of the earnings of the Road since 1861—equal to 23 3-10 per cent. on \$3,014,000 Common Stock.

STOCKHOLDERS MEETING.

This meeting was held on the second Thursday of June, 1865. No special questions being announced, proxies were only sent for election of Directors, and the personal attendance was exceedingly limited.

A question, however, arose on subject of Commissions charged by Trustees of the Sinking Fund. Exception being taken to a vote on this question by proxy, the few present passed a resolution, requesting the President to take legal advice on the matter. The Trustees being residents of New York, the Sinking Fund being payable there, as also the designation of Bonds for payment being made there, legal advice was also sought there. An opinion unfavorable to the Trustees, was given by B. Roelker, Esq., the Company's Counsel. Owing to the absence of one of the Trustees, and that the case stands so

that it should properly be reported on to Stockholders meeting, no further action was taken beyond interchange of a few letters.

The return of the absent Trustee, and a short conversation with him, cause me to think that while the Trustees desire to avoid any charge that may seem onerous or improper, they still found the duties of their trust so much more arduous than they had conceived, that they deem themselves entitled to the commissions charged.

The management, willing to advocate a fair remuneration, are anxious to save all avoidable expense which naturally falls on Common Stock. Neither party wishing to wrong the other, it would seem that the most proper and honorable way of settling the difference would be to submit the case on an agreed statement of facts under the New York Statute law, and let the Court decide what is proper and right in the case.

For want of a fuller attendance of Stockholders, no Examination Committee was appointed. It is to be hoped that slim attendance may not again be the cause of a like omission.

GENERAL CONDITION OF THE PROPERTY.

The results of a crop failure are mainly felt at the end of the shipping season between two crops, from January to June, July. The crop failure of 1864 made itself thus felt most in spring, 1865. The receipts falling off steadily till 14th June, when they showed a decrease of \$141,568.12, as compared with the previous year. For this, and other reasons mentioned in General Manager's Report, less was done to renew and repair, than otherwise would and should have been done. As the incoming crop became ensured good, and receipts increased, more was done to bring up arrears.

In the aggregate less was done than seems desirable, and while it can be safely said that the property never was as efficient and valuable as now, yet much iron and some bridges need heavy outlay next year (1866), the iron having, in many places, reached a condition where the wear and tear must greatly exceed the average ratio, and the bridges are becoming unsafe.

FINANCIAL CONDITION.

As already foreshadowed in last Report, under this head, our Company, with the falling off in receipts during early part of

1865, as stated under previous head, was in a less easy financial condition than ever since its organization. The Board of Directors avoided a corresponding floating debt by postponing the second semi-annual dividend for 1864, to June, 1865, and the grace six months given in trust deed for sinking fund was availed of to delay the payment thereof, from 1st April to 26th June. This caused a depression in market value of our issues, which, however, was promptly recovered so soon as a good crop seemed sure in Wisconsin, and as the arrears were paid up, convincing the public that nothing but sound policy had dictated this course. The increased business enabled anticipation of one-half year's dividend on 1st and 2d preferred stocks, both of which are, by the terms of organization, only entitled to claim yearly their respective dividends for each year, ending 22d January.

A dividend for half year ending 22d July, 1865, was ordered paid 1st November, 1865, on both 1st and 2d preferred stocks, and the means to pay the second half year's interest on same 1st February, 1866, being on hand, they were set apart and appropriated thereto.

ACCOUNTS.

System remains unchanged.

Income account showed a balance, on 1st January last, of \$229,938.01; out of which were paid dividend on 1st and 2d preferred stocks, \$132,070, leaving a balance of \$97,868.01, which were applied toward the following improvements, &c., viz:

Real Estate,	\$10,289 42
New Locomotives,	55,838 87
Passenger Depot, Prairie du Chien,	11,573 83
Improvements at Prairie du Chien,	4,922 34
Telegraph Line,	14,154 25
Old Liens on line,	517 25

Total,	\$97,295 96
To this were added for new cars,	23,755 08

so soon as business revived and necessity for additional equipment became apparent; paid for out of anticipated surplus of Income Account for 1865,

Interest and Exchange Account includes 8 per cent. per annum charged monthly to the McGregor Western Railway under lease contract, sections 3 and 4. Item, McGregor Western Lessors, Dr. side of General Account, represents total advances in cash and stock under lease contract. Item, Rolling Stock Reserve Account, represents proceeds of locomotives transferred to McGregor Western line under lease, and will be absorbed by new locomotives now building.

Suspense Account represents \$13,000, gain on sale of common stock, thus entered because it arose out of issue for McGregor Western lease, and the contract was not contemplated to cover so unexpected a rise in our issues.

Under the special resolution of the Board of Directors to take payment for freight on rail and other material used in constructing the McGregor Western Railway, mentioned and specially referred to in Annual Reports for 1863, p. 10, and for 1864, pp. 14 and 15, a final settlement for such freight up to 1st April, 1865, was made, in consequence of which our Company took and holds \$17,000 McGregor Western Railway Co. Bonds, 1st Mortgage, in payment of such freight, costing \$15,733.33.

The second conversion of 1865 having only taken place 1st to 10th November after the October sinking fund installment had been paid, and the \$6,500 donated to the Company cancelled by Trustees of Milwaukee and Mississippi Railroad Company creditors, carrying interest from 1st July last, the interest on these \$41,000 Bonds, = \$1,435, is carried forward on sinking fund reserve account, to prevent a gain of interest this year that would result in a loss next year, when it is payable to the sinking fund.

The item McGregor Western Construction Account, \$53,711.97, on General Account, represents iron bought on credit, under section 5, McGregor Western lease contract, notes discounted by our Company not yet charged, and not chargeable to the McGregor Western Railway till their maturity.

MATERIAL ACCOUNT.—So much has been said on this topic, on pages 15 and 16 of last year's Report, that it seems useless to enlarge again.

**McGREGOR WESTERN RAILWAY, AS OPERATED
UNDER THE LEASE CONTRACT.**

For detail, reference is had to the General Manager's Report on same. All accounts, and the entire management, are under the same system and rules as the Milwaukee and Prairie du Chien line is worked. The results far exceed our expectations.

Owing to causes mentioned by General Manager, this line fell in arrearage \$5,500 in April and May, *i. e.* the expenditure was, for these first two months, \$5,500 in excess of receipts.

Included in the operating expenses is the interest, 8 per cent. per annum on rolling stock, &c., advances furnished by our Company, charged up monthly under sect. 4 of lease contract.

Dissecting the income account of McGregor Western Railway Company, Lessees, we find—

Earnings and Interest gain,.....	\$217,443 83
From which deduct—	
Operating Expenses, including 8 per	
cent. on advances,.....	\$128,446 47
Real Estate,.....	150 00
Judgments,.....	1,199 76
	129,796 23

Showing a Net of \$87,647 60
which were not only made since 1st June, 1865, but considering that on 1st June \$5,500 deficit existed, it shows the line netted about \$93,000 in seven months, from 1st June to 31st December. This Net was applied first to comply with articles 5, 19 and 22 of lease contract, and then to paying coupons on Mortgage Bonds, say coupon due August, 1865, paid 1st December, 1865.

In compliance with article 17 of lease contract, the holders of all but about fifty of the bonds of the McGregor Western Railway Co. assented to the lease contract, and had their bonds stamped accordingly. Without this lease contract, the McGregor Western would have remained crippled, and a continuous default on the Bonds would have been inevitable. Our supplying an efficient and adequate rolling stock, and curing certain defects in the construction of the line, enabled larger earnings, out of which, in accordance with the lease contract, the line could be

further bettered in efficiency, and enabled the payment besides of the August coupon; so that at present no arrearage on mortgage debt exists, nor does any floating debt exist. Stress of weather, want of a bridge over the Mississippi River, defective crossing over ice, all contributed to make winter receipts show small, and give prospect that coupon payment may have to be delayed in 1866 to enable further compliance with terms of articles 1, 5 and 22 of the lease contract.

The joint operation of the McGregor Western with our own line has proved of great benefit to the McGregor Western and its security holders, who, under the present policy, will find their security become better from year to year.

It is hoped and wished that the few outstanding Bonds will also be assented, not only in recognition of what has been done, but also by way of encouragement to extend the McGregor Western line.

Considering that the results obtained were from a line which, in the first instance, was hardly in condition to be worked at all, and then only run 35 miles subsequently 40, and since end of August 50 miles, it would lead to great expectations for next year, and to still greater, if we are enabled to extend it and further increase its efficiency.

The importance of extending the McGregor Western line cannot be urged too strongly upon its Bond and Stockholders, nor upon our own Proprietors. Strong, united efforts should be made to connect the McGregor Western with the Minnesota Central, and to bridge the Mississippi river at Prairie du Chien.

The remarks here and in General Manager's Report, as to condition of the McGregor Western line are not meant, nor can they be construed to reflect upon the parties who undertook and constructed the Road. It was their misfortune that they entered into the construction contract before the great advance in gold, and that their main construction had to take place during the period of greatest inflation, throwing them out of all calculation. They have struggled manfully, and with indomitable energy, and no doubt have done all in their power. While willing to admit this, we feel it our duty not to mislead by giving a flattering account of the condition of the property.

In the Annual Report for 1863, under head of "Our Western Termini," page 11, I made the following remarks:

"From all I am able to learn, it would seem that with the McGregor Western Railroad opened sixty miles out from McGregor, our annual traffic increase from it, under the influence of an average good crop, should be equal to \$200,000 gross earnings, if not in the first year, at least within three years from its opening."

Our accounts show that we received from the McGregor Western

EAST BOUND—Passengers, 1,167,	\$. 5,202 02
Freight, 30,220 Tons,	" 187,699 34

And gave to it

WEST BOUND—Passengers, 1,423,	\$ 7,876 85
Freight 5,791 Tons,	" 17,560 52

\$218,338 73

Establishing that in the first year, with average barely 40 miles run—9 months operation gave an interchange of business on which our proportion of fare and freight was \$218,338 73.

GENERAL REMARKS.

RELATIVE POSITION OF THE SEVERAL CLASSES OF STOCK—THEIR RIGHTS.

An unwarranted depreciation, consequent upon reduced earnings and the delays dictated by sound policy, took place especially in the common stock, followed by a strong reaction so soon as arrears were paid up, and it became apparent that a good grain crop was ensured in Wisconsin. Speculation for a further rise, as well as speculation against the same, continued, and under these influences the common stock rose from about 35 per cent. in June to over 200 per cent. in November.

This speculation, and the injunction referred to in another part of this Report, more or less affected the ratio of conversion of Bonds in November, the more as rumors were in circulation with regard to the ultimate object, nor is it unlikely that conversion will be further retarded unless perfect harmony between all classes restores the bondholders' confidence.

In itself it is the best interest of the Company that no more Bonds should be converted, the balance of Bonds yet out, will,

by operation of sinking fund, be extinguished in about two years from next April, saving 8 per cent. per annum interest ever after on the amount thus cancelled in lieu of being converted.

It is not to be wondered at, that under the excited speculation parties became stockholders, who were partially, if not totally, ignorant of the fundamental principles of the organization of our Company, who knew little or nothing of the real origin of this organization, and still less of the first principles that governed the same, and no more of the relative position and rights of the various classes arising out of antecedents.

It is thus but natural that such, after paying a price for their stock, assumed to have rights which do not exist.

The theory advocated by eminent foreign railroad men, that earnings should go to dividends, and improvements be paid out of proceeds of new issues, was frequently cited, the principle involved was pronounced sound, and its application to our Company claimed.

This European theory, applied in the European sense, that is, applied to Companies, the issues of which all sold at or over par for cash, and the roads of which were built for cheapest cash prices, in a densely populated country, the existing business of which is ample to secure a fair and full remuneration from the very outset, will hardly be disputed.

But in a country like ours, comparatively immense in domain and small in population, railroads generally have been undertaken with too small means, and as much with a view to development of territory as to remuneration to capital invested, and from these very causes the credit of such companies could not rank high, enormous sacrifices of discount and interest, had to be made so that the issues far exceeded the cash expended on the property. In such cases the theory seems, to say the least, a dangerous one. Be this as it may, the theory can have no application to our Company.

It now becomes my duty to explain more fully the why not, so that new investors may be as able to judge and act understandingly, as original investors have consistently done.

The late Milwaukee and Mississippi Railroad Company was in default. The Mortgage Bondholders had commenced legal

proceedings for Receivership and foreclosure, when with a view, to save the Junior interests from total loss, and afford them a chance, as general prosperity might succeed the general prostration of 1857, the Legislature of Wisconsin passed an Act, entitled "An Act to facilitate and authenticate the formation of a corporation by the purchase of the Milwaukee and Mississippi Railroad Company," published 14 April, 1860, and known as Chap. 308 of the laws of 1860.

The purport of this Act was, that in consideration of not being absolutely sacrificed and cut off, by the strict application of the law, and strict enforcement of Bondholder's rights, the Proprietors or Stockholders of the then Mil. & Miss. R. R. Co.—the debtor—sought a compromise with the creditors by ceding to creditors the possession and undisturbed control and management, until the Capital should be reduced out of surplus earnings from seven and a half millions to six million dollars, *i. e.*, until one and a half million of dollars—creditors claims should have been paid and cancelled out of surplus earnings, after paying creditor's regular reduced interest on their claims. Till this should have been obtained, they offered to waive all right to Dividends, and also all right to vote.

The compromise offer was rejected, the creditors enforced their rights, agreed upon articles of association, bought the road and property in auction sale under foreclosure. The articles of association were drawn under and by virtue of the Laws of Wisconsin, and specially of the Act of 1860, Chap. 308, but on more liberal terms.

After satisfying the different classes of creditors upon terms agreed upon, the surplus or difference between the amount thus absorbed, and capital investment allowed by Chap. 308, was allotted to the Stockholders of the Mil. & Miss. R. R. in a spirit of friendly liberality and conciliation.

Those claiming, within a given time, were allowed two shares Milwaukee and Prairie du Chien Railway Company, Common Stock, for three shares Milwaukee and Mississippi Railroad Company Stock; these were given and accepted subject to all the terms and conditions of the articles of association, drawn under and by virtue of Chap. 308, and other laws of the State of Wisconsin, they were based, given and taken on, and subject to, the

fundamental principle mentioned above. The terms granted, were far more liberal, and involved much greater sacrifices on the part of Bondholders and other creditors, than the compromise offered and sought by the Milwaukee and Mississippi Railroad Company Stockholders. These sacrifices were made for the sake of undisturbed control and management, until certain objects should have been obtained—these attained, the Common Stockholder to become entitled to full rights. Under the organization two sinking funds existed.

One under Sect. 7, of Chap. 308, laws of 1860. Another under the Mortgage.

It soon became apparent that the sinking fund under Sect. 7, Chap. 308, operated too stringent, and unnecessarily injured the Common Stockholder.

1st. By preventing essential necessary improvements without which the road remained crippled.

2nd. By keeping the market value of the common stock, so low and it in such discredit that it remained totally unavailable for farm mortgage settlements.

In the interest of the common stockholder, the Legislature of Wisconsin, under a proviso in the State Constitution, repealed Sect. 7 of Chap. 308, by act approved 5th of April, 1862, at same time ratifying and confirming the Articles of Association.

This repeal did not alter the fundamental principle of the Organization, the repeal of Sect. 7, Chap. 308, only freed so much for improvements, which otherwise could not have been made, and the omission of which—as results show—must have proved most disastrous to the Common Stockholder, whose only chance lay in the improvements of the property, making it more efficient, and securing new business less subject to competition. The fundamental principle on which the common stockholder was admitted to participation, and on which he took his stock in the Company remained unchanged. The only deviation was to benefit common Stockholders, the preferred stockholders satisfied with the operation of the Mortgage Sinking Fund, and deeming their security sufficient, consented to forbear exacting their right to continue buying up the preferred stocks, thereby releasing to improvements of the property, the money which otherwise would fall to the Sinking Fund, under Sect. 7, Chap. 308

In lieu of insisting on application of money to buy up and thus enhance the market value of their special securities, they allowed the money to go to improvement of the property in the interest of all classes, specially benefiting the common stockholders.

But the Preferred Stockholders insist that the fundamental principle shall hold: That \$1,500,000 must be spent either under the two Sinking Funds, or for improvements and the Mortgage Sinking Fund.

This point disputed, the preferred stockholders maintain, that if the common stock will not adhere to the principle upon which their stock was issued, given and received, they, the preferred, the compact being broken by the common stockholders, fall back on their original rights, and claim all arrears arising out of concessions made in shape of paid liens, reduced interest, &c.

The point conceded, I have no hesitation in saying that I believe they will be found as reasonable and as friendly inclined as heretofore.

In as far as a portion of our common stock has been bought under a total misapprehension of its position and rights, the holders thereof will naturally feel more or less dissatisfied with their investment, and inasmuch as the true interests of the Company are best forwarded when harmony and good feeling exist throughout; I would recommend to all a course which, while it injures none, would satisfy and harmonize all classes, and most essentially benefit the whole.

The Pittsburgh, Fort Wayne & Chicago Railway Company controlled essentially, by its Bondholders, has, by making, for a consideration, concessions to its common stockholders, set an example, which might be followed in our case, with advantage to all.

In this sense, I have had some consultations with influential holders of the various classes of stock, and in consequence, beg leave to submit below two ideas for plans which of all proposed, seem most likely to lead to a desirable, and generally satisfactory result.

The true interest of the owners of the Milwaukee & Prairie du Chien Railway Company, and, especially of its common

stockholder lies in securing a Western feeder, that will supply a large, regular, more evenly distributed traffic, free from the sharp competition to which all the local traffic of this Company is subject.

All concerned should unite in attaining this object, and should rather compromise on any difference of opinion, than injure themselves and their property by delaying that which is so essential to making this Company a paying one—one free of debt. In other words, all should unite on a plan to extend the McGregor Western Railway, and bridge the Mississippi river at Prairie du Chien.

An extension of the McGregor Western to Austin, would enable connection with the Minnesota Central there, and with a bridge over the Mississippi river, enable an all-rail through-line to St. Paul, without change of cars. The benefits and increase of business over our line, from such connection, can hardly be over estimated.

This is not to advocate an investment in a Western feeder, ending simply in an agricultural district; it is advocating a connecting link between lines existing or in process of building, a link of sixty-five miles that will draw to us business from at least 240 miles of railroad, and from the whole country tributary to such lines.

The question, how to attain this, may be solved by developing a plan based upon one of the two following ideas, or by drawing from both, what can be used to make the best practical plan.

1st. By issues of Milwaukee & Prairie du Chien Railway Company stock of all classes. These issues to be so arranged, that, as near as possible, all three classes are made even in amounts. The first and second preferred stocks to be secured by a mortgage, insuring to them half-yearly interest, their rights and position, as they now exist, and large enough to cover what may be required by this plan, inclusive of enough to cover Bonds entitled to conversion.

The main issue would necessarily, on such plan, fall on the 2nd preferred stock, 1st preferred and common being already nearly even in amount of issue.

2d. By issue of Common Stock only. The first and second Preferred Stocks to be secured in their position by a Mortgage, securing to both eight per cent. per annum, payable half yearly. The Mortgage to cover only the amount now out, and what may be needed for Bonds entitled to conversion.

The preferred stockholders to waive all right to more than eight per cent. per annum, payable half yearly, the mortgage to secure them against ever being overtopped by any other mortgage.

The common stockholders to take the new issue at par, to an amount sufficient to extend the line of the McGregor Western to Austin, to bridge the Mississippi river at Prairie du Chien, to alter and improve the station at Milwaukee, to furnish sufficient additional equipments to both McGregor Western and Milwaukee and Prairie du Chien lines, to give an efficient through line without change of cars, and to provide for such additional side track on the Milwaukee and Prairie du Chien and McGregor Western, as may be needed for the convenient passing of increased number of trains.

The Common Stock then, as bonus for taking the new issue at par, to have the amount spent since organization on the two sinking funds, and improvements issue to them in common stock. And so soon as the entire mortgage shall be extinguished by sinking fund or by conversion, the net earnings, after paying first and second preferred stocks, shall be inviolably pledged to the common stock, and no further application of earnings be made to improvements.

Unless I am seriously mistaken, as to the sincerity and strength of the parties with whom I conferred on the subject, I incline to think, the required money can be obtained, on either of the ideas for plan, or upon a plan in sense of part of both ideas.

To test the matter, a special stockholder's meeting will be called as soon as possible after the distribution of this Report, so that stockholders can act understandingly; at such meeting each class of stockholders should appoint a committee, and agree upon and develop a proper plan.

Viewing the past and present market values of the different

classes of stock, it naturally must to some, seem incomprehensible that plans should or can be based upon issues at par for cash for any but first preferred stock.

Under the existing restrictions the net earnings as stated before, for 1865.....\$647,631 45

Are appropriated as follows:

1st, to Mortgage Int. and Sinking Fund...	\$204,480
2d, to 1st Preferred Stock	224,640
3d, to 2d " "	70,980
	500,100 00

Leaving surplus \$147,531 45
for Sec. 7, Chap. 308, or, since its repeal, to improvements.

Both plans involve—

1st. The conversion of all the Bonds, *i. e.* by offering the Mortgage Bondholders a 1st preferred stock secured by mortgage, with one per cent. per annum additional interest, conversion would seem ensured.

2d. An expenditure not only for the new line and bridge, which are sure to very greatly increase earnings, and make them reliable and steadier, but also expenditure to put the old line in that efficient and complete condition where it becomes safe and just to apply earnings to dividends.

Such applied to the same Earnings and position show Net

Earnings.....	\$647,631 45
1st Preferred Stock entitled to	\$224,640
2d " " "	70,980
Add 8 per cent. on \$402,000 Bonds converted in 1st Preferred.....	32,160
	327,780 00

Net applicable to Dividends on Common and Preferred Stock.....\$319,851 45
or over 10 per cent. on \$3,014,000 amount of common stock.

This net, in event of 2d plan, would be lessened \$10,014 in consideration of preferred stocks, foregoing rights to more than 8 per cent.

This comparison shows, that on the present basis and on this years business, the Common Stock could have had 10 per cent. dividend, provided no restrictions had existed, and provided further, that the property had been in such a state of efficiency

and completeness that the entire earnings could be safely and justly divided among proprietors.

To remove the restrictions, it is necessary to command the full confidence of Bondholders, so that they will cheerfully convert, thereby releasing at once \$176,340 from Sinking Fund.

It is further necessary to put the property in such a state of efficiency and completeness that all items for improvements, and for increase of Rolling Stock, may hereafter disappear from Income Account.

Lastly, but not leastly, it is necessary to place the line in such independent condition that a crop failure in any one State shall not operate to prevent regular dividends. The uncertainty of the Wisconsin grain crop, the falling off in our local tonnage, prove sufficiently that it is absolutely necessary and unavoidable, to look for and secure more reliable, regular traffic to enable regular dividends on all the stock.

All of which is respectfully submitted.

L. H. MEYER,
President.

MILWAUKEE, Feb. 1st, 1866.

Attention is called to the election notice prefixed.

GENERAL MANAGERS' REPORT.

TO THE PRESIDENT AND DIRECTORS

OF THE

Milwaukee & Prairie du Chien Railway Co.

GENTLEMEN :

I respectfully submit the Report of the management of the Milwaukee & Prairie du Chien Railway for the year 1865, comparing it, as heretofore, with previous year :

EARNINGS.

The gross earnings for the year have been—	
From Freight,.....	\$1,389,458 78
“ Passengers,.....	562,911 23
“ Mails and Rents,.....	33,141 70
Total,.....	<u>\$1,985,511 71</u>
The expenses, including all repairs, renewals, taxes, &c., have been.....	1,337,880 26
Net earnings,.....	<u>\$647,631 45</u>
The gross earnings for 1864, were.....	\$1,711,280 88
The gross expenses for 1864, were.....	1,206,950 67
Net earnings.....	<u>\$504,330 21</u>
The gross earnings for the year 1865, were.....	1,985,511 71
The gross earnings for the year 1864, were..	1,711,280 88
Increase in 1865.....	<u>\$274,230 83</u>

Increase in Freight earnings.....	\$239,500	51
Increase in Passenger earnings.....	53,198	45
Decrease in Mails and Rents.....	18,468	13
Net earnings for 1865, were.....	647,631	45
Net earnings for 1864, were.....	504,330	21
	<hr/>	
Increase in 1865.....	\$143,301	24

The earnings of the Southern Wisconsin Branch,
for 1865, included in the above, have been—

From Freight.....	\$35,399	06
“ Passengers.....	26,744	32
“ Mails and Rents.....	2,953	11
	<hr/>	
Total.....	\$65,096	49
Expenses have been.....	31,808	49

Net earnings.....	\$33,288	00
The earnings in 1864, were.....	\$71,210	74
The expenses in 1864, were.....	29,650	52
	<hr/>	
Net earnings.....	\$41,560	22
Increase in gross earnings in 1864, over 1865....	\$6,114	25
Increase in net earnings in 1864, over 1865....	8,272	22

The decrease in the earnings of the Branch is in the Freight, the effect of failure of the crop in 1865. The increase in expenses is from the large number of ties put on it the past year. Having failed to procure any for it in 1864, the past year incurs the expense of what should have been distributed over the two years.

FREIGHT.

Number of tons Local Freight carried in 1865....	129,599	
Income from same.....	\$536,910	57
Number of tons Local Freight carried in 1864....	143,670	
Income from same.....	\$535,507	90
Decrease in number of tons in 1865.....	14,071	
Increase in income in 1865.....	\$1,402	67
Number of tons local freight carried Eastward in 1865.....	72,035	

Number of tons local freight carried Eastward in 1864.....	89,645
Number of tons local freight carried Westward in 1865.....	57,564
Number of tons local freight carried Westward in 1864.....	54,025
Number of tons through freight carried in 1865..	161,317
Income from same.....	\$834,348 10
Number of tons through freight carried in 1864..	135,060
Income from same.....	\$611,772 37
Increase in number of tons in 1865.....	26,257
Increase in income in 1865.....	\$222,575 73
Number of tons through freight carried Eastward in 1865.....	128,353
Number of tons through freight carried Eastward in 1864.....	111,762
Number of tons through freight carried Westward in 1865.....	32,964
Number of tons through freight carried Westward in 1864.....	23,298

The above statement shows a decrease in the number of tons of local freight carried, as compared with previous year, of 14,071 tons. Compared with 1863, there is a decrease of 49,899 tons. This is partly caused by the extension of a competing line, but more from the unreliability of that portion of the State through which this Road runs, as a grain producing district. The frequent failure of the grain crop is gradually causing farmers to turn their attention to other products which furnish less freight to the roads.

This decrease in the local freight traffic, is more than made up by the increase in the through freight, which, for the first time in the history of the road, exceeds the local in both tonnage and income. The McGregor Western road, although running less than fifty miles, has drawn to its stations, not only freight which formerly went to McGregor, but also freight which sought river points north and south of McGregor. This freight, for which we formerly competed, has been taken at rates remunerative to both roads.

I cannot urge too strongly a speedy extension of this road, to

a connection with the Minnesota Central. The local business of the McGregor Western, has demonstrated that it alone warrants its extension. When we add the great increase of business to be derived from the Minnesota Central, when they are operated as a through line, the benefits accruing to the Milwaukee and Prairie du Chien railway can hardly be overestimated.

The strongest argument which can be made, is the decrease shown in our local tonnage. The decrease in local rates, which must come as labor and material decline, will not show a large income from this source. We then must look in the future to our through business, for the larger portion of our earnings.

In connection with the extension of the McGregor road should come the bridge over the Mississippi.

A survey has been made, which shows that it is entirely practicable. The plans and estimates are being made that we can commence at once whenever it is considered expedient to do so. The business of the McGregor road is already too large for the detentions and uncertainty of present mode of transfer. During the season of navigation it can be done reasonably well, although expensive; but during the winter months, there are many days in which it is hardly safe for passengers to cross the ice, and freight cannot be moved. The uncertainty as to when produce can get to market, deters buyers from paying such prices, as the prices in Milwaukee or Chicago would justify, with a reasonably prompt delivery. This will throw the trade to competing roads in Iowa or Minnesota, should they be so fortunate as to secure a bridge before we do.

PASSENGERS.

Number of local passengers carried in 1865.....	260,498
Income from same	\$334,123 72
Number of local passengers carried in 1864.....	241,145
Income from same	\$313,370 97
Increase in number in 1865	19,353
“ “ income in 1865.....	\$ 20,752 75
Number of through passengers carried in 1865...	20,096
Income from same	\$ 105,756 29
Number of through passengers carried in 1864 ...	16,233
Income from same	\$ 81,066 89

Increase in number in 1865.....	3,863
“ “ income in 1865.....	\$ 24,689 40
Military service, miscellaneous, &c., in 1865	\$123,031 22
Same in 1864.....	115,274 92
Increase in 1865.....	7,756 30

The above statement shows that there has been an increase in the Passenger traffic of the Road, aside from Military Service, which has been the case each year, since the organization of the Company, and evidences the gradual improvement of the country.

The completion and opening of the combined hotel and passenger house at Prairie du Chien, has, undoubtedly, favorably affected the through travel, as most of the increase in that part of our traffic is from river points, not directly tributary to your road.

The closing of the war has ended the movement of troops, from which we derived quite a large revenue. This may cause us to show a decrease in coming year in total passenger earnings from past year.

MAILS AND RENTS.

The decrease in this item of revenue, from last year, is for rent of Road from Watertown Junction to Milwaukee, and use of depot grounds in Milwaukee, paid in previous years by the Milwaukee & Watertown and Milwaukee and St. Paul railways, they having completed an independent line of road between those points, and commenced operating the same in February last.

REPAIRS.

REPAIRS OF TRACK.

The expenditure for repairs and renewals of track in 1865, has been..... \$288,005 16

The expenditure for same, in 1864, was... .. 227,001 92

Increase in 1865..... \$61,003 24

The materials used, and cost of the same, for the two years, is as follows :

In 1865:	
157 Tons New Rails.....	\$18,210 00
1,454 Tons Re-rolled Rails.....	79,970 00
6,457 Rail Splices.....	5,166 00
25,188 Lbs. Track Bolts.....	2,140 98
80,995 Lbs. Spike.....	5,669 65
7,798 Lbs. Wrought Chairs.....	467 88
86,806 Ties.....	34,722 40
7,017 Old Rails repaired and put on track.....	9,552 67
1 1-3 Miles New Side Track.....	8,633 00
Total.....	\$164,532 58
In 1864:	
1,227 Tons Re-rolled Rails.....	\$59,634 52
291 Tons New Rails.....	38,121 00
5,976 Fish-plate Splices with Bolts.	8,290 72
71,939 Lbs. Spike.....	5,305 73
11,027 Old Rails repaired and put on track.....	10,312 05
64,653 Ties.....	19,395 90
1,400 Wrought Chairs.....	990 00
Total.....	\$142,049 92
Increase in 1865.....	\$22,482 66

From the failure of the local crop of 1864, the earnings of the Road to 1st June, did not warrant our expending for re-rolled or new iron, what we wished and the road needed. Beyond putting under new ties, nothing was done except keeping it reasonably safe for the trains. After the crop of 1865 promised well, we commenced to improve the track, but most of the iron was laid during the fall months, at more expense than if we had been able to distribute it through the whole season. This is one of the difficulties we have to labor under while dependent upon the local crop, which will be remedied by extensions west, making tributary to the Road a larger section of country. The Road is now well tied, but there is much defective iron, which must be replaced another year. One and a third miles new side track has been laid, the cost charged and included in repairs of track.

REPAIRS OF BRIDGES.

The expenditure for the repairs and renewals of bridges for the year has been.....	\$37,688 39
In 1864 was.....	41,533 47
	<hr/>
Decrease in 1865.....	\$3,845 08
The renewals in the year were as follows—	
375 cubic yards masonry.....	\$4,500 00
478 lineal feet, long Howe truss.....	11,950 00
155 “ “ short “ “	3,281 00
843 “ “ Pile bridge.....	4,215 00
	<hr/>
Total.....	\$23,946 00

One of the Wisconsin river bridges was completed last year, and timber contracted for, already delivered for another. The renewal of these bridges have been and necessarily must be slow, as the time for rebuilding the piers is limited to such time as we may have low water in that river in the summer; until renewed, the repairs on the old bridges must be large. The bridge over Rock river, owned and used jointly with the Chicago and Northwestern Co., it was expected to have rebuilt the past year, but with some repairs it was considered safe for another year. It is proposed to make the new bridge double track, and to cover it. It will probably be completed during the present year.

The long trestle work, on the Southern Wisconsin Branch, has stood now as long as considered safe, and the filling it has been commenced this winter. This work will be continued until completed. In this branch of renewals the expenditures will be large for 1866.

REPAIRS OF BUILDINGS.

The expenditure for new, and repairs of old build- ings in 1865, has been.. ..	\$45,631 51
In 1864 was.....	34,112 71
	<hr/>
Increase in 1865	\$11,518 80

The following new buildings were erected, and cost—included in the above expenditures—

New Engine House at Janesville.....	10,541 57
Depot building at Middleton	1,846 62
Addition to depot building at Lone Rock	1,574 43
" " Blacksmiths' shop in Milwaukee.....	882 82
	\$14,845 44

In this branch of repairs, not as much was done as should have been, or as was contemplated, owing to the scarcity of mechanics.

The temporary wooden engine house at Janesville, erected when the road first reached that point, has been replaced with a substantial brick house with slate roof. The freight house at the same place should have been replaced with one more suitable for the business we do in that place. The present building is of wood, inconveniently located, and much too small. We expect this year to put up this building also of brick.

Nothing has been done the past year towards rebuilding or enlarging the shops in Milwaukee or Prairie du Chien, and we are still laboring under the disadvantage of small and inconvenient shops. The risk each year as to fire is increasing as we add to our engines and the valuable machinery necessary for their repairs, and the repairs and building of new cars. As building of new shops in Milwaukee necessitates the raising of the depot and grounds, rearranging the tracks, the expenditure must be considerable; yet we will be more than compensated by the lessened risk and economy in work.

REPAIRS OF FENCES.

The expenditure for the year has been.....	\$9,150 51
" " " 1864 was.....	6,255 06
	Increase in 1865
	\$2,895 45

REPAIRS OF MACHINERY.

REPAIRS OF LOCOMOTIVES.

The expenditure for repairs of locomotives during the year, has been.....	\$115,133 19
In 1864 was.....	125,599 37
	Decrease in 1865.....
	\$10,466 27

The repairs during the year have been extensive, and the en-

gines kept in an efficient state, and \$7,382 86 expended on one of the old engines not used for a number of years. This will be completed in time for the spring business, and adds another first class freight engine to our equipment. The three engines spoken of in the last report as contracted for, were delivered in the early part of the year; their cost will be found in balance sheet, under head of "New Engines." Two engines were sent to the McGregor road on a requisition by the President of that road, under Section two of Lease Contract. The price agreed upon for the two was, \$39,000—one of them a light passenger engine, better adapted for use on that road than on our own. This sum is charged in Rolling Stock Reserve account, until expended for engines to replace them. Two have been contracted for to be delivered in the spring.

Mileage of engines in 1865	913,288 miles
Cost of repairs per mile.....	12.61 cents
Mileage of engines in 1864	938,183 miles
Cost of repairs per mile.....	13.42 cents

The equipment now is

- 7 first class passenger engines,
- 29 first class freight engines,
- 6 second class, used for switching,
- 3 old engines not used for some years.

REPAIRS OF CARS.

The expenditure for the year has been	\$174,681 77
“ “ “ 1864, was	182,511 40
Decrease in 1865.....	\$7,829 63

We have made such addition to this part of our equipment as with our shop facilities we were enabled to.

We have built during the year—

30 box cars, costing.....	\$33,883 36
3 passenger cars, costing.....	15,762 55
3 mail and express cars, costing.....	9,758 89
3 baggage cars, costing.....	7,715 88
Total	\$67,120 68

We also purchased twenty-five new box cars, charged in bal-

ance sheet to "New Cars," being such an addition to our equipment, the depreciation of the cars having been kept up by those built. One baggage one second class, and one passenger car of our old equipment, were transferred to the McGregor road under requisition from that road at an agreed upon price of \$5,500 which is charged to "Rolling Stock Reserve Account," until expended for additional new equipment.

We now have—

28 first class passenger cars,
2 second class passenger cars,
10 baggage cars,
8 mail and express cars,
513 box cars,
25 stock cars,
71 flat cars,
50 hand cars,
30 ditching cars.

REPAIRS OF TOOLS AND MACHINERY.

The expenditure for new and repairs of old tools and machinery has been.....	\$10,537 00
In 1864 was.....	22,778 87
	<hr/>
Decrease in 1865.....	\$12,241 87
The total expenditure for repairs and renewals of road and machinery for the year has been...	\$680,827 44
Against in 1864.....	640,092 80
	<hr/>
Increase in 1865.....	\$40,734 64

OPERATING.

Expenditure in 1865.....	\$657,052 82
Expenditure in 1864.....	566,857 87
	<hr/>
Increase in 1865.....	\$90,194 95
The following items show wherein the increase is made:	
Management and General Offices in 1865.....	\$37,343 76
Same in 1864.....	34,896 81
	<hr/>
Increase.....	\$2,446 95

Foreign Agency and Advertising in 1865.....	\$13,076 78
Same in 1864.....	8,503 73
Increase	\$4,573 05
Station Service in 1865.....	\$125,113 65
Same in 1864.....	119,969 70
Increase.....	\$5,143 95
Conductors, Baggage and Brakemen in 1865....	\$50,890 32
Same in 1864	47,177 88
Increase.....	\$3,712 44
Engineers, Firemen and Wipers in 1865	\$78,489 96
Same in 1864.....	66,330 23
Increase.....	\$12,159 73
Fuel in 1865.....	\$131,606 81
Same in 1864.....	119,566 29
Increase	\$12,040 52
Oil and waste in 1865.....	\$28,819 67
Same in 1864	24,949 52
Increase	\$3,870 15
Personal Injuries in 1865	\$4,604 23
Same in 1864	3,839 62
Increase.....	\$764 61
Damage to property in 1865.....	\$1,890 10
Same in 1864.....	1,572 13
Increase.....	\$317 97
McGregor Ferry expenses in 1865	\$24,560 15
Same in 1864	7,750 69
Increase.....	\$16,809 46
Taxes in 1865	\$112,234 45
Same in 1864.....	72,229 88
Increase.....	\$40,004 57

In the other items, which with these make up the operating expenses, there is a decrease compared with previous year.

The large increase in McGregor Ferry expenses is for rebuilding the steamer Alamakee, and for new landings on each side of the river.

Labor and most materials used in operating the road, have kept to the extreme limit in prices reached in 1864, and the same difficulty from scarcity of the former has existed in operating the road as in that year.

I think I can safely say, however, that the road and its equipment have been materially improved since my last report.

Respectfully,

J. C. SPENCER,

General Manager.

MILWAUKEE, Jan. 22d, 1866.

VALUE OF SUPPLIES,

ON HAND DECEMBER 31ST, 1865.

	Quantity.	Amount.
Wood,.....	Cords,.....10,902	\$44,970 75
Coal,.....	Tons, .....658	5,801 00
Oil,.....	Gallons,.....1,062	1,514 79
Waste,.....	Pounds,.....1,312	393 60
New Iron Rails,.....	Gross Tons, .150 ^{$\frac{2186}{2240}$}	13,587 83
Old Iron Rails,.....	Net Tons, .616 ^{$\frac{1666}{2000}$}	16,220 69
Chairs,.....	Number,.....833	832 90
Spike,.....	Pounds,....12,510	875 70
Fish Plate, Splices and Bolts,...	Pounds,....31,133	1,911 86
Ties,.....	Number,....15,715	6,286 00
Iron, unworked,.....	Pounds,....111,091	8,265 30
Iron, worked and partly worked, Pounds,...	97,665	16,760 84
Copper and Brass,.....	Pounds,....17,514	9,398 01
Lumber,.....	Feet, ....1,575,774	43,602 04
Truck and Car Wheels,.....	Number,.....256	4,549 00
Steel and Steel Springs,.....	Pounds,....8,797	2,005 14
Engine, Car and Road Castings, Pounds,...	146,819	8,364 88
Lumber, Posts and Nails, for Fencing,.....		1,997 25
Paints and Oil,.....		636 80
Scrap Iron,.....	Pounds,....509,619	15,362 55
Other Materials,.....		16,170 47
Store-keeper's Stock,.....		12,903 63
Total,.....		\$231,411 03

OPERATION OF THE ROAD,

EARNINGS.

From Freight,.....	\$1,389,458 78
From Passengers,.....	562,911 23
From Mails and Rents,.....	33,141 70
Total Earnings,.....	<u>\$1,985,511 71</u>

EXPENSES.

REPAIRS OF ROAD.

Repairs of Track,	
Labor,.....	128,014 66
Material,.....	159,990 50
	<u>288,005 16</u>
Repairs of Bridges,	
Labor,.....	25,636 06
Material,.....	12,052 39
	<u>37,688 39</u>
Repairs of Fences,	
Labor,.....	3,415 35
Material,.....	5,735 16
	<u>9,150 51</u>
Repairs of Buildings,	
Labor,.....	21,478 38
Material,.....	24,153 13
	<u>45,631 51</u>
	\$380,475 57

REPAIRS OF MACHINERY.

Repairs of Locomotives,	
Labor,.....	64,330 79
Material,.....	50,802 31
	<u>115,133 10</u>
Repairs of Cars,	
Labor,.....	82,681 94
Material,.....	91,999 83
	<u>174,681 77</u>
Repairs of Tools and Machinery,	
Labor,.....	5,291 56
Material,.....	5,245 44
	<u>10,537 00</u>
	\$300,351 87
Amount forward,.....	<u>\$680,827 44</u>

FOR THE YEAR 1865.

EXPENSES.—CONTINUED.

Brought forward, \$680,827 44

OPERATING.

Management and General Offices, ..	\$37,343 76
Foreign Agency and Advertising, ..	13,076 78
Station Service,	125,113 65
Conductors, Baggage and Brakemen	50,890 32
Engineers, Firemen and Wipers, ...	78,489 96
Train and Station Supplies,	26,043 63
Fuel,	131,606 81
Oil and Waste,	28,819 67
Personal Injuries,	4,604 23
Damage to property,	1,890 10
Loss & Dam'g. of Freight & Baggage	3,317 77
McGregor Ferry Expenses,	24,560 15
Car Service,	691 09
Legal Expenses,	6,695 42
Miscellaneous Expenses,	604 96
New York Office Expenses,	5,025 07
Taxes,	112,234 45
Insurance,	5,425 00
Patents,	620 00
	\$657,052 82
Total Expenses,	\$1,337,880 26

RECAPITULATION.

Gross Earnings,	1,985,511 71
Total Expenses,	1,337,880 26
Net Earnings,	\$647,631 45

STATEMENT OF EARNINGS, MONTHLY, FOR THE YEAR 1865.

	FREIGHT.	PASSENGERS.	MAILS AND RENTS.	TOTAL.
JANUARY.....	\$61,483 77	\$32,559 82	\$4,140 24	\$98,183 83
FEBRUARY.....	28,545 89	43,475 08	2,262 21	74,283 18
MARCH.....	24,555 05	43,901 19	2,284 23	70,740 47
APRIL.....	65,799 81	38,568 93	2,320 68	106,689 42
MAY.....	107,882 26	36,647 55	2,413 59	146,943 40
JUNE.....	169,437 62	53,140 94	2,259 89	224,838 45
JULY.....	147,655 85	67,185 07	2,318 54	217,159 46
AUGUST.....	109,248 74	58,952 28	2,353 54	170,554 56
SEPTEMBER.....	162,393 36	63,220 38	2,406 61	228,020 35
OCTOBER.....	252,624 52	55,576 17	2,394 00	310,594 69
NOVEMBER.....	183,809 62	40,525 05	2,505 30	226,839 97
DECEMBER.....	76,022 29	29,158 77	5,482 87	110,663 93
TOTAL.....	\$1,389,458 78	\$562,911 23	\$33,141 70	\$1,985,511 71

COMPARATIVE STATEMENT OF THE EARNINGS OF THE ROAD,

COMMENCING WITH THE YEAR 1857, THE ROAD BEING COMPLETED IN MARCH, 1857.

	1857.	1858.	1859.	1860.	1861.	1862.	1863.	1864.	1865.	Comparison of 1865 with 1864.
JANUARY,.....	28,461 23	43,181 44	\$89,780 42	37,519 76	54,245 81	83,938 55	67,129 99	102,748 89	98,183 88	4,565 06 Decrease.
FEBRUARY,...	34,107 55	39,393 23	43,053 94	32,301 23	44,026 96	62,906 07	76,181 96	115,135 20	74,283 19	40,852 02 do
MARCH,	40,591 30	51,934 83	39,870 53	39,601 04	43,636 62	47,008 87	44,925 84	83,220 98	70,740 47	17,480 51 do
APRIL,.....	45,956 75	76,005 95	48,994 50	45,810 59	47,102 19	61,759 41	83,176 74	149,417 72	100,089 42	38,728 30 do
MAY,.....	81,478 58	86,737 82	59,812 09	59,082 39	112,265 44	182,218 01	106,966 84	186,747 16	146,948 40	39,808 76 do
JUNE,	118,443 43	108,089 55	52,382 84	43,797 80	141,771 03	144,915 42	111,253 95	212,209 24	224,828 45	12,629 21 Increase.
JULY,	91,364 06	99,446 44	45,884 49	37,429 36	107,116 61	108,721 51	71,587 33	189,647 81	217,150 45	77,412 15 do
AUGUST,.....	80,784 03	66,137 02	49,886 80	60,223 67	90,452 73	76,162 80	69,832 58	118,398 71	170,564 56	57,165 55 do
SEPTEMBER,...	123,007 99	106,904 83	104,878 71	189,761 43	134,725 95	109,669 82	156,416 70	168,217 57	225,020 85	59,802 78 do
OCTOBER,.....	115,920 69	92,476 42	124,854 06	163,615 13	177,879 07	154,368 89	235,054 57	178,523 07	310,594 69	132,068 62 do
NOVEMBER,...	61,093 93	63,850 56	85,270 92	90,899 96	130,184 04	192,271 61	138,342 40	149,099 51	226,839 97	77,740 46 do
DECEMBER,...	41,577 93	53,415 82	55,376 98	44,894 89	67,990 32	61,835 69	112,913 42	117,012 82	110,633 08	6,383 59 Decrease.
TOTAL,.....	\$682,817 89	\$638,186 02	\$746,498 73	\$799,841 45	\$1,163,406 67	\$1,163,784 25	\$1,247,227 88	\$1,711,289 83	\$1,955,511 71	\$274,280 88 Increase.

MILEAGE OF TRAINS

AND

EXPENSES PER MILE RUN

IN THE YEAR 1865.

Passenger Trains,.....	310,857
Freight Trains,.....	529,937
Wood and Repair Trains,.....	72,494
	913,288
Total Miles run,.....	913,288

EXPENSES PER MILE,

INCLUDING EXTRAORDINARY RENEWALS.

Repairs of Road and Bridges,.....	35-66	cents.
Repairs of Locomotives,.....	12-61	“
Repairs of Cars,.....	19-12	“
Engineers, Firemen and Wipers,.....	8-60	“
Conductors, Baggage-men and Brakemen,.....	5-57	“
Fuel,.....	14-41	“
Oil and Waste,.....	3-16	“
Other Expenses,.....	47-36	“
	146-49	“

MILEAGE OF FREIGHT.

	Number of Tons carried one mile.	Average rate per ton per mile.
Eastward,	28,375,843	3-377 cents.
Westward,	9,320,877	4-431 "
Total,	37,696,720	3-638 "

MILEAGE OF PASSENGERS.

	Number carried one mile.	Average rate per mile.
Eastward,	5,617,324	3-74 cents.
Westward,	6,178,822	3-72 "
Total,	11,796,146	3-73 "

MILEAGE OF FREIGHT CARS.

	Miles Run.	Average load per Car.
Loaded, going East,	3,310,267	$8\frac{1144}{2000}$ Tons.
Loaded, going West,	2,115,842	$4\frac{811}{2000}$ "
Total Loaded Cars,	5,426,109	$6\frac{1994}{2000}$ "
Empty, going East,	503,438	Miles.
Empty, going West,	1,657,679	"
Total Empty Cars,	2,161,117	"

M O V E M E N T
AND
R E V E N U E O F F R E I G H T,
D U R I N G T H E Y E A R 1 8 6 5.

	EASTWARD.		WESTWARD.		TOTAL.	
	Tons.	Revenue.	Tons.	Revenue.	Tons.	Revenue.
JANUARY..	7,500	\$46,583 15	3,823	\$18,900 62	11,323	\$60,483 77
FEBRUARY.	8,279	16,680 51	2,442	10,641 28	5,721	27,321 79
MARCH.....	2,167	10,657 08	2,665	12,814 30	4,832	23,471 47
APRIL.....	6,656	85,659 79	4,652	29,028 54	11,308	64,683 33
MAY.....	12,348	68,875 82	6,840	88,115 80	19,188	106,491 12
JUNE.....	24,944	123,418 87	9,709	39,692 49	34,653	168,111 86
JULY.....	21,818	107,831 52	9,340	87,759 24	31,158	145,590 76
AUGUST....	14,750	63,897 55	10,025	43,625 23	24,775	107,522 78
SEPTEMBR.	22,768	102,670 91	11,148	58,096 45	33,906	160,767 86
OCTOBER..	38,320	189,964 16	11,934	61,082 86	50,254	250,996 52
NOVEMBER	29,539	185,074 84	10,958	47,157 73	40,492	182,232 62
DECEMBER	16,304	52,446 35	6,907	21,139 44	23,201	73,585 79
TOTAL.....	200,388	\$953,260 55	90,523	\$412,908 12	290,916	\$1,371,258 67

M O V E M E N T
AND
REVENUE OF PASSENGERS,
DURING THE YEAR 1865.

	EASTWARD.		WESTWARD.		TOTAL.	
	Number.	Revenue.	Number.	Revenue.	Number.	Revenue.
JANUARY...	8,879	14,099 08	8,593	\$12,886 28	17,472	\$26,985 36
FEBRUARY.	11,785	16,920 71	11,270	16,585 14	23,055	33,505 85
MARCH.....	11,626	16,107 53	12,204	18,813 96	23,830	34,921 49
APRIL.....	9,549	14,808 57	10,491	17,292 07	20,040	32,100 64
MAY.....	8,918	14,130 70	9,659	16,210 41	18,577	30,341 11
JUNE.....	9,359	16,465 36	10,438	19,062 08	19,797	35,527 99
JULY.....	14,774	19,194 30	16,148	22,877 90	30,917	42,072 20
AUGUST....	11,844	20,295 40	12,459	21,842 07	24,303	42,137 47
SEPTEMBER.	16,473	24,940 64	16,849	25,938 55	33,322	50,879 19
OCTOBER...	12,467	21,676 05	13,188	24,994 21	25,655	46,670 26
NOVEMBER	11,033	17,816 00	11,898	19,378 58	22,931	37,194 53
DECEMBER.	9,927	13,679 34	10,448	13,779 58	20,375	27,458 92
TOTAL.....	136,954	210,218 08	143,640	\$229,661 33	280,594	\$439,880 01

TONNAGE AND REVENUE OF FREIGHT

FORWARDED from and RECEIVED at the Several Stations, During the Year 1865.

STATIONS.	FORWARDED.						RECEIVED.	
	EASTWARD.		WESTWARD.		TOTAL.		TOTAL.	
	Tons.	Revenue.	Tons.	Revenue.	Tons.	Revenue.	Tons.	Revenue.
Milwaukee Way.....			88,834	138,397 21	38,834	138,397 21	56,944	\$274,092 91
Milwaukee Thro.....			10,022	142,790 18	10,022	142,790 18	82,674	447,781 74
Elm Grove.....	3	8 97	1	11 10	4	20 07	29	97 71
Junction.....	19	19 01	50	161 00	60	180 01	90	169 27
Waukesha.....	1,688	8,423 66	263	1,635 95	1,901	5,064 61	2,803	4,685 04
Genesee.....	980	2,007 60	86	166 81	966	2,174 41	287	651 95
North Prairie.....	2,656	6,838 63	52	168 14	2,708	7,006 77	607	1,506 49
Eagle.....	2,401	6,848 66	73	711 42	2,474	7,560 08	1,003	2,524 59
Palmyra.....	1,702	5,100 70	232	957 81	1,934	6,148 60	696	2,570 71
Whitewater.....	2,635	10,984 03	1,522	8,068 18	4,157	19,052 21	6,743	15,852 31
Lima.....	342	1,418 22	71	408 75	413	1,826 97	54	299 57
Milton.....	104	510 24	225	669 12	329	1,179 36	196	926 09
Milton Junc.....	34	162 54	57	293 27	91	455 81	278	935 41
Janesville Way.....	6,207	26,777 92	11,235	29,152 92	17,442	55,930 84	14,055	48,782 62
Janesville Thro.....							45,679	175,196 61
Hanover.....	280	1,327 02	45	289 84	275	1,616 86	388	3,437 96
Orford.....	519	2,436 41	11	62 90	530	2,499 31	266	612 97
Brodhead.....	1,882	8,365 70	189	510 85	2,071	8,876 55	3,785	9,924 18
Juda.....	867	3,445 83	10	57 91	877	3,503 74	362	909 22
Monroe.....	5,198	22,269 36	66	476 10	5,264	22,745 46	6,280	16,121 21
Edgerton.....	3,258	12,835 00	1,336	2,685 70	4,598	15,520 70	2,024	4,487 34
Stoughton.....	2,392	10,848 87	183	671 96	2,575	11,520 83	1,758	4,888 29
McFarland.....	1,124	5,527 48	41	141 68	1,165	5,669 16	499	1,062 14
Madison Way.....	4,651	22,468 52	2,040	12,849 88	6,691	35,318 40	14,554	44,988 34
Madison Thro.....			13,942	68,579 57	13,942	68,579 57		
Middleton.....	7,736	35,506 46	15	101 20	7,751	35,607 66	619	1,889 16
Cross Plains.....	1,972	10,010 72	23	100 27	1,995	10,110 99	412	1,677 78
Black Earth.....	3,165	16,759 94	36	169 48	3,201	16,929 42	964	3,968 92
Mazomanie.....	5,820	28,479 17	140	669 69	5,960	29,148 86	3,244	18,909 90
Arena.....	1,356	7,066 26	15	83 97	1,371	7,150 28	867	2,122 84
Helena.....	156	910 49	4	8 18	160	918 62	70	359 46
Spring Green.....	1,413	8,768 45	25	75 48	1,438	8,843 93	573	2,788 89
Lone Rock.....	1,917	10,169 20	157	583 86	2,074	10,753 06	1,622	10,775 09
Avoca.....	1,578	9,851 91	116	384 90	1,694	10,236 81	862	5,302 35
Muscoda.....	586	4,045 01	59	160 11	645	4,205 12	299	2,547 04
Blue River.....	160	849 11	12	39 56	172	888 67	104	866 55
Boscobel.....	2,328	16,183 14	158	398 53	2,486	16,581 67	2,235	14,358 46
Woodman.....	678	4,202 44	48	90 79	721	4,293 23	578	2,104 15
Wauzeka.....	564	1,885 99	123	141 50	687	2,027 49	226	1,006 06
Wright's Ferry.....							1	4 01
Bridgeport.....	970	6,649 62	66	72 40	1,036	6,722 02	568	4,444 44
Pra du Chien Way.....	2,849	20,224 83			2,849	20,224 83	3,655	24,243 25
Pra. du Chien Thro.....	128,353	622,978 35			128,353	622,978 35	82,964	211,369 75
Total Way.....	72,035	335,282 20	57,564	201,628 37	129,599	536,910 67	129,599	536,910 57
Total Thro.....	128,353	622,978 35	32,964	211,369 75	161,317	834,348 10	161,317	834,348 10
Total.....	200,388	958,260 55	90,528	412,998 12	290,916	1,371,258 67	290,916	1,371,258 67

Express and Storage..... 18,200 11

Total Freight Earnings..... \$1,389,458 78

NUMBER AND REVENUE OF PASSENGERS CARRIED FROM AND TO THE SEVERAL STATIONS, DURING THE YEAR 1865.

STATIONS.	FROM.						TO.	
	EASTWARD.		WESTWARD.		TOTAL.		TOTAL.	
	No.	Revenue.	No.	Revenue.	No.	Revenue.	No.	Revenue.
Milwaukee Way,...			31,737	51,426 84	31,737	51,426 84	28,584	45,275 11
Milwaukee Thro,...			3,351	20,301 79	3,351	20,301 79	2,121	13,748 25
Wauwatosa,.....	2,665	480 02	574	£80 50	3,239	1,160 52	3,423	1,078 63
Elm Grove,.....	1,088	399 83	254	384 03	1,322	783 86	1,542	753 29
Watertown Junct.,	991	490 33	1,644	1,446 00	2,635	1,945 33	2,501	1,504 19
Forest House,.....	63	33 23	11	1 65	74	39 88	77	82 05
Waukesha,.....	9,921	5,917 98	3,663	5,214 31	13,584	11,132 29	13,872	10,563 12
Genesee,.....	1,766	1,240 53	495	614 57	2,258	1,855 40	2,395	1,811 90
North Prairie,....	1,971	1,388 12	661	784 32	2,632	2,122 44	2,662	2,075 19
Eagle,.....	2,504	2,320 13	1,807	2,292 36	4,311	4,612 49	4,234	4,242 91
Palmyra,.....	2,311	2,181 74	3,097	2,562 75	5,408	4,744 49	5,205	4,510 73
Whitewater,.....	4,278	4,330 75	5,724	6,098 12	10,002	10,478 87	9,799	10,242 93
Lima,.....	601	868 75	1,011	707 56	1,612	1,076 31	1,701	1,104 53
Milton,.....	672	585 46	2,355	1,222 38	3,027	1,807 79	2,268	1,716 11
Milton Junct Way,	3,888	4,168 92	19,455	30,122 88	23,343	34,291 30	16,010	20,509 86
Milton Junct Thro,			7,956	88,349 43	7,956	88,349 43		
Janesville Way,...	6,119	6,052 12	17,726	17,859 64	23,845	23,911 76	32,669	44,775 41
Janesville Thro,...							6,668	33,361 82
Hanford,.....	3,382	963 36	745	574 80	4,050	1,538 16	4,204	1,756 56
Orford,.....	1,879	688 88	517	488 70	1,896	1,177 58	1,964	1,042 02
Brodhead,.....	4,238	3,488 58	1,517	1,672 18	5,770	5,155 71	6,086	5,046 43
Juda,.....	1,184	851 98	651	458 57	1,835	1,310 50	1,972	1,398 50
Monroe,.....	5,761	7,116 57	555	1,952 76	6,316	9,069 32	6,181	9,129 68
Edgerton,.....	3,912	2,701 98	1,536	1,883 15	5,442	4,585 18	5,878	4,231 48
Stoughton,.....	2,663	2,796 90	2,584	2,908 97	5,197	5,705 87	5,410	5,125 72
McFarland,.....	454	449 77	1,202	604 84	1,656	1,054 61	1,316	889 24
Madison,.....	21,514	36,195 66	16,383	25,304 25	37,847	61,499 91	38,654	61,835 01
Middleton,.....	2,292	980 26	688	782 82	2,925	1,768 08	2,688	1,522 31
Cross Plains,.....	2,636	1,798 62	652	655 93	3,258	2,454 55	3,064	2,309 59
Black Earth,.....	2,188	2,155 95	1,405	1,071 80	3,543	3,227 75	3,676	3,118 90
Mazomanie,.....	5,384	6,845 10	2,012	2,529 06	7,396	9,374 10	7,759	9,559 41
Arena,.....	1,912	2,146 62	971	871 47	2,888	3,018 09	2,917	3,167 98
Helena,.....	449	450 77	167	74 46	616	525 23	548	409 90
Spring Green,....	1,834	2,326 76	1,018	847 01	2,852	3,173 77	2,651	2,778 26
Lone Rock,.....	4,144	7,795 61	1,518	1,410 74	5,662	9,206 35	5,625	9,418 74
Avoca,.....	1,915	2,874 81	1,136	911 08	3,051	3,785 84	2,999	3,896 62
Muscoda,.....	1,917	3,093 55	1,287	984 59	3,204	4,078 14	3,189	4,044 15
Blue River,.....	611	778 18	534	334 65	1,145	1,112 83	1,448	1,982 56
Boscobel,.....	4,621	10,144 64	3,241	2,833 14	7,865	12,477 78	8,314	12,715 24
Woodman,.....	1,559	1,461 72	747	805 13	2,806	1,766 85	2,245	1,558 35
Wauzeka,.....	1,604	1,288 39	795	556 21	2,399	1,889 60	2,316	1,657 40
Wright's Ferry,....	82	77 20	67	23 85	149	106 05	225	118 20
Bridgeport,.....	1,012	2,288 20	319	97 41	1,881	2,885 61	1,306	1,707 64
Pra. du Chien Way,	10,815	31,341 74			10,815	31,341 74	10,660	34,518 78
Pra. du Chien Thro,	8,789	47,105 07			8,789	47,105 07	11,307	68,651 22
Total Way,.....	128,165	168,113 61	132,333	171,010 11	260,498	334,123 72	260,498	334,123 72
Total Thro,.....	8,789	47,105 07	11,307	58,651 22	20,096	105,756 29	20,096	105,756 29
Total,.....	136,954	210,218 68	143,640	229,661 33	280,594	439,880 01	280,594	439,880 01
Military Service,.....								108,687 41
Miscellaneous,.....								14,348 81
Total Passenger Earnings,.....								\$562,911 23

Abstract of Commodities of Freight Transported during the Year 1865.---Eastward

Wheat	Wheat	Key, Bushels	Barley, Bushels	Oats, Bushels	Cor'n, Bushels	Peas, Bushels	Beans	Green Peas	Pork and Beef	High Wheats	Dressed Hogs	Eggs, Lbs.	Butter, Lbs.	Lard, Lbs.	Tallow, Lbs.	Wool, Lbs.
17,412	2,177	467	6,069	116	432	1,302	1	19,100	5,370	10,400	3,350	100	3,340	163,310		
59,544	13,599	590	4	183	1,408	1	4,400	690	3,350	41,340	5,630	860	40,270	1,010		
41,792	4,371	3,591	3,591	176	323	4,977	2	46,775	8,000	32,070	1,450	600	44,320	6,000		
39,525	4,222	77	1,560	1,361	199	745	1	30,730	8,010	24,750	1,850	49,010	11,060	57,390	1,060	
10,765	56	655	3,225	40	462	614	62	1,020	4,387	1,000	27,880	2,400	2,400	2,400	2,400	
605	8,091	3,091	40	31	1,368	1,368	2	19,390	860	4,850	2,900	26,270	2,970	1,190	1,190	
38,431	4,450	2,059	104,470	6,950	10	21,735	2,840	91,730	2,840	55,730	12,430	6,520	3,070	31,460	1,960	
4,350	6,418	3,227	72	89	73	47	18	12,530	4,730	140,660	76,870	133,160	7,080	12,530	55,860	49,620
12,167	764	30,511	2,209	144	138	242	3	62,380	3,980	6,890	2,300	850	2,400	2,400	2,400	2,400
2,200	69,090	1,565	1,095	107	243	145	679	42	112,810	5,910	33,650	130	4,470	3,430	3,430	3,430
45,825	87	256	16,648	210	19	631	52	2,853	1,635	4,850	80	2,900	26,270	2,970	1,190	1,190
39,731	3,657	5,469	240	7	76	97	2	37,270	2,900	30,360	860	1,190	1,190	1,190	1,190	1,190
24,703	2,114	829	1,178	12	18	308	1	19,390	860	19,390	860	1,190	1,190	1,190	1,190	1,190
23,714	3,190	3,437	3,437	849	51	5	8	50,540	2,000	145,060	5,310	66,800	1,580	14,620	8,430	8,430
89,627	356	88	654	16	28	71	2,041	135,050	5,310	112,810	5,910	33,650	130	4,470	3,430	3,430
84,700	1,347	3,399	1,729	242	110	392	57	18,978	1,149	129,629	870	20,410	1,040	440	440	440
27,343	1,941	4,473	214	35	69	17	11	40,710	1,220	273,300	5,430	42,810	900	2,750	16,100	16,100
2,808	242	10	4,473	38	18	17	11	145,940	1,270	145,940	1,270	21,690	1,580	8,780	8,780	8,780
24,303	2,808	809	11,629	2,596	387	35	337	40,710	1,220	9,980	830	22,920	2,700	15,350	15,350	15,350
3,162	835	40	3,629	2,351	100	974	89	23,600	5,430	23,600	5,430	40,710	1,270	1,600	1,600	1,600
14,321	1,415	610	11,901	1,411	1	1,149	6	40,710	1,220	40,710	1,220	2,900	26,270	2,970	1,190	1,190
10,967	108	1,088	3,593	376	11	11	11	9,980	830	22,920	2,700	15,350	15,350	15,350	15,350	15,350
1,965	1,100	935	2,596	935	115	115	23	23,600	5,430	23,600	5,430	40,710	1,270	1,600	1,600	1,600
39,196	99	365	2,763	365	115	115	23	23,600	5,430	23,600	5,430	40,710	1,270	1,600	1,600	1,600
2,771	100	305	2,763	305	115	115	23	23,600	5,430	23,600	5,430	40,710	1,270	1,600	1,600	1,600
1,961	60	60	20,204	60	41	22	17	153,400	100	153,400	100	150	150	150	150	150
4,227	40	40	20,204	40	41	22	17	153,400	100	153,400	100	150	150	150	150	150
3,894,938	371	47,588	59,110	4,577	5,370	629	2,231	37,621	103	3,610,557	46,100	876,320	69,896	58,394	224,020	224,020
63,291	128,867	330,076	27,403	24,224	4,594	3,519	33,143	180	245	178,380	1,377,742	119,766	162,439	894,985	894,985	

Abstract of Commodities of Freight, Transported during the Year 1865—Eastward—Continued.

FORWARDED	FROM.	Hides, Lbs.	Hay, Lbs.	Pig Iron, Lbs.	Lead, Lbs.	Merchandise, Lbs.	Machinery, Lbs.	Agricultural Implements, Lbs.	Horses, No.	Cattle, No.	Hogs, No.	Sheep, No.	Lumber, Feet.	Stones, Tons.	Bricks, No.	Empty Barrels	Miscellaneous, Lbs.	
Elm Grove,	5,975
Watertown Junction,	37,060
Waukesha,	14,470	.....	.....	.....	.....	.....	1,570	.....	.....	.....	.....	6,350	281	.....	.....	.....	409,078
Geneseo,	1,200	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	140	.....	.....	.....	44,950
North Prairie,	8,190	.....	.....	.....	12,150	1,050	7,390	11	61	238	19	.....	.....	.....	.....	.....	84,400
Paige,	31,325	.....	.....	.....	.....	.....	.....	.....	142	588	402	75	.....	.....	.....	.....	207,080
Palmyra,	29,331	402,000	.....	.....	.....	.....	.....	.....	328	392	6	.....	.....	.....	.....	.....	429
Whitewater,	64,830	67,200	.....	.....	7,980	3,810	2,100	2	79	100	292	18,800	.....	.....	.....	.....	124,400
Lima,	39,110	.....	1	.....	104	13,300	.....	.....	.....	.....	3,538,218
Milton,	5,880	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	7,035
Milton Junction,	29
Janesville,	90,250	16,000	.....	.....	498,700	24,820	61,520	10	.....	.....	70	47,300	.....	.....	.....	.....	24,840
Hanover,	2,070	.....	.....	.....	7,000	.....	23,850	.....	.....	.....	.....	5,000	.....	.....	.....	.....	1,960,378
Orford,	4,350	.....	.....	.....	1,320	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	10,170
Broadhead,	31,430	.....	.....	.....	5,280	.....	2,001	1	74	780	33	22,000	.....	.....	.....	.....	294,715
Juda,	4,570	.....	.....	.....	14,250	5,740	10,520	.....	652	1,523	1,040	1,000	.....	.....	.....	.....	111,580
Monroe,	122,860	.....	.....	.....	239,970	21,120	23,620	12	771	2,079	330	104,100	.....	.....	.....	.....	2,631,980
Edgerton,	25,950	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	691,900
Stoughton,	1,040	.....	.....	.....	.....	3,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	427,300
McFarland,	4,870	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	186,380
Madison,	132,870	.....	.....	.....	820,890	112,640	70,700	68	.....	.....	.....	.....	.....	.....	.....	.....	15,835
Middleton,	3,910	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	11,960
Cross Plains,	10,300	.....	1,000	.....	4,880	2,240	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	26,560
Black Earth,	17,730	.....	3,410	.....	19,800	.....	5,080	2	572	154	100	10,660	.....	.....	.....	.....	41,660
Maxomuncie,	77,290	888,790	.....	6,500	.....	1,000	3,200	18	593	580	148	.....	.....	.....	.....	.....	827,230
Ardena,	14,500	.....	.....	3,450	.....	.....	.....	.....	1,078	274	.....	.....	.....	.....	.....	.....	34,080
Holena,	1,790	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	14,000
Spring Green,	7,450	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	87,840
Long Beach,	57,180	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	287,075
Avoca,	52,040	.....	153,000	.....	.....	.....	7,800	15	2,334	1,345	78	16,120	.....	.....	.....	.....	173,930
Mascod,	12,430	.....	.....	203,880	.....	.....	.....	.....	.....	.....	.....	9,050	.....	.....	.....	.....	83,155
Bliss River,	56,000	10,000	1,050	.....	.....	.....	.....	.....	.....	.....	.....	.....	178,170
Rescobel,	23,650	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	828,245
Woodm,	6,740	.....	.....	.....	22,145	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	380,910
Wauzeka,	2,780	.....	.....	.....	3,300	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	135,375
Briggport,	11,466	.....	.....	.....	100	650	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	116,000
Prairie du Chien,	1,064,365	.....	.....	800	248,200	.....	.....	.....	.....	.....	.....	132,940	.....	.....	.....	.....	1,533,756
Totals,	1,871,906	1,283,320	162,410	279,630	1,977,536	248,680	388,681	301	20,080	23,677	3,219	411,570	469	432,230	4,892	.....	12,639,595

Abstract of Commodities of Freight Transported during the Year 1865—Westward.

Commodity	No. of Cattle	No. of Horses	No. of Sheep	No. of Swine	No. of Poultry	Wool, lbs.	Skinner's Fat, lbs.	Butter, lbs.	Cheese, lbs.	Flour, bushels	Wheat, bushels	Barley, bushels	Oats, bushels	Rye, bushels	Indian Meal, bushels	Beans, bushels	Peas, bushels	Lard, lbs.	Stearns, lbs.	Other Fat, lbs.	Iron, lbs.	Coal, tons	Firewood, cords	Timber, ft.	Staples, No.	Lumber, Pieces	Posts, No.	Staves & Head-logs, lbs.	Brick, No.	Stone, Tons	Empty Barrels	Miscellaneous, lbs.				
Wool	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
Iron	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		
Coal	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		
Firewood	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Timber	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Staples	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Lumber	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Posts	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Staves & Head-logs	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Brick	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Stone	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Empty Barrels	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Totals	4,017	40,876	2,613	1,042	65,504	426,692	6,722	110,694	679,396	2,401	15,623,699	6,012,000	1,600,000	22,403	624,724	708,980	110,405	14,404,521																		

SECRETARY AND TREASURERS' REPORT.

Milwaukee & Prairie du Chien Railway Co.

SECRETARY AND TREASURER'S OFFICE,
MILWAUKEE, February 6th, 1866.

*To the President and Directors of the Milwaukee and Prairie
du Chien Railway Company:*

GENTLEMEN :

Herewith I respectfully submit the usual Annual Statements of Income and General Accounts, marked "A" and "B," showing the standing of said accounts December 31st, 1865.

Your obedient servant,

WM. TAINTOR,

Secretary and Treasurer.

[" A. "]

STATEMENT OF INCOME ACCOUNT, 1865.

Dr. Cr.

<p>To Operating Expenses for the year.....</p> <p>" Cost of Improvements during the year at Prairie du Chien, exclusive of new Passen- ger Depot.....</p> <p>" Amount expended during the year on new Passenger Depot at Prairie du Chien.....</p> <p>" Paid for Real Estate.....</p> <p>" Paid for New Locomotives.....</p> <p>" Paid for New Cars.....</p> <p>" Amount expended during the year on N. W. Telegraph Line.....</p> <p>" Amount paid for account Milwaukee and Mis- sissippi R. R. Co. under liens on property...</p> <p>" Amount of interest for the year on Bonded Debt.</p> <p>" Paid Installments of Sinking Fund, to-wit: Due April 1, 1865..... \$80,995 00 " Oct. 1, 1865..... 83,847 50</p> <p>To Reserved Sinking Fund, (see statement "B.")..</p> <p>" Paid Dividends, viz:</p> <p style="padding-left: 20px;">No. 5..... \$132,070 00 No. 6..... 153,998 00</p> <p>" Balance to New Account.....</p>	<p>\$1,387,880 26</p> <p>4,922 34</p> <p>11,573 83</p> <p>10,289 42</p> <p>55,838 87</p> <p>23,755 08</p> <p>14,154 25</p> <p>517 25</p> <p>38,202 50</p> <p>164,842 50</p> <p>1,435 00</p> <p>286,068 00</p> <p>291,647 28</p> <p>\$2,241,126 58</p>
<p>By Balance December 31st, 1864.....</p> <p>" Gross Earnings for the year 1865, viz:</p> <p style="padding-left: 20px;">From Freights..... \$1,389,458 78 " Passengers..... 562,911 23 " Mails and Rents.... 33,141 70</p> <p>" Interest Received on Loans, Discounts, &c., and from McGregor Western Railway Co., under Lease Contract.....</p>	<p>\$ 229,938 01</p> <p>1,985,511 71</p> <p>25,676 86</p>
<p>\$2,241,126 58</p>	

Dr. GENERAL ACCOUNT, DEC. 31, 1885. Cr.

<p>General Property Account, Cost of Road.....\$7,725,200 00</p> <p>Cost of Road as per last Report, was.....\$7,720,278 00</p> <p>Deduct 73-100 Share Common Stock surrendered by Trustees of Creditors M. & M. R. Co., & cancelled..... 73 07</p> <p>Leaves present cost as above.....\$7,725,200 00</p> <p>McGregor Western Railway Co. Lessors: Stock advances to date, on account Lease Contract 870,000 00</p> <p>Cash " " " " 8,805 69</p> <p>McGregor Western Construction Account, Representing iron purchased to be used under Sec. 1 of Lease Contract with McGregor Western R. Co. Said iron having been bought on credit, and the notes given therefor, discounted by the M. & P. du O. R. Co., the amount will not be chargeable to the McG. W. R. Co., as advances until maturity of the notes.</p> <p>Stock of Material—Cost of material on hand.....\$44,283 91</p> <p>Balances due from Agents and other Companies..... 36,106 75</p> <p>Government on Military Account,</p> <p>United States Government P. O. Department—due on Account Transportation of Mails,.....\$236,517 49</p> <p>McGregor Western R'y Co. Bonds—cost of \$17,000 of said Company's Bonds, received for Freight and Old Rolling Stock,.....</p> <p>Cash,.....</p> <p>Funds in New York,.....</p> <p>Expenses of December, 1885, and amounts due other Companies,..... 102,457 77</p> <p>\$389,005 26</p>	<p>First Mortgage Bonds and Scrip Stock, to-wit— Outstanding as per last report.....\$9,607 00</p> <p>Deduct as follows—</p> <p>Amount converted and cancelled during the year,.....\$898,500</p> <p>Bonds Donated by Trustees of Creditors of M. & M. R. Co., and cancelled, 6,500</p> <p>Amount designated by Trustees of Sinking Fund, for payment,..... 161,000</p> <p>534,000</p> <p>First Preferred Stock, to-wit— Issues as per last report,.....\$2,414,500</p> <p>Issued during the year for bonds converted,..... 898,500</p> <p>\$2,808,000</p> <p>Issued for account McGregor Western Railway Lease under law approved 26th March, 1864,..... 274,000</p> <p>Second Preferred Stock,.....</p> <p>Common Stock, to-wit— Issues as per last report,.....\$2,968,073</p> <p>Issued during the year for account of McGregor Western Railway Lease,..... 26,000</p> <p>26,000</p> <p>\$3,014,073</p> <p>Deduct 73-100 share cancel'd by Trustees of Creditors of Mil. & Miss. R. Co.,..... 73</p> <p>3,014,000 00</p> <p>514,200 00</p>	<p>1,485 07</p> <p>141,266 59</p> <p>4,888 33</p> <p>14,779 95</p> <p>45,600 00</p> <p>13,000 00</p> <p>60,459 36</p> <p>126,645 97</p> <p>14,960 00</p> <p>1,722 00</p> <p>850 72</p> <p>22,816 87</p> <p>291,647 28</p> <p>\$8,755,527 07</p>
<p>\$7,725,200 00</p> <p>803,805 69</p> <p>53,711 97</p> <p>231,411 08</p> <p>80,895 66</p> <p>5,264 13</p> <p>15 733 83</p> <p>339 005 26</p>	<p>\$ 432,060 00</p>	<p>\$8,755,527 07</p>

TRANSFER AGENTS' REPORT.

NEW YORK, 30th December, 1865.

To the President and Directors of the Milwaukee and Prairie du Chien Railway Company :

GENTLEMEN:

I have to report the cancellation and conversion of the First Mortgage Bonds into the First Preferred Stock of this Company, as follows :

From the 10th to 21st February last—

(346) Three hundred and forty-six Bonds, \$1,000 each.	\$346,000
(26) Twenty-six Bonds, \$500 each.	13,000
	<hr/>
	\$359,000

And from 1st to 11th November—

(26) Twenty-six Bonds, \$1,000 each.....	26,000
(17) Seventeen " 500 "	8,500
	<hr/>

making total conversion for the year \$393,500
for which amount First Preferred Stock has been issued.

In February and March last, the Stockholders, by written assent, authorized the issue of Five hundred thousand dollars of either class of stocks for the purposes of the McGregor Western Lease.

On the 23d of March, the Directors placed in the hands of a Committee \$300,000 of above amount.

The Committee have used of this 2740 shares (\$274,000) in First Preferred Stock, and 260 shares (\$26,000) in Common Stock.

The annexed statement of Capital Stock will show the changes in various accounts during the year, and amount of Bonds and Stock outstanding this date.

Respectfully,
G. E. TAINTOR, Transfer Agent.

DR. MILWAUKEE AND PRAIRIE DU CHIEN RAILWAY CO., CAPITAL STOCK ACCOUNT. CR.

1865. Jan'y 1.	To Balance, as per last Report, as follows : First Preferred Scrip Stock, with Bonds, outstanding \$ 966,000 First Preferred full paid Stock... 2,414,500 Second Preferred full paid Stock 1,014,000 Common Stock..... 2,988,073 \$7,382,573				\$ 359,000
Feb. 10-21	" First Preferred full Paid Stock, issued for Scrip First Preferred Stock, with Bonds, converted.....	359,000	1865. Feb. 10-21	By First Preferred Scrip Stock, with Bonds, cancelled and converted into First Preferred full paid Stock.....	
Nov 1-11	" First Preferred full paid Stock, issued for account McGregor Western Lease, 23d March to 30 Dec.....	34,500	May 10.	" Common Stock surrendered cancelled by Trustees' Creditors, late M. & M. R. R. Co.,.....	73
		274,000	June 26.	" First Preferred Scrip Stock and Bonds, designated for Sinking Fund.....	81,500
		26,000	Oct. 2.	" First Preferred Scrip Stock and Bonds, designated for Sinking Fund.....	82,500
			Nov. 1-11	" First Preferred Scrip Stock, with Bonds, cancelled and converted into First Preferred full paid Stock.....	34,500
			Dec. 11.	" First Preferred Scrip Stock, with Bonds, cancelled and surrendered by Trustees of Creditors, late Mil. & Miss. R. R. Co.....	6,500
			Dec. 31.	" Balance forward; Capital Stock outstanding.....	7,512,000
					8,076,073
1866. Jan'y 1.	To Balance brought forward, capital stock out standing..... To wit : First Preferred Scrip Stock, with Bonds, outstanding \$ 402,000 First Preferred full paid Stock 3,082,000 Second Preferred full paid Stock 1,014,000 Common Stock 3,014,000 \$7,512,000	\$7,512,000			

REPORT OF THE TRUSTEES

OF

MORTGAGE AND SINKING FUND.

NEW YORK, January 2d, 1866.

To the Milwaukee & Prairie du Chien Railway Company:

GENTLEMEN :

The undersigned, Trustees under the Mortgage Deed of Trust, made by you January 22d, 1861, respectfully Report :

That the amount due the Sinking Fund, April 1st, 1865, (\$80,995) was not paid until June 26th, 1865.

Immediately after its payment, we designated as required by the Trust Deed the following Bonds, \$81,500, for payment, viz: numbers

42	85	129	131	134	147
161	181	192	193	214	302
304	305	306	308	310	347
356	400	408	447	498	530
534	544	595	640	683	690
694	703	704	737	761	835
848	898	902	931	935	954
958	1024	1066	1217	1324	1347
1374	1377	1383	1454	1491	1516
1518	1532	1547	1572	1647	1649
1790	1840	1851	2101	2102	2103
2106	2113	2188	2189	2195	2204
2247	2250	2288	2295	of \$1,000 each.	
2445	2447	2449	2453	2461	2568
2621	2628	2629	2635	2648 of \$500 each	

The installment due Oct. 1, 1865, was promptly paid, and we designated \$82,500 of the Bonds for payment, viz: numbers

23	78	99	150	151	179	297
301	367	392	396	398	411	449
477	499	503	511	514	516	520
526	529	549	551	589	641	663
698	755	759	760	802	804	812
837	852	853	873	878	884	960
1056	1092	1340	1350	1358	1361	1376
1382	1399	1414	1508	1517	1548	1630
1640	1648	1654	1655	1733	1778	1788
1849	1852	1893	1904	1986	2187	2199
2203	2206	2225	2230	2232	2397	2399

Of \$1,000 each, and numbers

2454	2466	2477	2486	2547	2556	2558
2619	2625	2630	2647 of \$500 each.			

Of the Bonds designated by us for payment we have paid, and herewith hand you cancelled \$134,000 of said Bonds; the balance \$78,000, have not yet been presented for payment. Of these \$8,500 were designated for payment June 26th, 1865, \$4,500 October 1st, 1864, and \$500 April 1st, 1864.

The Trustees of the Creditors of the late Milwaukee & Mississippi Railroad Company have presented to us \$6,500 Cancelled Bonds, which we have credited on the Mortgage.

Your President has exhibited to us \$393,500 Bonds, cancelled by conversion into first preferred stock since our last report. We have seen that they were duly cancelled, and have kept a proper register of them, enumerating them by their numbers, and have credited each Bond separately upon the Mortgage.

The whole amount of Bonds now outstanding, secured by this Mortgage, is \$402,000. The accompanying Statement will show how the accounts stood.

(Signed)

W. SCHALL,
N. A. COWDREY, } Trustees.

STATEMENT NO. 1.

The Milwaukee & Prairie du Chien Railway Company, To W. Schall and N. A. Cowdrey, Trustees :		
1861.	DR.	
January 22d,	To amount of Mortgage,.....	\$2,556,000
	CR.	
	By Donations from Trustees of Creditors of Mil. & Miss. R. R. Co.....	\$23,500*
	“ Bonds purchased by the Company	66,000
	“ Bonds purchased by the Trustees	6,000
	“ Bonds previous- ly designated for payment..	\$137,500
	“ Bonds designat- ed 1865.....	164,000
		\$301,500
	“ Bonds hereto- fore converted	\$1,363,500
	“ Bonds convert- ed in 1865....	393,500
		\$1,757,000
1866.		\$2,154,000
January 1st,	Balance due as per Mortgage	\$402,000

STATEMENT NO. 2.

United States Trust Co. of New York, In Account with W. Schall and N. A. Cowdrey, Trustees :		
1865.	DR.	
Jan'y 1,	To Cash Balance.....	\$48,942 03
June 26,	“ Cash Deposited.....	80,995 00
Oct'br 2,	“ Cash Deposited.....	83,847 50
Dec'br 31,	“ Interest on Balances..	1,276 75
		\$215,061 28
1865.	CR.	
Jan'y 11,	By Paid Mil. & Prairie du Chien R. W. Co. in adjust- ment of interest.....	\$ 85 58
March 23,	By Trustees services on \$357,000 Bonds convert- ed 1-4 per cent. each equal to 1-2 per cent.....	1,785 00
January 2, Dec'br 31, Dec'br 31,	By Amount of Bonds Paid..	134,592 76
	By Cash on Deposit.....	78,597 94
		\$215,061 28

*N. B.—The above \$23,500 donations from Trustees of Creditors M. & M. R. R. Co., consist of Donation to Trustees of Sinking Fund in 1861, in valid Bonds, prior to commencement of sinking fund operation.....\$17,000 and in Dec., 1865, donation to the Co. of cancelled Bonds..... 6,500

L. H. MEYER, Prest.

\$23,500

COPY OF LEASE CONTRACT
WITH
M^CGREGOR WESTERN RAILWAY COMPANY,
REFERRED TO IN REPORT.

THIS INDENTURE, made and entered into this eleventh day of March, in the year of our Lord 1865, by and between the McGregor Western Railway Company, a corporation duly formed and organized under the laws of the State of Iowa, party of the first part, and the Milwaukee and Prairie du Chien Railway Company, a corporation duly formed and organized under the laws of the State of Wisconsin, party of the second part.

WITNESSETH: That for and in consideration of the mutual covenants and agreements hereinafter contained and expressed, to be by the parties hereto respectively observed, performed and kept, the said parties have mutually covenanted and agreed, and by these presents do covenant, promise and agree to and with each other, that the said party of the first part shall give possession of its railroad, together with all its tolls, rents, receipts and incomes, known as the McGregor Western Railroad or Railway, to the said party of the second part, and that the said party of the second part shall take possession thereof and hold, use, maintain and operate the same in the manner, for the period, and upon and subject to the terms and conditions hereinafter expressed, to wit:

ARTICLE 1ST.—This contract shall continue and be in force and operation for and during the period of nine hundred and ninety nine years (999) from the time of taking possession thereunder of the first sixty (60) miles of the said railroad, extending west of the Mississippi river, of which sixty (60) miles, forty (40) miles extending from the Mississippi river to Ossian, in the State of Iowa, shall be taken possession of on the written assent to this contract by a majority of each class in interest of the stockholders of the party of the second part; and on the written assent thereto of the bondholders of the party of the first part, to the amount of \$850,000, as specified in the seventeenth article of these presents; and possession of the remaining portions of the said

railroad, twenty miles westerly of Ossian to Decorah, shall be given when the same shall be completed and ready for use and operation, according to the contract for the construction thereof heretofore made by the party of the first part with the Iowa Railroad Construction Company. It being understood and agreed, by and between the parties hereto, that when the said railroad, or any part thereof, shall be delivered into the possession of the party of the second part, the said railroad, or any part thereof so delivered, shall have been completed and finished in accordance with the said contract for the construction thereof, heretofore made by the party of the first part with the Iowa Railroad Construction Company, (a copy of which contract is hereto annexed,) and if the said railroad shall not have been completed and finished in accordance with the said contract, and within the time specified therein, then possession shall be given to the party of the second part of the entire property and road, finished or unfinished, on the first day of August, eighteen hundred and sixty-five, and the said party of the second part may complete and finish the same in the manner and on the conditions hereinafter provided. Provided, however, that the said party of the first part shall not be required to deliver the said railroad, or any part thereof equipped with rolling stock, but that such rolling stock shall be supplied by the party of the second part as hereinafter mentioned.

ARTICLE 2ND.—The party of the second part shall, and will, during the continuance and operation of this contract, furnish all tenders, locomotives, passenger, baggage and freight cars, and any and all other rolling stock which may be necessary to efficiently and economically operate the said railroad, or such part thereof as may be delivered into the possession of the said party of the second part under or pursuant to this contract. Such equipments of rolling stock so to be furnished by the said party of the second part for use upon the said railroad, shall at all times, be equal in the character and quality thereof (so far as the business of the said railroad shall require) to that used by the said party of the second part upon its own railroad, and in the quantity thereof shall not be less than that used upon the railroad of the party of the second part, in proportion to the miles of the respective roads, unless the party of the first part shall, in writing, consent to the use of a less amount for a time to be specified in such written consent; and if the business of the said McGregor Western Railway shall require it, the amount of such rolling stock shall be greater than the proportion aforesaid, but, nevertheless, shall not exceed such proportion, except with written consent of the party of the first part; provided, however, that the party of the second part shall not be required to withdraw or reduce the amount of any equipment which it shall have once supplied to or put on the said

railroad, upon the requisition or with the written consent of the party of the first part.

ARTICLE 3D.—The party of the second part shall receive and collect all the tolls, incomes, rents, issues, and profits of the said railroad, and after defraying the expenses of operating, and maintaining the said railroad, and of all repairs and replacements thereof, and of all repairs and replacements of the equipments of rolling stock so to be furnished by it, including such as have been purchased from the party of the first part, retain to itself, the said party of the second part, as compensation for the use of such equipment of rolling stock, a sum equal to eight per cent. per annum upon the cost of such equipment of rolling stock as such cost shall be ascertained and determined, by and from the books, accounts, and vouchers of the said party of the second part, and shown thereby to be in the first preferred stock of the said party of the second part, or the proceeds or avails thereof.

ARTICLE 4TH.—The party of the second part, after deducting from the earnings of the said railroad the amount to be retained under article third of these presents, shall monthly, and once in each and every month, apply the remainder of such earnings as follows:

1. To paying mechanics' liens upon the said railroad, or some part thereof, and judgments against the party of the first part, if such exist.
2. To pay current maturing interest on the bonds of the party of the first part, which bonds shall not exceed in amount \$18,000 per mile upon the first sixty (60) miles of the said railroad, nor \$15,000 per mile on any and all extensions beyond the said first sixty (60) miles, unless and except as hereinafter provided.
3. The balance to the party of the first part, or as the said party of the first part shall direct.

ARTICLE 5TH.—If, on delivery under this contract of the first sixty (60) miles of the said railroad to the party of the second part, the same shall not be in the condition required by the contract for the construction thereof hereinbefore mentioned, or if the first thirteen miles of the said railroad shall not have been relaid with rails of from fifty-six to fifty-eight pounds per yard, and adequate chairs; and if within one month after such incomplete and inferior condition shall have been ascertained, as hereinafter provided, the party of the first part shall not have furnished the cash means necessary to put the said railroad in a proper condition, and also to relay the said thirteen miles as aforesaid, then and in that case the said party of the second part shall have the right to execute the work so as aforesaid required to be done, and may, at its own option, either use the earnings of the said railroad for that purpose, or advance its own funds or preferred stock, in which

latter case it shall be reimbursed in the manner hereinafter provided, or it may execute such work partly with the earnings of the said railroad, and partly with its own funds or preferred stock, and provided further that the said party of the second part shall not thereafter use the earnings of the said railroad, or any part thereof, to put the said railroad, or any part thereof, by repair, replacement, improvement, or otherwise, in any better or more highly finished condition, than the railroad of the said party of the second part, known as the Milwaukee and Prairie du Chien Railway shall be, and that the condition of the railroad last aforesaid shall be the criterion for the condition in which the said McGregor Western Railway shall be put and kept during the continuance and operation of this contract.

ARTICLE 6TH.—In the event of the party of the second part making as aforesaid any advances for completing the said railroad, according to the requirements of the contract, for the construction thereof, or for re-laying the said first thirteen miles thereof with heavier rails and adequate chairs, the earnings of the said railroad shall be appropriated and applied in the manner following:

1. To the payment to the said party of the second part of an amount equal to eight per centum per annum upon the proper cost of the rolling stock placed upon the said railroad by the said party of the second part, pursuant to this agreement, and eight per centum per annum on the amount of advances made by the party of the second part for completing the said railroad and re-laying with such heavier rails and adequate chairs, the said thirteen miles thereof,
2. To the payment of the ordinary operating expenses, including repairs and replacements of the rolling stock.
3. To the payment of current monthly interest on the bonds aforesaid of the said party of the first part.
4. To the re-payment of the advances mentioned in this article, made by the party of the second part, and to re-purchase the stock issued for such advances, until all such stock shall have been re-purchased and said advances paid.
5. The balance to the party of the first part, except in the event that the party of the second part shall elect to complete the said railroad, (and re-lay the said track wholly or partly by means of earnings,) in which case the entire earnings thereof, after paying the interest on the cost of the rolling stock aforesaid, and on said advances, or such part of the said earnings as may be necessary, may be applied to that purpose.

ARTICLE 7TH.—The said party of the second part shall purchase from the party of the first part all and singular the rolling stock which the said party of the first part may have on hand when the party of the second

part takes possession of the said railroad, and shall pay for the same in its first preferred stock at the rate of 105 per cent. cash, a price to be fixed upon by the master mechanics of the parties hereto, and the master mechanic of the Chicago and Northwestern Railway Company, or a majority of them, payable immediately upon possession being taken under this agreement and valuation being given, provided that said rolling stock be free from liens.

ARTICLE 8TH.—The party of the second part shall fix the rate of passenger fare and of freight upon the said railroad, provided that such rates for through business shall, in no case, be lower than the through rates at the time charged upon the railroad of the party of the second part, *pro rata*, and the local rates shall be kept as high as the state of business from time to time will warrant.

ARTICLE 9TH.—The party of the first part shall, from time to time, appoint an auditor, who shall, at all times during business hours, have the right, by free access to the books and papers, to examine all accounts of the party of the second part of the business of the said railroad, or in any manner concerning the same.

ARTICLE 10TH.—In case the party of the second part shall elect not to make any advances for the purposes mentioned in article fifth of these presents, but to use the earnings of the said railroad therefor, then and in that case the party of the first part shall have the right in its discretion to put the railroad in the required condition at its own proper costs and expenses, and the party of the second part shall receive, appropriate, and apply the earnings in the manner specified in article third of these presents, and in no other manner, using the surplus to pay the interest on the bonded debt of the party of the first part, which bonded debt shall not exceed the amount hereinbefore specified, and after satisfying such interest, paying the balance, if any, to the party of the first part.

ARTICLE 11TH.—All materials for the completion or extension of the said McGregor Western Railroad shall be carried over the roads of both parties at the actual cost of transporting the same.

ARTICLE 12TH.—In case at any time or times during the possession of the said railroad under this contract, the said party of the first part shall disapprove of the tariff of charges for local traffic thereon, alleging the same to be too low or injurious to business upon said railroad or otherwise inexpedient or objectionable, and shall notify the party of the second part of such disapprobation and of the particulars complained of, and thereupon the parties shall be unable to agree in respect thereto, such difference shall, upon a notice of five days by either party to the other, be referred and submitted to the Superintendent for the time being of the Chicago and North Western Railway Company, or to

such other disinterested and competent railroad officer or manager as they may agree upon as arbiter, and the decision of such arbiter shall in all cases be final and binding and conclusive upon the parties hereto, in respect to the matters to him submitted under this article.

ARTICLE 13TH.—The first thirteen miles of the said railroad running from McGregor to Monona, shall be relaid by the party of the first part, with rails of from fifty-six to fifty-eight pounds per yard, and adequate chairs: and, immediately upon possession being taken to Decorah, and not later than the first day of August, 1865, the entire line shall be thoroughly examined by a commission to consist of George L. Dunlap, of the Chicago and Northwestern Railway Company, James C. Spencer, of the said Milwaukee and Prairie du Chien Railway Company, and William Greene of the said McGregor Western Railway Company, if the services of the said persons can be obtained for that purpose; and if the services of any of the three persons mentioned cannot be obtained, then to consist of such of them as will serve, and of such other competent railroad engineer or engineers, or superintendent or superintendents, or other competent person or persons as the parties hereto may agree upon in substitution for the person or persons whose services cannot be obtained.

The three persons who shall be so appointed as aforesaid for the purpose of examining the condition of the said railroad shall, upon making such examination, furnish detailed reports to the parties hereto respectively of the result thereof, and shall report in full what under this contract, the “McGregor Western Railroad” *requires to have done to it and on it*, first to put it in the safe running condition contemplated by this contract, and secondly, in the condition which the construction contract with the Iowa Railroad Construction Company requires or entitles the Milwaukee and Prairie du Chien Railway company to demand; and shall so report, *without reference to the cost thereof*.

ARTICLE 14TH.—The bonds of the party of the first part referred to in this agreement, are certain mortgage bonds heretofore issued, or hereafter to be issued by the party of the first part, and not exceeding in amount \$18,000 per mile for the first sixty miles, and which are secured by a first lien upon the first sixty miles of the said railroad, and also certain other bonds hereafter to be issued, and not to exceed in amount \$15,000 per mile for each and every mile of the said railroad which may be constructed beyond the said first sixty miles.

ARTICLE 15TH.—The party of the second part shall at any time during the period commencing with the execution of these presents, and ending one year after the payment, satisfaction or discharge of the present bonded debt of the said party of the second part, according to the provisions of the sinking fund therefor or otherwise (provided such period shall extend at least three years from the time of taking posses-

sion) have the option to purchase the said railroad of the party of the first part upon the following terms, to wit:

1. The said party of the second part shall issue to the holders of the bonds of the said party of the first part, the second preferred stock of the said party of the second part with all the rights, priorities and privileges to which such second preferred stock is now entitled, at the par value thereof, in exchange for the bonds aforesaid, at the par value thereof, of the party of the first part, issued or to be issued, which said bonds shall thereafter be held and owned by the said party of the second part.

2. The said party of the second part shall issue to the stockholders of the party of the first part its common stock, to the amount, and in the proportion of one hundred dollars thereof for every two hundred dollars of the stock of the said party of the first part.

Provided, nevertheless, that the amount of the said mortgage bonds shall not exceed eighteen thousand dollars per mile for the first sixty miles of the said railroad as aforesaid, and fifteen thousand dollars per mile for the remaining portions of the said road, and provided, that the stock of the party of the first part shall not exceed twenty-two thousand dollars per mile for each and every mile constructed, and that if the said bonds or stock shall exceed such amounts, the proportion of stock, preferred and common for which the same shall be exchangeable as aforesaid, shall be correspondingly reduced.

ARTICLE 16TH.—The said party of the second part shall, during the term aforesaid, maintain and operate the said railroad, and every part thereof, in the most judicious and economical manner, and shall, at the expiration, or other sooner determination of such term, surrender and deliver up to the party of the first part, its successors or assigns, the said railroad and every part thereof, with all additions and improvements thereto, and all repairs and replacements thereof, in good order, repair and condition, and shall also on surrender and cancellation of all the stock issued and used in the purchase of rolling stock, for the purpose of equipping the said railroad under this contract, or an equivalent amount of the stock so issued and used, convey and deliver to the party of the first part, the said rolling stock, with all additions, improvements, repairs and replacements thereof, to be thereafter held and used by the said party of the first part, its successors and assigns, to it and their own proper use, benefit and behoof.

ARTICLE 17TH.—The party of the first part, shall, so far as the same may be practicable, obtain the assent and approval of the holders of the bonds aforesaid to this agreement, and shall cause the holders of bonds so assenting and approving to signify and legally evidence such assent and approval by an endorsement or other proper and sufficient memor-

randum thereof, to be made upon said bonds, and holders of said bonds to the amount of \$850,000, shall assent as aforesaid, before this agreement shall take effect, and no issue of bonds shall be hereafter made by the party of the first part, except subject to this agreement.

ARTICLE 18TH.—The party of the second part shall allow to the party of the first part, and pay, subject to all the terms of this agreement, a drawback of fifteen per cent. on the interchange of business between the roads of the parties hereto, according to and in conformity with the terms and conditions of the resolutions of the Board of Directors of the said party of the second part, passed January, 1861 and 1862, which drawback is hereby extended and continued in force for and during the period of thirteen years from the date hereof, being a period equal to that for which the Chicago and Northwestern Railway Company have agreed to pay a similar drawback, and such drawback of fifteen per cent. shall be allowed and paid by the party of the second part to the party of the first part, as part of the earnings of the said McGregor Western Railroad, for and during such period.

ARTICLE 19TH.—Whenever and as soon as the Minnesota Central Railroad shall reach Austin, or shall reach the Iowa State line, or shall reach such a point of forwardness in construction as to leave no reasonable doubt of its early completion to either of these points, then and in either of such cases the party of the first part shall extend the said McGregor Western Railroad so as to connect the same with the said Minnesota Central Railroad at either of the points aforesaid; and in the event that the said party of the first part shall delay the commencement of the work for such extension, or having begun the same shall delay its completion, the said party of the second part shall have the right, at its own option, to build such extension to either the State line of Iowa or to Austin aforesaid, to connect with the said Minnesota Central Railroad; and in case the said party of the second part shall upon such failure, omission, or neglect of the party of the first part to extend the said line, elect to build such extension, and in order to procure the means therefor, shall issue and dispose of preferred stock, then the said party of the second part shall be entitled to retain out of the earnings of the said railroad, before paying interest on the bonds aforesaid of the said party of the first part, the interest which the said party of the second part may have to pay upon the preferred stock so issued, according to the terms of the issue thereof, and after paying current accumulating interest upon the said bonds of the party of the first part, or setting apart an amount sufficient to pay the same, to retain the balance to buy up and cancel the amount of stock so issued for the purposes of such extension.

ARTICLE 20TH.—It is further understood and agreed that the party of

the second part may issue its second preferred or common stock instead of its first preferred stock for all or any of the purposes for which, in this agreement, the issue of first preferred stock is mentioned, and that all and singular the provisions hereof in respect to using the earnings of the said railroad, to retire such first preferred stock, or to pay interest thereon, shall apply to the said second preferred or common stock, provided always, that such second preferred stock or common stock shall not be used for such purposes in the place and stead of first preferred stock, unless it can on issue be sold at par for cash in New York.

ARTICLE 21ST.—No extension of the said railroad beyond such sixty miles shall be made or contracted for, except by and with the consent and under and subject to the specifications to be furnished by the party of the second part; and the said party of the second part may, at its own option, assume the building thereof, provided that it shall undertake the same at as low a rate as any other responsible railroad contractor for the same work.

ARTICLE 22D.—Increased business necessarily requiring increased facilities for transacting the same, such increased facilities shall from time to time, during the continuance and operation of this agreement, be furnished by the party of the first part, and in case the said party of the first part shall make default therein, the same may be supplied by the party of the second part, and the expense thereof withheld out of the earnings before paying interest on the said bonds.

ARTICLE 23D.—In case the party of the second part shall elect to avail itself of the option herein granted to purchase the said railroad, the party of the first part shall, upon such purchase, grant, assign, and convey to the said party of the second part all the right, title, and interest of the said party of the first part in and to any and all land grants, donations, and subscriptions which the said party of the first part, or the said Iowa Railroad Construction Company may be entitled to, on such portions of the road as may be unfinished at the date of such purchase.

ARTICLE 24TH.—In all cases where the party of the second part shall issue preferred or common stock for the construction, improvement, or extension of the said railroad as herein provided, the interest or dividends payable upon such stock shall be retained by the said party of the second part out of the earnings of the said railroad prior to and before paying interest on the bonds of the said party of the first part, and the balance of such earnings remaining after the payment of interest on the said bonds, shall be used to buy up and cancel the stock so issued by the party of the second part for the purposes of such construction, improvement, or extension, and until the stock so issued shall be purchased in or otherwise retired or cancelled, the same shall be a

first and paramount lien upon the said railroad until satisfied in full, with all interest thereon. And the said party of the second part shall not be required to surrender possession of the said railroad until all the stock issued or cash advanced made by the party of the second part for the use and benefit of the party of the first part under this agreement shall have been paid or bought up and surrendered as aforesaid.

In witness whereof, the said parties of the first and second parts have caused their respective corporate seals to be hereunto affixed and the same to be attested by their respective presidents, treasurers, and secretaries on the day and year first above written.

The McGregor Western Railway Company, by

[SEAL.]

GEORGE GREENE,

President.

H. H. BOODY, Treasurer.

H. B. WHITEHOUSE,

Secretary.

The Milwaukee and Prairie du Chien

Railway Company, by

[SEAL.]

L. H. MEYER,

President.

WILLIAM TAINTOR, Secretary and Treasurer.

The Iowa Railway Construction Company, by

WM. GREENE,

President.

GEO. GREENE, Treasurer.

Signed, sealed, and delivered by
 George Greene, President, H.
 H. Boody, Treasurer, and H.
 B. Whitehouse, Secretary of
 The McGregor Western Rail-
 way Company, and by L. H.
 Meyer, President of the Mil-
 waukee and Prairie du Chien
 Railway Company,

JAS. P. SINNOTT.

BERNARD ROELKER. :

STATE OF NEW YORK, }
 City and County of New York. }

Be it known, that on the eleventh day of March, 1865, before me, Bernard Roelker, a notary public duly commissioned for the city and county of New York, and duly authorized to administer oaths and take acknowledgments of deeds, personally came George Greene, President of the McGregor Western Railway Company, and H. H. Boody,

Treasurer, and H. B. Whitehouse, Secretary of said Railway Company, to me personally known as such officers, and signed their respective names to the foregoing instrument, as president, treasurer, and secretary, and affixed the seal of said company thereto by order of the Company, and they severally acknowledged the execution of said instrument on behalf of said Company as its voluntary act and deed, and for the purpose therein expressed. And also came L. H. Meyer, President of the Milwaukee and Prairie du Chien Railway Company, to me personally known as such officer, and signed his name to the foregoing instrument as president, and affixed the seal of said Company thereto by order of said last mentioned Company, and acknowledged the execution of said instrument on behalf of said Company as its voluntary act and deed for the purpose therein expressed. And I certify that the above named several persons are known to me to be the persons they are above described to be and who executed this instrument.

In witness whereof, I have hereunto set my hand and notarial seal the day and year above written.

[SEAL.]

BERNARD ROELKER,

Notary Public.

[STAMP.]

ANNUAL REPORT

OF THE OPERATIONS OF THE

MILWAUKEE & PRAIRIE DU CHIEN

RAILWAY COMPANY,

Being a Railway Company in the State of Wisconsin, during the year ending on the Thirty-first day of December, 1865, made to the Stockholders of said Company in accordance with the provisions of Chapter 91, of the General Laws of 1858.

FIRST—The whole length of road in operation is 235 91-100 miles.

Single Track 235 91-100 miles.

Double Track None.

SECOND—The amount of Capital actually subscribed is

. \$7,726,200 00

Paid thereon, \$7,726,200 00

Unpaid, None \$7,726,200 00

THIRD—The whole cost of the Road is (by purchase), \$7,726,200 00

FOURTH—The amount of indebtedness is, \$ 620,799 92

as follows :

First Mortgage, \$402,000 00

Coupons, due 1st Jan'y, 1866,

unpaid, \$14,980 00

Reserved Sinking Fund \$1,435 00

Insecured, \$202,384 92

————— \$ 620,799 92

The amount due the Corporation is \$85,659 79

FIFTH—The number of passengers and the rate of fare is as follows :

Through passengers, 20,096. Rate per mile, 3-51 cents.

Way passengers, 260,498 Rate per mile, 3-80 cents.

SIXTH—The amount received for transportation is as follows:

Passengers,.....	\$ 562,911 23
Mails,.....	20,647 50
Property,.....	1,389,458 78
	<hr/>
	\$1,973,017 51

The amount received for Interest is... 25,676 86

The amount received from other sources
is, 12,494 20

as follows:

Rents,.....	\$11,766 61
Telegraph,.....	727 59
	<hr/>

Total receipts (earned), including interest re-
ceived,..... \$2,011,188 57

SEVENTH—The amount of Freight,..... 290,916 tons.

Other modes of measurement.... None.

EIGHTH—The amount paid out and incurred for ex-
penses is,..... \$2,289,319 02

as follows:

For Repairs of the Road,..	\$288,005 16
“ Repairs of Buildings,.	45,631 51
“ Repairs of Engines,..	115,133 10
“ Repairs of Cars,.....	174,681 77
“ Fuel,	131,606 81
“ Taxes,.....	112,234 45

Interest on First Mortgage

Bonds,	38,202 50
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For Indebtedness,.....	339,839 72
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For other purposes,.....	1,043,984 00
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\$2,289,319 02

Wages of employes, \$692,320 22, which
am't is included in other items stated.

Salaries paid to each officer exceeding \$1,000 and amount
of each, are as follows:

President,.....	\$3,000 00
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General Manager,.....	5,000 00
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Superintendent,.....	3,000 00
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Secretary and Treasurer, com- bined,.....	2,700 00
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Transfer Agent and Assistant

Secretary, combined, 2,500 00

NINTH—The am't of loss to the Company from casualty, \$4,604 23

TENTH—The number of dividends, two.

Amount of dividends, \$286,068 00

When made—Declared Jan. 17th, and Oct. 14th,
1865.

In what manner paid—In cash.

ELEVENTH—The number of persons killed is two. Passengers,
none. Employes, none.

The number of persons injured, six. Passengers
and others, three. Employes, three.

The causes of persons being killed are as follows :

Lying or walking on the track, two.

The causes of persons being injured are as follows :

Falling from top of cars, 2 ; falling from Engine, 1 ;
walking on track 1 ; jumping from cars, 2.

TWELFTH—Of the foregoing accidents none have arisen from
carelessness or negligence of employes on the
road, except the persons injured.

The Employes from whose carelessness or negligence
such accidents have arisen, retained in the service
of the Corporation, are as follows—None.

[Revenue Stamp.]

STATE OF WISCONSIN, }
COUNTY OF MILWAUKEE. } ss.

We, William Taintor, Secretary and Treasurer, and William
Jervis, Superintendent of the Milwaukee and Prairie du Chien
Railway Company, do each of us solemnly swear, that the fore-
going report has been made from the best sources of informa-
tion at our disposal, and that the several matters therein set
forth are correct and true, to the best of our knowledge, infor-
mation and belief. So help us God.

[Signed]

WM. TAINTOR, Secretary and Treasurer.

WM. JERVIS, Superintendent.

Sworn and subscribed to, before me, this 9th day of February,
1866.

[Signed]

B. H. EDGERTON, Notary Public.

[Revenue Stamp.]