

than was spent in 1910. Probably the ballasting of 27 miles of track with stone and 356 miles with gravel in 1910 had something to do both with the smaller sum spent for ballast this year and with the reduced cost of labor on roadway.

The Chicago & North Western has had for a number of years very low charges for repairs of its equipment, and in 1911 no saving was apparently made in the cost of repairs of either locomotives, passenger train cars or freight cars. Larger sums were charged for depreciation on equipment last year than in 1910. The company added 175 locomotives, 274 passenger train cars and 225 freight train cars to its equipment, but retired during the year 51 locomotives, 10 passenger train cars and 1,822 freight cars.

There was spent for transportation expenses \$30,840,000 in 1911, as compared with \$29,680,000 in 1910. Of this 3.91 per cent. increase, \$288,000 was an increase in the amount paid to labor, and \$164,000 was an increase in the amount charged for fuel; the remaining \$707,000 was an increase in the amount charged for supplies.

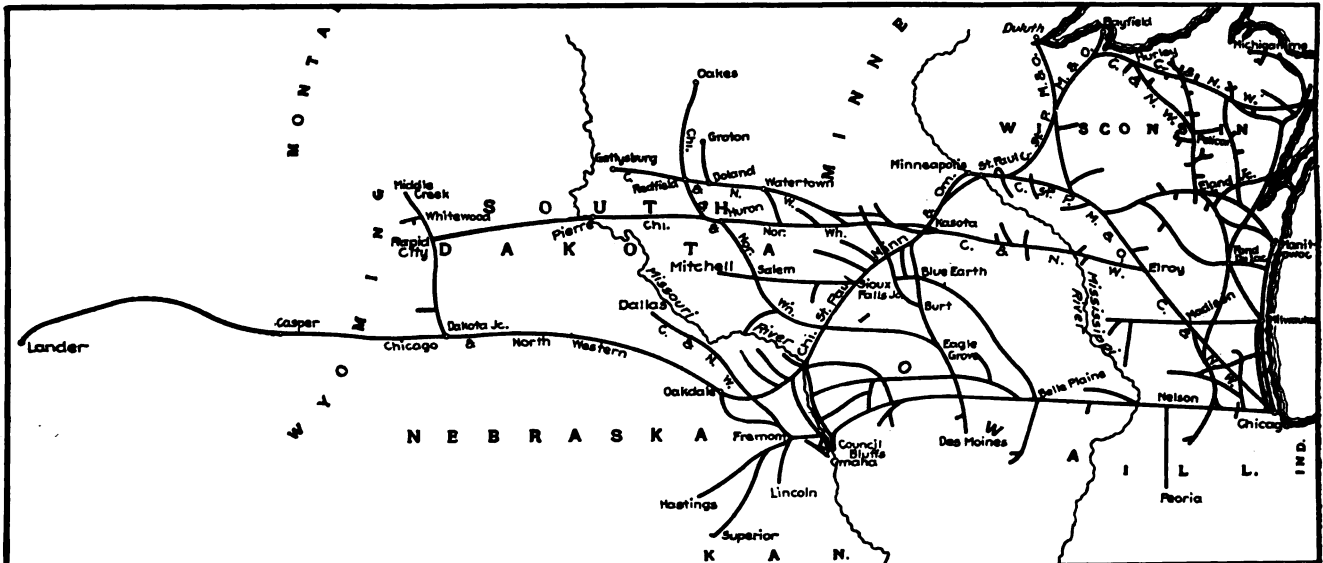
The decrease in ton mileage, amounting to 2.32 per cent., already mentioned, was accompanied by a decrease of 7.91 per cent. in the mileage revenue freight and mixed trains; and the in-

The following table gives a comparison of the results of operations in 1911 and 1910:

	1911	1910.
Average mileage operated.....	7,719	7,629
Freight revenue	\$49,024,958	\$49,536,839
Passenger revenue	19,118,884	18,431,017
Total operating revenues.....	74,918,186	74,175,685
Maint. of way and structures...	10,002,073	10,774,338
Maint. of equipment.....	9,307,196	9,149,217
Traffic	1,232,016	1,257,756
Transportation	30,836,561	29,677,354
Total operating expenses.....	53,012,710	52,153,619
Taxes	3,116,034	2,979,513
Operating income	18,735,765	18,985,612
Gross corporate income.....	21,759,231	21,525,371
Net corporate income.....	12,603,100	12,298,497
Dividends	10,899,615	9,832,038
Surplus	1,703,485	2,466,459

CHICAGO, MILWAUKEE & ST. PAUL.

It is possible that the interchange of traffic between the Chicago, Milwaukee & St. Paul and its Pacific coast extension subsidiary—the Chicago, Milwaukee & Puget Sound—accounts for the fact that the average haul of each ton of revenue freight on the St. Paul itself was 199 miles in the fiscal year ended June 30, 1911, as compared with 174 miles in the previous fiscal year. The traffic advantages of a connection with the Pacific coast was one of the reasons advanced for building the Puget



The Chicago & North Western.

crease of 4.13 per cent. in the passenger mileage was handled with an increase of but 0.64 per cent. in the mileage of revenue passenger and mixed trains. The average revenue train load last year was 277 tons, as compared with 261 tons the year before. This is an increase of 6.07 per cent.

At the beginning of the year the company was still engaged on making a number of important and expensive improvements. During the year the new passenger terminal at Chicago was completed and opened for traffic; \$4,190,000 having been spent during last year on this work. The elevation of tracks from Rockwell street, Chicago, to Sixteenth street has been completed, and the track elevation work through Evanston, Ill., has been finished. Other important construction work completed or still to be completed is mentioned in our Railway Construction news columns.

To pay for these improvements and to retire \$6,347,000 bonds matured last year, the company sold \$22,500,000 of its general mortgage 4 per cent. bonds of 1987. The Chicago & North Western also bought 20 per cent. of the stock of the Indiana Harbor Belt and 20 per cent. of "certain obligations" of this company.

At the end of 1911 the North Western had \$12,960,000 cash on hand, with working liabilities of \$9,430,000. This compares with \$18,500,000 cash on hand at the end of 1910, and working liabilities of \$13,050,000.

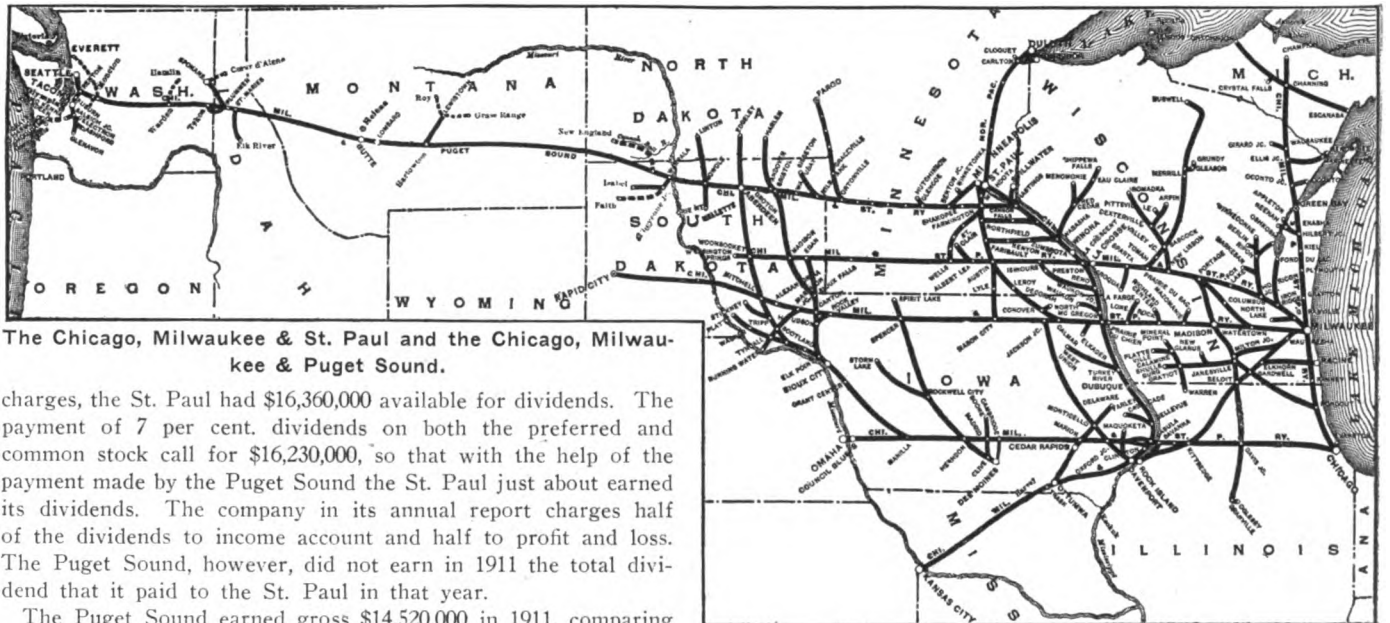
Sound, and if this reasoning is borne out in practice, the results should be reflected in the St. Paul's traffic figures. The total tonnage of products of forests carried in 1911 by the St. Paul amounted to 3,620,000 tons, or 13.52 per cent. of the total tonnage carried, while in 1910 the tonnage of products of forests amounted to 3,850,000, or 12.55 per cent. of the total tonnage. Since the Puget Sound company's figures for commodities transported show that more than twice the tonnage of products of forests was carried in 1911 than in 1910, it is fairly safe to assume that the increased lumber tonnage on the St. Paul is the result of an interchange with its subsidiary. In 1911 the St. Paul itself carried 26,790,000 tons of freight, as compared with 30,700,000 tons carried in 1910. The Puget Sound carried 2,450,000 tons in 1911, as against 1,540,000 tons in the previous 11 months. Of the total tonnage carried last year, products of agriculture furnished 21.42 per cent. on the St. Paul, and 9.33 per cent. on the Puget Sound; products of animals furnished 6.45 per cent. on the St. Paul, and 5.37 per cent. on the Puget Sound; products of mines furnished 26.83 per cent. on the St. Paul, and 15.85 per cent. on the Puget Sound; products of lumber, as before mentioned, furnished 13.52 per cent. on the St. Paul and 42.61 per cent. on the Puget Sound; manufactures furnished 18.55 per cent. on the St. Paul, and 15.10 per cent. on the Puget Sound.

The Puget Sound gets an extraordinarily long haul, being 532 miles in 1911 and 596 miles in 1910. These figures for the new line indicate a comparatively small local business. The shorter haul, however, in 1911 indicates the development of some local business.

Whether or not the Puget Sound is proving itself as useful to the St. Paul from a traffic standpoint, as was expected, it was highly useful last year from a financial standpoint. The St. Paul earned \$64,980,000 gross in 1911, as compared with \$64,850,000 earned in 1910. Both freight and passenger revenue were slightly less in 1911 than in 1910, the increase in earnings coming from other transportation revenue, which amounted to \$5,520,000 last year, as compared with \$4,630,000 the year before. Total operating expenses last year amounted to \$47,050,000, as against \$44,790,000 the year before. The St. Paul had an operating income last year amounting to \$15,460,000, as compared with \$17,730,000 the year before; but through the payment of dividends made by subsidiaries the St. Paul shows a gross corporate income of \$27,340,000 for 1911, as against \$25,490,000 the year before. The dividends received on stocks owned amounted to \$5,070,000 in 1911; in 1910, to \$800,000. After the payment of its own interest

Cash on hand in the St. Paul treasury at the end of 1911 amounted to \$13,508,000, and in the Puget Sound treasury to \$1,330,000. Working liabilities of the St. Paul amounted to \$5,530,000, and of the Puget Sound to \$2,200,000. The St. Paul charged to profit and loss for the year \$7,770,000 for discount, commission and expenses on debenture bonds of 1909 and on the 15-year European loan of 1910. During the year the company retired \$3,180,000 bonds and sold \$9,990,000 general mortgage bonds, \$50,000 4 per cent. bonds, and \$48,180,000 "European loan of 1910." The 15-year European loan bears 4 per cent. interest. Bonds in the treasury at the end of the year amounted to \$39,710,000; these bonds representing expenditures for extensions, improvements and for underlying bonds canceled.

The expense account of the St. Paul shows that, like the Chicago & North Western, the annual report of which is commented on elsewhere in this issue, it was able to save in the maintenance of way and structures, partly because of a milder winter and partly also because maintenance forces were cut, and some important economies made in section work. Total maintenance of way and structures last year cost \$8,470,000, a saving



The Chicago, Milwaukee & St. Paul and the Chicago, Milwaukee & Puget Sound.

charges, the St. Paul had \$16,360,000 available for dividends. The payment of 7 per cent. dividends on both the preferred and common stock call for \$16,230,000, so that with the help of the payment made by the Puget Sound the St. Paul just about earned its dividends. The company in its annual report charges half of the dividends to income account and half to profit and loss. The Puget Sound, however, did not earn in 1911 the total dividend that it paid to the St. Paul in that year.

The Puget Sound earned gross \$14,520,000 in 1911, comparing with \$10,770,000 earned in the 11 months in 1910. After the payment of expenses and 4 per cent. interest on the \$123,000,000 bonds of the Puget Sound that were outstanding at the beginning of the year, the subsidiary company had a net corporate income of \$2,770,000 available for dividends. A dividend of 5 per cent. was paid on the \$100,000,000 stock held by the St. Paul. Of this dividend payment of \$5,000,000, the Puget Sound charged \$2,300,000 to income for 1911, and \$2,700,000 to profit and loss account; the Puget Sound having begun the year with a balance of \$2,610,000 to the credit of profit and loss. The credit to profit and loss at the end of 1911 was \$480,000. As mentioned above, the interest payments of the Puget Sound in 1911 were on only the \$123,000,000 bonds outstanding at the beginning of the year. During the year the company issued \$31,960,000 first mortgage bonds to reimburse the St. Paul for extension, construction and equipment payments, so that at the end of the year there was \$154,960,000 bonds of the Puget Sound outstanding; and, in addition to this, there was \$15,700,000 obligations outstanding for advances for construction and equipment. This makes a total of \$170,660,000, which at 4 per cent. would call for an interest payment of \$6,800,000 in 1912, while the interest payment last year was but \$4,920,000. In other words, if the St. Paul itself does no better in 1911 than it did in 1910, the Puget Sound would have to earn *net* over \$4,000,000 more in 1912 than it did in 1911 to be able to show the 7 per cent. dividend on the St. Paul earned.

of \$607,000. Removal of snow, sand and ice cost \$598,000 in 1910, and only \$130,000 in 1911, a saving of \$468,000 in that one item. Maintenance of equipment, transportation expenses and traffic expenses all increased during the year, as shown in the table at the end of these comments. The St. Paul charged but \$82,300 for depreciation of passenger train cars, \$213,000 for depreciation of locomotives, and \$433,000 for depreciation of freight train cars. These amounts do not seem very large. The St. Paul spent and charged to capital account \$3,085,000 for additional equipment in 1911.

The following table shows the principal figures for the operation of the St. Paul and the Puget Sound in 1911 and 1910:

	St. Paul.		Puget Sound.	
	1911.	1910.	1911.	*1910.
Average mileage operated....	7,512	7,512	1,917	1,434
Freight revenue.....	\$44,776,454	\$44,909,137	\$12,501,958	\$9,582,570
Passenger revenue.....	14,077,757	14,786,744	1,603,596	995,422
Total operating revenues....	64,975,995	64,846,894	14,516,367	10,765,704
Maint. of way and structures	8,865,401	8,472,825	964,932	459,048
Maint. of equipment.....	8,839,384	7,724,559	1,502,344	889,727
Traffic.....	1,264,272	1,122,711	363,826	314,777
Transportation.....	27,965,953	26,347,283	5,278,859	3,488,837
Total operating expenses....	47,053,719	44,790,997	8,290,129	5,274,860
Taxes.....	2,662,700	2,529,373	515,094	235,361
Operating income.....	15,455,245	17,734,144	5,711,205	5,293,312
Gross corporate income....	27,335,031	25,493,587	7,790,617	5,943,950
Net corporate income.....	16,358,314	18,681,784	2,772,197	2,196,206
Dividends.....	16,231,453	16,231,453	5,000,000
Surplus.....	126,861	2,450,331	†2,227,803	2,255,440

*For the 11 months ended June 30, 1910.
†Deficit.