

Delaware, Lackawanna & Western Railroad Company

New York, April 1st, 1930.

TO THE STOCKHOLDERS OF

THE DELAWARE, LACKAWANNA AND WESTERN RAILROAD COMPANY:

A report of the results from operation of the property of your Company, for the calendar year 1929, is herewith respectfully submitted.

The gross transportation receipts, taken as a whole, were approximately the same as for the preceding year, the gain in freight revenues being practically offset by a further loss in revenue from transportation of passengers.

Substantial gains were realized, compared with the previous period, in all classes of transportation, excepting passengers, during the first nine months of 1929, but this was followed by a decided abatement of business activity during the closing months of the year, resulting in a pronounced reduction of traffic offered for transportation during the last three months of 1929 and a consequent falling off in gross earnings.

The conditions referred to next above were nation-wide in their scope and the gross receipts of all railroads were adversely affected thereby.

Labor saving machinery and devices were utilized in maintenance and operation wherever it appeared that a compensating reduction in cost could be effected thereby, with the result that, notwithstanding wage increases to several classes of employes, a satisfactory reduction in the total operating expenses was accomplished.

Transportation Revenues

The aggregate revenues from operation in 1929 amounted to \$81,743,222, an increase of \$608,041 over similar revenues of the year 1928.

A number of downward adjustments in rates to and from certain points served by your railroad, by order of The Interstate Commerce Commission and State Commissions, became effective during the year, and the revenues from the commodities affected were reduced accordingly.

Revenue from Transportation of Anthracite Coal increased over the previous year \$325,101.

Revenues from commodities other than anthracite coal in 1929 exceeded those of the year 1928 by \$453,489, and the revenue traffic of this class handled in 1929 was 18,468,600 tons as compared with 17,390,950 tons for the year 1928.

Revenue from Transportation of Passengers in 1929 was \$717,996 less than in the previous year. As explained in previous annual reports, this progressive decrease in passenger revenues is wholly due to the diversion of the traveling public to automotive means of transportation which materially reduces passenger revenues of your Company from year to year with very little, if any, compensation in the reduction of operating expenses, as substantially the same passenger service must be maintained to accommodate the greatly reduced number of persons that continue to use railroad passenger trains operated to and from points other than within the New Jersey Suburban Zone.

Revenues from Transportation of United States Mail in 1929 amounted to \$1,596,593, an increase over the previous year of \$512,574; but included in the mail revenues of 1929 was \$465,000, being a retroactive award of increased mail pay ordered by the Interstate Commerce Commission, covering the period May 9th, 1925, to August 1st, 1928.

Revenues from Express and Milk Transportation for the current year were slightly less than in the previous year, but notwithstanding the diversion of short haul traffic of these classes to motor trucks the outlook for continued patronage is reasonably encouraging.

There was a substantial increase in revenue from vehicular traffic over the Company's ferries during the year, which, in view of the competition of the Holland Tubes, is encouraging.

The results from Other Transportation and Incidental sources were generally satisfactory.

Operating Expenses

A statement, in detail, of the cost of maintaining and operating your Railroad during the year 1929, showing increases and decreases by primary accounts, in comparison with similar expenses of 1928, is included on pages 21 to 24 of this report.

The total operating expenses for the year 1929 amounted to \$57,719,910, a decrease of \$255,377, compared with the operating expenses of 1928.

The principal fluctuations, in comparison with the year 1928, are explained and commented upon below:

Maintenance of Way and Structures

There was expended for repairs and renewals of roadway and structures in 1929 \$7,656,284, a decrease of \$297,949, compared with similar costs in 1928.

In accordance with the established practice of the Company, expenditures were made where necessary to maintain the property in a high state of preservation and usefulness.

There were laid in replacement 197,676 treated and 1,263 untreated cross ties, or 28,588 less than were laid in the previous year. The prevailing use of mechanically treated cross ties in track maintenance, owing to the greatly increased service life thus obtained, will have a tendency to decrease the number of units required annually in replacement.

New rail laid in replacement during 1929 aggregated 18,934 tons, or 1,589 tons less than in the preceding year. A comparative statement, by years, of rail tonnages and weight sections laid in replacement is as follows:

Year	Tonnage 130 lbs. to Yard	Tonnage 118 lbs. to Yard	Tonnage 105 lbs. to Yard	Tonnage 80 lbs. to Yard	Total Tonnage All Weights
1920.....	.....	.....	16,297	2,944	19,241
1921.....	.....	.....	19,572	1,283	20,855
1922.....	.....	.....	11,604	1,245	12,849
1923.....	.....	.....	14,199	2,308	16,507
1924.....	.....	9,515	6,232	620	16,367
1925.....	7,378	4,501	880	36	12,795
1926.....	13,541	26	3,634	723	17,924
1927.....	13,623	44	3,298	400	17,365
1928.....	15,398	7	5,113	5	20,523
1929.....	16,134	.....	1,931	869	18,934

There was an increase in cost of maintaining Crossings and Signs of \$73,617, in comparison with the year 1928, due to heavier retirement charges in connection with grade crossing elimination projects; and the cost of raising overhead highway bridges at Newark and Summit, New Jersey, to provide necessary clearance for the electrification project now under way.

The cost of maintaining Signals and Interlockers in 1929 was less by \$107,879 than the charges of this kind in the previous year, resulting from a reduction in retirement charges incident to the installation of automatic train control between Elmira and Scranton, which was completed in 1928; also reduced ordinary maintenance cost brought about by the installation in recent years of modern signal and interlocker devices.

Maintenance of Equipment

The cost of repairs and renewals of rolling stock and floating equipment during the year 1929 was \$14,280,455, an increase over the previous year of \$484,697.

Somewhat heavier costs were incurred for repairs and renewals of Locomotives, Freight Train Cars and Floating Equipment in 1929 than in the previous year, due to ordinary fluctuations in the equipment maintenance program; but the expenditures of this kind were not excessive, and, in fact, were substantially less than the average of such costs for the past five years.

The indicated increase of \$157,870, in comparison of the item Freight Train Cars—Retirements, is wholly due to a credit adjustment included in this account in 1928, growing out of the allowance for depreciation in excess of accruals by the Company during the period of Federal control and operation.

Following the established policy of retiring units of equipment when same become obsolete and uneconomical to operate, there were taken out of service and scrapped during the year 1929, 36 Locomotives, 1,518 Freight Train Cars, 6 Passenger Cars, and 60 Company Service Cars. Practically all of the freight cars retired during the year were of wooden body construction and of low tonnage capacity.

All classes of rolling stock and floating equipment remaining in service at the close of the year were in good serviceable condition.

Transportation Expenses

The cost of performing transportation service in 1929 was \$31,640,623, or \$152,170 less than in the year 1928.

Revenue freight shipments in 1929 amounted to 28,906,268 tons, or 1,331,137 tons in excess of the transportation performance of 1928; and the revenue train mileage required to handle the 1929 tonnage was 6,157,041 miles or 297,582 miles less than in the preceding year. The average net train load in 1929 was

811 tons, compared with 766 tons in 1928, an increase of practically six percent.

There were transported to and from points within the New Jersey Suburban Zone 23,247,011 passengers, or 213,964 more than in the preceding year.

The number of other passengers carried was 4,333,405, or 390,411 less than in 1928.

Passenger trains were operated 5,837,015 miles during 1929, as compared with 6,105,862 miles in 1928, a decrease of 268,847 passenger train miles.

Loss and Damage-Freight payments in 1929 amounted to \$352,063, a decrease of \$40,338, or 10.3% under the loss and damage payments in the year 1928.

The ratio of loss and damage freight payments to gross freight revenue in 1929 was .58%, or proportionately less than in any calendar period since 1905.

Payment for Injuries to Persons caused by transportation accidents in 1929 amounted to \$424,025, an increase over the previous year of \$61,690. No extraordinary train accidents occurred during the year, and the increase in comparison with 1928 is on account of the abnormally low cost of transportation injuries in the previous year.

Agriculture and Industry

A fairly prosperous year was enjoyed by the farmers located in territories served by your Company.

The unfavorable weather conditions that prevailed throughout a large part of the area had the effect of reducing the average yield per acre of some of the crops below that of the preceding year, but prices were higher and profits were better than in any year since the depression following the World War.

Dairy farming in New York State was more satisfactory to the farmers in 1929 than for several years past; good prices were realized with relatively low costs for feed.

The threatened danger at the close of the year 1928 of a shortage in milk production to supply the demand in the fall months of 1929 was averted by the activities of the Committee mentioned in the last annual report, and as a result of their efforts, a surplus instead of a shortage in the supply of milk was realized in the months of October and November, 1929.

Potatoes and cabbage were successfully produced and marketed during the year and certified seed potatoes in the State of New York were produced in larger quantities.

The agriculturist employed by your Company devotes his entire time to promoting the interests of the various farming communities reached by your railroad, and during the year has delivered addresses to thirty-three different groups of farmers, and has held himself in readiness at all times to answer individual calls for consultation and advice on the kinds of crop best adapted to the soil of the various localities, the most scientific methods of fertilization and cultivation, etc.

During the year 1929 the Industrial Department has secured the location of fifty-five new industries at various points along the railroad. Your Company's proportion of the cost of industrial tracks installed during the year was \$49,063.46.

Financial

Under date of April 27th, 1929, the Morris and Essex Railroad Company issued and delivered to your Company \$15,000,000 par value of its Construction Mortgage 4½% Gold Bonds, Series B, in reimbursement for expenditures previously made for Additions and Betterments and road extensions to the property of the Morris and Essex Railroad Company, which bonds, together with \$10,000,000 par value of Morris and Essex Railroad Company Construction Mortgage 5% Gold Bonds, Series A, issued and delivered to your Company for like purposes under date of November 19th, 1925, were held in its treasury at the close of the year 1929.

An issue of \$150,000 par value of Bangor and Portland Railway Company 1st Mortgage Bonds, payment of which was assumed by your Company under the merger agreement of July 1st, 1909, matured January 1st, 1930, and were all redeemed prior to or at maturity.

In order to meet current contractual payments in connection with the electrification of the suburban zone, and the construction of the new Terminal freight and warehouse facilities at Jersey City, which have been actively under way during 1929, and the purchase of new equipment, of which more specific mention is made elsewhere in this report, your Company negotiated a temporary bank loan of \$6,000,000. The payment of this loan and the permanent financing of the improvements in process of construction, together with further purchase of equipment, will be accomplished through the sale of \$25,000,000 par value of Morris and Essex Railroad Company Construction Mortgage Bonds now held in the treasury of your Company, as

hereinbefore mentioned, but sale of which has been deferred, awaiting a favorable market for funded securities.

During the year 1929 the railroads of the country organized the Railway Express Agency, Incorporated, to acquire and operate the property of the American Railway Express Company, and by agreement effective March 1st, 1929, your Company became a joint owner, with other railroads, of the Railway Express Agency, Incorporated, through the purchase of its prorata share of the Capital Stock thereof.

Welfare Expenditures

Payments to retired employes in 1929 under the pension system of your Company amounted to \$447,996, an increase of \$46,453, or 11.57% in excess of the pension payments for the year 1928.

The pension system of your Company was inaugurated June 1st, 1902, and a comparative statement of disbursements for account thereof, by calendar years from 1902 to 1929, inclusive, is as follows:

Calendar Year	Amount	Calendar Year	Amount	Calendar Year	Amount
1902	\$6,360.94	1911	\$85,092.24	1920	\$187,299.98
1903	16,202.85	1912	93,521.50	1921	213,625.49
1904	24,619.09	1913	103,607.95	1922	223,587.23
1905	31,681.05	1914	111,089.68	1923	245,071.48
1906	45,196.13	1915	122,828.46	1924	260,213.20
1907	51,412.95	1916	134,969.98	1925	302,040.85
1908	57,620.24	1917	154,009.42	1926	347,161.36
1909	71,322.42	1918	153,577.12	1927	369,641.42
1910	80,580.15	1919	160,958.05	1928	401,543.04
				1929	447,995.51

Aggregate payments June 1st, 1902 to December 31st, 1929. \$4,502,829.78

Statistical information in respect of pensioned employes on the rolls, December 31st, 1929, is as follows:

Number of pensioned employes on rolls December 31st, 1929	640
Number of employes pensioned June 1st, 1902 to December 31, 1929	1,760
Number of employes granted pensions during 1929	102
Number of pensioned employes that died during 1929	73
Greatest length of service	62 yrs. 6 months
Number of pensioners who served 50 years and over	87
Number of pensioners who served between 40 and 50 years	262
Number of pensioners who served between 25 and 40 years	279
Number of pensioners who served less than 25 years	12
Average number of years in employ of Company	40 yrs. 3 months
Average age at retirement	67 yrs. 2 months
Average age at present time	72 yrs. 11 months
Average pension payroll per month	\$37,332.96

Group Insurance

Pursuant to the plan authorized and made effective February 1st, 1922, your Company paid as its proportion of the premiums assessed for the year 1929, \$177,582.29.

A statement of the number of beneficiaries and the amount of insurance carried at the close of the year 1929, together with other important details, follow:

Number insured December 31st, 1929	17,345
Total insurance, December 31st, 1929	\$34,535,000
Deaths during the year 1929	212
Permanent disability claims, year 1929	28
Insurance Company paid account of death claims during 1929	\$403,000
Insurance Company paid account of disability claims during 1929	\$64,000
Premiums paid by employes	\$280,887.73
Premiums paid by Company	\$177,582.29
Number of death claims, February 1st, 1922 to December 31st, 1929	1,279
Number paid permanent disability benefits	102
Amount paid account of death claims, February 1st, 1922 to December 31st, 1929	\$2,470,000
Amount paid account of permanent disability claims	\$204,000

In addition to the foregoing expenditures, your Company paid as its proportion of the 1929 deficit from the operation of the Moses Taylor Hospital, of Scranton, Penna., \$39,227.81, and contributed toward the running expenses of Railroad Y. M. C. A's, located at various points along the line, \$29,288.64.

Taxes

Tax assessments during the past fifteen years are indicated by the following:

Calendar Year	Total Tax Assessments	Taxes per Dollar of Gross Revenue Cents	Taxes per Dollar of Revenue after Operating Expenses Cents
1915	\$2,115,333.84	4.72	12.42
1916	2,517,882.68	4.88	12.82
1917	3,584,917.49	6.27	18.35
1918	3,922,872.54	5.71	20.85
1919	5,159,802.72	7.18	32.74
1920	4,539,785.14	5.45	47.79
1921	4,979,439.57	5.80	28.01
1922	4,894,466.10	6.56	44.72
1923	5,995,697.51	6.80	32.02
1924	6,900,101.85	7.96	31.02
1925	6,832,652.72	8.17	32.16

Calendar Year	Total Tax Assessments	Taxes per Dollar of Gross Revenue Cents	Taxes per Dollar of Revenue after Operating Expenses Cents
1926.....	7,671,403.68	8.64	29.03
1927.....	7,457,093.11	8.81	30.43
1928.....	6,392,638.37	7.88	27.60
1929.....	6,635,895.83	8.12	27.62

A further reduction in Federal Income Tax Assessments from 12% to 11% was made for the year 1929 resulting in approximately \$100,000.00 less Federal Taxes than in the year 1928. There was an increase of upwards of \$340,000.00 in State and Local Taxes.

Additions and Betterments

Charges to the Investment Account, for Road and Equipment of your Company and its leased lines, less credits for property retired from service during the year 1929, were \$11,105,096.34.

The projects which are worthy of special mention because of their magnitude and importance, commenced during the year 1929 and actively in process of construction at the close of the year, are as follows:

ELECTRIFICATION OF SUBURBAN ZONE IN NEW JERSEY—This embraces the electrification of the line and suburban trains operated thereon between Hoboken and Dover via Morristown; from connection with the main line at Roseville Avenue, Newark to Montclair, and from connection with the main line at Summit to Gladstone, also that portion of the Railroad on the Boonton Branch from connection with the main line at west end of tunnels to Secaucus, the purpose of the last mentioned being to provide facilities for the movement of freight with electric locomotives between the breaking up yard in Secaucus, and the tidewater terminal.

There are under construction by the Pullman Car and Manufacturing Corporation, 141 new steel passenger cars which will be equipped with motors for propulsion purposes, and the American Car and Foundry Company has under way the necessary alterations, to convert into trailer units 141 of the present steel suburban passenger cars.

Substation buildings are under construction and will be completed early in the year 1930.

The electrical equipment, most of which is being manufactured by the General Electric Company, is expected to be ready for delivery by the time the cars and substation buildings are ready for its installation. Foundations for the overhead contact system are complete from the Hoboken Yard to Morristown, and the steel supporting structures are substantially complete from the west end of the tunnel to Montclair. Stringing of the contact wire will be commenced soon.

Satisfactory progress is being made in carrying out the electrification program and it is anticipated that the work will be completed before the end of the year 1930.

NEW FREIGHT TERMINAL AND WAREHOUSE, JERSEY CITY, N. J.—In order to provide more modern and adequate freight terminal facilities, and to meet the growing demand for storage space at tidewater on the Jersey Shore, your Company has in process of construction and nearing completion at the close of the year, a new freight terminal and warehouse located at a point adjacent to the New Jersey entrance to the Holland Vehicular Tunnels and a short distance from the Hoboken entrance of the Company's Ferries to 23rd Street, Christopher and Barclay Streets, New York. These terminal facilities when completed will occupy an area of four city blocks and the building, containing eight stories with basement, will provide in addition to spacious and efficient freight handling facilities, public storage space of upwards of one million square feet. The building is of fireproof construction and equipped with up to date appliances for the most economical handling and storing of commodities. The warehouse space will be open to patrons in April 1930 and will make available to shippers and consignees the greatest dry storage area of its kind in one unit on the Atlantic Seaboard.

NEW CONCRETE PIER AND BULKHEAD, JERSEY CITY, N. J.—In connection with the new freight terminal and warehouse, a new pier, 1,200 feet x 40 feet, was completed during the year. This pier extends from the southerly property line of the freight terminal to the pierhead line in the North River and in addition to providing the necessary additional yard space for switching cars to and from the freight terminal, it furnishes means of handling carload freight to and from ocean vessels.

TERMINAL IMPROVEMENTS AT 25TH STREET, SOUTH BROOKLYN, N. Y.—To provide additional and improved facilities for handling anthracite coal and miscellaneous freight at your freight terminal located at 25th Street, South Brooklyn, a new concrete coal trestle with the necessary approach trestle, tracks, weighing scales, paving and other appliances, was erected and leased at an adequate rental to the Delaware, Lackawanna and Western Coal Company, effective December 1st, 1929, and in addition to the foregoing a new freight house and automobile platform equipped with all modern appliances for the expeditious handling of miscellaneous freight, and new tracks providing greatly increased car storage capacity are in process of construction and nearing completion at the close of the year.

New Equipment

In accordance with the policy of replacing, with units of greater capacity, locomotives and freight car equipment of light tonnage rating, retired, your Company purchased during the year the following:

- 20 Pocono Type 4-8-4 fast freight locomotives, with an aggregate tractive effort of 1,432,000 lbs., were received and placed in service in March and April 1929.
- 1,000 All steel 55-ton capacity freight cars, 417 of which were received and placed in service before the close of the year, the balance to be delivered early in 1930.
- 100 All steel 55-ton automobile cars, received and placed in service in March 1929.
- 250 All steel 70-ton capacity Hopper cars, received in November and December 1929.
- 2 All steel dining cars, received in May 1929.
- 2 All steel combination mail and baggage cars, received in December 1929.

In addition to the foregoing, twelve of the 1100 class road freight locomotives were reconstructed in the Company's Shops, and alterations made therein to convert same into a type suitable

for yard drilling service. Ten of these locomotives were completed and placed in operation during the year and are giving very satisfactory service; the remaining two will be completed and placed in service early in 1930.

Other projects that were either completed or upon which substantial expenditures were made during the year are as follows:

1. Completing realignment of main track to provide right of way for construction of improved highway, between West Nanticoke and Hunklocks Creek, Pa.
2. Addition of 90-foot turntable, water cranes and tracks, and extending two stalls of the enginehouse at Bangor, Pa.; also adding water cranes and strengthening bridges between Portland and Bath, Pa., to accommodate the larger locomotives on the Bangor and Portland Division.
3. Addition to the Interlocking Plant at Bridge No. 60, Scranton, Pa., and changing tracks to reduce curvature to accommodate the larger locomotives on the Bloomsburg Division.
4. Installation of new machinery in Kingsland, Scranton, East Buffalo, East Binghamton and Syracuse shops.
5. Completing addition of new sub-structure, consisting of piles, caps and grillage, also addition of stone paving with concrete base at Fourteenth Street Ferry Terminal, Hoboken, N. J.
6. Installation of one 200-ton Fairbanks, Morse and Company track scale, complete, in concrete pit with scale house at freight terminal, Secaucus, N. J.
7. Construction of one-story brick yard office, Port Morris, N. J.
8. Additional facilities required for the operation of the coal dumpers, Hoboken, N. J.
9. Construction of third track and signal improvements between Junction with the Newark Industrial line and the Upper Hackensack River Bridge to facilitate handling freight between Secaucus yard and Newark, N. J.
10. Alterations to provide for a drug store in passenger terminal, Hoboken, N. J.
11. Strengthening bridge No. 73.95 over the Pequest River by addition of concrete floor and reinforced concrete face to present stone masonry, Bridgeville, N. J.
12. Addition of one-story steel structure for use as office, waiting room and freight house and construction of 865 lineal feet of reinforced concrete dock to serve the Detroit and Cleveland Navigation Company at Buffalo, N. Y.
13. Extending the Black Rock Yard east of Hertel Avenue to provide additional yard facilities, Buffalo, N. Y., account of grade separation work ordered by State of New York.
14. Extending eleven stalls of enginehouse to accommodate the larger locomotives, East Buffalo, N. Y.
15. Increased water supply facilities to furnish water for locomotives at Buffalo and North Alexander, N. Y.

Industrial tracks were laid in the year 1929 at the following locations: Harrison, Secaucus, Morris Plains, Little Falls, Kingsland, Netcong and Kenil in the State of New Jersey; Nay Aug, Danville, Plymouth, Nicholson and Briar Creek in the State of Pennsylvania; and Elmira, Buffalo, Syracuse, Homer, Clayville, Millers Mills, Whitney Point, Brisben, Tully, Chenango Bridge, Richfield Junction, Cortland Junction and Utica in the State of New York.

Grade Crossings

Highway crossing protection is one of the most serious and costly problems confronting the railroads at the present time.

The ever increasing use of high speed motor vehicles, and the prevailing recklessness of drivers who refuse to reduce speed or to look and listen for approaching trains when nearing railroad crossings, result in appalling loss of life and personal injury, not to mention property loss running into many millions, a large part of which could be avoided by the exercise of reasonable care.

A recent survey of grade crossing accidents in the nation reveals the fact that more than twenty-five per cent of such accidents happened because motorists, failing to beat the railroad trains to the crossings, crashed into the side thereof.

During the past twenty years your Company has spent upwards of \$29,000,000, or an average of \$1,450,000 per annum in the elimination of grade crossings, and in addition the states and communities involved have made large expenditures as their proportion of the cost. Despite this fact, however, only 36% of all the crossings of your Company's lines have been separated from the highways. As a matter of fact and information, due to new highways under construction, new crossings at grade are being created about as fast as old ones are being eliminated.

Some progress has been made with highway officials during the past year in the matter of reducing the cost of grade separations through the construction of marginal highways paralleling your railroad, thus fitting the new roads into the existing road scheme by making the one crossing serve two or more highways.

With the cooperation of the authorities of the states and municipalities, where grade separations are necessary, in the interest of public safety, large savings can be realized for both taxpayers and the railroad, by the substitution of marginal highways for additional over or under-grade crossings at points where this can be accomplished without serious inconvenience to highway traffic.

The following grade crossings were eliminated in 1929 by construction of marginal highways:

1 at Elmira	Grand Central Avenue
1 at Elmira	Kingsbury Avenue
1 at Elmira Heights	Grand Central Avenue
1 at Minetto	Myers Road

also two crossings east of Avoca, New York, in process of elimination at the close of the year.

Grade crossing eliminations by overhead highway bridges were in process of construction, but uncompleted at the close of the year, at the following points:

1 at East Corning, N. Y.	Big Flats—Gibson County Highway
1 at Elmira, N. Y.	East Water Street
1 at Chadwick, N. Y.	Willowvale Crossing

Inland Waterway Transportation

The necessity for the expansion of our national system of inland waterways is a much-talked-about subject. The chief reason for this development, according to the enthusiastic

friends of waterway appropriations, is the bringing about of lower freight rates for manufacturers and farmers and consequent lower prices to consumers.

An important arm of this national system—the New York State Barge Canal—competes with your property for traffic moving between the Great Lakes and the Atlantic seaboard. It

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
DECEMBER 31st, 1929**

To Dividends (12% per annum)	\$10,132,935.00	By Balance Brought Forward from December 31st, 1928	\$72,210,318.46
To Dividends (2% extra)	1,688,824.00	By Sundry Adjustments	54,275.11
To Balance to credit: December General Balance Sheet	73,782,964.71	By Net Income for Year ended December 31st, 1929	13,340,130.14
	<u>\$85,604,723.71</u>		<u>\$85,604,723.71</u>

GENERAL BALANCE SHEET, DECEMBER 31st, 1929 AND 1928

ASSETS

	1929	1928
INVESTMENTS:		
Investment in Road and Equipment:		
Road	\$51,580,420.48	\$50,850,744.67
Equipment ..	62,684,492.35	60,469,356.14
Improvements on Leased Railway Property	16,579,339.13	16,579,882.90
Miscellaneous Physical Property	2,551,489.52	2,246,085.36
Investment in Affiliated Companies:		
Stocks	9,484,081.37	9,481,484.37
Bonds	3,177,382.75	2,996,655.00
Notes	3,772,964.42	3,772,964.42
Advances ...	2,667,579.72	2,575,081.80
Other Investments:		
Stocks	1,252,607.75	1,252,607.75
Bonds	41,225,230.70	27,345,292.57
Notes	669,592.11	616,635.94
Advances ...	14,963,292.26	21,910,864.22
Total Investments	\$210,608,472.11	\$200,097,655.14
CURRENT ASSETS:		
Cash	\$4,847,912.08	\$5,422,021.70
Loans and Bills Receivable ..	149.23	274.23
Traffic and Car Service Balances Receivable	1,312,819.04	1,391,040.97
Net Balances Receivable from Agents and Conductors	812,855.14	1,005,545.96
Miscellaneous Accounts Receivable	1,607,846.99	1,671,003.44
Materials and Supplies	2,915,538.09	2,830,532.88
Total Current Assets	\$11,497,120.57	\$12,320,419.18
DEFERRED ASSETS:		
Working Fund Advances ...	\$30,059.92	\$27,613.58
Insurance and Other Funds.	151,659.00	151,659.00
Total Deferred Assets	\$181,718.92	\$179,272.58
UNADJUSTED DEBITS:		
Rents and Insurance Premiums Paid in Advance..	\$607,257.22	\$627,518.64
Other Unadjusted Debits	744,641.28	839,575.96
Total Unadjusted Debits	\$1,351,898.50	\$1,467,094.60
Grand Total	\$223,639,210.10	\$214,064,441.50

LIABILITIES

	1929	1928
CAPITAL STOCK:		
Common Stock	\$87,407,500.00	\$87,407,500.00
Less held by Company ...	2,966,300.00	2,966,400.00
	<u>\$84,441,200.00</u>	<u>\$84,441,100.00</u>
Stock Liability for Conversion		100.00
Premium on Capital Stock	70,720.00	70,720.00
Total Stock	\$84,511,920.00	\$84,511,920.00
LONG TERM DEBT:		
Funded Debt		
Unmatured .	\$320,000.00	\$320,000.00
Less held by Company ...	227,400.00	222,400.00
	<u>\$92,600.00</u>	<u>\$97,600.00</u>
Non-Negotiable Debt to Affiliated Companies	266,128.62	221,374.67
Total Long Term Debt	\$358,728.62	\$318,974.67
CURRENT LIABILITIES:		
Loans and Bills Payable	*\$6,000,000.00	
Traffic and Car Service Balances Payable	1,792,459.74	\$1,947,754.96
Audited Accounts and Wages Payable	5,677,462.25	3,831,455.69
Miscellaneous Accounts Payable	8,809.41	11,830.26
Interest Matured Unpaid	2,808.00	3,018.00
Dividends Matured Unpaid	29,116.00	23,462.00
Unmatured Dividends Declared	4,222,060.00	4,222,055.00
Unmatured Rents Accrued	1,429,950.81	1,429,307.02
Other Current Liabilities ..	152,636.25	141,234.39
Total Current Liabilities	\$19,315,302.46	\$11,610,117.32
DEFERRED LIABILITIES:		
Other Deferred Liabilities ..	\$7,801.26	\$8,704.40
UNADJUSTED CREDITS:		
Tax Liability.	\$2,455,199.06	\$3,137,151.65
Insurance and Casualty Reserves	649,217.31	655,686.15
Operating Reserves	25,782.36	27,533.34
Accrued Depreciation—Equipment	34,363,170.34	33,294,277.82
Other Unadjusted Credits	1,412,682.85	1,556,255.99
Total Unadjusted Credits	\$38,906,051.92	\$38,670,904.95
CORPORATE SURPLUS:		
Additions to Property through Income and Surplus	\$6,756,441.13	\$6,733,501.70
Profit and Loss—Credit Balance	73,782,964.71	72,210,318.46
Total Corporate Surplus	\$80,539,405.84	\$78,943,820.16
Grand Total	\$223,639,210.10	\$214,064,441.50

* Temporary bank loan pending sale of Treasury Securities.

has cost the taxpayers of the State more than \$270,000,000. It has been given a fair trial. Farmers do not receive any more for products shipped by water between Buffalo and New York than for those which move by rail. The cost of a loaf of bread is the same regardless of whether the wheat or flour from which it is made is floated by canal or shipped by rail. The actual benefit of the canal is not, therefore, apparent.

Inland waterway transportation is, of course, a subsidized proposition. To arrive at the actual cost of water transportation to the shipper and the actual saving to the consumer, the taxes which go to the construction, operation, maintenance and interest on the indebtedness of the waterway must be taken into account. The average annual cost of the canal to the taxpayers is about \$10,000,000. In 1928 it handled 3,089,998 tons of freight. The average cost of floating this freight, irrespective of the length of haul, was, therefore, approximately \$3.25 per ton. Any railroad operating between Buffalo and New York could have accommodated this added tonnage by the addition of the necessary trains daily during the seven or eight months that navigation is possible on the canal. And, had the regular rail rate been paid for transporting it and the canal abandoned, the taxpayers would have been money ahead.

A hundred years ago it was undoubtedly cheaper and more expeditious to ship by water instead of by wagon, which latter was practically the only alternative means of transportation at that time, but with the tremendous development in highways and railroads during the past century it is altogether improper

to assume that the relative difference in cost is the same today. In former days shipping charges added materially to the cost of commodities, but the improved transportation facilities of today have substantially reduced such costs. In those days inland waterways were essential and served their purpose in the development of the country, but under the changed present day conditions it would appear that they are no longer an economic necessity, and the enormous expenditure required to construct and maintain them seems to be disproportionately large when measured by their present-day usefulness for transportation purposes.

To the stockholders who have so ably promoted the welfare and prosperity of their Company through the success that has attended their efforts to procure competitive traffic for it and to shippers and travelers who have favored the Company with their patronage, the Management wishes to extend its grateful acknowledgment and to solicit a continuation of their valuable cooperation in this direction during the year 1930.

The Management again desires to express to the officers and employes of the Company its appreciation of the faithful and efficient manner in which they have discharged their duties during the year.

By order of the Board of Managers.

J. M. DAVIS,
President.

[ADVERTISEMENT]

Financial News

(Continued from page 800)

Harris, Forbes & Co., and the First National Old Colony Company of Boston are offering \$15,000,000 of 5 per cent first mortgage bonds of this company subject to the approval of the Interstate Commerce Commission. The issue is priced at 100½ to yield approximately 4.96 per cent and will mature in 1955.

CENTRAL OF GEORGIA.—*New Director.*—J. L. Beven, vice-president of the Illinois Central, has been elected a director of this company to fill the vacancy created by the death of Charles T. Airey.

CHICAGO & EASTERN ILLINOIS.—*Control.*—It is reported, but not officially confirmed, that control of this company has passed from the Thomas F. Ryan estate to interests affiliated with O. P. and M. J. Van Sweringen of Cleveland.

CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC.—*Abandonment.*—Examiner Moller has submitted to the Interstate Commerce Commission a proposed report recommending that this company be authorized to abandon its line from Eagle to Troy Center, Wis., 5.02 miles.

CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC.—*Bonds.*—Kuhn, Loeb & Co., and the National City Company are offering subject to the approval of the Interstate Commerce Commission \$15,000,000 of 4¼ per cent general mortgage series F bonds of the Chicago, Milwaukee & St. Paul, of which this company is the successor. The issue matures in 1989, is redeemable after 1940 at 105 and is priced at 100½.

CLEVELAND UNION TERMINALS.—*Bonds.*—J. P. Morgan & Co., the First National Bank and the National City Company are offering \$18,000,000 of first mortgage 4½ per cent, series C, sinking fund bonds of this company, guaranteed unconditionally by the New York Central, the Big Four and the Nickel Plate. The issue

matures in 1977 and is redeemable at 105 after 1937 and, under the sinking fund, after 1933. The issue is offered at 98 to yield 4.6 per cent.

COLORADO & WYOMING.—*Abandonment.*—The Interstate Commerce Commission has authorized this company to abandon a one-mile line extending from Sopris, Colo., to Piedmont and the abandonment of operation under trackage rights over the Atchison, Topeka & Santa Fe from Jansen to Trinidad, 2.2 miles.

DELAWARE & NORTHERN.—*Stock.*—The Interstate Commerce Commission has authorized this company to issue 1100 shares of no-par common stock and to sell it at not less than \$100 a share, the proceeds to be used to acquire railroad properties and for additions and betterments.

DETROIT & MACKINAC.—*Abandonment.*—The Interstate Commerce Commission has authorized this company to abandon its Rose City branch extending from Emery Junction (National City), Mich., to Rose City, 31.2 miles and a one-mile branch extending from Smith Junction to South Branch.

ELGIN, JOLIET & EASTERN.—*Annual Report.*—The annual report of this company for 1929 shows net income after interest and other charges of \$960,663, as compared with net income of \$1,196,875 in 1928. Selected items from the income account follow:

	1929	1928	Increase or Decrease
Average mileage operated	453.12	459.87	— 6.75
RAILWAY OPERATING REVENUES	26,304,938	24,502,894	+ 1,802,044
Maintenance of way	2,650,968	2,520,641	+ 130,327
Maintenance of equipment	4,337,458	4,947,031	— 609,573
Transportation	9,256,579	8,458,959	+ 797,620
TOTAL OPERATING EXPENSES	17,096,233	16,820,060	+ 276,172
Operating ratio	64.73	68.37	— 3.64
Railway tax accruals	1,484,972	2,164,185	— 679,213

Railway operating income	7,830,669	5,616,329	+ 2,214,341
Equipment and joint facility rents—Net Dr.	2,378,407	1,885,370	+ 493,037
NET RAILWAY OPERATING INCOME	5,425,263	3,730,959	+ 1,721,303
Non-operating income	409,264	380,788	+ 28,477
GROSS INCOME	5,861,527	4,111,746	+ 1,749,781
Rent for leased roads	4,174,061	2,239,596	+ 1,934,465
Interest on funded debt	500,000	500,000	.....
NET INCOME	960,663	1,196,875	+ 236,213

ERIE.—*Bonds.*—This company has filed with the Interstate Commerce Commission an amendment to its application for authority to issue and hold in the treasury \$50,000,000 of refunding and improvement mortgage 5 per cent bonds, series of 1930, to include authority to sell the bonds. The application states that due to improved conditions in the bond market it is advised that it can sell the bonds at not less than 93½.

FLORIDA EAST COAST.—*A.C.L. Objects to Allocation in Consolidation Plan.*—George B. Elliott, president of the Atlantic Coast Line, has addressed to the Interstate Commerce Commission a protest against the allocation of the Florida East Coast in the commission's consolidation plan to the Southern system, stating that the interests of Florida shippers would be better protected by allocating it to the A.C.L. The Southern, in reply, said it had not asked for the allocation of the Florida East Coast to its system and expressed the opinion that the East Coast can best serve the public interest by maintaining its present individual status. Chairman McManamy, of the commission, in acknowledging the letters, said that all parties would be afforded an opportunity to present their views at hearings before consolidations under the plan could be made effective. Mr. Elliott's letter took the position that the allocation of the East Coast to the Southern would at once deprive shippers located on the East