

Bernet Succeeds Underwood on Erie

Erie President to Continue Active Connection—
Has Effected Many Improvements in Property

FREDERICK D. UNDERWOOD, president of the Erie, will retire on December 31; he will be succeeded by John J. Bernet, president of the New York, Chicago & St. Louis. Both of these changes were made at a meeting of the board of directors in New York on December 17. Mr. Underwood is expected to retain an active connection with the Erie in an advisory capacity since his intimate knowledge of the road will be of great value to the new administration. No announcement has been made with respect to a possible successor to Mr. Bernet on the Nickel Plate, but it is possible that he will continue his connection with that road as president, in view of the close relationship between these properties in the Van Sweringen system.

Mr. Underwood completed his twenty-fifth year as president of the Erie in May, 1926. His long administration of this road has been marked by consistent efforts to improve its physical condition. A remarkably large proportion of the expenditures for additions and improvements has been made from earnings. In the 24½ years from July 1, 1901, to December 31, 1925, the Erie had net income of \$121,461,728 of which \$11,097,942 was paid in dividends, \$17,368,849 applied to sinking fund and the remaining \$92,994,937 plowed back into the property for additions and improvements. The property investment account increased approximately \$174,200,000 during this period. Of this sum nearly \$93,000,000 was derived from earnings as contrasted with \$81,200,000 secured from the proceeds of the sale of securities and increased liabilities in the form of other indebtedness.

During Mr. Underwood's administration \$44,500,000 has been spent for additional tracks and grade reduction. Track mileage increased from 2,868 mile to 3,759 miles, or 31 per cent, in the period from July 1, 1901, to December 31, 1925. Between Meadville, N. Y., and Port Jervis, a distance of 428 miles, the ruling grade eastbound has been reduced from 0.65 per cent to 0.20 per cent, except for 17 miles between Falconer and Steamburg, and westbound to 0.30 per cent, except for 4 miles from Falconer towards Jamestown. Between Jersey City and Port Jervis 87 miles, the ruling grade has been 0.20 per cent eastbound and 0.60 per cent westbound.

Similar improvements have been made on the western lines, the Kent division between Kent and Marion, Ohio, 113 miles, having been double-tracked and grades reduced. Between Marion, Ohio, and Hammond, Ind., a distance of 249 miles, the line has been double-tracked and the eastbound ruling grade reduced to 0.2 per cent between Marion, Ohio, and Huntington, Ind., and to 0.3 per cent between Huntington and Hammond, while the westbound ruling grade was reduced to 0.2 per cent for the entire distance. These grades were originally 0.55 per cent in both directions. The line west of Marion is 95 per cent tangent and has no curves which restrict the speed of trains.

The average weight of rail in main track between Jersey City and Chicago has been increased from 83 lb. to 97 lb. per lineal yard. Nine hundred sixty new bridges have been constructed on this main line, all of steel or concrete. A total of 1,033 miles of automatic block signals have



Frederick D. Underwood.



John J. Bernet.

been installed at a cost of \$2,600,000. In addition, extensive terminal improvements have been made at New York, Jersey City, N. J., Weehawken, Hornell, N. Y., Cleveland, Ohio, Chicago and other points.

The total capital charge for equipment has also been increased approximately \$94,000,000 and represents a 136 per cent increase in total tractive power of locomotives, 71 per cent increase in aggregate capacity of freight cars, 48 per cent increase in the number of passenger cars, and the acquisition of six ferry boats and other floating equipment.

So much for what Mr. Underwood has done by way of improving the physical condition of the Erie. The results of his efforts are also strikingly shown in traffic and operating statistics. Total operating revenues increased from \$40,700,000 in 1901 to \$118,543,000 in 1925. In the same period, freight revenues increased from \$30,191,000 to \$94,671,000 and the number of passengers carried increased from 18,597,000 in 1901 to 30,448,408 in 1925. The number of tons of freight carried increased from 27,700,000 to 50,400,000 or 82 per cent, while the number of tons of freight carried one mile increased from 4,756,339,949 to 11,363,376,567, or 139 per cent. The increase in freight train miles over the same period was only 3 per cent. Another evidence of increasing operating efficiency is the fact that the average tons of freight per train rose from 400 in 1901 to 950 in 1923, or 138 per cent.

An independent audit made in 1924 showed that the per cent of increase in revenue ton miles of freight on the Erie in 1923, as compared with 1910 was 72.47, compared to increases of from 20.69 to 56.26 per cent on other lines in Erie territory. Over the same period fixed charges and rentals per 1,000 equated traffic miles (this figure being determined by adding to the actual ton miles three times the passenger miles), showed a decrease on the Erie of 15.67 per cent, as compared with increases ranging from 32.63 per cent to 54.24 per cent on other roads in this territory. At 19 competitive points, the average increase in traffic was 247 per cent during Mr. Underwood's administration.

The dividend record of the Erie has not been good, due primarily to its financial structure. The first preferred and second preferred stocks are limited to non-cumulative dividends of 4 per cent per annum. From January 1, 1901, to June 30, 1907, cash dividends were paid on the first preferred stock to an aggregate amount of 22 per cent, and on the second preferred stock to an aggregate amount of 8 per cent. Since 1907 no dividends have been paid. The capitalization of the Erie is made up of \$226,415,051 of bonds and \$176,386,300 of stock. Out of the net revenues from railway operation of \$25,304,920 in 1925, fixed charges required \$23,314,342. Net income in 1925 was \$6,729,307.

Frederick Douglas Underwood was born at Wauwatosa, Wis., and received his early schooling at Wayland Academy, Beaver Dam, Wis. He entered railway service at an early age as a brakeman on the Chicago Milwaukee & St. Paul, serving later as a checker at a grain elevator scales. From this position he progressed to yardmaster and conductor, serving for a time as baggageman. While a conductor he was assigned to the task of making special runs on trains that had been reported as unable to follow their schedules and he showed the trainmen ways of arriving at the final terminal on time. He later served successively as superintendent of the La Crosse elevator of the Milwaukee, assistant division superintendent and superintendent, and in 1886 he was ap-

pointed general superintendent of construction of the Minneapolis & Pacific (now a part of the Minneapolis, St. Paul & Sault Ste. Marie). Mr. Underwood later was promoted to general manager and elected vice-president of the Soo Line, and while in this position Daniel Willard, president of the Baltimore & Ohio, served under him as a master mechanic. In 1899 he was appointed general manager of the Baltimore & Ohio, being promoted subsequently to general manager and later being elected second vice-president. In 1901 he was elected president of the Erie, a position he held continuously until the time of his retirement.

NICKEL PLATE IMPROVED UNDER BERNET

As the right-hand man of the Van Sweringen brothers of Cleveland, Mr. Bernet will undertake the work to be done in making the Erie the important part of the Van Sweringen system which its position justifies. Mr. Bernet's success on the Nickel Plate has been marked. Under his administration this nucleus of the Van Sweringen system has been characterized by efficient operation and expanding earning power. In 1917, the first full year of Mr. Bernet's administration the total operating revenues were \$32,065,664 and the net income was \$2,254,255. In 1925, the total operating revenues had increased to \$54,670,917 and the net income had increased to \$6,445,807. Under Mr. Underwood's administration the Erie has been put into a position which renders it possible for it to earn more money. The major task ahead of Mr. Bernet will be to bind it more closely into the Van Sweringen system.

John J. Bernet was born on February 9, 1868, at Brant, Erie county, New York, and was educated in the public schools at Buffalo, N. Y. He entered railway service in 1889 as a telegraph operator on the Lake Shore & Michigan Southern (now a part of the New York Central), and on March 12, 1895, was promoted to train dispatcher. He held this position until April 2, 1901, when he was promoted to trainmaster on the Eastern division, and on March 6, 1905, he was again promoted to assistant superintendent of the same division. Mr. Bernet was promoted to superintendent of the Eastern division on February 1, 1905. From November 22 of the same year until October 1, 1906, he served as assistant general superintendent, becoming general superintendent at the end of that period, with headquarters at Cleveland, Ohio. On June 1, 1911, he left the Lake Shore to accept an appointment as assistant to the vice-president of the New York Central, Lines west of Buffalo, with headquarters at Chicago. The following year his title was changed to assistant vice-president and on April 1, 1913, he was elected vice-president in charge of operation. At the time of the reorganization of the New York Central & Hudson River and the Lake Shore & Michigan Southern, and their consolidation into the New York Central, on January 1, 1915, he was appointed resident vice-president at Chicago for the New York Central, acting as the general representative for the company in that territory. He also retained the vice-presidency in charge of the Michigan Central. Mr. Bernet was elected president and general manager of the New York, Chicago & St. Louis on July 15, 1916, and from October 28, 1918, to March 1, 1920, he served as federal manager of the Nickel Plate. At the end of that period he again assumed the title of president and in addition was named as president of the Lake Erie & Western in May, 1922, holding these positions until his election as president of the Erie.