ERIE RAILROAD COMPANY

Its Prospects under
Van Sweringen
Management

WOOD, STRUTHERS & CO.
Dealers in Tested Securities
5 NASSAU STREET NEW YORK

DECEMBER 1927

Printed in U.S.A.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.
NEW YORK

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THE ERIE RAILROAD COMPANY

INTRODUCTION

A few years ago a group of far-sighted capitalists, realizing the great potentialities of the South and appreciating the strategic location of the Southern Railway in that territory, bought a substantial interest in its common stock for less than $30 a share. Its subsequent rise to the present price of over $140 a share created fortunes for those gentlemen and for those who had sufficient confidence in their judgment to become their partners.

Even more spectacular have been the activities of the Van Sweringen brothers of Cleveland. In 1916 these gentlemen acquired a controlling interest in the old "Nickel Plate" road from the New York Central when its common stock was selling around $35 a share. This stock, today, is selling for close to $130; but this is only part of the story for the stockholders were recently given 1.7 shares of Chesapeake Corporation stock for each share of "Nickel Plate". This distribution, at the present price of about $84 a share for Chesapeake Corporation stock, is worth $143 for every share of "Nickel Plate" stock. Accordingly, a share of the old "Nickel Plate" stock costing only $35 a share in 1916 has now a total value equivalent to $270.

The Van Sweringens' record with the "Nickel Plate" has been nearly duplicated through their purchase of the Chesapeake and Ohio in 1923. The common stock was selling around $70 a share when the Van Sweringens purchased control; it is now selling close to $210.

The Van Sweringens' success in "Nickel Plate" and Chesapeake and Ohio is no doubt partly the result of the timeliness of their purchases, but more particularly it reflects their ability as railroad operators. Aggressive traffic departments have increased business while efficient operating heads have reduced the cost of handling it; meanwhile they have gained important banking support for the necessary financing of their properties.

Early in 1924 the Van Sweringens purchased a controlling interest in the Erie Railroad, although the administration of its affairs was not assumed until January 1, 1927. Having rather striking proof of what Van Sweringen management has meant to the "Nickel Plate" and the Chesapeake and Ohio, the question arises as to whether a similar opportunity exists at the present time in Erie.

Accordingly, this survey was made to see what the Van Sweringens have accomplished since the first of the year and to study their future plans in order to arrive at an intelligent basis for gauging the future possibilities of the Erie Railroad. Obviously, if the Van Sweringens can do with the Erie what they have done with the "Nickel Plate" and Chesapeake and Ohio, its stock at present levels is still a very attractive speculation.

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HISTORICAL NOTES

Perhaps more than any other American line, the Erie is a railroad with a history. It is probably the most notorious of all American railroads for scandalous over-issue of securities and ruinous mismanagement during most of the first half century after its charter was issued in 1832. The evils brought upon the road by the vicious practices of Daniel Drew, 'Jim' Fisk, Jay Gould and their co-partners lived long after them. The road suffered several reorganizations and, excluding the last six months, it has had to struggle along with the poorest kind of credit during most of its existence. So much for history.

The Erie is one of the most important railroads in the so-called "trunk line" territory extending from the North Atlantic seaboard to Chicago and reaching the important gateways and traffic centers of Buffalo, Cleveland, Youngstown, Akron, Cincinnati and Indianapolis. Its importance in this "trunk line" territory is perhaps best indicated by the fact that it has a heavier traffic density than even the New York Central. Of the total traffic hauled by four of the major "trunk line" roads, including the Erie,

New York Central, Pennsylvania and Baltimore & Ohio, the Erie Railroad, with a very much smaller mileage, hauled 9.9% during the period 1914, 1915 and 1916. *The Erie's share of the total hauled by these roads in 1924, 1925 and 1926 had increased to 10.2% of the total, while its total for this period had increased 15.5% over the volume of traffic which it moved in 1914 - 1916 inclusive, compared with an increase for its three competitors mentioned above of only 12.3%. These simple comparisons indicate conclusively, not only how important a factor the Erie Railroad has been in the past, but how important it is at the present time in the so-called "trunk line" territory.

Whatever its former troubles, with traffic of such proportions the Erie has a sustained volume of earning power. In the five years from 1922 - 1926 inclusive, its gross operating revenues have averaged $120,593,000, while the income applicable to fixed charges has averaged $21,962,000; fixed charges have been $14,925,000, leaving average net earnings of $7,037,000. For this five-year period the Company's annual net income averaged 1.47 times its fixed charges, while its earnings in 1926 were nearly 1.9 times fixed charges when allowance is made for non-recurring retirements in that year. Accordingly, then, in spite of its early financial troubles the Erie has a sustained volume of traffic, and for at least the last five years, including 1927, it has earned its fixed charges by substantial margins and has also earned something on its common stock, as summarized in the following table.

* See page 56 of the appendix.

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	1926	1925	1924	1923
Times Fixed Charges Earned	1.68	1.45	1.63	1.57
Earned on First Preferred (4%)	21.11	14.05	20.04	17.61
Earned on Second Preferred (4%)	51.25	30.10	48.06	40.88
Earned on Common	6.72	3.71	6.27	5.25

CHANGE IN CONTROL

Early in 1924 the Van Sweringen brothers of Cleveland purchased a substantial interest in the property, although no actual direction of the management was assumed until January, 1927, since when many important changes of a vital nature, both financial and administrative, have taken place in the affairs of the Erie Railroad. A preliminary statistical study of the situation emphasized the necessity of an inspection trip of the property and a careful examination on the ground of the changes in the personnel and organization, as well as a study of the new administration's plans for the physical improvement of the property. Through the courtesy of the new president, Mr. Bernet, an inspection trip was arranged covering practically the entire property, making possible a first-hand study of traffic problems, track conditions, terminal properties, freight warehouses and new equipment, etc.

It is natural to expect a number of changes following the installation of a new management, but the thorough reorganization of practically all important departments of the Erie Railroad that has taken place since the first of the year is one of the most interesting chapters in recent railroad history. The new order of

things established by the Bernet Administration promises to have a vital bearing on the future prospects for both senior and junior securities of the Erie Railroad.

CHANGES IN *SYSTEM OF OPERATION AND PERSONNEL OF OPERATING DEPARTMENT

The Erie Railroad prior to Mr. Bernet's incumbency was divided, under the so-called regional system of control, into three separate regional districts. Under this system each regional district was more or less a separate railroad with a complete staff of regional officers and department heads, reporting to a vice-president. On a railroad with a mileage the size of that of the Pennsylvania, or with the geographic scope of that of the Canadian Pacific, the regional system undoubtedly has certain advantages, but it must be remembered that the Erie is a "trunk line" railroad with little branch mileage, operating less than 2500 miles, with no point on it very far from general headquarters.

The new president found the regional system top-heavy and cumbersome when applied to the Erie Railroad, so that one of his first acts was to abolish the old system, substituting in its place the departmental plan of control which has proved so successful on the "Nickel Plate". The railroad still has three operating districts (New York, Eastern and Western) although revised, but each is now in charge of a general manager (instead of a vice-president) who

* See page 57 of the appendix.

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reports to the operating vice-president in New York. The general manager is relieved of all duties except those directly connected with transportation matters. Traffic, maintenance of way and mechanical matters are now handled through newly created positions at New York. As a result of this new arrangement of things two vice-presidents have been eliminated, accompanied by an important reduction in clerical personnel.

Members of the operating staff have been promoted to assume the newly created positions of district general manager and along with these new appointments a general rearrangement of divisional superintendents, practically rrom one end of the railroad to the other, has been brought about by the new president.

Such a drastic reorganization of the operating personnel could easily have resulted in a deterioration of the Erie's morale had these changes necessitated the wholesale discharging of local officials. Fortunately, not a single superintendent was laid off. Practically all the important changes were in the nature of promotions.

The creditable manner in which the recent appointment of a new operating vice-president was handled is illustrative of Mr. Bernet's policy. C. E. Denney, the operating vice-president of the "Nickel Plate", was made operating vice-president of the Erie. The vacancy created on the "Nickel Plate", instead of being filled by a man from that road, was given to H. J. Klein, former general manager of the Western district of the Erie. This paved the way

for the promotion of one of the Erie men to the position of general manager of the Western district.

As a result, the operating department of the Erie, not only has had new blood injected into it, but there have been a number of important promotions from the ranks, so that enthusiastic co-operation seems assured to the new management for some time to come.

CHANGE IN PERSONNEL OF THE MECHANICAL DEPARTMENT

Mr. Bernet brought with him from the "Nickel Plate" W. G. Black, his former superintendent of motive power, installing him as mechanical assistant to the president on the Erie. The reorganization of the mechanical department that followed, and the savings that may result from the new methods established in that important division, make perhaps the most interesting chapter in this story.

There were few changes in the official personnel of this department beyond the retirement of one master mechanic and one shop superintendent.

REORGANIZATION OF TRAFFIC DEPARTMENT

Shortly after Mr. Bernet came to the road Mr. Carl Howe, the former traffic manager of the highly successful Michigan-Central, was made traffic vice-president of the Erie Railroad, with offices at Chicago. The Erie is largely a receiving road, and it

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was felt that it could become more of a factor in the eastbound routing of freight if solicitation at Chicago were more actively pressed. Mr. Howe, through his former association in a similar capacity with the Michigan-Central, is thoroughly familiar with conditions in that territory, and his choice seems to be a logical one.

A new passenger traffic manager has recently been appointed.

STORES DEPARTMENT

This department was thoroughly reorganized along with the others.

ERIE'S LATEST FINANCING

Almost traditionally the Erie has been a road of dubious credit. Its financial structure, with its flock of mortgages on the main line, has been the ridicule of financial statisticians for two decades. As a result of its poor credit in a period when all successful railroads in the country were spending enormous sums of money to build up-to-date transportation machines, the Erie had practically no borrowing power at all, in fact, the last important financing prior to June of 1927 consisted of emergency loans arranged through the kindly medium of the Federal Railroad Administration during and following Government control.

Early in May of this year the Erie Railroad astounded the

financial world by its successful sale of fifty million 5% bonds of its junior mortgage on a 5.30% basis. Of this, $32,919,000 was issued for the purpose of retiring high-coupon-rate notes held by the Government, and for retirement of bank loans and several issues of short-term notes, thus entirely freeing the Company from floating debt for the first time in many years. The new bonds were brought out at 94 1/2, and were selling at three points above this in the short space of five months. The psychological effect of this successful financing can hardly be over-estimated. But, perhaps, what is more important than the refunding operation, was that the Erie obtained $17,000,000 of new money for much needed expenditures on its property.

With the exception of money obtained from the sale of equipment trust certificates from time to time, this is the first large amount of funds that the Erie has been able to borrow for the improvement of its property for many years.

One of the most important objectives of our inspection trip was to learn how the Erie is spending this money and the benefits which are likely to accrue to it as a result thereof. (See 1927 budget, page 59).

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INSPECTION TRIP OF THE PROPERTIES

During our inspection trip the Erie's railroad machine was studied from many different angles, but special consideration was given to these factors:

1. Its ability to supply the territory tributary to its line with adequate transportation.

2. Its strategic location in the main traffic centers and the possibility of attracting additional traffic as the territory grows.

3. The present physical standards of the roadbed and track and their bearing on cheap and efficient operation.

4. The present physical condition of the property and its relation to past maintenance expenditures and accounting policy.

5. The necessity for future capital expenditures.

6. Prospects for substantial economies under the new management.

The itinerary of the inspection trip, among other things, included travel by daylight over practically the whole main line of the railroad; inspection of the terminals at Jersey City, Buffalo, Cleveland, Chicago and Youngstown; inspection of terminal buildings, freight stations, warehouses, etc., and shops; a study of the pro-

file, curvature and track conditions of all important divisions. The discussion of the problems of each division of the railroad with the local officials in charge was an important objective of the trip.

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ERIE'S ABILITY TO SERVE THE TERRITORY TRIBUTARY TO ITS LINE WITH ADEQUATE TRANSPORTATION

While the Erie has a traffic density even greater than that of the New York Central, Baltimore & Ohio or Pennsylvania, nevertheless there is little serious congestion on its lines and it is able to move traffic from the West to the East with the utmost dispatch and to compete successfully from most points with these other railroads for all classes of freight, even including fast-moving perishables. In fact, the Erie gets a very large share of this particular business, which would not be possible if traffic on its lines were so congested as to interfere with service. There are, of course, several "bottle necks", the most serious one being that of the Kent division between Marion and Kent, Ohio, but the management estimates that the Erie can easily handle 25% more traffic even on this part of the railroad. The New York district between Port Jervis, New York, and Jersey City is another heavy traffic division, although here also the management has stated that it could increase its traffic density 20 to 35%. On the other hand, on the Chicago & Erie Railroad from Marion, Ohio, west to Chicago, the Erie Railroad could easily double the traffic that is now moving, without any improvement to that line. Accordingly, from the viewpoint of service to the shipper, the Erie can move expeditiously any business turned its way, with its present plant. Nevertheless, several important projects are under contemplation which, if approved, will do much to increase the ultimate capacity of the railroad.

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THE STRATEGIC LOCATION IN ITS MAIN TRAFFIC CENTERS AND THE POSSIBILITY OF ATTRACTING ADDITIONAL TRAFFIC TO ITSELF AS THE TERRITORY GROWS

The most important traffic centers served directly by the Erie lines are Chicago, New York, Buffalo, Cleveland, Youngstown, Akron, Dayton, and the anthracite coal fields in Pennsylvania, while, through trackage arrangements, it serves Pittsburgh, Cincinnati, and Indianapolis. As everyone knows, all of these localities, with the possible exception of the anthracite territory, are growing very rapidly, and a study of the Erie's terminal facilities in each of these cities indicates that there are no physical handicaps to prevent the Erie from continuing in the future to attract its past share of the "trunk line" business. The Erie is well situated in all of these districts through either actual ownership of its industrial tracks or through joint ownership of terminal and belt lines. It is not so well situated as the New York Central or the Pennsylvania in some of these centers, but, nevertheless, its inferior position in certain quarters appears to be offset by a fortunate location in others. Accordingly, the Erie's traffic will undoubtedly continue to grow as its territory expands.*

THE PRESENT PHYSICAL STANDARDS OF THE ROADBED AND TRACK AND THEIR BEARING ON CHEAP AND EFFICIENT OPERATION

Before discussing the Erie's physical standards, it is important to note that the Erie is a freight railroad with about 90%

* Maps of Chicago Terminal situation are shown on pages 105 - 107.

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of its total revenues coming from this source. Accordingly, it is not fair to compare the *Erie's standards with those of the New York Central and Pennsylvania, which have a very heavy volume of passenger traffic and must maintain and preserve their main lines according to such standards as will permit the safe movement of high-speed passenger trains between the East and the West. Such trains as the Broadway Limited and Twentieth Century Limited necessitate a much higher standard of roadbed and track than is necessary for the movement of freight traffic alone. Incidentally, the great bulk of the Erie's passenger traffic is short-haul commutation business, originating in the New York district. Accordingly, the study of the Erie's physical standards was made, keeping in mind that it is primarily a freight railroad.

Topography

**The country traversed by the Erie Railroad on the eastern end of the line is from rolling to almost mountainous, so that the heaviest grades are found there. The western end of the line from Marion to Chicago, however, runs through a practically level country. Compared with a water-grade line like the New York Central, the Erie is decidedly inferior, although its grade situation is better than that of certain of the other "trunk lines" and, in any case, is not serious enough to prevent the Erie from moving fast-freight cheaply from the East to the West, as may be seen from the statistics on operating efficiency (see page 63).

* A detailed description of Erie's physical characteristics appears on page 60.
** See profile, page 62.

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A study of the Erie's passenger time table reveals that its passenger trains make the distance from Jersey City to Chicago at an average running speed of 38.5 miles per hour, indicating a standard of road-bed satisfactory enough for a freight railroad. Incidentally, few people outside of the railroad fraternity realize what has been accomplished in the improvement in the design of modern freight locomotives. The latest type of engines not only can haul longer trains, but do so with greatly reduced fuel costs over old types of power so that the handicap of heavy grades is much less important than ever before now that the Erie is in a position to make the necessary purchases of up-to-date power. (See page 22).

Double Track

The Erie's main line, except for a short stretch of nine miles, is double-tracked throughout, with almost a mile of yard track and siding for every mile of first main track.

Curvature

With the exception of one seven and one ten degree curve, six degree curves are the maximum on the Erie Railroad freight lines

Bridges and Culverts

The Erie Railroad for a number of years has used heavy power on its railroad so that its bridges are strong enough to take the new power that was placed on the railroad this year without any great expenses for their reinforcement. All structures of this

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type are of permanent nature and constructed to the highest standards.

Ties

The Erie has been using treated ties for a number of years so that a large proportion of the ties in its tracks today is creosoted.

Rails

The following comparison shows the improvement in weight of rail on the road's main track as it will be at the end of 1927:

Weights of Rails (Lbs.)	Mileage on all Main Track Dec. 31 1927	Dec. 31 1921	Dec. 31 1916
110	344.81	--	--
100	2,210.95	1,505.17	997.82
90	678.42	1,468.81	1,842.61
80	152.56	352.93	398.50
74	7.51	21.92	51.25
68 1/2	--	24.04	42.78
67	--	--	5.21
63	4.93	31.71	34.08
60	7.39	2.58	2.38
Total	3,406.57	3,407.16	3,374.63

Over 75% of Erie's main line track today has 100-pound rail or better, compared with only 29% as of December 31, 1916. The standard system rail now laid on main line tracks is 110 pounds per yard, and 39 feet in length. Some 173 miles of such rail will be laid this year. If this program is maintained, all the main track within four years will have 100-pound rail or better.

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Ballast

The Erie's main line tracks are over 70% rock ballasted, or its equivalent, at the present time, and completion of its ballasting program can be expected within the next three or four years.

Automatic Block Signals

Practically the entire main line is protected by automatic block signals.

Stations and Warehouses

The Erie has never been liberal in its expenditures for passenger stations, and quite heavy outlays for this account will be necessary if the new management follows out its plan to improve its passenger service. All freight stations appear to be more or less satisfactory and several new freight stations, including a large one at Youngstown, have just been completed.

Some comment should be made here about the Erie's excellent terminal facilities in Jersey City. It recently completed an enormous fire-proof, double-deck pier one quarter of a mile long and 150 feet wide, situated directly at the entrance and exit of the new Holland vehicular tunnel connecting Manhattan with New Jersey. This *pier has been leased to the Dollar Steamship Line and places the Erie in position to benefit from the import and export freight of this important shipping company.

* See page 67 for further details of the new Erie pier.

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With the completion of the Holland tunnel the Erie is in a most fortunate situation as far as New York traffic is concerned. Trucks may now load and unload directly at its Jersey City yard without the former necessity of ferrying across the river. Since a great deal of the Erie's traffic consists of perishables, the savings in time should draw a large increase in this traffic to it. The close proximity to the new tunnel is considered so important by the Erie management that they will make this the main feature of their advertising campaign this winter.

In connection with the Chicago terminal situation, comparatively few people realize that the Erie is the only Eastern railroad with freight stations in the so-called north side industrial region of Chicago. *This is made possible by the Erie's car-ferry service on the Chicago river. This service has been in effect since 1913, although it was discontinued during the War, and is still capable of much greater development. It is a very valuable facility of the Erie Railroad.

Shops and Engine Houses

The largest shop is located at Hornell, New York. This is a modern, up-to-date shop in every respect. The next largest shop is located at Meadville, Pennsylvania, although its facilities are not as up-to-date as those at Hornell. The third shop is located at Susquehanna, Pennsylvania. Round-houses at divisional points are generally modern and constructed according to latest design. Re-

* See page 71 of the appendix.

arrangement of a number of them has been necessitated by the delivery of the new type of heavy power, and this work is in process now.

From our inspection of the roadbed and track the Erie seems to be up-to-date in every respect and, outside of the handicap of rather heavy grades, there is no apparent reason why efficient operation is not possible on this railroad. It is interesting to digress for a moment here to examine the new management's claim that great improvements in operating efficiency are possible with the present facilities of the Erie.

The Erie's transportation ratios for the last four years have been compared with those of the four large "trunk line" carriers, and also the "Nickel Plate", in the following table:

Transportation Ratios

	Erie	"Nickel Plate"	New York Central	Penn-sylvania	Balt. & Ohio
1923	38.6	35.9	35.4	39.2	37.0
1924	38.7	36.7	36.5	38.9	38.0
1925	38.5	34.8	34.8	36.6	35.6
1926	38.4	34.5	34.0	36.8	34.7

The Erie is the only railroad in this group, and also one of the only important railroads in the country, which has not been able to show substantial reductions in its transportation ratio. There seems to be room for improvement here.

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THE PRESENT PHYSICAL CONDITION OF THE PROPERTY AND ITS RELATION TO PAST MAINTENANCE EXPENDITURES AND ACCOUNTING POLICY

The Erie's maintenance costs for roadbed and track, both actually and relatively, have been in line with those of the "Nickel Plate" (see page 73), which would indicate that the property has been well maintained. Our inspection of the property appears to prove that this indication is correct. The Erie Railroad is entering the winter in excellent condition as far as roadbed and track is concerned. Passenger stations look run-down, and it is obvious that the management with its limited funds in the past has not been extravagant in its outlays on them, so that some increase in this direction seems a logical expectation. However, all things considered, it seems unlikely that the new management will be burdened in the future with any serious deficiencies in maintenance of roadbed and track left over from the old administration, beyond those mentioned on page 52. (The condition of equipment is discussed on pages 26 and 74).

THE NECESSITY FOR FUTURE CAPITAL EXPENDITURES FOR ROAD

Perhaps the best way of getting some idea of what the requirements of the road will be is to look back to the past.

THE ERIE RAILROAD COMPANY

Additions and Betterments to Road
(Gross)

1915	$1,864,000	1921	$1,979,000
1916	4,459,000	1922	2,823,000
1917	5,107,000	1923	4,631,000
1918	4,758,000	1924	4,916,000
1919	3,167,000	1925	5,346,000
1920	1,572,000	1926	5,667,000

Total ---------- $46,289,000
Average ---------- 3,857,000

It is very likely that the poor earnings and credit of the Erie held the management's program for additions and betterments down to a minimum so that, as regards the future, it is a natural expectation that considerably larger amounts will have to be put into the property. The management's budget for 1927 provides for additions and betterments to road in the neighborhood of $11,000,000, or double the amount spent in any of the last dozen years. It is likely that these heavy expenditures may continue over the next year or so; in fact the budget for 1928 tentatively plans for expenditures substantially the same as for the current year. However, an examination of the purposes for which new funds will be appropriated leads us to believe they will result in substantial economies in operation. The Van Sweringens plan to take care of future capital requirements through the sale of preferred stock which should be comforting to the Erie bondholders (see page 46).

The Erie, along with other Eastern railroads, will have to make its share of non-productive capital expenditures for grade crossings, but just how much these will amount to annually cannot be estimated.

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PROSPECTS FOR SUBSTANTIAL ECONOMIES UNDER THE NEW MANAGEMENT

The most important object of this study of the Erie Railroad is to investigate the claims of the new management that substantial operating economies are possible.

CANCELLATION OF CONTRACTS

Under the former administration of the Erie Railroad several important functions of its operation were performed by outside contractors. These contracts consisted of one covering maintenance of way, another covering maintenance of equipment, and still another covering its lighterage in New York Bay and the repair of its floating equipment. Two of these contracts were investigated by the Interstate Commerce Commission and denounced in most scathing terms by that body; and one of the first acts of the new administration was to cancel, as quickly as it was legally possible, all three of these contracts. It is not the object of this report to investigate the expediency which originally may have necessitated these contracts, or, on the other hand, why they were continued so long by the old administration, but the savings which the management estimate have already resulted to the road and which will result in greater measure in the future through their cancellation, is a matter of considerable importance.

On page 75 is a tabulation showing the operating vice-president's estimates of the monthly savings brought about by the cancellation of the various contracts. The total monthly savings have been estimated by the management at $68,000, or a total annual saving in the neighborhood of $800,000.

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SAVINGS IN TRANSPORTATION COSTS DUE TO THE PURCHASE OF NEW POWER

Probably the most serious result of the Erie's poor credit has been its inability to keep up with its competitors in the purchase of the latest types of power. There have been drastic changes in the method of operation in recent years forced on the railroads by high costs of labor, full crew laws, and the high costs of fuel, etc. These factors have dictated the use of heavy power in order to make possible the movement of longer and heavier train loads at high speed.

These modern locomotives cost two or three times as much as the old types so that the way for a management to get the greatest return on its investment is to use its engines continuously. Every minute that an engine is in a round-house or tied up at coaling and watering stations costs money. In the old days an engine ran from one divisional point to another, whereas now locomotives run through two or three divisions, and even more in some cases. *Intermediate round-houses, coaling and watering stations are completely eliminated and the payrolls for mechanics and round-house labor are reduced.

The Erie placed an order last spring for fifty freight locomotives of the 2-8-4 Type (a modified Mikado, known as the Berkshire type) for fall delivery. The first of these engines were delivered early in September and practically all of them are now in service on

* See comparison of operation of Erie's new locomotives with old, page 76.

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the two divisions from Marion, Ohio, to Meadville, Pennsylvania, a distance of 203 miles. A very important object of this inspection trip was to study the economies that will result from their use. These locomotives have extra large driving wheels and were designed primarily for hauling the full tonnage trains between Chicago and the East. The locomotives have, down to date, made a most remarkable showing. A comparison of the performance of the new locomotives with the old locomotives which they replaced is contained on page 76. The old locomotive of the "R-1" type hauled 2497 actual tons from Marion to Kent and 2761 tons from Kent to Meadville. The new "S" type locomotive hauls 2972 tons between Marion and Kent and 3186 tons between Kent and Meadville. The old "R-1" used 76,000 pounds of coal between Marion and Meadville while the new locomotive uses only 51,970 pounds. In other words, the new locomotive hauls a 17% greater load and at the same time burns 32% less fuel. Not only that, it cuts the running time from 10 hours and 14 minutes to 7 hours and 37 minutes, the increase in speed amounting to 34%. An impressive saving in fuel and speed of the new locomotives over the so-called "N-2" locomotives is also brought about.

The general manager of the Western district has worked out a tabulation (see page 77), based on the actual performance of the new locomotives to date, which indicate, through their use, an annual saving in transportation costs alone of over $800,000. These savings are about equally divided between wages and fuel. This, of course, does not take into account any savings in reduced repair costs which are discussed in another part of the report. (See page 25).

THE ERIE RAILROAD COMPANY

The addition of fifty new road locomotives has relieved some eighty-five locomotives for service on other divisions. Thirty new switching engines have also been ordered, but not yet delivered, which promise to save in the neighborhood of three or four mundred thousand dollars annually in transportation costs. (It is interesting to note, in connection with the 1927 earnings of the Erie, that practically none of the economies due to this new power have yet appeared in the Erie's income accounts for the reason that none of the power was delivered until early in September, and the new power takes a long time to break in and does not reach its maximum of efficiency until it has been in service for some time).

In addition to purchasing the fifty new freight locomotives and thirty switching locomotives, the Erie Railroad is practically rebuilding 115 other locomotives, equipping them with stokers, feed water heaters, water cones, mechanical lubricators, etc., which will result in greater efficiency of this old power and consequent further savings in transportation costs in labor and also through savings in fuel costs. Practically no benefits of this work will be reflected until 1928.

The mechanical officer of the Erie Railroad has estimated that the addition of new power and the improvement of the old power will result in a reduction in the Erie's fuel costs of at least 12%. The Erie's fuel costs in 1926 amounted to approximately $9,000,000. Accordingly, a 12% reduction in this would amount to, roughly, $1,100,000, practically no part of which is reflected in 1927 earnings to date.

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SAVINGS IN MAINTENANCE OF EQUIPMENT COSTS

Due in part to the amount of obsolete and antiquated equipment on the road, and to other practices of the former management, Erie's repair costs of freight cars and locomotives have been unusually heavy. This is shown rather strikingly as regards locomotives in the following table:

Repairs Per Locomotive Mile (Cents)

	Erie	"Nickel Plate"	New York Central
1924	37.9	22.0	24.5
1925	35.0	21.6	26.2
1926	34.6	22.0	25.9

The Erie's repair costs per locomotive mile amount to about 35¢ compared with about 22¢ for the "Nickel Plate" and 25¢ for the New York Central. The new mechanical assistant to the president, who is responsible for the low repair costs on the "Nickel Plate", has stated that, in his opinion, while it would be perhaps too much to expect that the Erie's locomotive repair costs can be cut down to the figure which he was able to maintain on the "Nickel Plate" for the last three years, there is no reason why they cannot be kept as low as those of the New York Central. An examination of the steps being taken to reduce maintenance costs indicates, without much doubt, that much can be accomplished in this direction.

THE ERIE RAILROAD COMPANY

One of the first actions of the new mechanical officer was the centralization of shops. Under the old administration a great deal of locomotive repair work was performed in round-houses and small outlying shops which, obviously, was an expensive procedure. All machinery that was up-to-date was transferred from the outlying shops to the main shops, and all locomotive and car repairs possible are now made in the principal shops at Hornell and Meadville. A program of retiring obsolete and antiquated equipment was at once inaugurated, and before the end of this year 400 locomotives will have been scrapped. In other words, the new management's retirement program calls for the scrapping of about 30% of all of its locomotives. Obviously, much of this equipment had been out of use for some time, although a great deal of it was in operation right up to the day it was scrapped, and, of course, had to be maintained. The scrapping of these locomotives, and centralization of shops, etc. together with other steps taken to increase efficiency, has enabled the mechanical department to do away with the services of nearly 3,000 men.

A great many of the Erie's locomotives were in bad condition when the new management took control, and this has not been entirely overcome, but will be, according to the management, by the first of the year. This has prevented the economies likely to be brought about in locomotive repairs from being reflected in the 1927 income accounts; also, the new power has just been on the road a few weeks.

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The old management did not follow the modern practice of giving locomotives an assigned mileage, according to their rating. Under this system a locomotive is ordered on the road for a given number of miles, after coming out of the shop. When the mileage is completed it is turned back to the shop for a thorough overhauling. The other system is to keep a locomotive on the road as long as it will run, making the necessary running repairs as needed, which is obviously an unscientific practice. That "a stitch in time saves nine," is very true on a railroad. If the new management of the Erie can reduce its locomotive repairs per mile to the figure maintained by the New York Central, the savings to the Erie Railroad, based on its 1926 locomotive miles, would amount to over $3,000,000 a year.

SAVINGS IN FREIGHT CAR REPAIRS

Repairs for freight cars have also been very high on the Erie.

Repairs Per Freight Car Mile
(Cents)

	Erie	"Nickel Plate"
1924	1.29	1.03
1925	1.06	1.00
1926	1.25	1.16
Average	1.20	1.06

Based on the average for the last three years, if the Erie could cut its repair costs to those of the "Nickel Plate", it would

save nearly $1,000,000 a year. Several important steps to correct these high costs are already in process. Centralization of shops has already been described. The management has already, or will, scrap in the neighborhood of 7,000 antiquated freight cars, which amounts to about 13% of all those owned.

There have already been substantial savings in man hours of labor (as shown in the following table), supporting the management's opinion that a great deal may be saved as a result of the reorganization of its mechanical department.

Total Hours of Labor
(Man Hours)

		1927	1926	Percent Decrease
Week ending June	18th	544,000	560,000	
	25th	589,000	574,000	0.
July	2nd	555,000	580,000	
	9th	492,000	533,000	
	16th	555,000	595,000	
	23rd	543,000	586,000	6.4
Aug.	6th	541,000	599,000	
	13th	535,000	591,000	
	20th	525,000	595,000	
	27th	528,000	596,000	10.6
Sept.	3rd	523,000	598,000	
	10th	440,000	553,000	
	17th	521,000	606,000	
	24th	515,000	589,000	14.8
Oct.	1st	544,000	608,000	
	8th	530,000	609,000	
	15th	531,000	617,000	12.4
		9,011,000	9,989,000	

Decrease 978.000 = 9.8%.

SAVINGS IN STORES DEPARTMENT

On page 80 is a statement of the savings brought about in the

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stores department. Since the first of the year the new management has cut from the payroll of this department 409 employees, which amounts to a payroll of about half a million dollars per annum. In addition to this, the amount of inventory has been reduced in the neighborhood of two million dollars, the cost of carrying which, at 5%, would indicate an annual saving of about $100,000 more. The management feels that there is a great deal still to be accomplished in the reorganization of this department.

SAVINGS THROUGH TAKING ADVANTAGE OF CASH DISCOUNTS

As a result of the financing of last spring, the Erie, for almost the first time in a great many years, has a large supply of working capital.* In the old days the Erie bought practically all of its materials and supplies on a six months' contract basis. Last month it announced to the various Railway Equipment Supply Companies that from now on it would pay in cash, and would take advantage of all discounts for cash purchases. It is rather difficult to estimate what these savings will amount to, but it seems hardly likely that they will be less than $100,000 per annum.

* See balance sheet, page 82.

THE ERIE RAILROAD COMPANY

RECAPITULATION OF POSSIBLE SAVINGS UNDER THE NEW MANAGEMENT

Summarized then, the management feels that it will be possible to bring about the following economies:

Savings	in wages through use of new power	$ 500,000
"	in fuel from use of new power, improvements to existing power, and scrapping of old power	1,100,000
"	through cancellation of contracts	800,000
"	in locomotive repairs	3,100,000
"	in freight car repairs	1,000,000
"	in Stores Department:	
	Wages	500,000
	Reduced cost of carrying inventories	100,000
"	through taking advantage of cash discounts	100,000

If the hopes of the management are justified, it will be possible, at some future date, to reduce operating expenses by a total of somewhere in the neighborhood of $7,000,000 -- nearly $5.00 a share on Erie's common stock. It is interesting to see what the Erie's operating ratio, based on its 1926 figures, would have been had savings of this amount been made. The Erie's operating ratio was actually 79.04%, but would have been reduced to 73.4%, which, incidentally, is nearly as low as the operating ratio of the "Nickel Plate" in 1926. This is a lofty goal to strive for, but it is significant that the management responsible for the low operating ratio on the "Nickel

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Plate" is the same management which now is doing its utmost to improve the efficiency on the Erie Railroad.

POSSIBILITIES FOR INCREASED GROSS

What the Erie will accomplish toward getting a larger share of "trunk line" business is purely problematical, but at least it has taken two important steps toward that end. The first is the reorganization of its traffic department. The second step is the reorganization of the operating department, for the sole purpose of giving better service, and the problems of that department to bring this about will be very much simplified by the improvement in power and rolling stock. It usually follows that when a road improves its service it gets more business. Down to the end of September of 1927 the Erie shows a small increase in its freight revenues over the corresponding period for 1926, although during this interval all of its principal competitors show very substantial reductions. This may reflect the new management, or it may not.

A factor which has passed by more or less unnoticed, but which will undoubtedly do much for the Erie, is the recent completion of the Chesapeake & Hocking, which will enable the Chesapeake & Ohio to deliver coal to the Erie Railroad at Marion entirely over its own lines. Formerly, it will be remembered, this coal had to pass over a very congested piece of mileage owned by the Norfolk & Western between Glen Jean and Valley Crossing. The movement of West Virginia coal had grown so much in recent years that frequently the Chesapeake

& Ohio had to move its coal traffic over other routes. The most economical routing from the viewpoint of transportation for Chesapeake & Ohio coal moving to Chicago and the Northwest, is Chesapeake & Ohio to Marion, and Marion to Chicago, over the Chicago & Erie. Until the Chesapeake & Ohio acquires a controlling interest in the Erie, it will logically route its coal destined to Chicago, or the West, in the way that will give it the longest haul, which, of course, is over the heavy grade Chesapeake & Ohio of Indiana, or over the Baltimore & Ohio, west from Cincinnati. Nevertheless, the shippers can, if they so desire, order the routing of their coal by way of Marion and the Erie Railroad. Of course, the Chesapeake & Ohio did not route much of its westbound coal over the Chesapeake & Ohio of Indiana from Cincinnati, but it did deliver a large part of it to the Baltimore & Ohio at that point. However, the growing congestion through the Cincinnati Gateway has been more of a problem every year -- a further reason why the Erie can now expect to receive more coal by way of Marion than heretofore.

In the event that the Chesapeake & Ohio is allowed to purchase a controlling interest in the Erie, it would then be very much to its interest to route practically all westbound coal traffic to the Chicago and the Northwestern markets by way of Marion, with a consequent very large increase in the Erie's revenues. However, it is not the purpose of this report to express opinions as to what will happen if the Commission's decision is favorable, but rather to study the Erie's prospects for future growth as the System stands today. In any case, with its present facilities the Erie Railroad could easily move twice the volume of traffic now moving over its divisions

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between Marion and Chicago, nor is the capacity of the Eastern divisions extended at the present time, for even through the several "bottle necks" the volume of traffic could be increased at least 25%.

In the way of attracting more business the Erie has recently added two fast freight trains -- one between Chicago and New York and one between Buffalo and New York.

An interesting sidelight on the service that the Erie can give between Chicago and New York is the fact that it is now moving fresh milk from the dairying districts of Wisconsin as far East as New Jersey.

Whether or not the reorganization of the Erie's traffic department will result in that railroad getting a larger share of the "trunk line" business is problematical, but, in any case, there is an important year to year growth due to the normal expansion of this territory. The figures on page 56 show an annual increase in the volume of the Erie's traffic in the last 10 years of 1.55%, so that the long time trend of Erie's gross should continue upward.

The Erie's traffic is very well diversified, except for the handling of a large volume of anthracite coal tonnage. *This industry has, of course, shown little or no growth for a number of years due to frequent labor troubles, prolonged strikes, and the increasing use of substitutes.

* See page 42 for further discussion of this industry.

THE ERIE RAILROAD COMPANY

FUTURE "NON-OPERATING INCOME"

The importance to the Erie of its income from sources other than railroad operations is emphasized by the following comparison:

	Non-Operating Income	Net Railway Operating Income	Percent Non-Operating Income To Total
1923	* $6,898,000	$18,320,000	27.3
1924	* 7,969,000	17,072,000	31.8
1925	4,168,000	17,531,000	19.2
1926	6,875,000	18,053,000	27.6

* Excluding entries applicable to the Federal control and Guaranty period.

With such a large proportion of its income received from sources other than transportation, obviously, a careful study of this outside income is very important, for no predictions can be made as to the future progress of the Erie without knowing whether this non-operating income will continue to be earned in its past generous amounts. The major part of non-operating income represents dividends taken from the wholly-owned subsidiary, the Pennsylvania Coal Company, with smaller dividends from the Hillside Coal & Iron Company, as shown in the following table:

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	Dividends from Pennsylvania Coal Co.	Dividends from Hillside Coal & Iron Co.	Other Non-Operating Income	Total Non-Operating Income
1922	$8,400,000	$1,900,000	$2,156,000	* $12,456,000
1923	3,800,000	1,900,000	1,198,000	* 6,898,000
1924	6,050,000	625,000	1,294,000	* 7,969,000
1925	2,400,000	150,000	1,618,000	4,168,000
1926	5,350,000	250,000	1,275,000	6,875,000

* Excluding entries applicable to the Federal control and Guaranty period.

** PENNSYLVANIA COAL COMPANY

The Pennsylvania Coal Company is the Erie's largest source of non-operating income. This Company owns extensive anthracite coal mines in Lackawanna and Luzerne Counties of Pennsylvania, producing in 1926 approximately 7% of the total anthracite coal mined in the State of Pennsylvania.

In the five years ending with 1926. dividends received from the Pennsylvania Coal Company fluctuated widely, and in the aggregate were rather large. An estimate of future dividends can more reasonably be based upon the Company's earning power over (say) the last ten years, in which the annual net income averaged $4,130,000. This period is presumably representative for, while it covers some of the prosperous War years, it also includes depression years, as well as two years in which strikes crippled operations and brought earnings to a low level. In 1926 this Company earned $4,763,000, although this

** See page 85 for income account.

year, due to unusually poor conditions in the industry, earnings are running somewhat lower. Nevertheless, it seems reasonable, based on nine months' earnings, that they will be sufficient to provide a dividend of $4,000,000. This sum might conceivably be increased, if the management wishes to do so, in view of the relatively strong cash position revealed by the Company's balance sheet.

PENNSYLVANIA COAL COMPANY
BALANCE SHEET
DECEMBER 31, 1926

ASSETS

Cash	$ 3,371,000
Accounts Receivable	3,494,000
Other Current Assets	1,599,000
Total Current Assets	$ 8,464,000
Property and Plant	$ 8,641,000
Investments	107,000
Deferred Assets	336,000
Total Assets	$17,548,000

LIABILITIES

Vouchers Payable	$ 2,259,000
Payrolls	790,000
Taxes Accrued	1,121,000
Other Current Liabilities	203,000
Total Current Liabilities	$ 4,373,000
Deferred Liabilities	$ 702,000
Reserve for Depreciation and Depletion	3,376,000
Capital Stock	5,000,000
Surplus	4,097,000
Total Liabilities	$17,548,000

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At the end of 1926 the Pennsylvania Coal Company had current assets equal to over 1.9 times its current liabilities. The net working capital amounted to $4,091,000, of which $3,371,000 represented cash and a large sum in marketable securities. Since all of the cash is not required for the active conduct of the business, presumably a considerable part -- perhaps $1,000,000, or even $2,000,000 -- could be paid to the Erie as dividends in addition to whatever may be available from current earnings, if consistent with the management policy.

Something should be said of this Coal Company's large reserves of unmined coal, particularly since "Property and Plant" (which includes mines) is carried as an asset at only $8,641,000, or, after depreciation, at but $5,265,000. The unmined coal, as thus far determined, is estimated to be from 110,000,000 to 115,000,000 gross tons, or enough to add about thirty years to the life of the property. The value of the reserves has been estimated by Coverdale & Colpitts to be worth over $50,000,000, and with other property in the form of equipment and current assets, the Pennsylvania Coal Company has a total value to the Erie in excess of $60,000,000. Since, at the end of 1926, it was carried by the Erie as an investment at a book value of only $34,259,000, there is obviously a hidden asset of substantially $25,000,000. It is quite probable that there are vast deposits of coal yet to be explored which might extend the life of the property far beyond the thirty years now indicated.

THE ERIE RAILROAD COMPANY

HILLSIDE COAL & IRON COMPANY

The Hillside Coal & Iron Company is much smaller than the Pennsylvania Coal Company, although in some years it has contributed generously to the Erie's non-operating income.

During the ten years 1917 - 1926 this Company *earned an average net income of $850,000 per year. In more recent years, however, income has been less than this average, amounting in 1926 to $373,000. From these 1926 earnings the Hillside Company paid the Erie a dividend of $250,000, and it seems reasonable to believe that income in 1927 will be ample to provide a similar dividend this year. The dividend might even be larger, for the Hillside Company (like the Pennsylvania Coal Company) had a good supply of cash at the end of 1926.

On December 31, 1926 the Company had current assets equivalent to over 2.3 times its current liabilities. There were net current assets of $836,000, and of this amount $361,000 was in cash and $292,000 ($400,000 par value) in Erie General Lien 4s (carried on the books at a market price of 73). With so much in cash and readily marketable securities the Company could pay the Erie, in 1927, even more than the $250,000 paid in 1926, should it be deemed expedient.

There appear to be concealed equities in the Hillside Coal & Iron Company not unlike those contained in the Pennsylvania Coal

* See page 86 for income account.

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Company. The balance sheet at the end of 1926 carries "Plant and Property" as an asset at $2,898,000; whereas the value, as appraised by Coverdale & Colpitts, exceeds $9,000,000, and with other assets the value of the Company to the Erie Railroad is placed at over $11,000,000. In contrast with this sum, the Erie carries the stock of the Hillside Coal & Iron Company at a book value of only $1,000,000; so the Erie Railroad Company probably has concealed assets in the Hillside Coal & Iron Company of fully $10,000,000.

NORTHWESTERN MINING & EXCHANGE COMPANY

The Northwestern Mining & Exchange Company is the Erie's largest bituminous coal company, operating several mines in Elk, Clearfield and Jefferson Counties, Pennsylvania. The Erie *received no dividends from this Company in 1926, but in the preceding five years the annual receipts were not less than $100,000, and were as high as $350,000 in 1922. The operating conditions brought about by the Jacksonville Agreement have caused the recent earnings to fall off sharply, but over the ten years 1917 - 1926 the Northwestern Mining & Exchange reported average net income of $538,000 per year. Since the Company still owns extensive reserves of unmined coal, it may well again be a source of income to the Erie when operating conditions become more normal.

The Erie carries its investment in the Northwestern Mining & Exchange at a book value of $500,000, although based upon Coverdale

* See page 87 for income account.

& Colpitts' appraisal of the Company's coal reserves and other assets, it is estimated to be worth over $7,000,000; therefore, the Erie appears to have a concealed equity in this Company amounting to about $6,500,000.

MISCELLANEOUS NON-OPERATING INCOME

The Erie's non-operating income, other than the dividends received from its coal companies, is in the form of railroad rentals, interest on bonds and loans, and dividends from miscellaneous railroad stocks. This income is not subject to much variation, with exception of fairly large sums received at intervals from the Long Dock Company, all of the stock of which is owned by the Erie Railroad Company.

The Long Dock Company owns the valuable Jersey City terminals of the Erie, including the depot and wharves on the Hudson River and the railroad and right-of-way property extending to the Paterson & Hudson River Railroad and to the Bergen tunnel. In addition, the Dock Company owns about 577 acres of land (used for transportation purposes) in Jersey City. The terminal facilities are leased to the Erie Railroad Company at a rental equal to the annual interest ($450,000) on the Long Dock Company's 6% bonds. All property owned by the Dock Company is pledged behind its bonds, but so long as there is no default in bond interest the revenues from leases and rentals of land in Jersey City may accrue to the Erie as sole stockholder. Such revenues have been allowed to accumulate in the Dock

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Company's treasury, and have ultimately been paid to the Erie in lump sums rather than regular annual amounts. For instance, the Erie received $250,000 in 1922, nothing in 1923 and 1924, $500,000 in 1925, and $100,000 in 1926. Since the Dock Company's average net income for the four years ending 1926 was about $108,000, and for the year 1926 was $102,000, it is not unreasonable to expect further dividends from this Company at the rate of about $100,000 a year.

SUMMARY OF NON-OPERATING INCOME

As a result of this study of the past earnings of the various coal companies, it is entirely reasonable to believe that the Erie can continue to draw very large dividends from them for some time to come. Based on a ten-year average these coal properties have earned $5,600,000 a year; based on a shorter period of seven years (which excludes any War years, but includes two strike years) net earnings of the coal properties have averaged $5,100,000, and the earnings for 1926 were in the neighborhood of $5,200,000. Incidentally, in 1926 the bituminous coal company, which normally earns from $500,000 to a million dollars, actually lost money. These earnings are after depletion and depreciation charges, which have been sufficient over the past to practically write off the entire book values of the various coal deposits. No doubt earnings will fluctuate from year to year, but the management will be helped in maintaining a steady dividend policy by the fact that there was at the beginning of this year, cash in the treasury of subsidiary companies of $4,600,000, to say nothing of marketable secur-

ities of $600,000 more. This cash and marketable securities may be freely used by the management for, in addition, there are other current assets more than offsetting current liabilities. The capital requirements of these coal properties are very small for the reason that practically all additions to their plants are in the nature of replacements, which are charged to income. Accordingly, it is not unreasonable to expect that the Erie will be able to draw, on an average, in the neighborhood of $5,000,000 a year in dividends from its subsidiary coal properties for a considerable period.

It is true that the anthracite coal industry has shown but little progress in recent years. The volume of production has remained more or less stationary. Two disastrous strikes have failed to break the grip that organized labor has held in the industry for the last decade, so that the operators have been unable to reduce prices in line with price reductions in other commodities. Substitutes have appeared, and their use has been stimulated by the annoyance of the strikes and the high cost of anthracite. Nevertheless, there is still a ready market for anthracite even at present-day prices, and there is no question that this could be broadened appreciably by price concessions. There seems little hope that anything can be cut from the labor side of the cost of production, but there is still a great deal that can be accomplished by improved machinery and methods, according to the president of the Pennsylvania Coal Company.

A point that deserves mention here is that the Erie's Pennsylvania Coal Company is one of the low-cost producers and would

be one of the least affected by price reductions. Marketing the output has formerly never been a problem of the operators, but this year they had to get out and sell their coal.

Along with the changes in the personnel in the railroad, the Van Sweringens have recently appointed a new head for their anthracite properties.

THE ERIE RAILROAD COMPANY

ERIE'S CONSOLIDATION PROSPECTS

In February of this year the Chesapeake & Ohio Railway Company applied to the Interstate Commerce Commission for authority to purchase a controlling interest in the Erie Railroad and Pere Marquette Railway. At that time the Chesapeake & Ohio owned capital stock of the Erie, as follows:

First Preferred Stock	137,405 shares out of a total of 479,044 shares outstanding
Second Preferred Stock	50,495 shares out of a total of 160,000 shares outstanding
Common Stock	357,300 shares out of a total of 1,124,819 shares outstanding

It also has an option from the Van Sweringens of additional stock of the Erie, as follows:

First Preferred Stock	23,695 shares, $45.875 per share
Second Preferred Stock	22,305 shares, $43.750 per share
Common Stock	345,239 shares, $34.500 per share

This application of the Chesapeake & Ohio has been before the Interstate Commerce Commission for a number of months, and the oral arguments have just been completed, so that a decision is expected around the first of the year. These proposed acquisitions of control of the Erie and Pere Marquette are an intermediate step toward the unification of the lines owned or controlled by each of

them with the lines owned or controlled by the Chesapeake & Ohio. No actual consolidation is proposed as yet, but the purchase of stock control will enable all three carriers to realize, to a large extent, many advantages which would result from a more complete unification plan.

Some of these advantages include reciprocal traffic arrangements, co-ordinated service, joint use of facilities and equipment, and the re-routing of traffic to the mutual advantage of all three companies. Probably the greatest advantage to the Erie that would result from this proposed control, is that it would enjoy very much larger receipts of westbound coal traffic from the Chesapeake & Ohio. This has already been discussed on page 32. However, it is idle to speculate on this phase of the situation for the proposed unification has been in the hands of the Interstate Commerce Commission for a number of months, and a decision is not likely to be forthcoming before the first of the year.

CAPITALIZATION STRUCTURE OF THE ERIE

The capital plan of the Erie, already well balanced, as regards the ratio of stock to debt, has been improved considerably since the first of the year by the conversion into common stock of $19,627,000 General Convertible Bonds, Series "D". The capital structure of December 31, 1926, after giving effect to this conversion and to the financing done in May, when $50,000,000 Refund-

ing and Improvement bonds were sold and certain other bonds and notes redeemed, is substantially as follows:

Common Stock	$151,117,000
Preferred Stock	63,904,000
Bonds and Equipment Trust Obligations	239,936,000
Surplus	77,514,000
Ratio of Stock to Bonds	0.90 to 1
Ratio of Stock plus Surplus to Bonds	1.22 to 1

The capital structure is well balanced, with a ratio of stock to bonds of 0.90 to 1, and stock plus surplus to bonds of 1.22 to 1.

The reason why the Erie's debt is well in line with its capital stock is that its credit was so poor for a number of years that its management had to finance practically all of its capital requirements from surplus earnings. Thus, from 1907 to 1926 net investment in road and equipment increased by over $148,000,000; whereas funded debt, including equipment trust certificates, increased by less than $36,000,000. According to the present plans the Erie's future capital requirements for some time to come will be taken care of through the issue of a new preferred stock.

INTEREST RATE AND MATURITIES

The average interest rate paid by Erie on its total funded debt is only 4.5%, and this will be further reduced by refunding operations in 1930, for, of the $20,484,000 bonds maturing in that year, $17,572,000 bear 7% interest, and doubtless will be refunded at a con-

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siderably lower rate.

Aside from these maturities in 1930, the Erie faces no major refunding problems before 1953, when $21,000,000 General 4s fall due.

INTERSTATE COMMERCE COMMISSION'S VALUATION

The tentative valuation by the Interstate Commerce Commission indicates a good margin of security for the bonds of the Erie, as may be seen from the following extracts from detailed figures compiled by Erie officials. (See page 89 of the appendix).

Interstate Commerce Commission's tentative depreciated valuation, June 30, 1918, of owned property of Erie and Chicago & Erie Railroad Companies, including non-carrier lands	$186,210,000
Interstate Commerce Commission's tentative depreciated valuation, June 30, 1918, of leased properties, after deducting interest of public in these properties, as represented by rentals capitalized at 5%	70,150,000
Additions and Betterments, less depreciation, June 30, 1918 - July 31, 1927	44,583,000
Total physical property	$300,943,000
Investments in securities, after making adjustments to reflect valuations of the coal properties, New York, Susquehanna & Western and New Jersey & New York Railroad Companies (see pages 89 to 92 of the appendix)	91,282,000
Excess of other assets over liabilities (adjusted to reflect retirement of equipment)	9,961,000
Total property	$402,186,000

Additions to property since July 31st have increased this figure to over $408,000,000, giving an equity for the $240,000,000 bonds of about $168,000,000.

The stock equity, based on the Commission's tentative valuation, amounts to at least $78 a share (see page 89 of the appendix). However, these figures are most conservative for, it should be remembered, that they are based primarily on 1914 price levels.

The Interstate Commerce Commission's method of arriving at the present value of railroad property through the use of 1914 theoretical price levels will eventually be ruled upon by the United States Supreme Court when, it is hoped, a decision will be rendered along the reasoning of its recent decisions in certain public utility cases in which some consideration of prices on the date of valuation was adjudged necessary. An upward revision in the Commission's tentative valuation of only 25% would give the stock a book value of over $100 a share.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

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INDICATIONS FOR 1927

The Erie's earnings for the first ten months of this year, compared with the corresponding period a year ago, have been as follows:

	10 Months 1927	10 Months 1926	Increase
Merchandise	$61,661,000	$61,109,000	$ 552,000
Coal	22,791,000	23,813,000	Dec. 1,022,000
Passenger	10,414,000	10,931,000	Dec. 517,000
Other	8,628,000	8,690,000	Dec. 62,000
Total Operating Revenues	$103,494,000	$104,543,000	Dec. $1,049,000
Operating Expense:			
Maintenance of Way & Struct.	$12,847,000	$12,323,000	$ 524,000
Maintenance of Equipment	24,091,000	25,042,000	Dec. 951,000
Transportation	40,206,000	39,626,000	580,000
Other	5,559,000	5,443,000	116,000
Total	$82,703,000	$82,434,000	$ 269,000
Net Operating Revenue	20,791,000	22,109,000	Dec. 1,318,000
Taxes & Uncollectible Revenues	4,230,000	4,327,000	Dec. 97,000
Operating Income	$16,561,000	$17,782,000	Dec. $1,221,000
Net Equip. & Jt. Fac. Rents Dr.	3,509,000	2,783,000	726,000
Net Railway Operating Income	$13,052,000	$14,999,000	Dec. $1,947,000
Dividend Income	2,800,000	3,339,000	Dec. 539,000
Other Non-Operating Income	895,000	745,000	150,000
Gross Income	$16,747,000	$19,083,000	Dec. $2,336,000
Fixed Charges	12,433,000	12,358,000	75,000
Net Income	$ 4,314,000	$ 6,725,000	Dec. $2,411,000

For the first ten months of this year Erie's operating revenues were down $1,049,000 from a year ago. This is practically all explained by the decline of $1,022,000 in revenue from coal traffic which has been late in moving this year due to the unusually mild autumn. There was a gain of $552,000 in merchandise traffic, but this was practically all wiped out by a decrease of $517,000 in

passenger revenues. The Erie's gross revenues declined only 1% from a year ago, compared with a 2% drop for the New York Central and a 4% decrease for the Pennsylvania.

The new management spent $524,000 more in maintaining roadbed and track, although meanwhile cutting maintenance of equipment costs $951,000. Transportation expenses increased $580,000, which was due principally to increases in wages granted to certain employees of the Eastern roads. Accordingly, the net result was an increase in operating expenses of $269,000. There was an increase in hire of equipment of $725,000, sc that net railway operating income is down $1,946,000 from the corresponding period a year ago.

Based on the earnings for ten months, and assuming that the railroad will take as much in dividends from its coal properties as it did in 1926, the earnings for the full year will be in the neighborhood of 1.6 times fixed charges, and after allowing for dividends on the preferred stock, about $4.00 a share on the Common.

*A factor which is partly responsible for the decline in net earnings this year is that, during the last coal strike the Erie purchased a large supply of coal at prices ranging from four to five dollars a ton. Very little of this high-priced coal had been used when Mr. Bernet was made president, although it had been on the Erie's lines for several years. Instructions were immedi-

* See page 94 of the appendix.

ately issued to use it. In all, a total of 222,000 tons have been consumed, which cost the Erie Railroad $989,000, which amount was charged to this year's operations. Had the new management burned coal purchased at current 1927 prices the same amount of coal would have cost $660,000, or $329,000 less. In addition to this, the coal used had been lying above ground for a long time, with a corresponding deterioration of its heating qualities. Accordingly, it can be conservatively figured that the new management of the Erie in its first year of operations has been penalized to the extent of an additional charge to transportation expenses of at least $330,000 due to no fault of its own. The last of this high priced coal was used in October.

Another factor which will artificially reduce this year's net earnings is that, several years ago, the Erie Railroad built a new power plant in Jersey City to replace its former facilities. The old plant should have been written off at the time it was replaced, although it had not been charged out of earnings when the new management took hold. The total amount necessary to write this off, roughly $1,000,000, is being charged against the Erie's earnings in the last three months of this year, so that this also prevents the normal earning power of the Erie Railroad from being reflected in this year's income accounts.

In connection with the 1927 earnings, something must be said of the Erie's retirement budget. As a result of the scrapping of the various items of equipment already discussed, the Erie will

write off from the ledger value of its equipment account in the neighborhood of $13,000,000. It has been estimated that, owing to the inadequacy of depreciation reserves accrued, these write-offs will require a charge, either to income or to profit and loss, of nearly $8,000,000. It was announced earlier in the year that the Erie Railroad would attempt to get the Interstate Commerce Commission's approval to charge this all to profit and loss, instead of to income. This approval has recently been granted (see page 99), so that apparently the 1927 earnings will not be burdened as a result of the inadequate depreciation policy of former administrations. *The present depreciation policy is generous and should care for future retirements without extra charges to income.

It is seen, therefore, that the earnings this year do not mean much as an indication of future earnings. The extra charge to fuel costs, if any allowance is made for the deterioration in its heating qualities, amounts to about $500,000, and there is also the million dollar charge to retirements just mentioned which should have been taken care of some time ago. The new management has had to spend a half a million dollars more in maintenance of way, and, while its maintenance of equipment charges are down, nevertheless, they are still very heavy due to the necessity of overcoming the former poor condition of the Erie's equipment. It appears that beginning with 1928 the new management will start with a clean slate.

* See page 100 of the appendix.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

SUMMARY AND CONCLUSIONS

Since January 1, 1927, when the Van Sweringen brothers assumed active control of the Erie, many changes of a far-reaching character have been taking place. A new president has been appointed, and he has made a thorough overhauling of all the major departments. An entirely new system of operation is now functioning under the leadership of department heads, most of whom have been imported from the successful "Nickel Plate" road. Shortly after the installation of the new administration a successful piece of financing has given the new organization the funds to carry out its program of purchasing necessary equipment and for making other needed improvements.

The most interesting part of this study was to examine what the management has done to establish its claims that many economies can be brought about in the cost of operating the Erie Railroad. Summarized, as stated before, it was found that, if the new management is as successful as it hopes to be, it will be able to bring about the following economies:

Savings in wages through use of new power	$	500,000
" in fuel from use of new power, improvements to existing power, and scrapping of old power		1,100,000
" through cancellation of contracts		800,000

Savings in locomotive repairs		$3,100,000
" in freight car repairs		1,000,000
" in Stores Department:		
Wages		500,000
Reduced cost of carrying inventories		100,000
" through taking advantage of cash discounts		100,000

These prospective savings, as we have already shown, reach the imposing total of over $7,000,000, which is nearly $5.00 a share on the Erie's common stock. This is, without any doubt, an optimistic goal to strive for, although it may be significant that even with these savings the Erie's operating ratio would still be slightly higher than the figure which the present Erie management was able to maintain on the "Nickel Plate".

Only the future will prove how far the new management will get toward reaching the goal which it is striving for, but from our observation of what is taking place, the future of the Erie seems brighter at the moment than at any time in the last two decades.

E. H. LESLIE

EHL:ACO
December 24, 1927.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

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ERIE RAILROAD COMPANY

PART II

STATISTICAL APPENDIX

In order not to burden the reader with an intricate array of figures and statistics, most of the tables and supporting data have been placed together in the following section.

THE ERIE RAILROAD COMPANY

Statistical Appendix

GROWTH IN TRAFFIC

*** Revenue Ton Miles

	Erie	N.Y.C.	Penna.	** B. & O.	Total
1914	* 7,428	17,770	36,896	* 15,500	77,594
1915	8,565	20,435	38,844	* 14,300	82,144
1916	9,770	25,003	46,718	* 17,800	99,291
Total	25,763	63,208	122,458	* 47,600	259,029
% of Total	9.9	24.4	47.2	18.5	100.0
1924	9,881	21,096	41,920	17,533	90,430
1925	9,469	22,463	45,193	19,459	96,584
1926	10,407	23,634	49,303	20,937	104,281
Total	29,757	67,193	136,416	57,929	291,295
% of Total	10.2	23.0	46.9	19.9	100.0
% Increase 1924-1926 over 1914-1916	15.5	6.1	11.4	21.6	12.3

Miles of Road Operated

	Erie	N.Y.C.	Penna.	B. & O.
1914	2,257	6,754	11,599	5,530
1915	2,257	6,744	11,638	5,165
1916	2,257	6,795	11,645	5,166
1924	2,325	6,920	11,672	5,196
1925	2,323	6,931	11,698	5,197
1926	2,317	6,928	11,709	5,199
% Increase 1926 over 1916	3	2	0	0

* Year ended June 30th.
** Baltimore & Ohio figures are approximate only for 1914-1916.
*** Expressed in millions.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.
NEW YORK

5 NASSAU STREET

ERIE RAILROAD COMPANY

Operating Department

October 21, 1927.

Mr. J. J. Bernet,
President.

Dear Sir:-

Replying to your letter of the 18th:

Reorganization effective February 15th abolished the Regional Plan which constituted a Vice-President in charge of each Region, exercising jurisdiction over Mechanical, Maintenance of Way, Transportation, Traffic and Freight Claim matters in his territory. The District Plan with General Managers in charge relieved them of jurisdiction over Maintenance of Way, which was placed in charge of the Chief Engineer, reporting to the Vice-President, with direct supervision exercised by a newly created position of Superintendent of Maintenance.

A position of Superintendent of Motive Power was created, reporting to the Vice-President, with jurisdiction over the Mechanical Department.

The Traffic Vice-President took over all local traffic offices, and the freight claim work was centralized with the Manager of Freight Claims in direct charge, reporting to the Vice-President.

The territorial jurisdictions under the old and new plans are indicated below:

OLD:

New York Region	- New York to Buffalo
Ohio Region	- Hornell and Buffalo to Kent
Chicago Region	- Kent to Chicago

NEW:

New York District	- New York to Port Jervis
Eastern District	- Port Jervis to Salamanca and Buffalo
Western District	- Salamanca and Buffalo to Chicago

A General Manager is in charge of each District covering Transportation matters, and Assistant General Managers were appointed in lieu of Superintendents of Transportation, which positions were abolished. An Engineer Maintenance of Way is in charge covering M. of W. matters (the title under the Regional Plan was Regional Engineer); and a Mechanical Superintendent in charge of Mechanical Department.

On the Vice-President's staff appointments of a Transportation Assistant Vice-President and an Engineering Assistant Vice-President were made, and the position of Assistant to Vice-President abolished.

The Engineering Department was placed under the jurisdiction of the Vice-President, in charge of the Chief Engineer, and the appointment of an Assistant Chief Engineer was made.

A new Department of Station Service has been created, with Mr. John T. Gallagher in charge as Manager, reporting to the Vice-President.

Dr. J. F. Dinnen was appointed Chief Surgeon, a newly created position, effective June 15th.

(Signed) W. A. BALDWIN

ERIE RAILROAD COMPANY

New York, Susquehanna and Western Railroad Co. The New Jersey and New York Railroad Co.

Chicago and Erie Railroad Co.

J. J. Bernet
President

Hudson Terminal Building
50 Church Street
New York

Telephone 8480 Courtlandt

October 20, 1927.

Mr. L. C. Probert:-

The improvement budget for 1927 is made up as follows:

Road	$10,572,230
New Locomotives	6,850,000
Improvements to Locomotives	969,164
New Passenger Cars	1,258,500
Improvements to Passenger Cars	116,061
Improvements to Freight Cars	445,460
Work Equipment	67,000
New Marine Equipment	439,400
Improvements to Marine Equipment	5,797
Machinery and Tools	387,289
	$21,110,901

(Signed) J. D. C.

THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY

Operating Department

October 21st, 1927.

Mr. J. J. Bernet,
President.

Dear Sir:-

The following information is submitted in answer to your letter of October 18th:

	ERIE	NJ&NY	NYS&W (and WB&E)
1. Percentage of main track ballasted with rock or its equivalent	53	46	1
2. Percentage of main track tie-plated	52	80	58
3. Percentage of main track laid with 90-pound rail	20	15	6
4. Percentage of main track laid with 100-pound or heavier rail	75	37	29
5. Percentage of main track automatic block signalled	59	66	14
6. Percentage of treated ties to total in main track	45	65	35
7. Percentage of main track equipped with train control	14	0	0

This information covers the main tracks of all Main Line, Branch Line and Branches, and is as of December 31st, 1927.

****

The maximum degree of curvature main line, and its location.

New York to Buffalo

Passenger Line		9° at Passaic Park, N.J.
Freight Line		7° 10' at Mill Rift, Pa.

New York to Chicago

Passenger Line		9° at Passaic Park, N.J.
Freight Line, E.B. & W.B.		7° 10' at Mill Rift, Pa.
	W.B.	9° 50' at Conneaut Lake, Pa. (B.&L.E.)

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.
NEW YORK

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Highest Point on Railroad as Compared with Lehigh Valley and Lackawanna Railroads

New York to Buffalo:

Erie	1429 ft. above sea level west of Castile, N.Y.
Lehigh Valley	1739 ft. above sea level at Glen Summit, Pa.
Lackawanna	1961 ft. above sea level at Tobeyhanna, Pa.

New York to Chicago:

Erie (Passenger Line)	1776 ft. above sea level at Tiptop, N.Y.
Erie (Freight Line)	1519 ft. above sea level at Cuba Jct., N.Y.

The ruling grades are shown on blueprint statement attached, and also attached is comparative profile of various railroads between New York and Buffalo.

(Signed) W. A. BALDWIN

THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY

Ruling Grades
Based on Condensed Profiles

Grades in Excess of 1% shown to nearest tenth

MAIN LINE AND IMPORTANT BRANCHES

DIVISION	EASTBOUND	WESTBOUND
* New York via B. C. R. R. and Graham Line	0.2	0.6
* Delaware	0.2	0.3
Susquehanna	0.2	0.3
Allegheny (via River Line)	0.2	0.3
* Meadville, 1st Dist. (via Columbus & Erie)	0.2	0.3
Meadville, 2nd Dist. (via B. & L. E. - W. B.)	1.0	1.0
Kent - 1st District	1.1	1.1
* Marion - 1st District	0.3	0.2 Huntington Yard
* Marion - 2nd District	0.3	0.2 Huntington Yard
C. & W. I. R. R.	0.14	0.07
Kent - 2nd District (Marion to Dayton)	0.87	0.96
B. & L. E. R. R. - W. B. Meadville to Shenango		1.0
N. Y. S. & W. R. R.	1.2	1.5
W. B. & E. R. R.	1.5	1.65
Wyoming Division:		
Lackawaxen to West Hawley	0.0	0.5
West Hawley to Avoca	1.0	1.7
Avoca to Plains	1.2	0.8
Jefferson Division:	1.36	1.32
D. & H. R. R.	0.92	- 0.92 Downhill
* Buffalo Division	0.7	0.3
* B. & S. W. R. R.	0.5	0.85
Bradford Division	1.1	2.0
B. R. & P. R. R.	1.1	1.67
Mahoning Division:		
Pymatuning to Ferrona	1.2	0.0
Ferrona to Brier Hill	0.8	0.9
* Brier Hill to Cleveland	0.6	0.6

* - Pusher Operation

Above ruling grades are dependent on momentum operation of short adverse grades in excess of ruling grades and on pusher operation as shown on sketches. File B-236.

Office of Chief Draftsman.
July 10, 1925.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

OPERATING EFFICIENCY

I. C. C. Comparison of Operating Averages

Erie Railroad (Including Chicago & Erie)

Calendar Years	Density Net Ton Miles Per Mile of Road Per Day	Gross Ton Miles Per Train Hour	Car Miles Per Car Day	Pounds Coal Per 1,000 Gross Ton Miles
1922	11,092	20,031	24.8	153
1923	14,934	22,107	32.9	142
1924	12,951	24,239	31.0	133
1925	12,513	24,844	30.3	128
1926	13,725	25,483	33.2	128
6 months ended June 30, 1926	12,778	26,276	31.8	132
1927	13,097	27,303	33.0	133

	Train Load Tons of Frt. (Rev. & Non Rev.)	Net Ton Miles Per Car Day	Average Car Load Tons	Frt. Car Miles Per cent Loaded of Total	Cars Per Train (Exclud. Cabooses)
1922	878	446	26.3	68.6	48.8
1923	973	636	27.9	69.3	50.3
1924	955	548	26.6	66.4	54.0
1925	950	510	25.7	65.4	56.5
1926	965	568	26.3	65.2	56.3
6 months ended June 30, 1926	947	527	26.3	64.7	* 56.6
1927	960	542	26.1	64.1	* 58.4

	Pounds of Coal Per 1,000 Gross Ton Miles		Car Miles Per Car Day		Gross Ton Miles Per Train Hour	
	1927	1926	1927	1926	1927	1926
January	149	145	29.6	27.7	23,363	23,561
February	138	142	32.5	29.5	24,712	22,958
March	132	138	34.0	33.0	25,328	24,624
April	129	129	32.4	31.5	25,990	25,310
May	125	120	33.3	31.9	26,646	26,104
June	122	119	33.0	31.8	27,303	26,276
July	122	114	33.5	33.5	27,324	26,767
August	121	114	37.1	35.5	27,845	27,099
September		119		38.0		26,897

* Includes Cabooses

THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY
(Including Chicago & Erie R. R. Co.)

Freight Service Performance
(Including a Proportion of Mixed-Train and Special-Train Service)

	Years Ended December 31st,			
	1923	1924	1925	1926
1. Average miles of road operated	2,309.42	2,324.79	2,323.78	2,320.78
2. Average miles of all main tracks operated	3,628.58	3,761.29	3,760.14	3,756.35
3. Train-miles	12,934,838	11,536,703	11,175,720	12,034,606
4. Locomotive-miles, principal and helper (road)	14,720,823	12,876,111	12,381,629	13,248,189
5. Locomotive-miles, light (road)	886,751	1,253,501	1,284,552	1,469,999
6. Locomotive-miles, total (road)	15,607,574	14,129,612	13,666,181	14,718,188
7. Car-miles (thousands):				
7-01. Loaded, east	284,252	270,527	280,124	297,562
7-02. Loaded, west	166,933	143,011	132,891	144,144
7-03. Loaded, total	451,185	413,538	413,033	441,706
7-04. Empty, east	26,348	39,664	42,491	48,732
7-05. Empty, west	173,689	169,488	175,868	187,230
7-06. Empty, total	200,037	209,152	218,359	235,962
7-07. Total, east	310,600	310,191	322,633	346,294
7-08. Total, west	340,622	312,499	308,759	331,374
7-09. Grand total, east and west	651,222	622,690	631,392	677,668
7-10. Caboose, east	6,650	6,027	5,921	6,621
7-11. Caboose, west	6,774	5,971	5,960	6,669
7-12. Grand total, including Caboose	664,646	634,688	643,273	690,958
7-13. Co. service equip. inclu. in item 7-09	---	446	---	---
8. Gross ton-miles inclu. loco. and tenders (thousands)	30,172,014	27,941,169	27,825,424	30,226,997
9. Gross ton-miles exclu. loco. and tenders (thousands)	26,624,085	24,611,734	24,467,169	26,605,212
10. Net ton-miles, rev. and non-rev. (thousands)	12,588,605	11,020,067	10,613,163	11,614,588
10-01. Net ton-miles of Co. serv. equip. included in item 10	---	7,716	---	---
11. Train hours	1,204,333	1,015,396	984,828	1,044,032
12. Average no. of loco. serviceable (road)	646.1	657.5	626.5	566.3
13. Average no. of loco. unserviceable (road)	150.5	105.5	97.8	112.7
14. Average no. of loco. on line (road)	796.6	763.0	724.3	679.0
15. Average no. of loco. stored (included in item 12)	82.5	160.3	187.2	113.1

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

ERIE RAILROAD COMPANY
(Including Chicago & Erie R. R. Co.)

Freight Service Performance
(Including a Proportion of Mixed-Train and Special-Train Service)

	Years Ended December 31st, 1923	1924	1925	1926
16. Number of freight cars owned	51,916	54,320	52,702	51,277
17. Avge. no. of freight cars on line:				
17-01. Serviceable, home	19,275	31,702	32,475	29,759
17-02. Serviceable, foreign	30,267	19,632	20,410	21,706
17-03. Serviceable, total	49,542	51,334	52,885	51,465
17-04. Unserviceable, home	4,395	3,490	4,055	4,403
17-05. Unserviceable, foreign	304	139	127	110
17-06. Unserviceable, total	4,699	3,692	4,182	4,513
17-07. Grand total, serviceable and unserviceable	54,241	54,963	57,067	55,978
17-08. Total, home	23,670	35,192	36,530	34,162
17-09. Total, foreign	30,571	19,771	20,537	21,816
18. No. of cars stored (incl. in item 17-03)	---	9,618	---	---
19. Equated net tons of fuel consumed (coal-ton basis)	2,142,220	1,860,942	1,786,309	1,940,532
AVERAGES				
20. Cars, per train	51.4	55.0	57.6	57.4
21. Gross tons per train (excluding locomotives and tenders)	2,058	2,133	2,189	2,211
22. Net tons per train	973	955	950	965
23. Net tons per loaded car	27.9	26.6	25.7	26.3
24. Net ton-miles per mile of road per day	14,934	12,951	12,518	13,725
25. Per cent loaded of total car miles	69.3	66.4	65.4	65.2
26. Per cent eastbound of total loaded car miles	63.0	65.4	67.8	67.4
27. Per cent eastbound of total car-miles	47.7	49.8	51.1	51.1
28. Train-miles per train-hour	10.7	11.4	11.3	11.5
29. Gross ton-miles per train-hour (excluding locomotives and tenders)	22,107	24,239	24,844	25,483
30. Net ton-miles per train-hour	10,453	10,853	10,777	11,125
31. Net ton-miles per car-day	636	547	510	568
32. Car-miles per car-day	32.9	30.9	30.3	33.2
33. Per cent unserv. of total locomotives	18.9	13.8	13.5	16.6
34. Per cent unserv. of total cars on line	8.7	6.6	7.3	8.1
35. Gross ton-miles per mile of main tracks per day (incl. locomotives and tenders)	---	20,297	20,280	22,060
36. Per cent cars on line of total owned cars	104.5	101.1	108.3	109.2
37. Pounds of coal per 1,000 gross ton-miles (incl. loco. and tenders)	142	133	128	128
38. Miles per locomotive-day	53.7	50.6	51.7	59.4

THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY
(Including Chicago & Erie R. R. Co.)

Revenue Traffic
(Including Mixed-Train Service)

	Years Ended December 31,			
	1923	1924	1925	1926
1. Avge. miles of road operated, freight service	2,309.42	2,324.79	2,323.78	2,320.78
2. Avge. miles of road operated, passenger service	2,031.93	2,059.05	2,060.46	2,060.62
3. No. of revenue tons carried	50,437,719	43,104,928	42,894,577	46,680,845
4. No. of revenue tons carried one mile (thousands)	11,363,376	9,880,512	9,469,281	10,407,367
5. Freight revenue (Acct. 101)	$108,686,005	$95,465,015	$94,672,286	$101,979,166
6. No. of revenue passengers carried:				
6-01. Comm. passengers	22,845,914	23,216,074	23,434,498	23,069,554
6-02. All other passengers	8,322,180	7,421,680	7,053,910	6,477,971
6-03. Total	31,168,094	30,637,754	30,488,408	29,547,525
7. No. of revenue passengers carried one mile (thousands):				
7-01. Comm. passengers	367,696	375,983	382,967	379,970
7-02. All other passengers	312,839	290,156	289,097	270,624
7-03. Total	680,535	666,139	672,064	650,594
8. Passenger rev. (Acct. 102)				
8-01. Comm. fares	$4,261,512	$4,348,938	$4,384,040	$4,241,843
8-02. All other fares	$10,435,651	$9,609,012	$9,366,219	$8,772,914
8-03. Total	$14,697,163	$13,957,950	$13,750,259	$13,014,757
9. Pass. train-miles (item 3, form OS-B, less spec.-trn. serv.)	7,623,291	8,372,178	8,313,756	8,417,916
10. Pass. car-miles (item 7-01, plus 7-02, form OS-B, less spec.-train service)	31,995,421	33,013,083	32,830,986	31,614,711
AVERAGES				
11. Miles per revenue ton	225.3	229.2	220.8	222.9
12. Revenue per ton-mile (cents)	.956	.966	1.000	.980
13. Revenue per ton	$ 2.155	$ 2.215	$ 2.207	$ 2.185
14. Miles per passenger	37.5	39.1	41.0	41.8
15. Rev. per pass.-mile (cents)	3.336	3.312	3.240	3.242
16. Rev. per passenger	$ 1.254	$ 1.295	$ 1.328	$ 1.354
17. Rev. passengers per train	89.3	79.6	80.8	77.3
18. Rev. passengers per car	21.3	20.2	20.5	20.6

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.
NEW YORK

5 NASSAU STREET

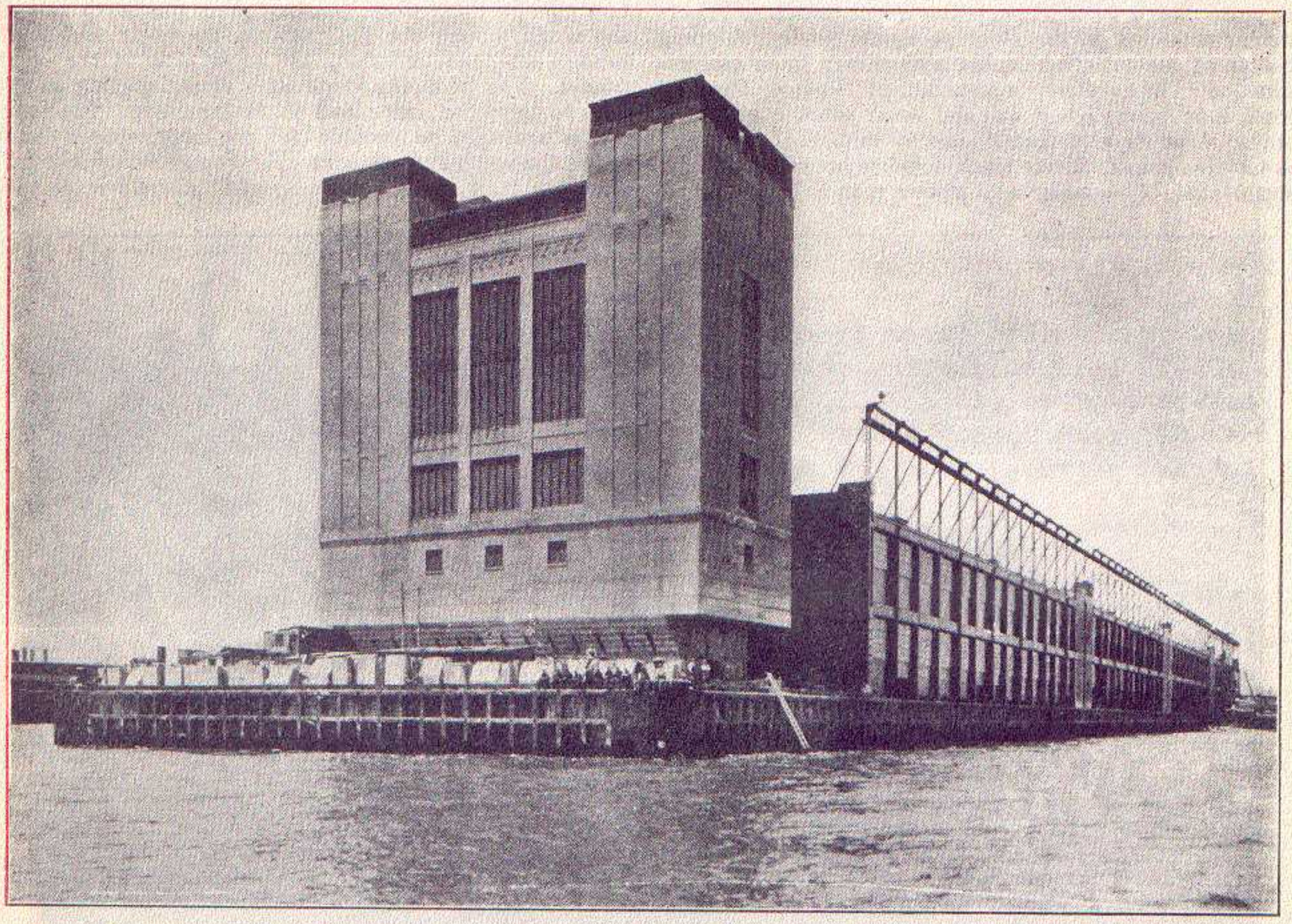
NEW PIER No. 9

OF THE

ERIE RAILROAD COMPANY

AT

JERSEY CITY, N. J.



Most modern pier in the New York Harbor strategically located at the Jersey City Portals of the new Holland Vehicular Tunnel

Reprinted from
THE PORT OF NEW YORK Publication
August, 1927

THE ERIE RAILROAD COMPANY

Dollar Steamship Line Leases New Erie Railroad Pier at Jersey City

Splendid Double-Deck Pier 1247 Feet Long and 150 Feet Wide, Situated Directly at Entrace and Exit of the New Holland Vehicular Tunnel Under the Hudson

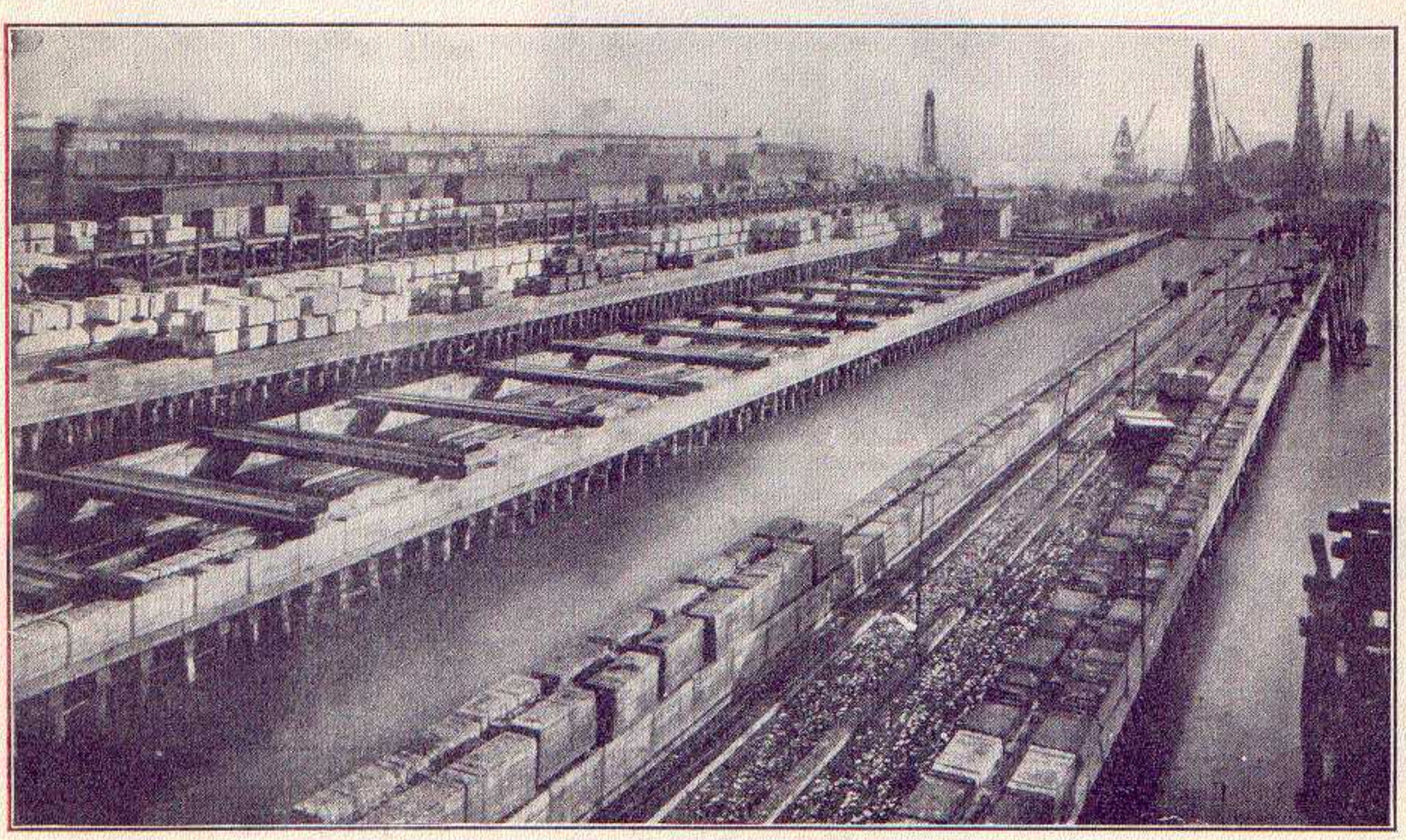
EFFECTIVE July 8, 1927, the Dollar Steamship Line announced that its ships, both passenger and freight, would berth at and sail from their new location in New York Harbor on the Hudson River, to wit: Pier 9 (Erie Terminal), Jersey City, located directly at the entrance and exit of the new Holland Vehicular Tunnel connecting Manhattan and Jersey City.

The construction of this modern fireproof double-deck pier 1247 feet long and 150 feet wide has just been completed, the equipment including the most up-to-date facilities, such as depressed double tracks running the length of the pier, freight elevators and trucking ramps to second deck of the pier, affording shippers and consignees maximum service. The Dollar Steamship Line has also issued a map, showing the location of the new Erie Railroad pier, with reference to other parts of the Port of New York, which plainly shows the pier's nearness to the heart of the section of Manhattan which ships out and receives more products than any other section of Manhattan. The Dollar Steamship Line, which performs separate passenger and freight and freight line services to more than a score of ports the world round, calls particular attention to the close proximity to the shipping center of New York coupled with direct track connections, its line offers, enumerating: Service, Physical track connections where rail and water meet, A saving of one to three days in transit time of shipments from and to interior points, Direct track delivery between cars and steamships, Elimination of lighterage to a large degree, Minimum handling of cargo, Short truck haul to and from the heart of shipping center Manhattan via the vehicular tunnel or ferries, Modern facilities assuring quick dispatch and efficient service, Location free from congestion affording maximum service to trucks and drays, on a spacious pier enabling prompt handling and segregation of cargo.

Not only is pier 9, Jersey City, directly over the new Holland vehicular tunnel to be opened for service probably next month, but its construction affords protection to the Jersey City end of the tunnel, each end of this long pier having a tower that takes care of a part of the ventilating system of the tunnel. The immediate proximity to the pier will be of immense value as a time saver and in efficiency.

Interesting Particulars About the Pier

On account of its location over the vehicular tunnels, the ordinary method of pier construction by which the structure is carried on piling regularly spaced could not be employed, and it was necessary to group the foundation piles in three tiers, one tier along the north side of the north tunnel, one tier between the north and south tunnels and one tier along the south side of the south tunnel. The grouping required a closer spacing of the piles to carry the entire load of the structure. The spacing is arranged to provide for the concentrated loads under the walls and columns, the average being approximately 3 ft. 4 in. in each direction. Considerable care



View of Erie Railroad's Pier No. 9, Jersey City, in course of Construction. Foley Brothers, Contractors.

was required in driving the piles on account of the proximity of the vehicular tunnels, the nearest piles being driven within a distance of one and three-quarter feet from the outer lines of the tunnels. The steel columns supporting the superstructure are set on a concrete base supported on the piling. The piles are cut off and capped below high water line, thus bringing a portion of the concrete base below high water. All concrete above high water is cast in place. The floor of the first deck, including those sections directly above the vehicular tunnels, is supported on steel beams resting on concrete walls.

The type of construction of the pier is similar to that used in Pier "C", Weehawken, and is a direct step in advance of usual pier construction. All timber work in the substructure is within the range of the tide so that it is continually saturated, which prevents decay. Above this the construction is of concrete, cinders and steel. No portion below the floor is subject to destruction by fire or decay except the fender timbers, which can readily be replaced without disturbing any other part.

The pier shed, or superstructure, is two stories in height, of structural steel construction, with felt and slag roof. The sides of the shed are substantially all windows and doors; the doors, having glass in the upper half and extending along the roof monitor for the entire length of the shed, are continuous sash, allowing an abundance of daylight to both floors. There are also provided steel cargo beams and walkways on both sides of the pier shed for its entire length to facilitate freight handling to and from ships.

Extending through the center through the length of the pier are two standard gauge railroad tracks, depressed so that the car floor is on the same level as the first floor of the pier, allowing convenient handling of freight to and from cars. Double leaf, vertical lift folding doors are provided on both sides of the pier shed for its entire length on both upper and lower decks. Each of these doors can be opened into a horizontal position, thus allowing full area of door opening so that if desired the whole side of the pier may be opened on both upper and lower floors.

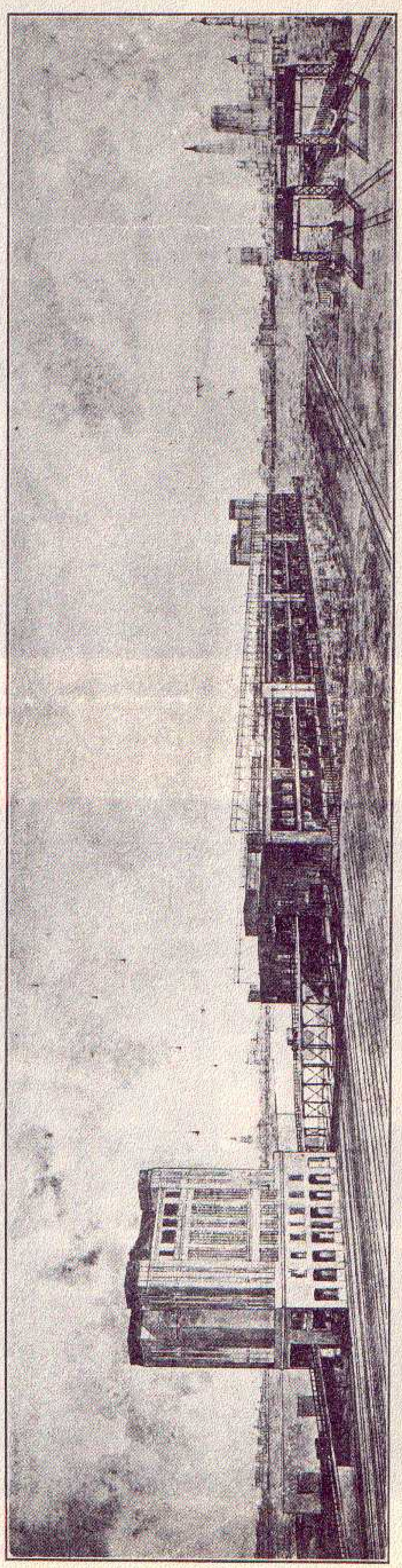
Distributed equally throughout the length of the pier shed are sixteen electric freight elevators of two-ton capacity, and at outshore end one electric freight elevator is provided for handling extra heavy loads and automobile trucks.

Three fire-walls are constructed across the entire width of the pier extending from below pier floor and through the roof of pier shed. These fire-walls divide the pier shed into four sections, so that in case of fire the damage be confined to one section. Automatic fire-doors cover openings in these fire-walls. Two stairways from first to second floor are located at each fire-wall, one on each side of the pier. Both floors or decks of piers are equipped with dry pipe automatic sprinkler system connected to a 100,000-gallon fresh water supply tank. As an auxiliary fire protection, electrically driven pumps for salt water supply are installed.

To permit trucks to enter the second floor of the pier, an inclined roadway is constructed of structural steel and concrete. The grade of this approach is such as to allow for handling of heavy loads.

An idea of the size of the structure can be obtained from some of the material items required. Approximately 845,000 linear feet (or 160 miles) of piling; 7,000 tons of structural steel; 25,000 cubic yards of stone and gravel; 28,000 barrels of cement; 150 tons of reinforcing steel; 4,000,000 F.B.M. lumber and 206 di-fold doors are required.

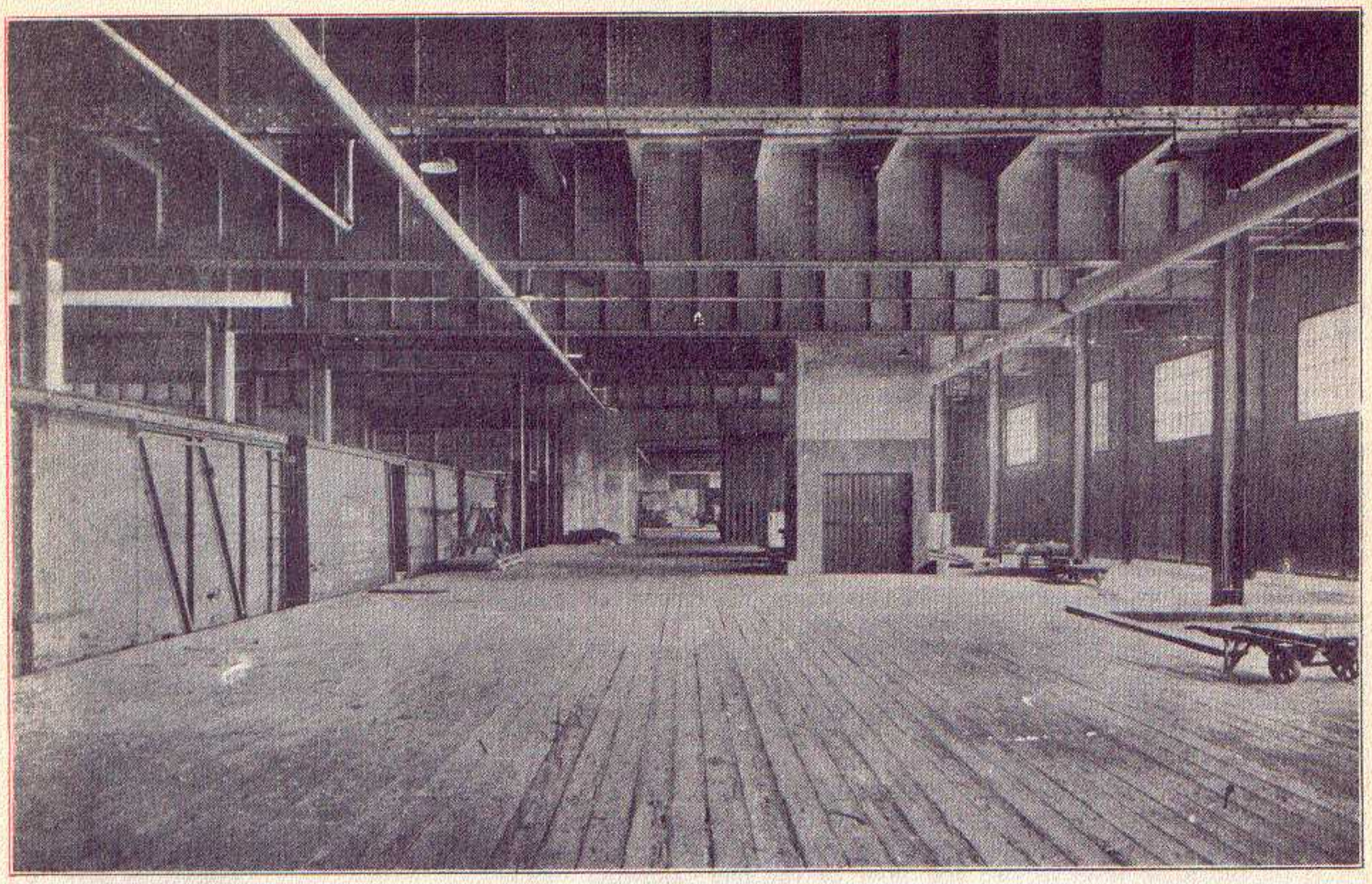
The picture on preceding page presents a view of Pier 9, Jersey City, in course of construction, and was taken at an unusually low stage of the tide. It shows the piling, capping, and timber deck on which rests the concrete blocks which form the base of a concrete wall carrying steel beams to support the first floor. The blocks piled up above the first course are simply placed there for storage and formed a part of the decking when completed. Normal low water is 11 inches below the pile cut off and normal high water is about midway upon the concrete blocks.



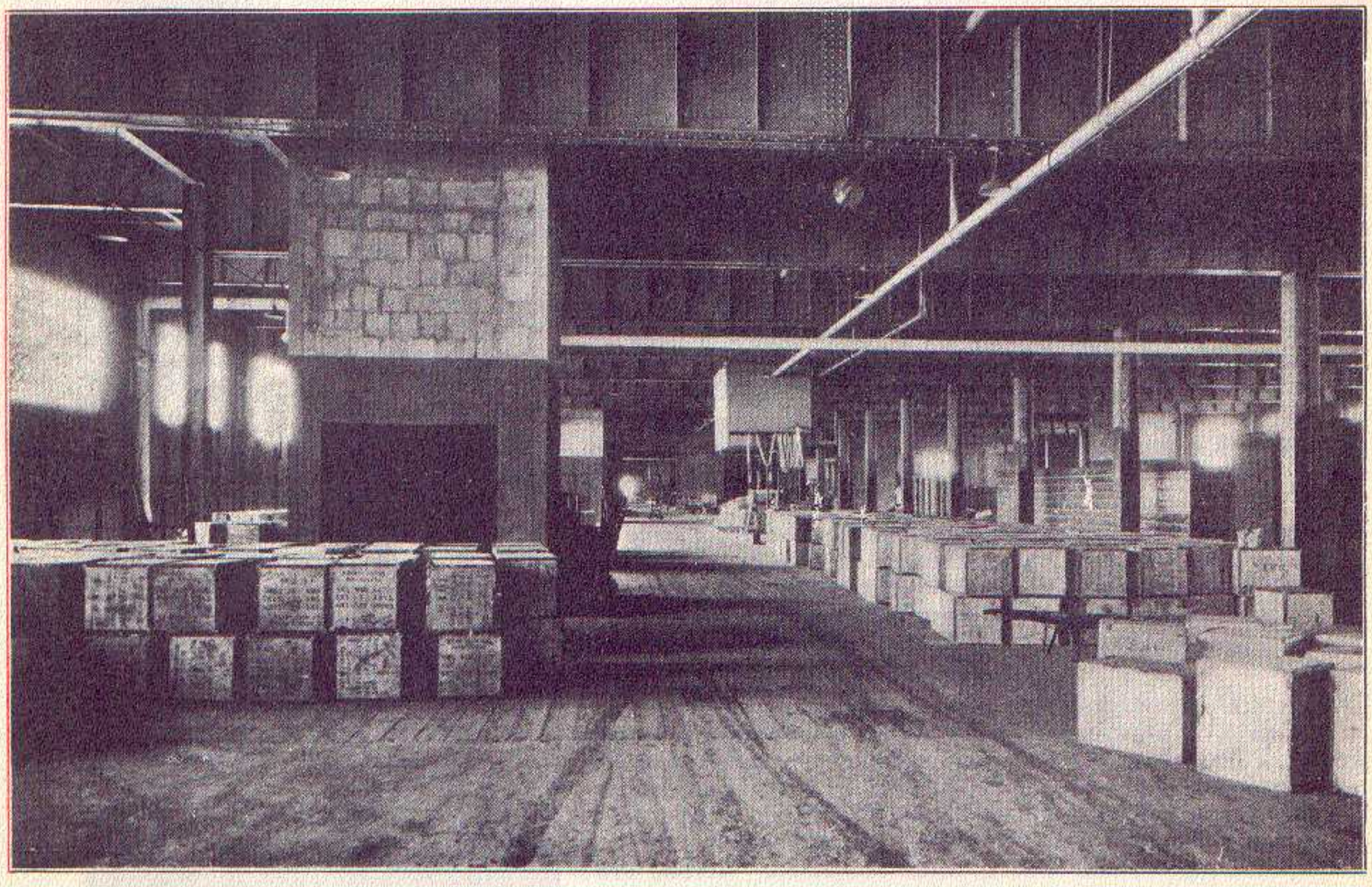
Erie Carfloat Bridges

Dollar Steamship Line pier proper, showing Ramp to Upper Deck

Ventilating shaft of the new Holland Vehicular Tunnel



Interior view of the new Pier No. 9 of the Erie Railroad Company at Jersey City, N. J., showing their shipping facilities.



Warehouse space of the new Pier No. 9 of the Erie Railroad Company at Jersey City, N. J. showing unloaded merchandise.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

ERIE RAILROAD'S CHICAGO RIVER SERVICE

By L. L. White, Superintendent Erie Railroad.

Comparatively few people realize that the Erie Railroad has, for many years, been conducting car-ferry service on the Chicago River in the very heart of the City of Chicago. This service, inaugurated in 1913, was successful from the beginning because of the fact that the Chicago River provided a ready and economical route, tapping an industrial section of Chicago which would not otherwise be directly accessible.

The route of the Chicago River is of strategic value to the Erie Railroad. The course of this river in the Chicago business district may be described roughly as similar to the letter "Y"; with the main stem paralleling Lake Michigan, the left-hand branch running in a northwesterly direction across the northern section of the city, and the right-hand branch flowing into Lake Michigan. The congested loop district of Chicago lies just south of the right-hand branch of the river between the main stem of the river and Lake Michigan. The terminals of the Erie and the other large Eastern railroads lie south of the loop district, and do not reach the industrial sections located to the north between the two branches of the "Y".

In order to reach these industrial sections, the Erie Railroad, in 1912, first planned its car-ferry service. At this time, two steel car ferries, each with a capacity of eight cars, and one tug were ordered. In August, 1913, this equipment was put to the test of serving the business interests of the near North Side of the city at what is now known as the Erie Street station, located on the left-hand branch of the "Y" formed by the river, approximately three miles north of the loop. This station provided adjacent industries with facilities to ship and receive freight directly from and to Eastern points, the same as if they were transacting business with the Erie Railroad's main freight station south of the loop.

Shortly after establishing the Erie station, another station, known as the Webster Avenue station, was put into operation at a point on the same branch of the river about five miles north and west of the loop. This station and the Erie Street station, as first constructed, were more or less of a makeshift and temporary nature. Their early success, however, caused the railroad company to build modern and permanent stations, yard tracks and float bridges. At the Erie Street station, team-track space wes provided for 23 cars and freight-house track for 10 cars. The Webster Avenue Station has team-track for 34 cars and freight-house track for 14 cars. Three 200 horsepower gas-

oline locomotives are employed, one at each station and one for emergency use. In 1924 this car-ferry service was extended so as to serve 49 industries housed in the North Pier Terminal Warehouse, located on the right-hand branch of the river.

The operation of the car-ferry service on the Chicago River has made possible a considerable saving in the time required for delivering freight to and dispatching freight from the river stations. Cars coming from the East to the Erie's main freight stations south of the loop are loaded on car-ferries and floated to the river station nearest the receiver. If a car arrives at the main station before 4:30 o'clock in the morning, it is delivered on the North Side before noon. If the car were switched around via rail, it would take from one to three days to reach the same destination. Corresponding savings in time are accomplished in floating cars from the river stations to the main freight station preparatory to the movement to Eastern destinations.

The investment in facilities used in operating this river service, including cost of boats, terminal land, and other equipment, is approximately $1,600,000. This investment is by no means excessive or unwise when it is considered that about 100,000 tons of freight are handled annually. In March 1925 the total tonnage handled was 8,339 tons, representing a 50 per cent increase over the same period in 1922. The value of the river service is further appreciated when it is realized that the Erie's car-ferries relieve the congested streets of the city of many truckloads of freight every day.

Some time ago, Colonel F. G. Robbins, Vice-President of the Erie, arranged for a trip on the Chicago for the benefit of shippers, traffic managers, railroad officials and others who have a vital concern in the river service which the Erie offers. Those who made the trip were highly complimentary of the car-ferry service. Mayor Dever, of Chicago, in a speech referring to this service, said that the city was thankful that the 100,000 tons of freight carried by the car-ferries were not trucked through the streets. W. P. Bartell, Director of Service of the Interstate Commerce Commission, expressed his surprise at the service the Erie was giving Chicago, saying that he had not known that such an efficient service of the kind existed in Chicago.

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MAINTENANCE STATISTICS

Comparison of Erie and Nickel Plate

	ERIE		NICKEL PLATE	
	Total Maint.	Ratio to Gross	Total Maint.	Ratio to Gross
1921	$47,000,000	41.4%	$ 8,267,000	30.7%
1922	45,413,000	42.5	15,864,000	31.4
1923	50,363,000	36.3	20,076,000	35.3
1924	43,284,000	32.5	17,111,000	32.0
1925	41,097,000	34.7	17,469,000	32.2
1926	44,414,000	35.4	17,776,000	32.4

Maintenance of Way per Equated Track Mile

	Erie	*Freight Density	Nickel Plate	*Freight Density
1921	$3406	11,659	$2992	6,313
1922	3077	10,092	2768	7,720
1923	3455	14,934	3242	9,029
1924	3316	12,951	3257	8,362
1925	3249	12,513	3252	8,643
1926	3435	13,725	3117	8,725

Total Cross Ties Replaced per Equated Track Mile

	Erie	Nickel Plate
1921	298	312
1922	282	327
1923	250	327
1924	236	294
1925	234	293
1926	228	273

Rail Replacements (Number of Miles of Track)

	Erie	Nickel Plate
1921	399	147
1922	397	207
1923	404	350
1924	424	239
1925	394	246
1926	420	260

* Net ton miles per mile of road per day.

THE ERIE RAILROAD COMPANY

ERIE RAILROAD

Equipment Condition
as of
September 15, 1927, September 15, 1926,
and October 15, 1927.

Locomotives

				Eastern District	
	Oct. 15, 1927	Sept. 15, 1927	1926	Sept. 15, 1927	1926
Number on Line	1,126	1,091	1,358	14,244	14,976
Number Serviceable	918	871	1,141	12,174	12,841
Class 1 Repairs	--	--	2	10	19
Class 2 Repairs	1	2	7	168	170
Class 3 Repairs	76	64	43	539	510
Class 4 Repairs	15	18	21	283	282
Class 5 Repairs	20	16	15	177	180
Total Class Repairs	112	100	88	1,177	1,145
Percent of Total	9.9%	9.2%	6.5%	8.3%	7.7%
Running Repairs	96	120	129	893	973
Percent of Total	8.5%	11.0%	9.5%	6.2%	6.5%
Grand Total	208	220	217	2,070	2,118
Percent	18.5%	20.2%	16.0%	14.5%	14.2%

Freight Cars

				Eastern District	
	Oct. 15, 1927	Sept. 15, 1927	1926	Sept. 15, 1927	1926
Total Cars on Line	50,557	51,534	51,569	558,654	564,938
Cars undergoing or Awaiting Heavy Repairs	1,467	1,834	3,493	24,433	33,311
Light Repairs	1,137	1,051	1,265	8,378	10,699
Total Cars undergoing or Awaiting Repairs	2,604	2,885	4,758	32,811	44,010
Percent to Total on Line	5.2%	5.6%	9.2%	5.9%	7.8%

STATEMENT SHOWING PRINCIPAL CONTRACTS CANCELLED SINCE JANUARY, 1927, AND THE MONTHLY SAVING

Name of Contractor	Covering	Date of Contract	Effective Date of Cancellation	Monthly Saving	Remarks
Wm. J. O'Toole Stevedoring Co.	Recoopering cars fruit and vegetables at Duane St., Weehawken and various points in Jersey City.	May 23, 1927	October 1, 1927	$ 1,200.00 -	Estimated. This amount is a conservative minimum based on cars handled for the 1st week of October. It is anticipated our saving for the month will be approximately $2,000.00, but we are now handling our peak business and the average monthly saving will be considerably less.
Patrick Connelly, Inc.	Loading and unloading fuel coal at Croxton and Secaucus.	Apr. 1, 1926	July 9, 1927	400.00 -	Estimated.
" " "	Handling baggage, mail, etc. at Jersey City, Chambers and West 23rd Sts.	June 25, 1926	Feb. 28, 1927	386.00 -	Actual. Based on six months results.
" " "	Loading and unloading milk and cream at Jersey City.	June 25, 1926	June 15, 1927	100.00 -	Estimated.
New York Marine Company	Handling freight Jersey City Local station.	Letter Agree. May 20, 1922	March 12, 1927		
" " " "	" " Croxton.	March 1, 1922	March 10, 1927		
" " " "	" " J. City & Weehawken Piers.	July 27, 1920	March 11, 1927	23,313.00 -	Actual. Based on seven months results.
" " " "	" " Duane Street station.	Aug. 15, 1920	March 11, 1927		
" " " "	" " N.Y.S.& W., Pier "A", Undercliff.	Letter Agree. March 22, 1922	March 12, 1927		
Lincoln Engineering Corp.	Maintenance Work - Erie	Oct. 15, 1921	March 14, 1927		
" " "	" " - N.Y.S. & W.	Oct. 15, 1921	March 14, 1927		
Owen Repair & Construction Co.	" " - Erie	Aug. 13, 1921	March 14, 1927	16,200.00 -	Estimated.
Chas. Wagner	" " - Erie & NJ&NY	June 20, 1922	March 14, 1927		
Dickson Repair & Const. Co.	" " - Erie	Jan. 16, 1922	March 14, 1927		
Hecker Moon Company	" " - Erie & C. & E.	June 19, 1922	March 14, 1927		
Chas. Wagner	Wasting of ashes on New York Terminal Divn.	Oct. 1, 1921	June 27, 1927	155.00 -	Estimated.
Phoenix Transit Company	Lease of steam tugs and towing of car floats.	Feb. 16, 1922	Jan. 31, 1927		
" " "	Lease and operation of certain steam lighters.	Sept. 1, 1920	Jan. 31, 1927	18,820.00 -	Actual. Based on six months results.
" " "	Tugboat service at Undercliff.	Letter Sept.13, 1922	Jan. 31, 1927		
Railway Service Company	Lease and operation of roundhouse, etc., at Marion, Ohio.	Aug. 13, 1921	May 14, 1927 Note: Owens waived 30 day provision and Railroad took over operation Apr. 19, 1927.		Note: Unable to show saving account of changed conditions at Marion as against the time the terminal was operated by contractor; that is, the contractor maintained the R-1 and other power operating on the Kent Div. while this power is now being maintained at Meadville, and Marion maintains the N-1 power between Hammond & Marion.
Meadville Machinery Company	Lease and operation of roundhouse and back shop at Meadville.	July 1, 1924	May 31, 1927	5,700.00 -	Estimated.
Office of Vice President, New York, October 22, 1927	Note: Agreement with Seminole Construction Co. dated Feb. 16, 1926 covering coopering of cars with grain doors, patching floors and cleaning cars at Buffalo and East Buffalo will terminate Feb. 21, 1928. Based on cars handled in 1926 a saving of is estimated.			2,670.00 -	
			Total	$68,944.00	

OFFICIAL TEST COMPARISON OF NEW LOCOMOTIVES INSTALLED ON KENT, MEADVILLE & ALLEGHANY DIVISIONS WITH LOCOMOTIVES FORMERLY USED

STATEMENT OF PERFORMANCE OF N 2 (MIKADO), R 1 (SANTA FE) AND NEW S (BERKSHIRE) LOCOMOTIVES OPERATED OVER KENT, MEADVILLE & ALLEGHANY DIVISIONS

Class of Loco.	1 No. of Loads	No of Emptys	Actual Tons	Coal between Terminals	Gallons of water between Terminals	2 lbs water per lb Coal	3 AV DB HP	4 lbs coal per H P HR	5 lbs water per H P HR	Coal per 1000 GTM	Running Time H	Running Time M	Av. Speed R.T.	
R 1	51 Kent 57 Mead	4 3	2497 2761	76000	54239	5.94	1476	6.4	38.1	143.9	10	14	19.7	Marion to Kent Kent to Meadville.
S (New)	67 Kent 72 Mead	2 2	2972 3186	51970	40284	6.42	2060	4.31	27.72	83.9	7	37	26.5	Marion to Kent Kent to Meadville
N 2	72 Mead 81 Alleg	3 4	3651 4253	51092	37496	6.11	1465	4.76	29.1	67.1	9	1	21.7	Meadville to Salamanca Salamanca to Hornell
S (New)	100	2	4147	46900	37089	6.53	Dynamometer table not operated from Salamanca to Hornell			57.0	7	41	20	Meadville to Salamanca Salamanca to Hornell
R 1	30 Mead 22 Kent	40 39	2869 2338	72000	47754	5.52	1268	6.82	38.7	136	10	47	19.1	Meadville to Kent Kent to Marion
S (New)	25 Mead 25 Kent	59 43	2931 2605	53575	43210	6.72	Dynamometer chart not yet received at Cleveland			93.11	10	27	19.8	Meadville to Kent Kent to Marion
N 2	75 Alleg 70 Mead	16 28	3272 3389	50827	36168	5.94	1380	4.8	28.5	78.5	8	45	22.3	Hornell to Salamanca Salamanca to Meadville
S (New)	45 Alleg 44 Mead	59 72	4367 3503	49380	37370	6.29				58.8	8	28	22.6	Hornell to Salamanca Salamanca to Meadville

1 Opposite the number of cars is shown the name of division over which they were hauled.
2 Is determined by dividing the pounds of water by total pounds of coal used.
3 Determined by the number of feet engine travels while working times the average drawbar pull in pounds divided by 33000 times the number of minutes engine is working.
4 Determined by total number of lbs of coal used divided by the average horse power times the number of hours engine is working.
5 Determined by total number of lbs of water used divided by the average horse power times the number of hours engine is working.

Cleveland, Ohio
October 3, 1927.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

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ERIE RAILROAD

ESTIMATED YEARLY SAVINGS IN TRANSPORTATION EXPENSES BY USE 50 S ENGINES BETWEEN MARION, OHIO, AND HORNELL, NEW YORK

Factors:

A. Average Estimated Fuel Saving over Kent 1st, Meadville 1st and 2nd and Allegheny Divisions ---------- 30%

B. Estimated increased tonnage and corresponding decrease in train and locomotive miles:

(1) Over R type engines on Kent 1st and Meadville 2nd ----- 10%

(2) Over N type engines on Meadville 1st and Allegheny ---- 25%

NB - 30 S Engines to replace 34 R Engines between Kent and Meadville
20 S Engines to replace 30 N Engines between Meadville and Hornell

C. Estimated per cent of total tonnage moved between Marion and Hornell that will be handled by the 50 S Engines ---------- 70%

D. Estimated savings based on actual charges to Transportation Expenses for Road Freight service year 1926.

Road Freight Charges for the Year 1926

Fuel Expense

Division	Total Charge	Average Cost Per Ton	Wages Enginemen	Wages Trainmen	Total Wages
Kent 1st	$723,898	---	$236,572	$278,309	$514,881
Mead. 2nd	519,462	$3.00	221,279	256,408	477,687
Mead. 1st	404,511	3.00	207,557	240,701	448,258
Allegheny	309,082	2.83	178,399	238,606	417,005
Total	$1,956,953		$843,807	$1,014,024	$1,857,831

THE ERIE RAILROAD COMPANY

Fuel Saving:	70% of $1,956,953 (total Fuel Expense) gives Fuel Expense chargeable to tonnage that can be handled by S Engines ----------	$1,369,867
	30% Savings on $1,369,867 gives ----------	410,960
Wage Saving:	70% of total wages on Kent 1st and Meadville 2nd (amount $992,568) gives ----------	694,797
	10% Saving by reason 10% Decreased Train Miles ----------	69,479
	70% of Total Wages on Meadville 1st and Allegheny (amount $865,263) gives ----------	605,884
	25% Saving by reason 25% Decreased Train Miles ----------	151,471
Additional Saving by reason not turning engines at Meadville. 25 Engines at $5.00 per engine daily $75.00 per day x 365 days gives yearly saving of ----------		27,375

Recapitulation of Savings

Total Fuel Saving ----------		$410,960
Wages Kent 1st and Meadville 2nd	$ 69,479	
Wages Meadville 1st and Allegheny	151,471	
		220,950
Saving Turning less Power Meadville ----------		27,375
Total Yearly Savings ----------		$659,285

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

ESTIMATED SAVINGS MARION DIVISION N-ENGINES OVER H-21's - TRANSPORTATION EXPENSES

Factors:

A. Estimated N-Engines will handle 20% more tonnage with corresponding decrease in train miles of ---------- 20%

B. Estimated new large tanks to be applied to N-Engines will eliminate minimum of one hour water and coal stops and saving in fuel of ---------- 5%

ROAD FREIGHT CHARGES 1926

Fuel	$732,532
Wages Enginemen	360,895
Wages Trainmen	431,281
Wages Total	792,176

Wage Saving:	20% of $792,176 gives	$158,435
Fuel Saving:	5% of $732,532 gives	36,626
	Total Saving	$195,061

THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY

New York, Susquehanna and Western Railroad Co. The New Jersey and New York Railroad Co.
Chicago and Erie Railroad Co. Bath and Hammondsport Railroad Co.

Operating Department

W. A. Baldwin
Vice-President
A. E. Ruffer
Transportation Asst.-V.P.
R. C. Falconer
Engineering Asst.-V.P.

50 Church Street
New York City

October 20, 1927.

Mr. J. J. Bernet,
President.

Your letter of October 19th requesting information relative to the Stores Department:

Material and Supply Balance

	Rail & Ties	Fuel Coal	All Other	Total
8/31/1927	$2,698,678	$1,136,738	$4,976,830	$ 8,812,246
12/31/1926	2,312,171	1,940,601	6,533,788	10,786,560
Increase	$ 386,507			
Decrease		$ 803,863	$1,556,958	$ 1,974,314

Forces-Stores Department

October 1927 ----------	611
December 1926 ----------	1128
Reduction ----------	517

This reduction approximates $600,000 per annum in the Stores Department payrolls. Included in this reduction, however, are 108 Material Deliverers transferred to the Mechanical Department rolls, representing approximately $114,000 per annum, which makes the actual reduction in payrolls 409 employes or $485,000 per annum.

During the past few months a centralized force for handling, pricing and other accounting data was organized at Hornell, to which point was transferred the Stores Department central office previously located in Meadville, and combined therewith the pricing and report

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

clerks previously located in the various storekeepers' offices. This centralization effected substantial savings in clerical costs, and has promoted more standardized and proper accounting. A visible pricing record is being installed.

We have also transferred surplus materials to centralized points -- car materials to Buffalo, locomotive materials to Meadville and Hornell -- the arrangement being that, except for program car work, special jobs, etc., the materials are furnished outside points from the three locations mentioned. It is the intention to continue to add to the classes of materials to be furnished from Hornell as and when space is available, which will tend toward a reduction in the materials to be furnished from Meadville.

From January 1st to September 30th surplus and obsolete materials were scrapped to the extent of $259,000, and by December 31st, 1927, additional surplus and obsolete materials amounting to between $150,000 and $200,000 will be scrapped.

(Signed) W. A. BALDWIN

THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY

(Including Chicago & Erie)

BALANCE SHEETS AS OF AUGUST 31

ASSETS:	1927	1926		Increase
Investment in road and equipment	$359,012,000	$355,058,000		$ 3,954,000
Improvement on leased railway property	43,018,000	39,080,000		3,938,000
Sinking funds, deposits and misc. property	1,381,000	1,289,000		92,000
Investments in other companies	132,718,000	133,252,000	Dec.	534,000
Current assets:				
Cash	19,802,000	9,402,000		10,400,000
Time drafts and deposits	6,611,000	2,708,000		3,903,000
*Other current assets	21,912,000	23,619,000	Dec.	1,707,000
Total current assets	48,325,000	35,729,000		12,596,000
Deferred assets and unadjusted debits	2,385,000	5,475,000	Dec.	3,090,000
TOTAL ASSETS	$586,839,000	$569,883,000		$16,956,000
LIABILITIES:				
Common stock	$134,613,000	$112,482,000		$22,131,000
Preferred stock	63,904,000	63,904,000		---
Bonds	248,113,000	225,996,000		22,117,000
Current liabilities:				
Loans and bills payable	286,000	15,028,000	Dec.	14,742,000
Accounts and wages payable	7,890,000	11,768,000	Dec.	3,878,000
**Other current liabilities	13,329,000	14,708,000	Dec.	1,379,000
Total current liabilities	21,505,000	41,504,000	Dec.	19,999,000
Accrued depreciation	32,392,000	29,145,000		3,247,000
Deferred liabilities and unadjusted credits	3,107,000	5,527,000	Dec.	2,420,000
Surplus	83,205,000	91,325,000	Dec.	8,120,000
TOTAL LIABILITIES	$586,839,000	$569,883,000		$16,956,000

* Including materials and supplies
** Including taxes

ERIE RAILROAD COMPANY
(Including Chicago and Erie Railroad Company)
Comparative General Balance Sheet

ASSETS	Years Ended December 31 1922	1923	1924	1925	1926
INVESTMENTS					
701. Investment in road and equipment	$329,770,937.97	$340,232,388.41	$351,079,130.78	$352,365,501.45	$355,627,098.62
702. Improvements on leased railway property	29,493,916.08	31,695,910.91	33,972,972.35	36,962,697.96	40,439,625.29
703. Sinking funds	921.84	730.88	786.21	1,912.94	1,531.87
704. Deposits in lieu of mortage property sold	6,681.00	252,571.00	246,190.00	247,690.00	251,190.00
705. Miscellaneous physical property	3,405.68	6,969.18	93,434.84	620,031.97	653,548.98
706. Investments in affiliated companies					
(a) Stocks	94,485,676.64	94,457,683.11	94,461,498.18	94,461,498.18	94,563,169.06
(b) Bonds	28,918,491.88	28,929,691.88	28,843,738.59	28,782,988.59	28,786,988.59
(c) Notes	1,403,201.57	1,196,951.57	1,164,300.00	1,014,300.00	764,300.00
(d) Advances	7,245,289.74	7,366,916.91	7,852,223.71	7,858,342.72	8,226,291.85
707. Other Investments					
(a) Stocks	695,710.90	702,310.90	714,860.90	717,480.70	717,264.52
(b) Bonds	808,586.00	561,798.00	198,500.00	6,300.00	6,300.00
(d) Advances	.....	.....	639.17	639.17	639.17
(e) Miscellaneous	29,834.00	22,597.50	15,557.00	14,769.50	49,032.00
Total investments	$492,862,673.30	$505,426,520.25	$518,643,831.73	$523,054,153.18	$530,086,979.95
CURRENT ASSETS					
708. Cash	$ 10,379,028.54	$ 7,300,013.44	$ 9,733,282.53	$ 8,615,665.65	$ 10,528,507.86
711. Special deposits	7,268,804.41	8,867,023.99	113,647.37	113,818.36	503,304.19
712. Loans and bills receivable	13,113.16	25,645.35	32,178.00	26,485.00	300.00
713. Traffic and car-service balances receivable	4,077,025.66	4,865,301.40	5,188,550.59	4,807,351.47	5,174,933.49
714. Net balance receivable from agents and conductors	1,316,736.82	1,176,242.03	616,227.14	654,954.96	601,246.29
715. Miscellaneous accounts receivable	6,238,570.15	6,443,647.31	5,942,898.49	6,052,012.36	6,299,345.20
716. Material and supplies	9,643,635.30	13,035,978.52	11,658,370.63	11,327,793.07	10,016,084.42
717. Interest and dividends receivable	292,038.52	478,917.16	288,631.02	319,798.06	327,513.38
719. Other current assets	.....	.....	264,899.35	220,116.01	199,575.98
Total current assets	$ 39,228,952.56	$ 42,192,769.20	$ 33,838,685.12	$ 32,137,994.94	$ 33,650,810.81
DEFERRED ASSETS					
720. Working fund advances	$ 49,589.78	$ 40,891.68	$ 40,583.28	$ 40,563.28	$ 40,647.68
721. Insurance and other funds	92,076.38	99,764.38	99,764.38	153,580.38	153,580.38
722. Other deferred assets	37,362,668.61	293,740.06	352,416.08	246,021.77	186,156.35
Total deferred assets	$ 37,504,334.77	$ 434,396.12	$ 492,763.74	$ 440,165.43	$ 380,384.41
UNADJUSTED DEBITS					
723. Rents and insurance premiums paid in advance	$ 401,608.44	$ 397,134.37	$ 211,360.93	$ 268,223.21	$ 297,291.17
727. Other unadjusted debits	8,466,616.60	4,746,685.12	4,772,639.15	4,647,830.26	1,780,877.49
Total unadjusted debits	$ 8,868,225.04	$ 5,143,819.49	$ 4,984,000.08	$ 4,916,053.47	$ 2,078,168.66
Grand Total	$578,464,185.67	$553,197,505.06	$557,959,280.67	$560,548,367.02	$566,196,343.83

ERIE RAILROAD COMPANY
(Including Chicago and Erie Railroad Company)

Comparative General Balance Sheet

LIABILITIES	Years Ended December 31 1922	1923	1924	1925	1926
STOCK					
751. Capital stock	$176,386,300.00	$176,386,300.00	$176,386,300.00	$176,386,300.00	$176,386,300.00
LONG-TERM DEBT					
755. Funded debt unmatured	$225,260,442.25	$234,496,571.04	$230,158,291.19	$226,415,061.33	$225,090,034.96
CURRENT LIABILITIES					
758. Loans and bills payable	$ 17,700,788.41	$ 11,318,864.00	$ 15,502,470.46	$ 15,173,346.40	$ 11,603,000.00
759. Traffic and car-service balances payable	5,814,315.30	4,191,356.91	4,303,366.38	3,392,508.52	4,085,080.95
760. Audited accounts and wages payable	17,081,699.79	15,357,308.88	11,150,761.59	10,220,693.63	10,204,644.18
761. Miscellaneous accounts payable	688,495.26	590,027.29	499,531.25	423,521.01	388,351.99
762. Interest matured unpaid	2,141,727.53	2,090,697.71	2,082,790.96	2,071,289.46	2,295,258.43
763. Dividends matured unpaid	9,771.00	9,771.00	5,330.00	5,330.00	5,330.00
764. Funded debt matured unpaid	377,225.00	371,225.00	367,225.00	373,225.00	447,225.00
766. Unmatured interest accrued	2,225,341.79	2,243,087.08	2,337,188.43	2,294,506.87	2,052,898.73
767. Unmatured rents accrued	615,937.31	623,310.14	631,664.38	634,249.90	642,383.40
768. Other current liabilities	.....	.....	257,432.34	343,189.17	385,804.18
Total current liabilities	$ 46,655,301.39	$ 36,795,648.01	$ 37,137,760.79	$ 34,931,859.96	$ 32,109,976.86
DEFERRED LIABILITIES					
770. Other deferred liabilities	$ 39,689,452.03	$ 611,447.06	$ 1,005,397.24	$ 630,365.74	$ 501,186.16
UNADJUSTED CREDITS					
771. Tax liability	.....	.....	$ 43,000.00	$ 1,613,960.64	$ 1,990,832.61
774. Operating reserves	$ 4,561,115.72	$ 2,939,085.07	.....	.....	.....
776. Accrued depreciation—equipment	22,828,014.98	23,016,028.62	25,148,066.30	27,193,736.13	30,149,059.23
778. Other unadjusted credits	2,489,929.25	2,344,895.33	2,556,852.87	2,945,652.94	2,818,540.55
Total unadjusted credits	$ 29,879,059.95	$ 28,300,009.02	$ 27,747,919.17	$ 31,753,349.71	$ 34,967,432.39
CORPORATE SURPLUS					
779. Additions to property through income and surplus	$ 8,042,191.27	$ 8,977,914.19	$ 9,112,327.75	$ 9,334,187.94	$ 9,740,084.13
780. Funded debt retired through income and surplus	367,218.41	433,723.31	507,282.28	580,225.66	661,019.81
781. Sinking fund reserves	14,403,021.66	15,553,581.68	16,718,284.53	17,792,256.56	19,080,363.13
Total appropriated surplus	$ 22,812,431.34	$ 24,965,219.18	$ 26,337,894.56	$ 27,706,670.16	$ 29,481,467.07
784. Profit and Loss, Credit balance	37,781,198.71	51,642,310.75	59,185,717.72	62,724,760.12	67,659,946.39
Total corporate surplus	$ 60,593,630.05	$ 76,607,529.93	$ 85,523,612.28	$ 90,431,430.28	$ 97,141,413.46
Grand Total	$578,464,185.67	$553,197,505.06	$557,959,280.67	$560,548,367.02	$566,196,343.83
Securities issued or assumed held by or for Erie R. R. Co., not included above					
729. Stock of Chicago and Erie R.R. Co., Pledged	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
729. Bonds of Chicago and Erie R.R. Co., Pledged	9,902,000.00	9,902,000.00	9,902,000.00	9,902,000.00	9,902,000.00

STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.
NEW YORK

5 NASSAU STREET

PENNSYLVANIA COAL COMPANY

Income Statement

(Thousands Only)

	1926	1925	1924	1923	1922	1921	1920
Sales	$40,492	$26,837	$38,393	$49,472	$30,431	$41,560	$43,043
Operating & Selling Expenses	36,075	26,152	35,549	41,650	27,324	35,665	36,885
Net Operating Revenue	4,417	685	2,844	7,822	3,107	5,895	6,158
NON-OPERATING INCOME							
Coal Royalty Receipts	284	129	151	231	136	190	200
Marine Department	--	--	* 1	14	* 13	--	41
Real Estate	43	3	19	36	25	30	16
Discounts on Purchases	11	7	6	4	5	6	4
Interest Bank Balance, etc.	62	70	61	53	40	59	132
Interest - Securities	94	63	78	77	170	381	301
Dividend Income	290	27	33	31	31	31	13
Miscellaneous	4	3	5	3	4	2	8
Profits on Supplies	--	--	--	3	* 15	* 104	* 74
Coal Storage Plants	--	--	--	* 22	21	25	* 40
Total Non-Operating Income	788	296	352	402	404	617	601
Gross Income	5,205	981	3,196	8,224	3,511	6,512	6,759
DEDUCTIONS FROM GROSS INCOME							
Taxes, State, etc.	(A)	(A)	(A)	1,571	1,316	926	805
Authorized Expenditures	(A)	(A)	(A)	309	136	231	273
Depreciation	(A)	(A)	(A)	285	190	225	231
Interest paid	25	30	27	7	1	11	5
Total Deductions	25	30	27	2,172	1,643	1,393	1,314
NET INCOME BEFORE INCOME & EXCESS PROFITS TAXES	5,180	951	3,169	6,052	1,868	5,119	5,445
FEDERAL INCOME & EXCESS PROFITS TAXES	417	--	239	---	---	304	368
Net Income	4,763	951	2,930	6,052	1,868	4,815	5,077

Average Net Income $3,779,000.

Note: (A) Included in Operating & Selling Expenses.
* Debit.

THE ERIE RAILROAD COMPANY

HILLSIDE COAL AND IRON COMPANY

Income Statement

(Thousands Only)

	1926	1925	1924	1923	1922	1921	1920
Sales	$5,428	$4,351	$6,700	$7,540	$4,204	$8,010	$6,692
Operating & Selling Expenses	5,516	4,764	6,863	6,574	3,853	6,826	5,529
Net Operating Revenue	(D) 88	(D)413	(D)163	966	351	1,184	1,163
NON-OPERATING INCOME							
Coal Royalty Receipts	376	178	353	496	229	317	384
Real Estate	5	10	6	2	* 1	* 1	2
Profits on Supplies	--	--	--	4	* 3	* 27	* 20
Interest - Bank Balance, etc.	5	6	9	22	15	16	34
Interest - Securities	36	44	46	46	85	128	113
Discounts on Purchases	2	1	1	--	--	--	--
Dividend Income	53	6	6	6	6	6	6
Miscellaneous	2	1	1	--	2	2	2
Total Non-Operating Income	479	246	422	576	333	443	521
Gross Income	391	(D)167	259	1,542	684	1,627	1,684
DEDUCTIONS FROM GROSS INCOME							
Taxes Property, etc.	(A)	(A)	(A)	251	209	132	127
Authorized Expenditures	(A)	(A)	(A)	41	25	70	14
Interest	18	8	6	--	--	5	--
Depreciation	(B)	(B)	(B)	61	34	57	55
Miscellaneous	--	3	--	--	--	--	--
Income applied to Sinking Fund	--	--	--	--	--	--	--
Total Deductions	18	11	6	353	268	264	196
NET INCOME BEFORE INCOME & EXCESS PROFITS TAXES	373	(D)178	253	1,189	416	1,363	1,488
FEDERAL INCOME & EXCESS PROFITS TAXES	--	--	--	--	--	53	101
Net Income	373	(D)178	253	1,189	416	1,310	1,387

Average Net Income $678,000.

Note: (A) Included in Operating & Selling Expenses.
(B) Included in Income & Coal Royalty Receipts.
(D) Deficit.
* Debit.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

NORTHWESTERN MINING AND EXCHANGE COMPANY

Income Statement

(Thousands Only)

	1926	1925	1924	1923	1922	1921	1920
	$	$	$	$	$	$	$
OPERATING REVENUE:							
Sales, Net	2,126	3,897	4,355	4,717	2,962	4,542	3,379
Operating & Selling Expenses	2,281	3,587	3,586	3,445	2,277	3,498	2,599
Net Operating Revenue	(D)155	310	769	1,272	685	1,044	780
NON-OPERATING INCOME:							
Coal Royalty Receipts, Net	--	1	8	5	2	2	8
Miscellaneous, Net	--	--	3	--	--	1	--
Real Estate, Net	28	15	21	9	3	* 22	* 15
Discounts on Purchases) Commissions Received)	--	8	6	5	5	8	6
Interest - Bank Balance, etc.	4	9	11	7	4	9	16
Interest - Securities	10	--	--	--	14	18	23
Sales of oil from lands in McKeen Co.	2	1	1	1	1	1	3
Farms	1	--	--	--	* 2	--	--
Total Non-Operating Income	45	32	51	27	27	17	41
Gross Income	(D)110	342	820	1,298	712	1,061	821
DEDUCTIONS FROM GROSS INCOME:							
Taxes, State, etc.	44	42	65	35	27	28	15
Authorized Expenditures (Replacements)	8	39	24	13	88	172	72
Depreciation	42	51	18	1	7	--	--
Interest on Mortgages	22	22	22	22	22	22	19
Interest Paid	1	1	--	--	4	--	--
Interest on Erie R. R. Debt	--	--	--	7	36	51	54
Total Deductions	117	155	129	78	185	273	160
NET INCOME BEFORE INCOME & EXCESS PROFITS TAXES	(D) 7	187	691	1,220	527	788	661
FEDERAL INCOME & EXCESS PROFITS TAXES	--	--	78	--	--	75	50
Net Income	(D) 7	187	614	1,220	527	713	611

Average Net Income $552,000.

Note: (D) Deficit.
* Debit.

THE ERIE RAILROAD COMPANY

THE NEW YORK, SUSQUEHANNA AND WESTERN COAL CO.

Income Statement

(Non-Operating Company)

(Thousands Only)

	1926	1925	1924	1923	1922	1921	1920
	$	$	$	$	$	$	$
INCOME CREDITS:							
Coal purchased from Jermyn	--	--	2	Incl. in Coal Royalty after Mar. 20, 1918 through increase in Royalty rates			
Coal Royalty Receipts	107	56	90	218	125	47	202
Real Estate	1	1	1	1	* 1	--	--
Miscellaneous	2	1	--	--	--	9	--
Interest Received - Securities	42	53	50	40	23	22	12
Interest Received - Liberty Bonds	--	--		1	11	11	16
Interest Received - Bank Balance	8	2	2	2	2	2	2
Gross Income	160	113	145	262	160	91	232
INCOME CHARGES:							
Depreciation & Depletion	36	38	24	50	30	16	46
Expenses	5	5	4	7	5	4	4
Property Taxes, Etc.	22	15	37	31	34	31	18
Interest - Notes, Etc.	--	--	1	1	--	--	6
Total Income Charges	63	58	66	89	69	51	74
Net Income before Federal Income Tax	97	55	79	173	91	40	158
Federal Income & Excess Profits Taxes	13	3	--	--	--	--	--
Net Income after Federal Income & Excess Profits Taxes	84	52	79	173	91	40	158

Average Net Income $97,000.

Note: * Debit.

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

INTERSTATE COMMERCE COMMISSION'S VALUATION

The accounting department of the Erie has prepared a tabulation showing the equity for its bonds and stocks based on the tentative valuation by the Interstate Commerce Commission. In this tabulation the Company's book values as of June 30, 1918 have been replaced by the Commission's valuation figures as of that date and net additions and betterments to July 31, 1927 added. Book values of Erie's investments in securities of lessor companies have also been replaced by the Commission's valuation of the physical property. Other investments and assets have been taken at book value.

Computed on this basis, total net assets of the Erie (including the Chicago & Erie) amounted on July 31, 1927 to $391,943,000 as against total funded debt of $244,038,000, leaving an equity of $147,905,000 or $76.28 a share on the stock. If further adjustments be made to reflect the difference between the appraised and book values of Erie's coal properties and the New Jersey and New York and New York, Susquehanna and Western Railroad Companies, and allowance be made for the conversion of Series "D" Convertible bonds the set-up is as follows:

Total net assets ----------	$402,186,000
Bonded debt ----------	233,171,000
Equity, available for stock ----------	169,015,000
Shares of stock (Common and Preferred)-	2,156,405
Equity per share ----------	$78.38

Since July 31 additional equipment trust certificates have been sold bringing the total debt up to nearly $240,000,000 and increasing the property account proportionately.

Detailed figures supporting the above summary follow:

THE ERIE RAILROAD COMPANY

Tentative Valuation, June 30, 1918, for owned property, Erie and Chicago and Erie Railroad Companies, excluding Working Capital but including non-carrier lands and structures		$186,209,643
Additions and Betterments to owned property, June 30, 1918 to July 31, 1927		43,556,350
Tentative Valuation, June 30, 1918, for property of lessor companies, including value of non-carrier lands and structures	$116,383,169	
Less deduction to represent interest of public in lessor companies arrived at by capitalizing net rentals paid for year ended June 30, 1927 at 5%	46,233,480	
		70,149,689
Improvements on leased railway property, June 30, 1918 to July 31, 1927		19,247,542
Total		$319,163,224
Less depreciation accrued on equipment, June 30, 1918 to July 31, 1927		18,220,512
Total Physical Property		$300,942,712
Investments in securities after eliminating $62,102,494 representing book value of securities of lessor companies account of substituting value of physical property		70,539,231
Excess of other assets over liabilities		20,461,097
Total Net Assets		$391,943,040
Funded debt outstanding in hands of public, July 31,1927		244,038,349
Stock equity as of July 31, 1927--		$147,904,691
Shares of Preferred and Common stock outstanding in hands of public, July 31, 1927		1,939,065
Stock equity per share		$76.28

In the computation establishing the equity of $76.28 no adjustment has been made of the Erie's investment in securities of companies other than lessor companies, such as the Coal Companies and New York, Susquehanna and Western and New Jersey and New York Railroad Companies. In the "Nickel Plate" unification hearings of 1925, Mr. Burpee, of Coverdale and Colpitts, presented an Exhibit in which he computed the value of the Coal Companies as of December 31, 1924 to be $83,890,921, comprising:

Pennsylvania Coal Company	$61,395,912
Hillside Coal and Iron Company	11,974,739
New York, Susquehanna and Western Coal Company	1,898,511
Northwestern Mining and Exchange Company	7,421,646
Blossburg Coal Company	1,200,113
Total	$83,890,921

In this Exhibit Mr. Burpee considered that the Erie's investment in stocks of New York, Susquehanna and Western and New Jersey and New York Railroad Companies did not have any value, for the reason that the Commission's tentative valuations of the properties of those companies, plus subsequent additions and betterments to December 31, 1924, indicated a value approximately equal to the funded debt obligations outstanding in the hands of the public as of that date.

If adjustments were to be made in the Erie's investments in securities of the Coal Companies and New York, Susquehanna and Western and New Jersey and New York Railroad Companies, the stock equity as of July 31, 1927 would be increased to $86.97 per share, computed as follows:

Stock equity at July 31, 1927, per above		$147,904,691
Add: Difference between appraised value of Coal Companies and book value of Erie's investment in securities:		
Appraisal as of December 31, 1924	$83,890,921	
Erie's investment in securities, book value	37,203,929	
		46,686,992
Total (forwarded)		$194,591,683

THE ERIE RAILROAD COMPANY

Total (forwarded) --------		$194,591,683
Deduct: Erie's investment in securities of New York, Susquehanna and Western and New Jersey and New York Railroad Companies ----------		25,943,889
Total stock equity -------		$168,647,794
Total Preferred and Common stock outstanding ----------		1,939,065
Stock equity per share ---		$86.97

On the other hand, if consideration is given to the number of shares of new common stock to be issued in the conversion of the remaining $10,867,000 par value of Convertible Series "D" bonds, and the amount to be charged to Surplus in the adjustment of accrued depreciation on equipment and the retirement of equipment covered by the 1927 Budget, the stock equity of $168,647,794 would be increased to $169,014,794 and the per share equity to $78.38, arrived at as follows:

Stock equity after adjustment of Erie's investment in securities of Coal Companies and New York, Susquehanna and Western and New Jersey and New York Railroad Companies------		$168,647,794
Add increase in stock equity by reason of outstanding Convertible Series "D" bonds being converted into stock ----------		10,867,000
		$179,514,794
Deduct amount to be charged to Surplus due to adjustment of accrued depreciation on equipment and the retirement of equipment covered by the 1927 Budget, approximately----		10,500,000
Total stock equity-----		$169,014,794
Total number of shares of outstanding Preferred and Common stock, plus 217,340 shares of Common stock necessary to convert $10,867,000 par value of Series "D" Convertible bonds ----------		2,156,405
Stock equity per share--		$78.38

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.
NEW YORK

5 NASSAU STREET

ERIE RAILROAD COMPANY
(Including Chicago and Erie R.R. Co.)

Statement showing earnings per share for Common Stock, using Interstate Commerce Commission Tentative Valuations as of June 30, 1918, and adding net additions and betterments to December 31, 1926.

Value of property at December 31, 1926, on which Erie would be entitled to earn a return of 6% before being subject to recapture, including $12,037,775 for Working Capital	$364,133,253
Less depreciation accrued on equipment from June 31, 1918 to December 31, 1926	16,264,898
Net value of property	$347,868,355
6%	$ 20,872,101
Other non-operating income, 1926	6,874,648
Total	$ 27,746,749
Deduct fixed charges, 1926	14,813,977
Net Income	$ 12,932,772
4% on First Preferred	$1,916,176
4% on Second Preferred	640,000
	2,556,176
Applicable to Common	$ 10,376,596
Common Shares, 1,124,819, or	$9.23 per shr.

To consider conversion of Convertible "D's":

No adjustment of interest account of conversion of Convertible "D's" and issuance of Refunding and Improvement bonds of 1927.	
Increase in shares of Common account of conversion of Convertible "D's"	392,542
Outstanding Common, December 31, 1926	1,124,819
	1,517,361
Net income, per above, after allowing 4% for Preferred	$10,376,596
Net earnings per share	$6.84

Office of Comptroller,
New York, September 26, 1927.

ERIE RAILROAD COMPANY

Office of Comptroller

50 Church Street, New York, N.Y.

New York, October 20, 1927.

Mr. W. A. Baldwin,
Vice-President.

Dear Sir:-

In response to your letter of October 19th, with which was enclosed the President's letter of October 18th, requesting information regarding the old high-price coal, I am sending herewith statement showing the amount of such coal on hand at each stocking field at January 1, 1927; a total of 236,141 tons. There is also enclosed, a statement showing to September 30, 1927, that 221,576 tons have been consumed, and the increased charge to Expenses due to cost of the old coal over the average price of other coal consumed.

Yours truly,

(Signed) C. P. CRAWFORD
Comptroller

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.
NEW YORK

5 NASSAU STREET

STATEMENT OF "OLD COAL"
(Stocked prior to January 1, 1926)
ON HAND JANUARY 1, 1927

Coal Stocking Field	Net Tons
Secaucus, Conveyor	2,934
Hawley	17,642
Dunmore	330
Avoca	7,381
Susquehanna, SQ Yard, R/M	21,762
" " " Stoker	420
" SR " R/M	11,359
Southport	6,251
Hornell, Conveyor	4,909
" Subway	3,014
East Buffalo, Conveyor	1,995
" " N.G. Yard	20,060
Salamanca, Cripple Yard	8,145
Meadville Depot, R/M	7,841
" West Yard, R/M	18,452
" " " Stoker	15,389
North Randall, Old Pile	23,898
" " New "	7,944
Kent, R/M	17,385
" Stoker	8,542
Marion Hump, R/M	10,594
" East Yard, Stoker	16,247
Dayton	3,647
TOTAL	236,141

October 20, 1927.

ERIE RAILROAD COMPANY

Operating Department

October 21, 1927.

Mr. J. J. Bernet,
President.

Dear Sir:-

Replying to yours of the 18th regarding coal:

On January 1st there was on hand 236,141 tons of high-priced or old coal. The consumption of this coal to September 30th amounted to 221,576 tons. The cost of this coal as consumed by months is indicated below, with information showing the penalty as compared with current prices.

	Net Tons	Cost	Average Cost Per Ton	Average Current Price Per Ton	Cost of Coal Consumed figured at Current Price	Penalty Account Price of Coal in Stock
Apr. 1927	36,384	$150,955.05	$ 4.149	$ 2.972	$108,133.25	$42,821.80
May "	41,416	173,099.87	4.180	3.109	128,762.34	44,337.53
June "	62,341	273,114.83	4.381	3.026	188,643.87	84,470.96
July "	39,301	181,363.02	4.615	2.921	114,798.22	66,564.80
Aug. "	29,451	148,855.26	5.054	2.815	82,904.57	65,950.69
Sept. "	12,683	61,813.25	4.874	2.866	36,349.48	25,463.77
	221,576	$989,201.28			$659,591.73	$329,609.55

(Signed) W. A. BALDWIN

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STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.
NEW YORK

5 NASSAU STREET

ERIE RAILROAD COMPANY

New York, Susquehanna & Western Railroad Co. The New Jersey & New York Railroad Co.

Chicago & Erie Railroad Co.

Office of Comptroller

50 Church Street, New York City.

Charles P. Crawford
Comptroller

John K. Thompson
Asst. Comptroller

October 20, 1927.

Mr. J. J. Bernet,
President.

Dear Sir:-

Referring to your letter of October 19th requesting that we furnish a statement in connection with the retirement of equipment since January 1, 1927, showing the number of units retired, amount realized from scrap, etc.

We are forwarding herewith copies of statements for Erie Railroad Company and New York, Susquehanna and Western Railroad Company, showing the information which you have requested with respect to the units of equipment included on the 1927 Retirement Budget as amended.

As advised you yesterday, we have now received the Commission's permission to charge the unaccrued depreciation and cost of dismantling of this equipment to Profit and Loss account.

We are advised by our Mechanical people that of the equipment covered by the Retirement Budget, 297 locomotives, 174 passenger cars and 4,110 units of freight and work equipment had been retired to October 15th.

On the portion of these units which have been reported to us, we are preparing to include entries in our September accounts covering their retirement.

Yours very truly,

(Signed) CHARLES P. CRAWFORD
Comptroller

THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY

Statement showing amount of unaccrued depreciation on equipment included on 1927 Retirement Budget, as amended.

	Number of Units	Ledger Value	Depreciation accrued to June 30,1927	Net Ledger Value as of June 30,1927	Salvage
Locomotives	349	$ 5,233,400	$1,587,254	$3,646,146	$ 400,337
Passenger Equipment	230	616,750	100,435	516,315	32,107
Freight Equipment	6,390	6,425,187	1,865,414	4,559,773	1,175,464
Work Equipment (Est.)	915	445,678	114,117	331,561	198,194
Marine Equipment	5	144,090	51,161	92,929	301
TOTAL	7,889	$12,865,105	$3,718,381	$9,146,724	$1,806,403

	Estimated Charge to Profit & Loss	Estimated Charge to Retirements	Cost of Dismantling	Total Charge to Retirements	Grand Total Estimated Charge to Profit & Loss
Locomotives	$ 946,050	$2,299,759	$ 75,218	$2,374,977	$3,321,027
Passenger Equipment	200,738	283,470	---	283,470	484,208
Freight Equipment	104,839	3,279,470	420,491	3,699,961	3,804,800
Work Equipment (Est.)	---	133,367	45,750	179,117	179,117
Marine Equipment	5,135	87,493	---	87,493	92,628
TOTAL	$1,256,762	$6,083,559	$541,459	$6,625,018	$7,881,780

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WOOD, STRUTHERS & CO.
NEW YORK

5 NASSAU STREET

NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY

Statement showing amount of unaccrued depreciation on equipment included on 1927 Retirement Budget, as amended.

	Number of Units	Ledger Value	Depreciation accrued to June 30,1927	Net Ledger Value as of June 30, 1927	Salvage
Locomotives	36	$303,070	$ 78,177	$224,893	$37,453
Passenger Equipment	61	181,927	29,714	152,213	13,052
Freight Equipment	250	213,115	119,286	93,829	39,429
TOTAL	347	$698,112	$227,177	$470,935	$89,934

	Estimated Charge to Profit & Loss	Estimated Charge to Retirements	Cost of Dismantling	Total Charge to Retirements	Grand Total Estimated Charge to Profit & Loss
Locomotives	$42,582	$144,858	$ 6,026	$150,884	$193,466
Passenger Equipment	41,989	97,172	---	97,172	139,161
Freight Equipment	5,604	48,796	18,125	66,921	72,525
TOTAL	$90,175	$290,826	$24,151	$314,977	$405,152

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THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY
CHICAGO AND ERIE RAILROAD COMPANY
NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY
THE WILKES-BARRE AND EASTERN RAILROAD COMPANY
THE NEW JERSEY AND NEW YORK RAILROAD COMPANY
BATH AND HAMMONDSPORT RAILROAD COMPANY

Memorandum relating to the accrual of depreciation on equipment:

No depreciation was written on the books of Erie and Chicago & Erie Railroad Companies prior to July 1, 1907. When we started accruing depreciation in July, 1907, an inventory was made of the equipment on hand at the date and all equipment purchased prior to July 1, 1907, or acquired in the reorganization of 1895, was depreciated at Master Car Builders' rates to June 30, 1907. The book value of the equipment was not adjusted to these inventory values, but such amounts were used less the estimated scrap value of each unit of equipment as a basis upon which to accrue depreciation. Where the equipment had depreciated to its scrap value at June 30, 1907, no depreciation was written. For equipment on which depreciated value at June 30, 1907, exceeded its estimated scrap value, the following rates were applied on the excess for the year ended June 30, 1908.

Locomotives and Passenger Train Cars	3%
Freight Train Cars and Work Equipment	5%
Floating Equipment	6%

and for the years ended June 30, 1909, to June 30, 1914, depreciation was written on a residual valuation basis less estimated scrap value at the following rates:

Locomotives and Passenger Train Cars	3%
Freight Train Cars, Work Equipment and Floating Equipment	4%

On July 1, 1914, the practice of writing on a residual valuation basis was discontinued and from that date, depreciation was written on the June 30, 1914, depreciated value of equipment, less estimated scrap value at the following rates:

Locomotives and Passenger Train Cars	3%
Freight Train Cars, Work Equipment and Floating Equipment	4%

For equipment acquired since July 1, 1914, depreciation is being accrued at the percentages last shown, on the original cost less estimated scrap value, except that equipment acquired during the Federal Control Period was depreciated at a rate of 4 1/2% per annum from date of acquisition to August 31, 1920, at which time we changed to the 3% and 4% rates on such equipment also. Depreciation on miscellaneous equipment, consisting of automobiles, is being written at the rate of 20% per annum on the original cost less estimated scrap value of $200 per unit.

F S

STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

ERIE RAILROAD COMPANY
CHICAGO AND ERIE RAILROAD COMPANY

Consolidated Income Account

	Year Ended December 31			
OPERATING REVENUES	1923	1924	1925	1926
Merchandise	$ 73,207,913.00	$ 66,555,066.78	$ 71,501,650.22	$ 72,634,390.32
Coal	35,533,064.86	28,909,948.78	23,170,636.19	29,344,775.86
Passenger	14,696,896.95	13,957,951.12	13,750,259.96	13,014,757.27
Mail	716,512.71	721,006.75	711,978.33	687,857.85
Express	2,817,483.37	3,386,294.33	3,666,468.94	3,735,436.52
Other Transportation	4,164,731.78	4,029,737.60	4,251,501.60	4,546,675.14
Incidental	1,852,169.35	1,549,488.59	1,498,094.84	1,511,185.31
Jt. Facility (*Debit)	10,317.05	12,638.20	7,134.55	1,574.23
Total Oper. Rev.	$132,978,454.97	$119,096,855.75	$118,543,455.53	$125,473,504.04
OPERATING EXPENSES				
Mtnce. of Way & Struc.	$ 14,307,568.82	$ 13,730,008.36	$ 13,442,521.87	$ 14,202,443.92
Mtnce. of Equipment	36,054,579.22	29,554,255.16	27,653,902.30	30,212,436.33
Traffic	1,942,233.61	2,027,674.05	2,036,706.05	2,057,119.61
Transportation	51,319,167.28	46,080,879.07	45,669,834.84	48,249,922.37
Misc. Operations	631,726.61	616,861.80	604,666.39	615,122.77
General	3,905,408.54	3,893,355.84	3,961,316.73	3,959,414.39
Trans. for Invest. Cr.*	90,538.81	118,259.10	130,412.85	122,963.80
Total Oper. Exp.	$108,070,145.27	$ 95,784,775.18	$ 93,238,535.33	$ 99,173,495.59
Net Oper. Rev.	$ 24,908,309.70	$ 23,312,080.57	$ 25,304,920.20	$ 26,300,008.45
Railway Tax Accruals	4,260,003.38	4,521,872.71	4,750,790.85	4,868,270.55
Uncoll. Rwy. Revenues	109,189.08	91,658.73	44,694.47	45,267.46
Operating Income	$ 20,539,117.24	$ 18,698,549.13	$ 20,509,434.88	$ 21,386,470.44
JT. FAC. & EQUIP. RENTS				
Rent from Loco.	$ 415,113.63	$ 390,873.92	$ 397,520.45	$ 341,164.58
Rent from Pass. Tr. Cr.	304,289.88	294,559.62	319,417.61	341,111.72
Rent from Flt. Equip.	66,924.16	65,819.67	53,070.72	83,554.72
Rent from Wk. Equip.	39,521.43	39,955.50	39,287.96	74,622.35
Jt. Fac. Rent Income	921,816.76	859,029.94	918,526.52	958,673.80
Total Credits	$ 1,747,665.86	$ 1,650,238.65	$ 1,727,823.26	$ 1,799,127.17

THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY
CHICAGO AND ERIE RAILROAD COMPANY

Consolidated Income Account
(Continued)

	Year Ended December 31			
	1923	1924	1925	1926
JT. FAC. & EQUIP. RENTS				
Hire of Frgt. Cars Debit Balance	$ 2,446,400.36	$ 1,923,059.72	$ 3,549,745.49	$ 3,670,383.18
Rent for Loco.	101,266.74	65,382.05	68,007.64	60,797.08
Rent for Pass. Cars	144,634.63	174,218.83	206,797.87	211,195.10
Rent for Flt. Equip.	99,148.33	64,243.99	123,858.65	140,348.66
Rent for Wk. Equip.	55,554.88	43,812.86	39,997.54	47,905.06
Jt. Fac. Rents	1,119,365.06	1,005,892.84	718,231.52	1,002,245.91
Total Debits	$ 3,966,370.00	$ 3,276,610.29	$ 4,706,638.71	$ 5,132,874.99
*Net Equip. and Jt. Fac. Rents	$ 2,218,704.14	$ 1,626,371.64	$ 2,978,815.45	$ 3,333,747.82
Net Rwy. Oper. Income	$18,320,413.10	$17,072,177.49	$17,530,619.43	$18,052,722.62
NON-OPERATING INCOME				
Inc. from Lease of road	$ 75,781.03	$ 75,783.12	$ 59,578.84	$ 45,324.54
Misc. Rent Income	401,034.67	471,756.77	457,928.65	436,455.94
Misc. Non-Oper. Phy. Property	573.41	939.63	13,612.18	1,651.80
Sep. Oper. Prop. Profit	* 14,020.40	----	50,000.00	120,000.00
Div. Income	6,027,536.96	7,002,537.00	3,177,537.00	5,913,995.00
Inc. from Fund. Secur.	228,850.57	185,561.93	164,656.63	143,367.23
Inc. from Unfd. Secur. and Accts.	149,809.27	205.964.58	210,346.48	166,802.49
Inc. from Sink. and Other Res. Funds	4,279.16	4,375.00	6,239.31	6,755.00
Misc. Income	36,007.85	21,795.47	27,899.51	40,295.98
*Claim under Gov. Guar.	2,107,385.87	258,975.37	---	---
Total Non-Operating Income	$ 4,802,466.65	$ 7,709,738.13	$ 4,167,798.60	$ 6,874,647.98
Gross Income	$23,122,879.75	$24,781,915.62	$21,698,418.03	$24,927,370.60

F S

STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.

NEW YORK

5 NASSAU STREET

ERIE RAILROAD COMPANY
CHICAGO AND ERIE RAILROAD COMPANY

Consolidated Income Account
(Continued)

	Years Ended December 31			
	1923	1924	1925	1926
DEDUCTIONS FROM GROSS INC.				
Rent for Leased Roads	$ 2,426,681.30	$ 2,461,540.38	$ 2,450,472.10	$ 2,425,131.31
Misc. Rents	352,134.09	364,889.26	319,579.87	434,611.80
Misc. Tax Accruals	97,547.46	108,859.58	105,896.59	128,027.13
Int. on Fund. Debt	10,532,552.75	11,079,862.35	10,945,519.65	10,781,715.49
Int. on Unfd. Debt	1,136,887.06	1,075,037.74	1,043,658.92	949,733.25
Amtz. of Disc't. on Fund. Debt	42,034.88	1,947.92	62.70	4,087.22
Mtnce. of Invest. Organ.	3,837.71	5,357.52	5,042.57	5,393.91
Misc. Income Charges	72,745.49	79,975.07	98,878.73	85,277.16
Total Deductions from Gross Income	$14,664,420.74	$15,177,469.82	$14,969,111.13	$14,813,977.27
Net Income	$ 8,458,459.01	$ 9,604,445.80	$ 6,729,306.90	$10,113,393.33
Inc. applied to Sink. and Other Res. Funds	1,217,064.92	1,238,261.82	1,146,915.41	1,368,900.72
Bal. Trans. to credit of Profit and Loss	$ 7,241,394.09	$ 8,366,183.98	$ 5,582,391.49	$ 8,744,492.61

Note: * Denotes items of opposite effects.

THE ERIE RAILROAD COMPANY

ERIE RAILROAD COMPANY
CHICAGO AND ERIE RAILROAD COMPANY

Account 513 - "Dividend Income"

	Years Ended December 31			
	1923	1924	1925	1926
ERIE RAILROAD COMPANY				
Name of company issuing stock:				
Lehigh and Hudson River R. R. Co.	$ 57,290	$ 57,290	$ 57,290	$ 68,748
Bergen County R. R. Co.	12,000	12,000	12,000	12,000
Buffalo Creek R. R. Co.	8,750	8,750	8,750	8,750
Elmira State Line R. R. Co.	4,844	4,844	4,844	4,844
Middletown and Crawford R. R. Co.	7,239	7,239	7,239	7,239
Sharon Railway	27,901	27,901	27,901	27,901
Avon, Geneseo and Mt. Morris R. R. Co.	1,117	1,117	1,117	1,117
Northern R. R. Co. of New Jersey	32	32	32	32
Rochester and Genesee Valley Ry. Co.	8,964	8,964	8,964	8,964
Pennsylvania Coal Co.	3,800,000	6,050,000	2,400,000	5,350,000
Hillside Coal and Iron Co.	1,900,000	625,000	150,000	250,000
Northwestern Mining and Exchange Co.	100,000	125,000	100,000	---
Long Dock Co.	---	---	300,000	100,000
Totals	$5,928,137	$6,928,137	$3,078,137	$5,839,595
CHICAGO AND ERIE RAILROAD COMPANY				
Chicago and Western Indiana R. R. Co.	$ 85,000	$ 60,000	$ 85,000	$ 60,000
Belt Railway Company of Chicago	14,400	14,400	14,400	14,400
Totals	$ 99,400	$ 74,400	$ 99,400	$ 74,400

ERIE RAILROAD CO.

MAP OF THE CHICAGO SWITCHING DISTRICT

SHOWING

TEAM TRACK AND FREIGHT HOUSE FACILITIES AVAILABLE TO THE ERIE RAILROAD

FOR HANDLING INBOUND AND OUTBOUND FREIGHT (CHICAGO RATES APPLY)

ERIE RAILROAD also has access to private sidetracks in the Chicago Switching District under reciprocal switching arrangements

EXPLANATION

○ Both Freight House (L.C.L. Only) and Team Track (C.L. Only)
□ Freight House (L.C.L. Only)
△ Team Track (C.L. Only)

LOCATION OF FREIGHT HOUSES AND TEAM TRACKS

A T & S F
○ 1 McCook, Ill. B17

B & O
○ 2 Ind.Harbor,Ind. T25
○ 3 S.Chicago, Ill. P20
○ 4 Whiting, Ind. R24

B & O C T
△ 5 Argo, Ill. C17
△ 6 Barr Yard, Ill. J25
○ 7 Blue Island, Ill.✱ I25
△ 8 Brighton Pk.,Ill. I15
△ 9 Burnham, Ill. (Hegewisch) O26
△ 10 Chicago, Ill. I12
△ 11 12th & Lumber Sts. L12
△ 12 15th & Jefferson. K12
△ 13 15th & Union Sts. K12
△ 14 15th & Morgan Sts. K12
△ 15 14th & Robey Sts. I12
△ 16 Cal. & Taylor Sts. I12
△ 17 Kedzie & Taylor. H12
△ 18 Crawford & Taylor. G12
△ 19 Kral & Taylor Sts. G12

B & O C T (Cont'd.)
△ 20 Cicero & Colorado St. G12
△ 21 Cicero & 16th Sts. G12
△ 22 Central & Colo Sts. F12
□ 23 Sears Station, Ill.✱ H12
△ 24 Chicago Ridge, Ill. D22
△ 25 Cicero, Ill. E13
○ 26 East Chicago, Ind. ✱ R26
□ 27 Forest Hill, Ill. ✱ I19
△ 28 Forest Park, Ill. C12
○ 29 Hammond, Ind. ✱ P27
○ 30 Harvey, Ill. ✱ K28
△ 31 Hegewisch, Ill. O25
△ 32 Morgan Park, Ill. I23
△ 33 Oak Park, Ill. D11
△ 34 Republic,Ind.(E.Chi) R26
△ 35 Riverdale, Ill. K26
△ 36 Tracy Ave., Ill. I22
○ 37 Whiting, Ind. ✱ R24
△ 38 Wireton, Ill. H24

BELT RY. OF CHICAGO
△ 39 Auburn Pk.(87th St.) K19
○ 40 Clearing, Ill. E18
○ 41 Cragin, Ill. G9

BELT RY. OF CHI.(Cont'd.)
△ 42 Hawthorne, Ill. F14
△ 43 Pullman Jct., Ill. M21
△ 44 Rockwell St., Ill. I19
△ 45 S.Chicago, Ill. P20
△ 46 West 22nd St.,Ill. G13

C & A
□ 47 Argo, Ill. C17
○ 48 Summit, Ill. C16

CHI. & CALUMET RIVER RR
△ 49 Burnham, Ill. O26
△ 50 Hegewisch, Ill. O25

C & E I
○ 51 Dolton, Ill. L26
○ 52 Englewood, Ill. K17
△ 53 Fernwood, Ill. K22
○ 54 Kensington, Ill. L24
△ 55 Roseland, Ill. K23

C & I W
△ 56 Gary, Ill. A18
△ 57 Hawthorne, Ill. F14

C & I W (Cont'd.)
△ 58 McCook, Ill. B17
△ 59 Willow Spr., Ill. A20

C & N W
△ 60 Crawford Ave. G4
○ 61 Desplaines, Ill. A1
○ 62 Edison Park, Ill. C4
○ 63 Greenwood St. H1
○ 64 Jeff.Park, Ill. F6
○ 65 Maywood, Ill. B11
○ 66 Melrose Park, Ill. A10
○ 67 Norwood Park, Ill. E5
○ 68 Oak Park, Ill. D11
○ 69 Park Ridge, Ill. C3
△ 70 Peterson Ave. G5
○ 71 Ravenswood, Ill. J6
□ 72 Riv. Forest, Ill. C11
○ 73 Rogers Park, Ill. J3
○ 74 Rose Hill, Ill. J5
△ 75 Summerdale, Ill. J6

C & W I
△ 76 47th St.Chicago. L16
△ 77 Dolton, Ill. L26

C & W I (Cont'd.)
△ 78 Englewood, Ill. K17
△ 79 Kensington, Ill. L24
△ 80 26th & Stewart. L14

C B & Q
○ 81 Berwyn, Ill. D14
○ 82 Brookfield, Ill. C14
△ 83 Canal & 15th St. K13
△ 84 Blue Island Ave. J13
△ 85 Wood St. I12
△ 86 Western Ave. I13
△ 87 Lumber District. J13
△ 88 California Ave. H13
△ 89 Millard Ave. G13
○ 90 Clyde, Ill. E14
○ 91 Congress Pk., Ill. A15
○ 92 Hawthorne, Ill. F14
□ 93 Hollywood, Ill. C14
□ 94 LaVergne, Ill. D14
○ 95 Riverside, Ill. C14

C G W
○ 96 Bellewood, Ill. A11
○ 97 Forest Pk., Ill. C12
○ 98 Maywood, Ill. B11

C I & L
○ 99 Englewood, Ill. K17

CHICAGO JCT. RY.
△ 100 Bridgeport, Ill. K13
△ 101 Brighton Pk., Ill. I15
□ 102 15th & Western St.✱ I12
□ 103 43rd & Robey St. ✱ I15
□ 104 39th & Robey St. ✱ J15
□ 105 39th & Normal St. ✱ K15
○ 106 Union Stock Yards. K15
△ 107 Western Ave. I13

C M & ST P
□ 108 Dunning, Ill. D6
□ 109 Edgebrook, Ill. F4
□ 110 Forest Glen, Ill. F6
□ 111 Franklin Pk., Ill. A8
□ 112 Healy, Ill. G9
□ 113 Mannheim, Ill. A7
□ 113A Mont Clare, Ill. D9

C R & I
△ 114 Chicago, Ill. J13

C R I & P
○ 115 Blue Island,Ill. I25
116 Burr Oak, Ill. I24
○ 117 Englewood, Ill. K17
○ 118 Gresham, Ill. K20
○ 119 Morgan Pk., Ill. I23
○ 120 S.Chicago, Ill. P20
○ 121 Washington Heights, Ill. J22

CHI. WHSE. & TERM. CO.
□ 122 746 W. Jackson. K12
□ 123 Cor.Dearborn & N.Water Sts. L11
□ 124 233 N. Water St. L11
□ 125 Canal & 12th St. K12

C W P & S
△ 126 Irondale, Ill. O23
△ 127 S.Deering, Ill. N23
○ 128 W.Pullman, Ill. K24

GRAND TRUNK
□ 129 Mt.Greenwood,Ill. H22

I H B (Cont'd.)
△ 171 W.Hammond, Ill. P27
△ 172 Whiting City,Ind. R24
△ 173 Wireton, Ill. H24
△ 174 Wolf Lake, Ind. P25

MANUFACTURERS JCT.RY.
○ 175 Hawthorne, Ill.✱ F14

MERCHANTS LIGHTERAGE CO.
□ 176 Chicago Ave. & N.Branch of Riv. J10
□ 177 Monroe St.Sta.- 22 S.Market St. J11

MICH. CENT.
□ 178 Hammond, Ind. P27
□ 179 Kensington,Ill. L24
□ 180 Kensington Tfr. L23

M ST P & S S M
○ 181 Desplaines, Ill. A1

ILL. CENT.
○ 130 Blue Island,Ill. I25
△ 131 Burnside, Ill. L21
□ 132 Burnside Shops. L21
△ 133 Forest Pk., Ill. C12
○ 134 Gr.Crossing, Ill. M19
○ 135 Harvey, Ill. K28
□ 135A Hawthorne,Ill. F14
□ 136 Highlawn, Ill. K26
○ 137 Kensington, Ill. L24
○ 138 Riverdale, Ill. K26
△ 139 71st St.Chicago L18
○ 140 S.Chicago, Ill. P20
△ 141 South Shore, Ill. N18
△ 142 Stewart Ridge. K24
○ 143 W.Pullman, Ill. K24
△ 144 Windsor Pk., Ill. O19

ILL. NORTHERN
○ 145 McCormick Sta. Ill. I13

I H B
○ 146 Argo, Ill. C17
△ 147 Bellewood, Ill. A11

M ST P & S S M (Cont'd.)
○ 182 Franklin Park, Ill. A8
○ 183 Kolze, Ill. A6
○ 184 Orchard Pl., Ill. A4
○ 185 Rhodes, Ill. B9

N Y C
○ 186 Englewood, Ill. K17
○ 187 Gr.Crossing, Ill. M19
○ 188 Ind.Harbor, Ind. T25
○ 189 S. Chicago, Ill. P20
○ 190 Whiting, Ind. R24

PENNA CO.
□ 191 Claburn, Ill. O22
□ 192 E.Chicago, Ind. R26
□ 193 East Side, Ill. O22
□ 194 Englewood, Ill. K17
□ 195 Gr.Crossing, Ill. M19
□ 196 Grasselli, Ind. S27
○ 197 Hammond, Ind. P27
□ 198 Hegewisch, Ill. O25
□ 199 Hutchinson, Ill. O23

I H B (Cont'd.)
△ 148 Blue Island,Ill. I25
○ 149 Calumet, Ind. S27
△ 150 Hoyne Ave,Chicago. I16
△ 151 Morgan St.Chicago. K16
△ 152 Chicago Ridge,Ill. D22
△ 153 Corwith (Elsdon),Ill. H16
△ 154 Dolton, Ill. L26
△ 155 E. Chicago, Ind. R26
△ 156 55th St.,Chicago. F17
△ 157 Franklin Pk.,Ill. A8
□ 158 Gibson, Ind. S28
□ 159 Gibson Tfr., Ind. S28
△ 160 Grasselli, Ind. S27
△ 161 Hammond, Ind. P27
△ 162 Hegewisch (Burnham),Ill. O25;
△ 163 Indiana Harbor,Ind. T25
△ 164 LaGrange, Ill. A15
△ 165 Mannheim, Ill. A7
△ 166 Melrose Park,Ill. A10
○ 167 N.Hammond, Ind. P26
△ 168 Osborn, Ind. S29
△ 169 Sheddfield, Ind. P24
△ 170 S.Chicago, Ill. P20

PENNA CO.(Cont'd.)
□ 200 Indiana Harbor,Ind. T25
□ 201 Liberty, Ill. O28
○ 202 S. Chicago, Ill. P20
□ 203 Whiting, Ind. R24

P C C & ST L
□ 204 Dolton, Ill. L26
□ 205 Riverdale, Ill. A26
□ 206 Washington Hts.Ill. J22
□ 207 W. Pullman, Ill. K24

PULLMAN RR
△ 208 Pullman, Ill. L23

WABASH
□ 209 Auburn Park, Ill. K19
△ 210 43rd to 47th St. K15
□ 211 Chicago Ridge, Ill. D22
○ 212 Englewood, Ill. K17
□ 213 Hammond, Ind. P27
○ 214 Oaklawn, Ill. F21

ERIE RAILROAD
○ 215 Chicago - 14th St. L12
○ 216 Chicago - Erie St. & N.Branch of River. K10
○ 217 Chicago - Webster Av. & N.Branch of River. J9
○ 218 Auburn Park, Ill. K19
○ 219 Burnham (Hegewisch), Ill. O26
△ 220 Dolton, Ill. L26
○ 221 Englewood, Ill. K17
○ 222 Hammond, Ind. P27
△ 223 Kensington, Ill. L24
△ 224 North Pier Terminal Warehouse L10

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✱Outbound only at FREIGHT HOUSE.

INNER ZONE SWITCHING DISTRICT

CHICAGO CITY LIMITS

OUTER ZONE SWITCHING DISTRICT

F.T.M's Office
JULY 1, 1924

F 8
STATISTICAL DEPARTMENT

WOOD, STRUTHERS & CO.
NEW YORK

3 NASSAU STREET

MAP OF CHICAGO

SHOWING FREIGHT STATIONS OF THE ERIE RAILROAD COMPANY

Facilities for handling Carload and Less than Carload Freight in the Chicago Terminal by the

Station Group	Map Location	
		ERIE RAILROAD
1	P-12	FOURTEENTH STREET FREIGHT HOUSE AND TEAM TRACKS. Located at Fourteenth and So. Clark Sts. Main Station for the acceptance and delivery of carload and less than carload freight.
		CHICAGO RIVER STATIONS
2	G-11	ERIE STREET FREIGHT HOUSE AND TEAM TRACKS. Located at Erie and Kingsbury Sts.
2	A-7	WEBSTER AVENUE FREIGHT HOUSE AND TEAM TRACKS. Located at Webster Ave. and North Branch of Chicago River.
		Car Float Service. Cars handled between 18th St. and River stations by car float. Carload and less than carload freight—Inbound and Outbound.
		▬ ▬ ▬ Indicates route of Car Float.
		SUB-STATIONS
		CHICAGO WAREHOUSE & TERMINAL COMPANY
3 B.	I-12	TUNNEL STATION NO. 2. Dearborn and West No. Water Sts.
3 C.	I-12	TUNNEL STATION NO. 3. West No. Water and No. La Salle Sts.
3 D.	O-11	TUNNEL STATION NO. 4. West Roosevelt Road and So. Canal St. Less than carload freight—Inbound and Outbound. Delivered to and received from Tunnel Cars at Erie 14th St. Freight House.
		CHICAGO JUNCTION RAILWAY
4 E.	Y-5	FREIGHT HOUSE NO. 1. West Forty-Third and So. Robey Sts.
4 F.	P-3	FREIGHT HOUSE NO. 2. Fifteenth St. and Western Ave.
4 G.	X-11	FREIGHT HOUSE NO. 3. West 39th St. and Normal Ave.
4 H.	X-5	FREIGHT HOUSE NO. 6. West 39th and So. Robey Streets. Less than carload freight—Outbound only.
		ILLINOIS NORTHERN RAILWAY
5 I.	S-3	FREIGHT HOUSE NO. 1. West 26th St. and Western Ave. Less than carload freight—Inbound and Outbound.
		MANUFACTURERS' JUNCTION RAILWAY
6 J.	R-1	FREIGHT HOUSE NO. 1. Hawthorne. Less than carload freight—Outbound only.
		B. & O. C. T. RY.—SEARS STATION
7 K.	N-1	FREIGHT HOUSE NO. 1. Arthington St. and Homan Ave. Less than carload freight—Outbound only.
		C. & W. I. RAILROAD
8 L.	S-11	TEAM TRACKS. 26th St. and Stewart Ave. Carload freight—Inbound and Outbound.

NOTE—See the Lowrey Agency Tariff (20 series) naming local and joint terminal charges, rules and regulations, applicable in the Chicago District, for Industry and other deliveries not covered above.

2 WEBSTER AVE. FREIGHT HOUSE AND TEAM TRACKS

2 ERIE ST. FREIGHT HOUSE AND TEAM TRACKS

3 C 3 B

3 D

1 FOURTEENTH ST. FREIGHT HOUSE AND TEAM TRACKS

FLOAT BRIDGE

8 L TWENTY-SIXTH ST. TEAM TRACKS

4 F

4 H

4 E

4 G

5 I

6 J

7 K

NORTH BRANCH

NORTH BRANCH CANAL

SOUTH BRANCH

SOUTH BRANCH OF THE SOUTH BRANCH

WEST BRANCH

CHICAGO RIVER

HARBOR

GRANT PARK

OUTER

LAKE MICHIGAN

LINCOLN PARK

DOUGLAS PARK

UNION PARK

UNION STOCK YARDS

PRIVATE ST. No. 1

PRIVATE ST. No. 2

PRIVATE ST. No. 3

WOOD, STRUTHERS & CO.
NEW YORK