

# GREAT NORTHERN RY.CO.



**52<sup>nd</sup> REPORT • 1940**



The cover picture shows a Great Northern through freight train en route from Seattle, Washington, to Minneapolis and St. Paul, ascending the west slope of the Rocky Mountains, at Blacktail, Montana. The 102-car train weighs 4,800 tons. The Mallet locomotive was designed specially for mountain service and weighs 460 tons.

52nd Annual Report  
Great Northern Railway Company

1 9 4 0



General Office—St. Paul, Minn.

# GREAT NORTHERN RAILWAY COMPANY

## DIRECTORS

Term Expires May 8, 1941

F. PEAVEY HEFFELFINGER . . . Minneapolis  
ARTHUR CURTISS JAMES . . . . . New York  
RICHARD C. LILLY . . . . . St. Paul  
ALEXANDER C. NAGLE . . . . . New York

Term Expires May 14, 1942

STEPHEN BAKER . . . . . New York  
FRANK J. GAVIN . . . . . St. Paul  
LOUIS W. HILL . . . . . St. Paul  
FREDERICK E. WEYERHAEUSER . . St. Paul

Term Expires May 13, 1943

SHREVE M. ARCHER . . . . . Minneapolis  
VINCENT ASTOR . . . . . New York  
FRANK F. HENRY . . . . . Buffalo  
WILLIAM L. McKNIGHT . . . . . St. Paul

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## EXECUTIVE COMMITTEE

SHREVE M. ARCHER                      STEPHEN BAKER  
FRANK J. GAVIN                      LOUIS W. HILL  
ARTHUR CURTISS JAMES

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## OFFICERS

F. J. GAVIN, President . . . . . St. Paul  
T. BALMER, Vice President . . . . . Seattle  
C. O. JENKS, Vice President, Operating Department . . . . . St. Paul  
F. R. NEWMAN, Vice President, Traffic Department . . . . . St. Paul  
F. G. DORETY, Vice President and General Counsel . . . . . St. Paul  
F. L. PAETZOLD, Secretary and Treasurer . . . . . St. Paul  
G. H. HESS, JR., Comptroller . . . . . St. Paul  
V. P. TURNBURKE, General Auditor . . . . . St. Paul  
C. McDONOUGH, General Manager, Lines East of Williston . . . . . Duluth  
R. A. McCANDLESS, General Manager, Lines West of Williston . . . . . Seattle  
J. B. SMITH, General Superintendent Transportation . . . . . St. Paul  
H. YOERG, General Superintendent Motive Power . . . . . St. Paul  
C. M. NYE, Chief Engineer . . . . . St. Paul  
A. H. LILLEGREN, Purchasing Agent . . . . . St. Paul  
J. T. MAHER, Right of Way, Land and Tax Commissioner . . . . . St. Paul  
N. STOCKHAMMER, Assistant Secretary and Assistant Treasurer . . . . . New York  
H. F. SMITH, Assistant Secretary and Assistant Treasurer . . . . . New York  
C. C. THORNE, Assistant Secretary . . . . . St. Paul

Principal Office: Great Northern Building, St. Paul, Minn.

Financial and Transfer Office: 2 Wall Street, New York, N. Y.

Annual Meeting of Stockholders, St. Paul, Minnesota, May 8, 1941



# ANNUAL REPORT

## FOR CALENDAR YEAR 1940

*To the Stockholders of  
Great Northern Railway Company:*

The Board of Directors submits the following report for the year ended December 31, 1940:

### FINANCIAL RESULTS

ITEM	1940	1939	Increase— Decrease—D	
			Amount	Percent
Average mileage of road operated.....	8,069	8,072	D— 3	D— .04
REVENUES FROM RAILWAY OPERATIONS:				
Received for services rendered in transporting property or persons..	\$101,743,146	\$91,783,373	I— \$9,959,773	I— 10.85
HOW REVENUES WERE SPENT:				
Expenses of furnishing transportation service, including maintaining the plant and equipment.....	65,901,723	60,462,670	I— 5,439,053	I— 9.00
Federal, State and local taxes.....	12,273,206	10,121,469	I— 2,151,737	I— 21.26
Paid to other companies for use of their equipment, tracks, yards and other facilities, in excess of amounts received for use of similar property owned by the Company.....	1,761,153	1,614,639	I— 146,514	I— 9.07
Total Expenses, Taxes and Rents.....	79,936,082	72,198,778	I— 7,737,304	I— 10.72
LEAVING NET RAILWAY OPERATING INCOME.....	21,807,064	19,584,595	I— 2,222,469	I— 11.35
ADDITIONAL NET INCOME FROM INVESTMENTS IN SECURITIES, PROPERTY RENTALS, ETC.....	2,613,258	3,317,600	D— 704,342	D— 21.23
MAKING INCOME AVAILABLE FOR FIXED CHARGES	24,420,322	22,902,195	I— 1,518,127	I— 6.63
EXPENDITURE FOR FIXED CHARGES:				
Interest on funded and unfunded debt, equipment trust obligations, and other fixed charges.....	14,212,128	14,215,770	D— 3,642	D— .03
RESULTING IN NET INCOME.....	\$ 10,208,194	\$ 8,686,425	I— \$1,521,769	I— 17.52
Dividends paid (\$.50 per share).....	\$ 1,249,448	.....	I— \$1,249,448	.....
Rate of return on investment in property used for transportation service.....	3.58%	3.25%	I— .33%	.....
Percent of operating revenues consumed by operating expenses.....	64.77	65.88	D— 1.11	.....
Percent of operating revenues consumed by operating expenses, taxes and rents.....	78.57	78.66	D— .09	.....
Number of times fixed charges earned.....	1.72	1.61	I— .11	.....
Earnings per share of capital stock.....	\$4.09	\$3.48	I— \$.61	.....



## GREAT NORTHERN RAILWAY COMPANY

Railway operating revenues in 1940 were the largest since 1930, but because of increased taxes the net railway operating income was less than that for 1935, 1936 and 1937. However, as a result of the reduction in interest on funded debt during the past few years, the net income in 1940 was slightly larger than in any of the previous ten years.

Notwithstanding this result, the annual rate of return on investment was only 3.58%. This compares with 2.61% earned by all Class I railroads (those with annual revenues above \$1,000,000), and 2.08% earned by Class I railroads in the Western District.

### Operating Revenues

Operating revenues in 1940 amounted to \$101,743,146, an increase of \$9,959,773, or 10.85% over 1939.

Shipments of iron ore from Minnesota mines were 19,889,781 long tons, an increase of 6,408,724 tons over 1939. Although iron ore amounted to 55.6% of the total tonnage handled, its revenue was only 17.6% of all operating revenues. It is expected that this traffic will increase further in 1941, possibly by as much as 25 per cent. Lumber, shingles, etc., transported amounted to 67,413 cars, an increase of 13% over 1939. Carloads of potatoes handled increased 41% and livestock loadings showed a slight increase, while the movement of apples was practically the same in both years.

Grain handled amounted to 117,000,000 bushels, slightly less than the 1939 movement. Because of a longer average distance hauled, the revenues from grain showed a small increase. There was a decrease in production of oats and barley, and a retarding of the wheat, corn and barley movement due to loans by the Commodity Credit Corporation. At the end of 1940 the Corporation owned outright or had outstanding loans on 433,000,000 bushels of corn, 271,400,000 bushels of wheat, and 5,000,000 bushels of barley in Minnesota, North Dakota, South Dakota and Montana.

The oil fields in the Kevin-Sunburst and Cut Bank areas, located on Great Northern lines in north central Montana, increased their production of crude oil from 5,438,133 barrels in 1939 to 5,863,292 barrels in 1940.

The Fort Peck Dam was completed in 1940, and freight shipments dropped to approximately 3,700 cars. In 1941 the first power unit will be installed.

The diversion of traffic to highways forced a sharp reduction in rates on refined petroleum, Montana and east, but an increase in volume kept revenues about even with 1939. Rates on passenger automobiles from eastern territory to the Pacific Coast were reduced 12% to more nearly equalize rates in effect via the Panama Canal. Rates on apples from North Pacific Coast Territory to destinations as far east as Buffalo and Pittsburgh were reduced 10 to 15 cents per 100 pounds because of the distress of the western apple industry occasioned by the increased competition of other producing areas and the closing of the export market due to the war.

The first unit of a large plant for the Aluminum Company of America was completed at Vancouver, Wash., in November 1940. A considerable inbound movement of bauxite concentrates and outbound movement of aluminum pigs has developed.

Freight revenue for each commodity group is shown on page 23, and the number of cars and tons of freight traffic, by commodities, are shown on page 31.

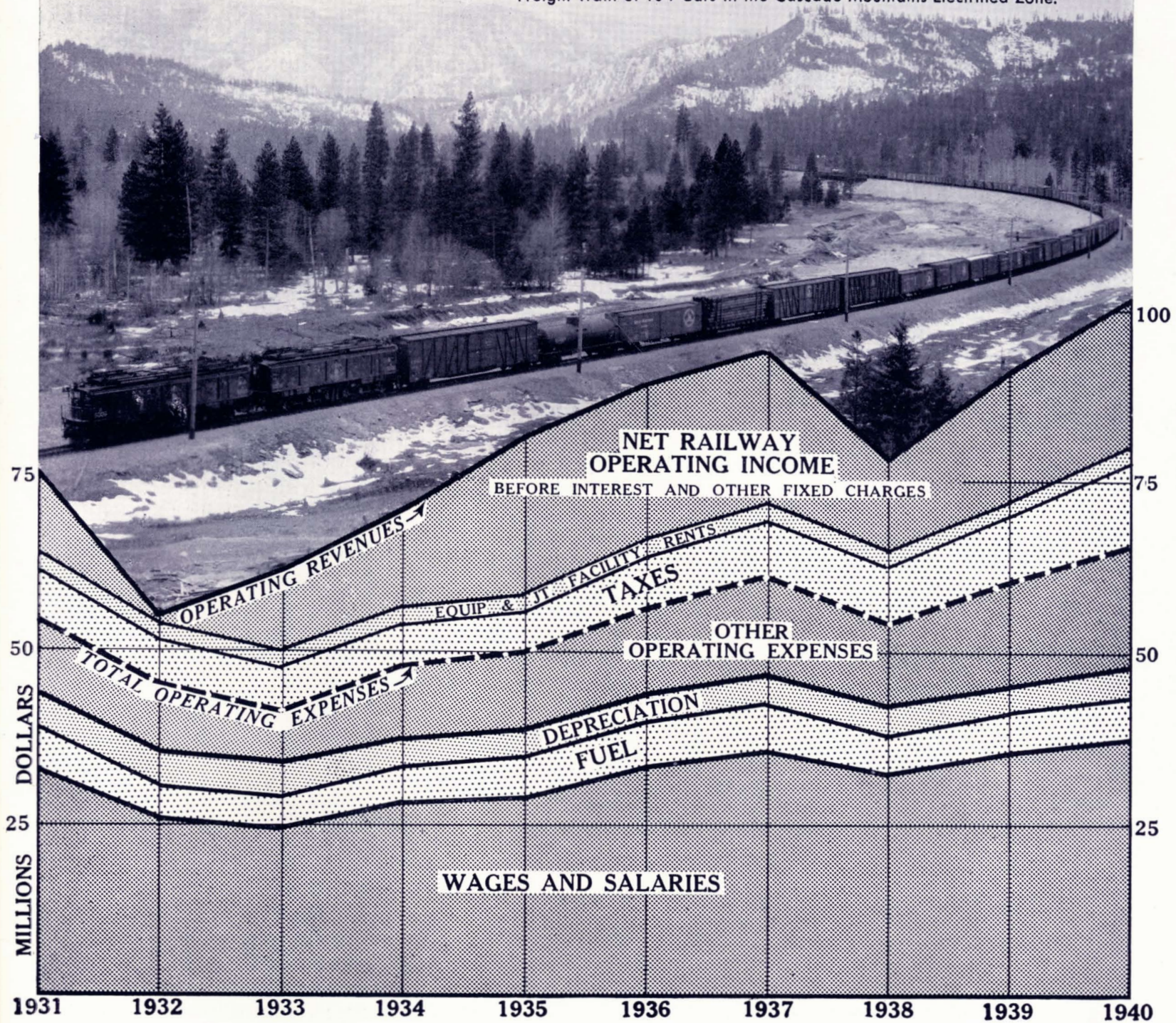
Passenger traffic decreased 2.9% from \$4,350,621 in 1939 to \$4,225,019 in 1940. Travel from Canada has been greatly curtailed because of the unfavorable exchange on Canadian money and the regulations of the Canadian Foreign Exchange Control Board which make it very difficult for Canadians to travel in the United States. The Japanese-Chinese conflict materially reduced the ordinary flow of travel to and from the Orient.

Business to Glacier National Park included 8,279 rail passengers arriving at Park gateways, an increase of 7.3% over 1939. House counts at hotels, chalets and camps in Glacier Park totaled 60,440, an increase of 21.3% over 1939.



# HOW OPERATING REVENUES WERE SPENT

Freight Train of 104 Cars in the Cascade Mountains Electrified Zone.



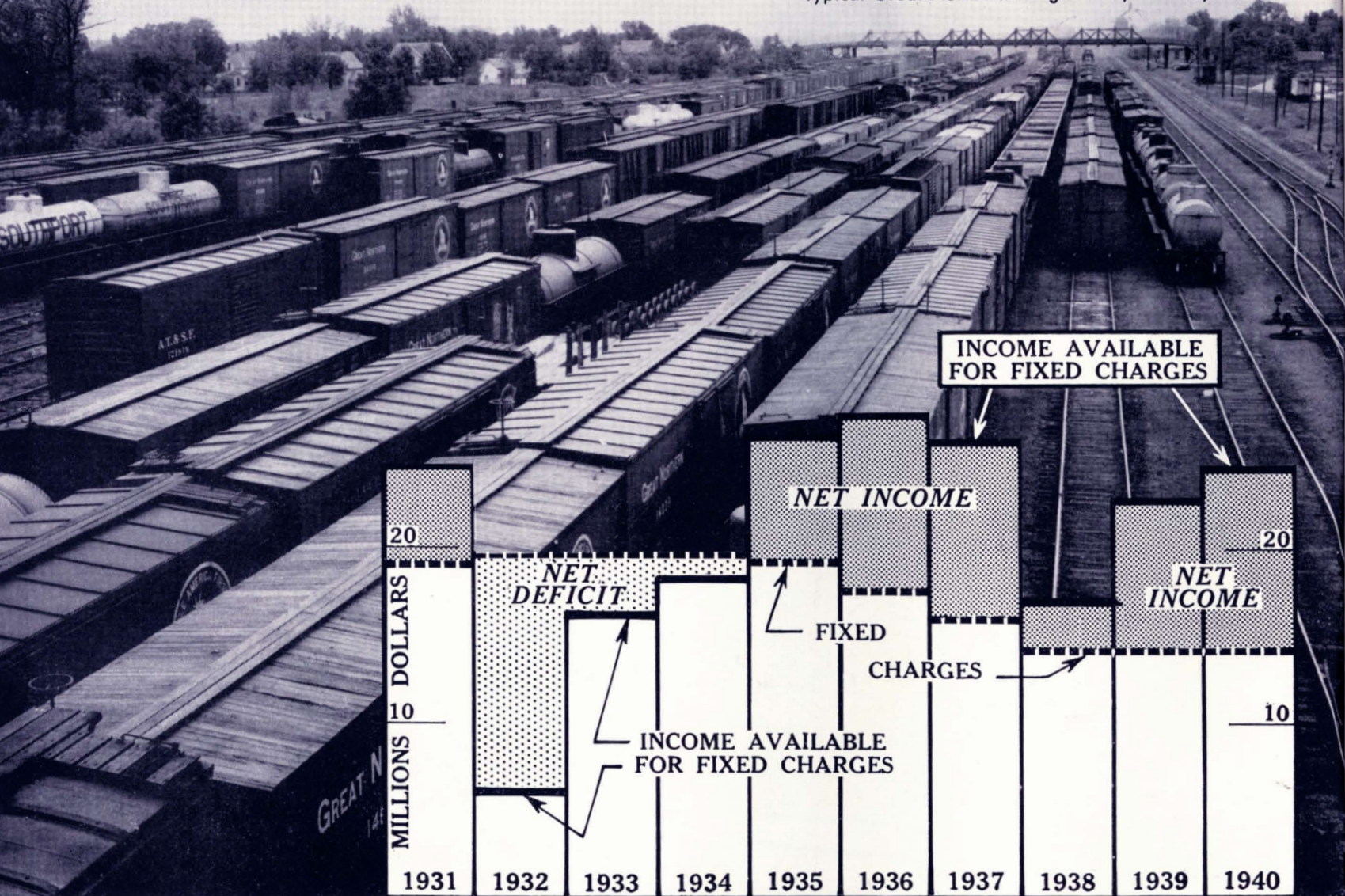
(All amounts shown in this table are in thousands.)

YEAR	OPERATING REVENUES	WAGES AND SALARIES	FUEL	DEPRECIATION	OTHER OPERATING EXPENSES	TOTAL OPERATING EXPENSES	TAXES	EQUIPMENT, JOINT FACILITY RENTS, ETC.	NET RAILWAY OPERATING INCOME
1940	\$101,743	\$37,777	\$6,174	\$4,163	\$17,788	\$65,902	\$12,273	\$1,761	\$21,807
1939	91,783	35,412	5,963	3,686	15,402	60,463	10,121	1,614	19,585
1938	79,215	32,301	5,819	3,720	12,677	54,517	8,364	1,855	14,479
1937	94,942	35,940	7,109	3,657	14,672	61,378	8,425	1,370	23,769
1936	89,625	33,519	6,813	3,659	12,890	56,881	7,842	1,342	23,560
1935	81,187	29,208	5,856	3,652	11,345	50,061	6,217	1,418	23,491
1934	70,753	28,277	5,248	3,750	11,335	48,610	6,181	1,860	14,102
1933	61,924	24,354	4,241	4,879	8,071	41,545	6,661	1,908	11,810
1932	55,549	26,301	4,121	5,111	10,123	45,656	6,697	1,905	1,291
1931	77,087	33,395	5,340	5,100	11,451	55,286	7,179	1,953	12,669



# DISPOSITION OF INCOME

Typical Great Northern Freight Yard, Willmar, Minn.



For details used in this diagram, see pages 16 and 17.

## Operating Expenses

Although operating revenues increased 10.9% over the year 1939, operating expenses increased but 9.0%, net revenue from railway operations being 14.4% greater.

During 1940 maintenance of way and structure expenses were \$13,230,789, or \$1,971,661 more than \$11,259,128 that was spent in 1939. To eliminate slow orders and reduce future maintenance the program of rebuilding the roadbed in territory where soft subgrade is encountered was continued. Twenty-five thousand tons of new rail were used in relaying 138 miles of track with 112-pound rail and 10 miles with 131-pound rail. The property was adequately maintained for the increased volume of traffic, and numerous improvements were made in bridges, buildings, water supply and roadbed.

Expenditures for freight train car repairs increased \$1,125,826, due partly to the increase in traffic and partly to maintenance charges for equipping cars with steel roofs, steel doors, power hand brakes, etc. The Interstate Commerce Commission has ordered all freight cars to be equipped with A. B. air brakes by January 1, 1945, and a portion of this work was done in 1940. Freight cars in bad order were reduced to 5.4% of cars on line, resulting in the highest percentage of serviceable cars since 1930.

Locomotives and passenger cars were maintained at standards adequate to handle the increased traffic efficiently.

The recent acquisition of Diesel switching locomotives and new box and ore cars as well as the retirement of obsolete equipment necessitated a review of the equipment depreciation rates established January 1, 1935,



## ANNUAL REPORT FOR 1940

and after a thorough study the Interstate Commerce Commission approved new rates for the Great Northern effective January 1, 1940, which raised the composite rate for all equipment from 2.88% in 1939 to 3.16%. Charges for equipment depreciation in 1940 were increased approximately \$450,000 over those for 1939 because of these rate changes.

Transportation service costs, which include such direct expenses as wages of trainmen and enginemen, switch crews, station forces, the cost of fuel, etc., increased but 5.4% with an increase of 14.8% in net ton miles. The cost of freight transportation per 100 net ton miles was the lowest in the past 24 years. The operating economies of the 29 new Diesel switching and road locomotives purchased in the past two years contributed to this result. Fuel performance has steadily improved. The pounds of coal consumed per 1000 gross ton miles were reduced to 100 in 1940, an all time low, and from 17% to 24% below the unit consumption eight to ten years ago.

With the exception of the year 1935, general expenses were lower than for any year since 1919.

## Taxes

As was the case with other corporations and individuals, the Great Northern's railway tax accruals increased sharply. In 1940 they amounted to \$12,273,206.

Fifty-three different kinds of taxes are now being paid, some of the more important ones being the ad valorem or state property, gross earnings, state income, compensating, United States income, unemployment insurance, railroad retirement, capital stock, etc.

The \$12,273,206 of railway tax accruals in 1940 were:

★ 21% more than for 1939 and the largest amount ever accrued.

★ 20% more than the earned net income.

★ 12.1 cents out of each dollar of operating revenues.

★ \$4.91 per share of capital stock.

★ All of the net revenues remaining (after paying operating expenses) from approximately \$35,000,000 of gross revenues.

★ Equal to the cost of any of the following:

16,300,000 hours of labor, or the entire wage bill from January 1 to May 12, 1940.

9,750,000 cross ties, 6 $\frac{2}{3}$  years' requirements.

275,000 tons of rail, 11 years' purchases at 25,000 tons per year.

All of the fuel requirements for two years.

For the ten-year period ending with 1940, railway tax accruals were \$79,961,926, or 2.2 times the net income of \$36,406,594.

The United States income tax increased to 24% of net taxable income. Net earnings were less than the exemption allowed and therefore it was not necessary to provide for the excess profits tax. The railroad retirement tax increased in 1940 to the same basis as the unemployment insurance tax, namely, 3% of wages (up to \$300 per month) of all employees.

The following table for the ten years ended 1940 shows that taxes have practically doubled in the past five years:

YEAR	FEDERAL INCOME TAXES	UNEMPLOYMENT INSURANCE	RAILROAD RETIREMENT	CAPITAL STOCK AND OTHER FEDERAL TAXES	ALL OTHER STATE AND COUNTY TAXES	TOTAL ALL TAXES
1940	\$2,953,761	\$1,164,967	\$1,166,016	\$143,383	\$6,845,079	\$12,273,206
1939	1,869,999	1,085,187	993,557	84,763	6,087,963	10,121,469
1938	68,672	984,287	887,993	47,924	6,375,358	8,364,234
1937	206,462	735,578	36,905	113,774	7,332,444	8,425,163
1936	430,862	335,016	960,871	74,320	6,041,457	7,842,526
1935	350,000	.....	.....	158,577	5,708,244	6,216,821
1934	Cr. 411,946	.....	.....	144,223	6,448,834	6,181,111
1933	.....	.....	.....	73,228	6,587,716	6,660,944
1932	.....	.....	.....	674	6,696,750	6,697,424
1931	Cr. 234,270	.....	.....	248	7,413,050	7,179,028



# GREAT NORTHERN RAILWAY COMPANY

## FINANCIAL POSITION AT THE END OF YEAR

ITEM	1940	1939	Increase— Decrease—D
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### WHAT GREAT NORTHERN RAILWAY COMPANY OWNS

Investments in land, railroad tracks, locomotives, cars and other property used for transportation purposes.....	\$569,394,471	\$562,328,135	I \$7,066,336
Investments in stocks, bonds, notes and advances of affiliated companies and others, and nonoperating physical property.....	221,822,060	223,208,391	D 1,386,331
Total Investments.....	791,216,531	785,536,526	I 5,680,005
Cash.....	25,165,308	24,537,188	I 628,120
Due from others, including traffic balances from railroad companies.....	7,200,380	8,032,919	D 832,539
Material and supplies on hand for maintenance of road and equipment.....	9,338,661	9,402,517	D 63,856
Total Current Assets.....	41,704,349	41,972,624	D 268,275
Deferred Assets.....	3,945,639	2,773,781	I 1,171,858
Total Assets.....	\$836,866,519	\$830,282,931	I \$6,583,588

### WHAT GREAT NORTHERN RAILWAY COMPANY OWES

Funded debt including bonds, equipment obligations and advances to affiliated companies.....	\$319,390,665	\$328,871,144	D \$9,480,479
Miscellaneous.....	1,213,460	1,117,216	I 96,244
Total.....	320,604,125	329,988,360	D 9,384,235
Due to others for materials, supplies, wages, interest and rents accrued but not due, and traffic balances due to railroad companies.....	6,482,810	6,174,611	I 308,199
Bond interest not yet presented for payment.....	87,245	70,500	I 16,745
Bond interest maturing December 31, payable January 1.....	6,492,100	6,666,532	D 174,432
Taxes accrued but not due.....	8,332,636	7,492,442	I 840,194
Total Current Liabilities.....	21,394,791	20,404,085	I 990,706
Equipment purchased on deferred payments.....	13,066,800	4,791,878	I 8,274,922
Insurance and casualty reserves.....	442,652	429,757	I 12,895
Reserves for depreciation of road, equipment and other property.....	66,819,767	67,995,167	D 1,175,400
Miscellaneous items.....	1,260,617	1,350,609	D 89,992
Total Depreciation and Other Deferred Liabilities.....	81,589,836	74,567,411	I 7,022,425
Total Liabilities and Indebtedness.....	\$423,588,752	\$424,959,856	D \$1,371,104

### NET WORTH AND SURPLUS

DEDUCTING TOTAL LIABILITIES FROM TOTAL ASSETS THERE REMAINED AVAILABLE FOR CAPITAL STOCK A NET WORTH OF.....	\$413,277,767	\$405,323,075	I \$7,954,692
Capital stock.....	249,092,150	249,092,150	.....
DEDUCTING CAPITAL STOCK FROM NET WORTH THERE REMAINED A CORPORATE SURPLUS (LARGELY INVESTED IN THE PROPERTY) OF.....	\$164,185,617	\$156,230,925	I \$7,954,692
Ratio of current assets to current liabilities.....	1.95	2.06	.....
Ratio of cash to current liabilities.....	1.18	1.20	.....



## Reduction in Funded Debt

The \$28,132,363.64 outstanding of The St. Paul, Minneapolis and Manitoba Railway Company, Pacific Extension 4% Mortgage Bonds, became due on July 1, 1940. These bonds were paid at maturity partly from treasury cash and partly from the sale at par of \$20,000,000 of 4% Collateral Trust Bonds. The new bonds mature at the rate of \$500,000 on July 1 of each year from 1941 to 1946 inclusive, and \$800,000 on

July 1 of each year from 1947 to 1951 inclusive, with the remaining \$13,000,000 falling due on January 1, 1952. They may be called under certain conditions, and are secured by pledge of \$40,000,000 General Mortgage 4% Bonds, Series J.

In addition, \$1,335,000 of other funded debt was retired, bringing the total net reduction to \$9,467,364 as shown by the following:

### Retired:

General Mortgage Series "C" 5% Gold Bonds.....	\$ 63,000
General Mortgage Series "H" 4% Gold Bonds.....	191,000
Collateral Trust Bonds, Secured 4% Serial Bonds.....	616,000
Equipment Obligations, Series "E" 2% Serial Trust Certificates.....	465,000
The St. P. M. & M. Ry. Co. Pacific Extension 4% Bonds.....	28,132,364
Total.....	<u>\$29,467,364</u>

### Issued:

Collateral Trust 4% Bonds.....	20,000,000
Net Decrease in Funded Debt.....	<u>\$ 9,467,364</u>

### COMPARISON OF FUNDED DEBT FOR THE PAST TEN YEARS

YEAR	FUNDED DEBT OUTSTANDING DECEMBER 31	INTEREST ON FUNDED DEBT	FIXED CHARGES
1940	\$318,881,000	\$13,722,692	\$14,212,128
1939	328,348,364	14,032,595	14,215,770
1938	330,761,515	14,121,823	14,273,364
1937	336,628,515	15,571,487	16,022,964
1936	345,574,915	17,298,166	17,767,536
1935	349,245,515	18,755,665	19,328,227
1934	354,809,515	18,816,884	19,572,165
1933	350,886,515	18,965,541	19,461,260
1932	353,143,515	18,933,208	19,507,435
1931	354,301,515	18,992,022	19,155,116

## Conditional Sales Contracts

Beginning with 1939, financing of new equipment purchases has been accomplished through conditional sales contracts, except for such units as were purchased for cash. During 1940 new contracts were entered into for the purchase of 1500 all-steel ore cars and 2000 box cars. As a result, conditional sales contracts amounting to \$13,066,800 were outstanding on December 31, 1940, compared with \$4,791,878 outstanding December 31, 1939, an increase of \$8,274,922. During the year \$1,154,057 was paid on the principal of conditional sales contracts and \$415,356 additional was paid on equipment at time of delivery. Further details are shown on page 22.

Effective January 1, 1940, conditional sales contracts were classified in the balance sheet as "Other Deferred Liabilities." This was in compliance with an order of the Interstate Commerce Commission to all railroad companies modifying its previous order which classed these contracts in the "Funded Debt Unmatured" account.

## Fixed Property Improvements and New Equipment

During 1940 an addition to the engine-house at Minot, North Dakota, was constructed and improvements were made to take care of the large locomotives operating out of that terminal.

Government engineers have determined that the back water from the Grand Coulee Dam will flood the tracks between Kettle Falls and Evans and Boyds, Washington, and relocation of these lines by the Government was started during the year. A new terminal is being built at Kettle Falls to replace the one at Marcus which will be abandoned.

In order to reduce future maintenance, some important roadway projects were carried out during the year, such as moving tracks away from the Missouri River near Snowden, Mont., stabilizing roadbed between Brook Park and Coon Creek, Minn., reconstructing roadbed near Bowdoin, Mont., and ballasting and bankwidening at various points throughout the system.

Nine heavy freight Mallet locomotives were rebuilt and modernized at company shops, increasing their tractive effort and using new high pressure boilers and new cast steel engine bed frames with integral cast cylinders. In the operation of these locomotives outstanding fuel economies have been realized. It is expected that maintenance costs will be substantially reduced because of the new features introduced into their construction. Sixteen additional similar units are scheduled for completion in 1941.

One 1000-horse-power and two 360-horse-power Diesel combination road and switching locomotives were delivered.

Due to the increased demand of shippers for large capacity box cars, particularly for transcontinental lumber loading, 2000 50-ton box cars were ordered and delivered in 1940, and 2000 additional cars were ordered for delivery early in 1941. These cars also are used extensively for grain loading.

Fifteen hundred 75-ton all-steel ore cars that were ordered in 1939 were received in time for the 1940 ore movement.

Five 70-ton covered, all-steel hopper cars were purchased for bulk cement loading.

After extensive tests in both freight and passenger service, two 2700-horse-power Diesel road locomotives were ordered for delivery in 1941.



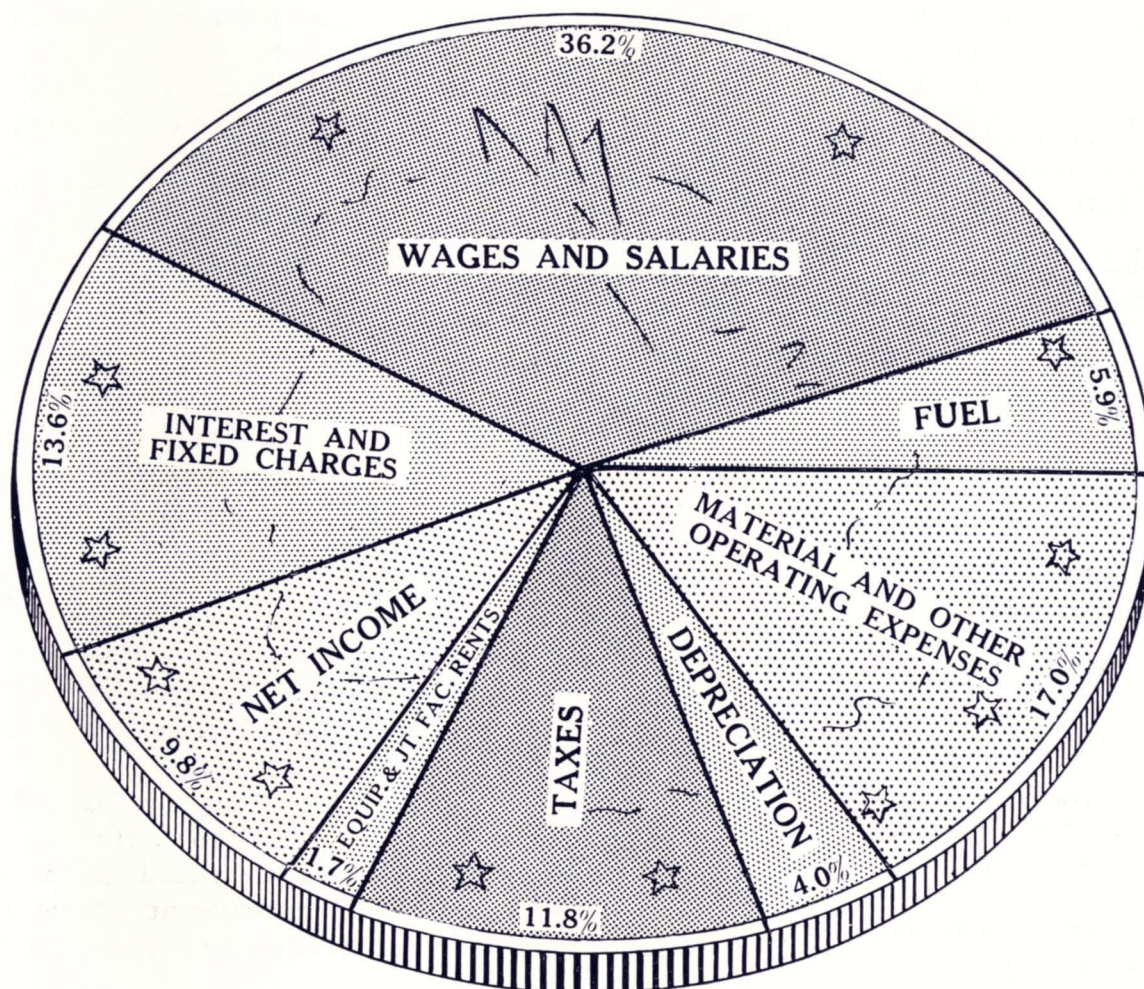
# HOW THE INCOME DOLLAR WAS SPENT

1940

OPERATING REVENUES ..... \$101,743,146

MISCELLANEOUS INCOME (NET) ..... 2,613,258

GROSS INCOME ..... \$104,356,404



ITEM	AMOUNT	PERCENT
Wages and salaries charged to operating expenses.....	\$ 37,776,867	36.2%
Fuel.....	6,173,454	5.9
Depreciation.....	4,163,275	4.0
Material and other operating expenses.....	17,788,127	17.0
Taxes.....	12,273,206	11.8
Equipment and joint facility rents.....	1,761,153	1.7
Interest and fixed charges.....	14,212,128	13.6
Net income.....	10,208,194	9.8
Total equal to gross income.....	\$104,356,404	100.0%



## Agricultural Development

Conservation of soil and water and greater stabilization of livestock production have been among the major projects carried on by the Agricultural Development Department in 1940. After continuous effort, the Tule Lake division of the Klamath Basin project in southern Oregon was approved and placed under construction, and when completed will add 24,000 acres of irrigated land in Great Northern territory. Special legislation was also provided for the construction of the Saco Divide unit of the Milk River irrigation project in northern Montana which will increase the "sure-crop" agricultural land by 9,400 acres.

A soil and water conservation train and a phosphate fertilizer train were operated in cooperation with other parties for educational and exhibition purposes. These trains made stops at 36 towns. Of the 15,000 persons who viewed the interesting exhibits, nearly 9,000 attended the educational meetings.

Work was continued in connection with the potato industry, and in 1940 there were 25,752 acres of certified potatoes along Great Northern lines in Minnesota and North Dakota, an increase of 13% over 1939. The advantages to the South in the use of Northern grown certified potato seed were pointed out at 33 meetings in Southern states, where pictures were shown and the quality and production discussed.

Livestock range land in western North Dakota and Montana, seriously denuded by the drouths of 1934 and 1936, is again covered with a luxuriant growth of native grass, and livestock herds, sharply reduced because of feed shortages in the drought years, are almost back to normal. Sugar beet tops, pulp and molasses were fed to 280,000 sheep and lambs during the last feeding season in the Chinook and Sidney districts of Montana, and the East Grand Forks district of Minnesota, an increase of 15,000 head over those fed during the previous feeding season.

The Rural Agricultural Credit Corporation has taken over the financing of this year's apple crop in the Wenatchee Valley, and plans to exercise extensive control over the industry, financing only the more desirable risks. It will direct methods of cultivation, spraying and other practices to be followed in the aided orchards, and will require immediate pre-cooling and cold storage to preserve the quality of the fruit. It is estimated that two-thirds of the orchards would have lacked means of production financing this year but for the Rural Agricultural Credit Corporation.

## Land Grant Rates Cancelled on Certain Government Traffic

The Transportation Act of 1940 provided that the United States Government should pay transportation charges at full commercial tariff rates in place of the reduced land grant rates, except for the transportation of military or naval property and personnel. Full tariff rates would be applied to movements for such activities as rivers and harbors development, hydro-electric power development, flood control and the Civilian Conservation Corps. Land grant railroads desiring to avail themselves of these provisions were required to file a release of all claims to lands not yet patented with the Secretary of the Interior.

Such a release was filed by Great Northern Railway Company on January 6, 1941. Selection rights to 11,797.86 acres were surrendered with a present day value of not over \$5 per acre. As all competing railroads have not filed these releases, Great Northern will be compelled to meet their reduced land grant rates to competitive points. It is estimated that mail revenue will increase \$100,000 per year as a result of the elimination of the land grant deductions.



## Safety

In the operation of trains, safety of passengers, employes, and trains is the first consideration. The Interstate Commerce Commission compiles records of all classes of railway accidents and their reports show that Great Northern's record of not having killed a passenger in a Train Accident since September, 1919, was continued through 1940. During this period over 59,000,000 passengers were carried more than 7,420,000,000 passenger miles.

Payments in settlement of all personal injuries (including accidents to employes, passengers, and trespassers, at grade crossings, etc.) continue to be relatively low, the 1940 expenditure being at the second lowest rate ever experienced and amounting to \$.35 per \$100 of revenue, compared with over \$.60 ten years ago. The average for all Class I railroads in the Northwest was \$.48 per \$100 of revenue in 1939. For the entire United States the comparable figure was \$.56 per \$100 of revenue in 1939, the latest year for which consolidated data are available.

## Stockholders and Employes

The number of stockholders in 1940 was 29,114, a slight decrease from the preceding year. Fifty-seven percent of all stockholders owned 20 shares or less, 91% owned 100 shares or less, and only 9% owned more than 100 shares.

During 1940 the Railroad Industry Committee was appointed by the Administrator of the Fair Labor Standards Act to determine upon a minimum rate of pay for railroad employes. The Committee, composed of representatives of railroads, employes, and the public, recommended a minimum rate of 36 cents per hour for trunk line railroads, and this rate was ordered in effect March 1, 1941 by the Wage and Hour Administrator. It is estimated that Great Northern annual payrolls will be increased \$27,000 as a result of this decision.

The following tabulation shows the number of stockholders and employes, together with the total compensation paid for the last ten years:

YEAR	NUMBER OF STOCKHOLDERS	AVERAGE NUMBER OF EMPLOYES	COMPENSATION PAID
1940	29,114	19,858	\$39,594,231
1939	30,896	18,461	36,589,526
1938	31,855	16,330	33,160,354
1937	31,536	19,311	37,360,828
1936	33,166	17,905	33,798,118
1935	35,053	16,316	30,394,404
1934	36,870	17,451	28,813,861
1933	39,902	14,695	24,448,562
1932	39,401	16,855	26,689,612
1931	37,930	19,753	34,126,821

## GREAT NORTHERN RAILWAY COMPANY

### General

A dividend of \$.50 per share was declared November 27, 1940, payable December 24, 1940. On March 6, 1941, a dividend of \$.50 per share was declared, payable April 1, 1941.

Dividends received from Chicago, Burlington and Quincy Railroad Company in 1940 were \$1,660,358, the same as in 1939. Spokane, Portland and Seattle Railway Company repaid \$500,000 on advances previously made to that company. This compares with \$450,000 paid in 1939.

On April 7, 1940, the time on through freight movements from the Twin Cities to Seattle was reduced 20 hours, providing fifth morning delivery at Seattle instead of sixth morning delivery.

The Directors are deeply appreciative of the loyalty of the officers and employees and the skill and energy with which the entire organization worked throughout the year.

The attention of the stockholders is called to the detailed reports of the Comptroller which follow.

For the Board of Directors,

A handwritten signature in dark ink, appearing to read "J. G. Gavin". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

President.

April 1, 1941.



# ANNUAL REPORT FOR 1940

## Comptroller's Report

MR. F. J. GAVIN,  
*President*

Dear Sir:

I submit herewith the following statements showing the result of operations of Great Northern Railway Company, Chicago, Burlington & Quincy Railroad Company, and Spokane, Portland and Seattle Railway System, for the year ended December 31, 1940.

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Respectfully submitted,



*Comptroller.*

# GREAT NORTHERN RAILWAY COMPANY

## COMPARISON OF INCOME ACCOUNT

	1940	1939	1938	1937	1936
Average Miles of Road Operated.....	8,068.72	8,071.68	8,071.54	8,087.49	8,188.15
<b>RAILWAY OPERATING INCOME.</b>					
<b>RAILWAY OPERATING REVENUES.</b>					
Freight.....	\$ 89,164,630	\$80,001,678	\$68,544,001	\$81,560,214	\$77,150,514
Passenger.....	4,225,019	4,350,621	4,544,458	5,081,691	4,977,601
Mail.....	2,862,642	2,783,864	2,734,684	2,797,474	2,719,087
Express.....	1,039,827	1,037,877	866,567	923,423	965,414
Switching.....	776,226	631,451	580,821	710,286	636,179
Other transportation.....	212,342	220,952	189,955	396,398	291,394
Incidental.....	3,460,498	2,767,503	1,963,103	3,450,360	2,862,617
Joint facility—net.....	Cr.— 1,962	Dr.— 10,573	Dr.— 208,058	Cr.— 22,446	Cr.— 22,299
Total railway operating revenues.....	101,743,146	91,783,373	79,215,531	94,942,292	89,625,105
<b>RAILWAY OPERATING EXPENSES.</b>					
Maintenance of way and structures.....	13,230,789	11,259,128	8,652,584	10,247,812	8,660,007
Maintenance of equipment.....	17,436,498	15,431,415	13,257,006	14,927,846	13,623,780
Traffic.....	2,359,067	2,276,335	2,254,863	2,282,051	2,152,655
Transportation—rail line.....	30,034,420	28,501,753	27,296,664	30,709,734	29,098,139
Miscellaneous operations.....	836,991	859,003	867,528	921,402	844,366
General.....	2,161,732	2,284,773	2,246,750	2,380,052	2,556,346
Transportation for investment—Cr. ....	157,774	149,737	58,287	91,174	54,571
Total railway operating expenses.....	65,901,723	60,462,670	54,517,108	61,377,723	56,880,722
Net revenue from railway operations.....	35,841,423	31,320,703	24,698,423	33,564,569	32,744,383
Railway tax accruals.....	12,273,206	10,121,469	8,364,234	8,425,163	7,842,526
Uncollectible railway revenues.....					
Railway operating income.....	23,568,217	21,199,234	16,334,189	25,139,406	24,901,857
Equipment rents—Net debit.....	1,361,148	1,314,181	1,479,331	965,016	889,029
Joint facility rent—Net debit.....	400,005	300,458	375,582	404,982	453,257
<b>NET RAILWAY OPERATING INCOME.....</b>	<b>21,807,064</b>	<b>19,584,595</b>	<b>14,479,276</b>	<b>23,769,408</b>	<b>23,559,571</b>
<b>OTHER INCOME.</b>					
Income from lease of road and equipment.....	121,871	138,374	142,530	142,677	133,414
Miscellaneous rent income.....	361,958	333,822	324,081	327,800	401,134
Miscellaneous nonoperating physical property.....	225,183	215,477	209,488	168,097	176,668
Separately operated properties—Profit.....				45,875	
Dividend income.....	2,318,489	2,645,934	2,205,150	1,982,889	3,882,151
Income from funded securities.....	95,653	637,272	534,637	396,348	238,755
Income from unfunded securities and accounts.....	10,568	65,020	3,841	11,231	5,716
Miscellaneous income.....	84,417	91,749	154,987	165,465	211,331
Total other income.....	3,218,139	4,127,648	3,574,714	3,240,382	5,049,169
Total income.....	25,025,203	23,712,243	18,053,990	27,009,790	28,608,740
<b>MISCELLANEOUS DEDUCTIONS FROM INCOME.</b>					
Miscellaneous rents.....	77,301	74,731	75,331	75,050	75,172
Miscellaneous tax accruals.....	96,031	82,751	70,836	68,019	74,050
Separately operated properties—Loss.....	158,143	466,918	652,464	503,538	541,191
Miscellaneous income charges.....	273,406	185,648	269,435	250,299	246,805
Total miscellaneous deductions.....	604,881	810,048	1,068,066	896,906	937,218
Income available for fixed charges.....	24,420,322	22,902,195	16,985,924	26,112,884	27,671,522
<b>FIXED CHARGES.</b>					
Rent for leased roads and equipment.....	24,928	23,539	30,835	25,530	3,495
Interest on funded debt—fixed interest.....	13,722,692	14,032,595	14,121,823	15,571,487	17,298,166
Interest on unfunded debt.....	464,508	159,636	120,706	18,361	39,833
Amortization of discount on funded debt.....				407,586	426,042
Total fixed charges.....	14,212,128	14,215,770	14,273,364	16,022,964	17,767,536
<b>NET INCOME.....</b>	<b>\$10,208,194</b>	<b>\$ 8,686,425</b>	<b>\$ 2,712,560</b>	<b>\$10,089,920</b>	<b>\$ 9,903,986</b>
Number of times fixed charges earned.....	1.72	1.61	1.19	1.63	1.56
Ratio of expenses to revenues—Per Cent.....	64.8	65.9	68.8	64.6	63.5
Aggregate net income of subsidiaries in which the Company holds directly or indirectly a majority of the outstanding capital stock, not included above:					
Net Income.....		\$ 2,110	\$ 411,932	\$ 420,633	\$ 237,140
Net Deficit.....	\$ 155,180				



## ANNUAL REPORT FOR 1940

TEN CALENDAR YEARS ENDED WITH 1940

	1935	1934	1933	1932	1931
Average Miles of Road Operated .....	8,278.28	8,344.39	8,445.12	8,408.70	8,357.32
RAILWAY OPERATING INCOME.					
RAILWAY OPERATING REVENUES.					
Freight .....	\$70,235,475	\$60,348,273	\$52,673,934	\$45,960,600	\$63,344,821
Passenger .....	4,416,556	4,220,571	3,759,187	3,941,659	6,042,610
Mail .....	2,592,247	2,612,588	2,626,891	2,824,801	3,143,556
Express .....	939,960	879,234	673,704	787,220	1,223,565
Switching .....	505,798	460,974	415,670	431,817	628,283
Other transportation .....	296,317	278,170	271,178	392,626	573,968
Incidental .....	2,204,174	1,950,567	1,543,912	1,261,738	2,140,800
Joint facility—net .....	Dr.— 3,505	Cr.— 2,500	Dr.— 40,585	Dr.— 51,215	Dr.— 10,148
Total railway operating revenues .....	81,187,022	70,752,877	61,923,891	55,549,246	77,087,455
RAILWAY OPERATING EXPENSES.					
Maintenance of way and structures .....	6,994,058	8,368,883	5,335,607	7,771,028	9,413,813
Maintenance of equipment .....	12,630,006	11,846,694	10,961,690	12,428,089	14,538,454
Traffic .....	2,029,222	1,899,765	1,864,188	2,177,887	2,532,764
Transportation—rail line .....	25,801,313	23,032,746	20,434,097	20,592,335	25,846,075
Miscellaneous operations .....	753,248	740,835	563,524	627,974	960,680
General .....	1,908,037	2,778,343	2,429,557	2,284,343	2,660,972
Transportation for investment—Cr. ....	54,670	57,086	43,439	225,984	666,804
Total railway operating expenses .....	50,061,214	48,610,180	41,545,224	45,655,672	55,285,954
Net revenue from railway operations .....	31,125,808	22,142,697	20,378,667	9,893,574	21,801,501
Railway tax accruals .....	6,216,821	6,181,111	6,660,944	6,697,424	7,179,028
Uncollectible railway revenues .....		10,528	7,213	14,210	9,894
Railway operating income .....	24,908,987	15,951,058	13,710,510	3,181,940	14,612,579
Equipment rents—Net debit .....	997,612	1,381,666	1,301,953	1,513,915	1,454,238
Joint facility rent—Net debit .....	420,100	467,742	598,330	377,474	488,921
NET RAILWAY OPERATING INCOME .....	23,491,275	14,101,650	11,810,227	1,290,551	12,669,420
OTHER INCOME.					
Income from lease of road and equipment .....	313	3,940	313	777	1,428
Miscellaneous rent income .....	388,691	477,269	574,603	650,235	667,283
Miscellaneous nonoperating physical property .....	177,606	174,425	159,323	165,315	166,934
Separately operated properties—Profit .....	48,316		4,178		
Dividend income .....	1,954,999	2,922,223	3,349,378	3,047,899	9,201,615
Income from funded securities .....	958,176	775,222	464,732	656,306	1,151,748
Income from unfunded securities and accounts .....	12,373	174,576	40,114	367,835	667,342
Miscellaneous income .....	275,835	310,523	294,531	207,725	254,287
Total other income .....	3,816,309	4,838,178	4,887,172	5,096,092	12,110,637
Total income .....	27,307,584	18,939,828	16,697,399	6,386,643	24,780,057
MISCELLANEOUS DEDUCTIONS FROM INCOME.					
Miscellaneous rents .....	77,304	79,978	58,898	7,972	8,021
Miscellaneous tax accruals .....	70,124	71,018	70,298	93,461	95,673
Separately operated properties—Loss .....	440,552	1,995	76,348	110,719	108,879
Miscellaneous income charges .....	244,096	289,152	218,355	72,495	86,461
Total miscellaneous deductions .....	832,076	442,143	423,899	284,647	299,034
Income available for fixed charges .....	26,475,508	18,497,685	16,273,500	6,101,996	24,481,023
FIXED CHARGES.					
Rent for leased roads and equipment .....	1,176	18,186	100	Cr.— 87	151
Interest on funded debt—fixed interest .....	18,755,665	18,816,884	18,965,541	18,933,208	18,992,022
Interest on unfunded debt .....	141,900	302,889	110,928	323,146	Cr.— 95,623
Amortization of discount on funded debt .....	429,486	434,206	384,691	251,168	258,566
Total fixed charges .....	19,328,227	19,572,165	19,461,260	19,507,435	19,155,116
NET INCOME (or Deficit) .....	\$ 7,147,281	\$ 1,074,480	\$ 3,187,760	\$13,405,439	\$ 5,325,907
Number of times fixed charges earned .....	1.37	.95	.84	.31	1.28
Ratio of expenses to revenues—Per Cent. ....	61.7	68.7	67.1	82.2	71.7
Aggregate net income of subsidiaries in which the Company holds directly or indirectly a majority of the outstanding capital stock, not included above:					
Net Income .....	\$ 64,460				
Net Deficit .....		\$ 561,618	\$ 16,911	\$ 603,566	\$ 91,916

Italics indicate Deficit.



# GREAT NORTHERN RAILWAY COMPANY

## GENERAL BALANCE SHEET

ASSET SIDE	1940	1939	INCREASE	DECREASE
<b>INVESTMENTS</b>				
Investment in road and equipment:				
Road.....	\$433,016,888	\$431,330,007	\$ 1,686,881	
Equipment.....	133,803,557	128,403,905	5,399,652	
General expenditures.....	2,047,728	2,067,925		\$ 20,197
Total.....	568,868,173	561,801,837	7,066,336	
Improvements on leased railway property.....	526,298	526,298		
Deposits in lieu of mortgaged property sold.....	61,354	5,075	56,279	
Miscellaneous physical property.....	8,994,411	5,958,067	3,036,344	
Investments in affiliated companies:				
Stocks.....	168,457,347	168,797,347		340,000
Bonds.....	26,508,601	26,743,601		235,000
Notes.....	954,400	2,454,400		1,500,000
Advances.....	13,606,062	15,870,389		2,264,327
Total.....	209,526,410	213,865,737		4,339,327
Other investments:				
Stocks.....	2,361,157	2,288,497	72,660	
Bonds.....	256,000	413,000		157,000
Notes.....	256,549	1,764	254,785	
Miscellaneous.....	366,179	676,251		310,072
Total.....	3,239,885	3,379,512		139,627
Total investments.....	791,216,531	785,536,526	5,680,005	
<b>CURRENT ASSETS</b>				
Cash.....	24,880,018	24,054,090	825,928	
Demand loans and deposits.....	268,500	163,500	105,000	
Time drafts and deposits.....	5,000	5,000		
Special deposits.....	11,790	314,598		302,808
Loans and bills receivable.....	20,944	23,754		2,810
Traffic and car-service balances receivable.....	1,472,955	1,094,690	378,265	
Net balance receivable from agents and conductors.....	1,014,288	816,339	197,949	
Miscellaneous accounts receivable.....	4,602,913	5,999,517		1,396,604
Material and supplies.....	9,338,661	9,402,517		63,856
Interest and dividends receivable.....	16,952	29,166		12,214
Rents receivable.....	40,973	41,917		944
Other current assets.....	31,355	27,536	3,819	
Total current assets.....	41,704,349	41,972,624		268,275
<b>DEFERRED ASSETS</b>				
Working fund advances.....	21,626	22,221		595
Other deferred assets.....	1,484,360	79,430	1,404,930	
Total deferred assets.....	1,505,986	101,651	1,404,335	
<b>UNADJUSTED DEBITS</b>				
Rents and insurance premiums paid in advance.....	58,893	39,157	19,736	
Other unadjusted debits.....	2,380,760	2,632,973		252,213
Total unadjusted debits.....	2,439,653	2,672,130		232,477
Grand total.....	\$836,866,519	\$830,282,931	\$ 6,583,588	



# ANNUAL REPORT FOR 1940

## GENERAL BALANCE SHEET

LIABILITY SIDE	1940	#1939	INCREASE	DECREASE
<b>STOCK</b>				
Capital stock—Book liability.....	\$250,281,750	\$250,281,750		
Less—Held by or for the Company.....	1,189,600	1,189,600		
Total stock.....	249,092,150	249,092,150		
<b>GOVERNMENTAL GRANTS</b>				
Grants in aid of construction.....	1,213,460	1,117,216	\$ 96,244	
<b>LONG-TERM DEBT</b>				
Funded debt unmatured.....	407,472,000	389,411,909	18,060,091	
Less—Held by or for the Company.....	88,591,000	61,063,545	27,527,455	
	318,881,000	328,348,364		\$ 9,467,364
Nonnegotiable debt to affiliated companies.....	509,665	522,780		13,115
Total long-term debt.....	319,390,665	328,871,144		9,480,479
Total capital liabilities.....	569,696,275	579,080,510		9,384,235
<b>CURRENT LIABILITIES</b>				
Traffic and car-service balances payable.....	827,148	699,895	127,253	
Audited accounts and wages payable.....	4,695,297	3,800,841	894,456	
Miscellaneous accounts payable.....	578,347	1,024,491		446,144
Interest matured unpaid.....	6,579,345	6,737,032		157,687
Unmatured interest accrued.....	151,805	149,470	2,335	
Other current liabilities.....	230,213	499,914		269,701
Total current liabilities.....	13,062,155	12,911,643	150,512	
<b>DEFERRED LIABILITIES</b>				
Other deferred liabilities.....	13,153,602	4,867,083	8,286,519	
Total deferred liabilities.....	13,153,602	4,867,083	8,286,519	
<b>UNADJUSTED CREDITS</b>				
Tax liability.....	8,332,636	7,492,442	840,194	
Insurance and casualty reserves.....	442,652	429,757	12,895	
Accrued depreciation—Road.....	5,583,487	5,741,291		157,804
Accrued depreciation—Equipment.....	61,133,533	62,151,129		1,017,596
Accrued depreciation—Miscellaneous physical property.....	102,747	102,747		
Other unadjusted credits.....	1,173,815	1,275,404		101,589
Total unadjusted credits.....	76,768,870	77,192,770		423,900
<b>CORPORATE SURPLUS</b>				
Additions to property through income and surplus.....	3,674,176	3,637,276	36,900	
Funded debt retired through income and surplus.....	35,699,283	27,337,675	8,361,608	
Sinking fund reserves.....	250,000	250,000		
Miscellaneous fund reserves.....	194,490	197,520		3,030
Appropriated surplus not specifically invested.....	18,510,569	18,526,504		15,935
Total appropriated surplus.....	58,328,518	49,948,975	8,379,543	
*Profit and loss credit balance.....	105,857,099	106,281,950		424,851
Total corporate surplus.....	164,185,617	156,230,925	7,954,692	
Grand total.....	\$836,866,519	\$830,282,931	\$ 6,583,588	

\*Does not include aggregate net profit and loss deficits to December 31, 1940, amounting to \$12,288,034, of subsidiaries in which this Company holds directly or indirectly a majority of the outstanding capital stock.

### CONTINGENT LIABILITY

The St. Paul Union Depot Company First and Refunding Mortgage Gold Bonds.....	\$15,000,000
Western Fruit Express Company Equipment Trusts.....	495,000
Spokane, Portland and Seattle Railway Company Equipment Trust.....	840,000

#1939 figures revised to 1940 basis by transferring \$4,791,878 of equipment conditional sales contracts from "Funded debt unmatured" to "Other deferred liabilities."



# GREAT NORTHERN RAILWAY COMPANY

## PROFIT AND LOSS ACCOUNT

CREDITS			
Credit balance at beginning of year.....			\$106,281,950
Credit balance transferred from income.....	\$9,930,131		
Credits from retired road and equipment.....	12,333		
Donations.....	24,648		
Miscellaneous credits.....	617,031	\$10,584,143	
<hr/>			
DEBITS			
Dividend appropriations of surplus.....	\$1,249,448		
Surplus appropriated for investment in physical property.....	24,648		
Debt discount extinguished through surplus.....	102,036		
Miscellaneous appropriations of surplus.....	8,133,056		
Debits from retired road and equipment.....	727,150		
Miscellaneous debits.....	772,656	11,008,994	
<hr/>			
*Net debit for year 1940.....			424,851
<hr/>			
Credit balance, December 31, 1940, carried to balance sheet.....			\$105,857,099

\*Does not include net profit and loss debit for the year 1940 amounting to \$126,944, of subsidiaries in which this Company holds directly or indirectly a majority of the outstanding capital stock.

## INVESTMENT IN ROAD AND EQUIPMENT

ACCOUNT	GROSS EXPENDITURES	NET CHARGES INCLUDING RETIREMENTS
Engineering.....	\$ 64,281	\$ 16,622
Land for transportation purposes.....	31,563	Cr. 9,741
Other right-of-way expenditures.....	3,361	3,616
Grading.....	347,633	121,602
Tunnels and subways.....	32,993	30,686
Bridges, trestles and culverts.....	662,864	313,995
Ties.....	120,897	12,552
Rails.....	453,018	220,296
Other track material.....	662,428	554,551
Ballast.....	205,948	143,287
Track laying and surfacing.....	110,167	Cr. 24,455
Fences, snowsheds, and signs.....	57,535	38,887
Crossings and signs.....		Cr. 30,127
Station and office buildings.....	295,219	92,473
Roadway buildings.....	28,938	2,710
Water stations.....	229,680	Cr. 78,900
Fuel stations.....	41,834	Cr. 75,336
Shops and enginehouses.....	236,174	17,219
Grain elevators.....	51,011	50,311
Coal and ore wharves.....	9,580	6,345
Telegraph and telephone lines.....	12,108	2,317
Signals and interlockers.....	122,343	90,637
Power plants.....	217	133
Power transmission systems.....	18,338	Cr. 4,641
Miscellaneous structures.....	17,193	9,492
Roadway machines.....	161,658	89,547
Roadway small tools.....	Cr. 6,007	Cr. 6,178
Public improvements—Construction.....	54,609	61,999
Shop machinery.....	161,087	68,039
Power plant machinery.....	9,749	Cr. 31,057
Total road.....	\$ 4,196,419	\$ 1,686,881
Steam locomotives.....	\$ 925,190	\$ 104,715
Other locomotives.....	169,828	169,828
Freight-train cars.....	10,542,702	5,286,689
Passenger-train cars.....	126,921	Cr. 232,510
Work equipment.....	237,452	42,034
Miscellaneous equipment.....	57,568	28,896
Total equipment.....	\$12,059,661	\$ 5,399,652
Interest during construction.....		Cr. \$ 14,482
Other expenditures—General.....	\$ 2	Cr. 5,715
Total general expenditures.....	\$ 2	Cr. \$ 20,197
Grand Total, including improvements on leased railway property.....	\$16,256,082	\$ 7,066,336



# ANNUAL REPORT FOR 1940

## INVESTMENTS IN SECURITIES—AS OF DECEMBER 31, 1940 BOOK VALUE—COST TO GREAT NORTHERN RAILWAY COMPANY

TITLE OF SECURITY	STOCKS			BONDS	NOTES	ADVANCES AND MISCELLA- NEOUS	TOTAL	
	EXTENT OF CONTROL (%)	PLEGDED	UNPLEGDED				BOOK VALUE	*PAR VALUE
INVESTMENTS IN AFFILIATED COMPANIES								
Brandon, Devils Lake and Southern Ry. Co. ....	100	\$ 650,000	\$ 500				\$ 650,500	\$ 650,500
Chicago, Burlington & Quincy R. R. Co. ....	48.59	109,114,810	130,646				109,245,456	83,017,900
Cottonwood Coal Co. ....	100		1,000,000			\$ 3,571,471	4,571,471	4,571,471
Cowlitz, Chehalis & Cascade Ry. ....	16.46		134,430		\$ 7,500		141,930	77,471
Dakota and Great Northern Townsite Co. ....	100		25,000			41,127	66,127	91,127
Duluth and Superior Bridge Co. (The). ....	100		200,000	\$ 545,101			745,101	746,000
Gales Creek & Wilson River R. R. Co. ....						411,108	411,108	411,108
Glacier Park Hotel Co. ....	100		1,500,000			3,817,469	5,317,469	5,317,469
Great Northern Equipment Co. ....	100		1,000				1,000	1,000
International Navigation and Trading Co., Ltd. (The). ....	100		1				1	100,000
Lake Superior Terminal and Transfer Ry. Co. (The). ....	33.33	167,800	2,000			15,000	184,800	184,800
Midland Ry. Co. of Manitoba (The). ..	50		2,400,000			41,518	2,441,518	2,441,518
Minnesota Transfer Ry. Co. (The). ....	11.11	91,300				10,000	101,300	101,300
Montana Western Ry. Co. (The). ....				165,000			165,000	165,000
Nelson and Fort Sheppard Ry. Co. (The). ....	100	2,111,617	7,403				2,119,020	2,846,800
Oregon, California & Eastern Ry. Co..	50		319,801			1,023,968	1,343,769	1,323,968
Railroad Credit Corporation (The). ....						195,782	195,782	195,782
Railway Express Agency, Inc. ....	1.5		1,500			243,559	245,059	243,559
Ruth Realty Co. ....						960,315	960,315	960,315
St. Paul Union Depot Co. (The). ....	11.11	103,600					103,600	103,600
South Butte Mining Co. ....	100		50,000			86,964	136,964	136,964
Spokane, Coeur D'Alene & Palouse Ry. Co. ....	100		20,000		853,000	762,199	1,635,199	1,635,199
Spokane, Portland and Seattle Ry. Co.	50		20,000,000	25,798,500		905,000	46,703,500	57,760,000
Twin City Belt Ry. Co. ....	33.33		30,000		93,900		123,900	123,900
Vancouver, Victoria and Eastern Rail- way and Navigation Co. ....	100	23,545,000	35,000				23,580,000	23,500,000
Washington & Great Northern Town- site Co. ....	100		15,939			1,520,582	1,536,521	1,570,582
Western Fruit Express Co. ....	100		6,800,000				6,800,000	6,800,000
Total. ....		\$135,784,127	\$32,673,220	\$26,508,601	\$ 954,400	\$13,606,062	\$209,526,410	\$195,077,333
Total Stocks. ....		\$168,457,347					\$168,457,347	\$142,950,871
OTHER INVESTMENTS								
Crow's Nest Pass Coal Co., Ltd. (The). ....			\$ 810,210				\$ 810,210	\$ 491,700
Northland Greyhound Lines, Inc. ....			1,234,554				1,234,554	
St. Paul Foundry Co. ....			233,100				233,100	233,100
Wisconsin Central Ry. Co.—Terminal Bonds. ....				\$ 247,500			247,500	275,000
Various outstanding contracts. ....						\$ 361,379	361,379	361,379
Miscellaneous. ....			83,293	8,500	\$ 256,549	4,800	353,142	348,350
Total. ....			\$ 2,361,157	\$ 256,000	\$ 256,549	\$ 366,179	\$ 3,239,885	\$ 1,709,529
Total Stocks. ....		\$2,361,157					\$ 2,361,157	\$ 808,101
Grand Total. ....		\$135,784,127	\$35,034,377	\$26,764,601	\$1,210,949	\$13,972,241	\$212,766,295	\$196,786,862
Grand Total—Stocks. ....		\$170,818,504					\$170,818,504	\$143,758,972

\*Nothing is included in this column for certain no-par value stocks.



# GREAT NORTHERN RAILWAY COMPANY

## CAPITAL STOCK AND FUNDED DEBT

DESCRIPTION OF CAPITAL LIABILITY	OUTSTANDING IN HANDS OF PUBLIC, DECEMBER 31				DIVIDEND AND INTEREST ACCRUED YEAR 1940
	DUE	1940	1939	INCREASE—I DECREASE—D	
STOCK					
DIVIDEND					
\$6, PREFERRED, NONCUMULATIVE WITHOUT PAR VALUE					
Stated value \$40 per share.....		\$ 533,400	\$ 533,400		
Stated value \$100 per share.....		248,558,750	248,558,750		
Total.....		\$249,092,150	\$249,092,150		\$ 1,249,448
FUNDED DEBT					
INTEREST					
GREAT NORTHERN RAILWAY COMPANY					
FIRST AND REFUNDING GOLD BONDS					
Series "A", 4¼ per cent.....	July 1, 1961	\$ 35,668,000	\$ 35,668,000		\$ 1,515,890
GENERAL MORTGAGE					
Series "B", 5½ per cent Gold Bonds.....	Jan. 1, 1952	29,861,000	29,861,000		1,642,355
Series "C", 5 per cent Gold Bonds.....	Jan. 1, 1973	14,675,000	14,738,000	D\$ 63,000	736,062
Series "D", 4½ per cent Gold Bonds.....	July 1, 1976	14,873,000	14,873,000		669,285
Series "E", 4½ per cent Gold Bonds.....	July 1, 1977	40,000,000	40,000,000		1,800,000
Series "G", 4½ per cent Gold Bonds.....	July 1, 1946	49,177,800	49,177,800		1,967,112
Series "H", 4 per cent Convertible Bonds.....	July 1, 1946	49,520,200	49,711,200	D 191,000	1,986,663
Series "I", 3¾ per cent Gold Bonds.....	Jan. 1, 1967	50,000,000	50,000,000		1,875,000
COLLATERAL TRUST					
Secured 4 per cent Serial Bonds.....	Serially to 1944	2,156,000	2,772,000	D 616,000	98,560
Collateral Trust 4 per cent Bonds					
Serial Bonds.....	Serially to 1951	7,000,000		I 7,000,000	143,111
Term Bonds.....	Jan. 1, 1952	13,000,000		I 13,000,000	265,778
EQUIPMENT TRUST					
Series "E", 2 per cent Trust Certificates.....	Serially to 1947	3,255,000	3,720,000	D 465,000	66,650
THE ST. PAUL, MINNEAPOLIS AND MANITOBA RY. CO.					
Pacific Extension, 4 per cent Gold Bonds.....	July 1, 1940		28,132,364	D 28,132,364	562,647
EASTERN RY. CO. OF MINNESOTA					
Northern Division, First Mortgage, 4 per cent Gold Bonds.....	Apr. 1, 1948	9,695,000	9,695,000		387,800
Total funded debt outstanding.....		\$318,881,000	\$328,348,364*	D\$ 9,467,364	\$13,716,913#
Total stock and funded debt.....		\$567,973,150	\$577,440,514	D\$ 9,467,364	\$14,966,361#

#Does not include \$5,779 interest paid to the Spokane, Portland and Seattle Railway Company on obligation covering the purchase of two steam freight locomotives.

## CONDITIONAL SALES CONTRACTS

(Included in Balance Sheet Account "Other Deferred Liabilities")

EQUIPMENT	MONTHLY PAYMENTS TO	PURCHASE PRICE OF EQUIPMENT	PRINCIPAL OUTSTANDING DECEMBER 31			RATE OF INTEREST ON DEFERRED PAYMENTS	INTEREST ACCRUED YEAR 1940 (INTEREST ON UNFUNDED DEBT)
			1940	1939	INCREASE—I DECREASE—D		
10—1000 H. P. and 2—600 H. P. Diesel switching locomotives.....	June 1, 1944	\$ 978,623	\$ 663,057	\$ 851,110	D\$ 188,053	3%	\$ 22,962
12—1000 H. P. Diesel switching and 2—1000 H. P. Diesel combination road and switching locomotives.....	Sept. 1, 1945	1,208,848	942,967	1,145,031	D 202,064	2¾%	28,941
1000—50 Ton box cars.....	Oct. 1, 1948	2,912,000	2,510,711	2,795,737	D 285,026	3%	79,974
1500—75 Ton all steel ore cars.....	Dec. 1, 1947	4,153,560	3,439,349		I 3,439,349	2¾%	78,391
2000—50 Ton box cars.....	Apr. 1, 1949	5,690,775	5,510,716		I 5,510,716	2%	37,838
Total.....		\$14,943,806	\$13,066,800	\$4,791,878*	I \$ 8,274,922		\$248,106

\*The \$4,791,878 of conditional sales contracts outstanding December 31, 1939, was carried under Balance Sheet Account "Funded Debt Unmatured" at that time.



# ANNUAL REPORT FOR 1940

## OPERATING REVENUES

TITLE OF ACCOUNT	1940	1939	INCREASE	DECREASE
101. Freight.....	\$ 89,164,630	\$ 80,001,678	\$ 9,162,952	
102. Passenger.....	4,225,019	4,350,621		\$125,602
103. Excess baggage.....	14,135	16,417		2,282
105. Parlor and chair car.....	16,517	20,593		4,076
106. Mail.....	2,862,642	2,783,864	78,778	
107. Express.....	1,039,827	1,037,877	1,950	
108. Other passenger-train.....	39,424	41,457		2,033
109. Milk.....	142,266	142,485		219
110. Switching.....	776,226	631,451	144,775	
Total rail-line transportation revenue.....	98,280,686	89,026,443	9,254,243	
131. Dining and buffet.....	352,927	372,684		19,757
132. Hotel and restaurant.....	40,027	47,924		7,897
133. Station, train, and boat privileges.....	10,515	13,945		3,430
134. Parcel room.....	5,820	6,325		505
135. Storage—Freight.....	16,810	19,558		2,748
136. Storage—Baggage.....	3,501	3,778		277
137. Demurrage.....	84,851	88,554		3,703
138. Telegraph and telephone.....	111,421	107,734	3,687	
142. Rents of buildings and other property.....	245,395	238,241	7,154	
143. Miscellaneous.....	2,589,231	1,868,760	720,471	
Total incidental operating revenues.....	3,460,498	2,767,503	692,995	
151. Joint facility—Credit.....	157,487	134,000	23,487	
152. Joint facility—Debit.....	155,525	144,573	10,952	
Total joint facility operating revenues....	Cr. 1,962	Dr. 10,573	12,535	
Total railway operating revenues.....	\$101,743,146	\$ 91,783,373	\$ 9,959,773	

## OPERATING REVENUES BY MONTHS

MONTH	FREIGHT	PASSENGER	MAIL AND EXPRESS	OTHER	TOTAL
January 1940.....	\$ 4,783,106	\$ 334,392	\$ 281,867	\$ 191,470	\$ 5,590,835
February ".....	4,378,427	243,162	257,822	172,312	5,051,723
March ".....	5,400,587	274,937	316,756	184,077	6,176,357
April ".....	5,808,228	249,015	296,343	197,033	6,550,619
May ".....	8,089,735	282,736	334,518	412,734	9,119,723
June ".....	7,521,916	509,199	325,952	549,148	8,906,215
July ".....	8,213,218	478,335	309,644	569,150	9,570,347
August ".....	10,505,218	457,056	319,783	597,955	11,880,012
September ".....	10,910,187	360,805	340,669	551,115	12,162,776
October ".....	10,487,719	301,302	331,549	520,918	11,641,488
November ".....	7,089,174	283,407	306,681	301,893	7,981,155
December ".....	5,977,115	450,673	480,885	203,223	7,111,896
Total.....	\$89,164,630	\$4,225,019	\$3,902,469	\$4,451,028	\$101,743,146

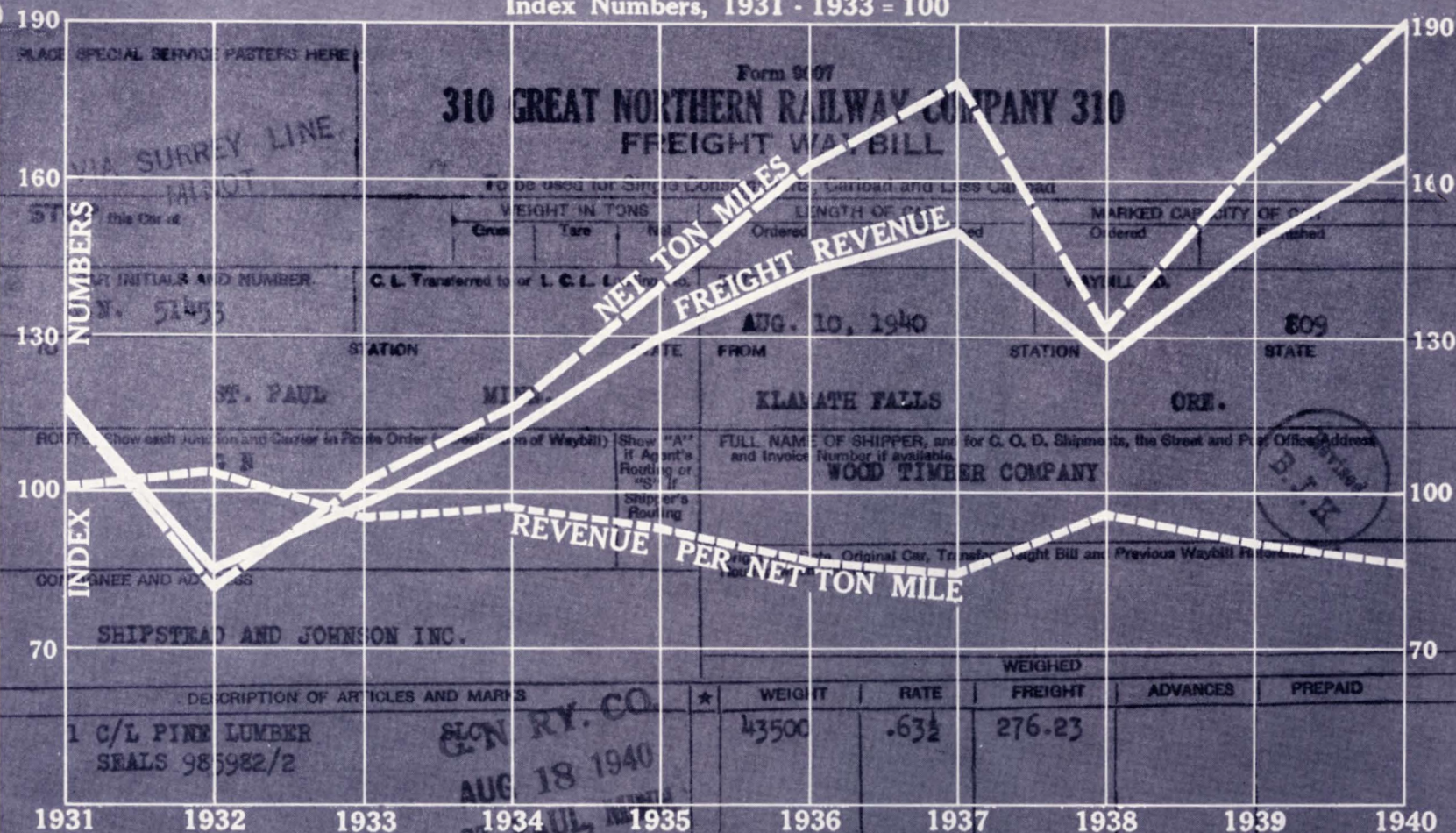
## FREIGHT REVENUE BY COMMODITY GROUPS

COMMODITY	1940	1939	INCREASE—I DECREASE—D	
			AMOUNT	PER-CENT
Products of agriculture.....	\$22,816,308	\$21,725,566	I \$1,090,742	I 5.0
Animals and products.....	2,992,283	2,884,048	I 108,235	I 3.8
Products of mines.....	22,712,020	18,135,639	I 4,576,381	I 25.2
Products of forests.....	13,241,037	11,411,160	I 1,829,877	I 16.0
Manufactures and miscellaneous.....	24,102,949	22,266,163	I 1,836,786	I 8.2
Merchandise—all L. C. L. freight.....	3,300,033	3,579,102	D 279,069	D 7.8
Total.....	\$89,164,630	\$80,001,678	I \$9,162,952	I 11.5



# REVENUE FREIGHT TRAFFIC

Index Numbers, 1931 - 1933 = 100



The upper line indicates that the volume of freight traffic, net ton miles, has increased until in 1940 it was 191% of the 1931-1933 volume. The increase has been at a faster rate than the increase in freight revenue (the middle line) and as a result the revenue per net ton mile (the lowest line) is declining, and in 1940 was only 86% of the 1931-1933 average. This means that more transportation must be furnished in order to secure the same revenue as formerly, and that the public is receiving more transportation for the same money.

## REVENUE FREIGHT TRAFFIC

FOR TWENTY YEARS ENDED DECEMBER 31, 1940  
(EXCLUDES MOTOR VEHICLE OPERATIONS)

YEAR	AVERAGE MILES OF ROAD OPERATED	TONS CARRIED	TONS CARRIED ONE MILE	FREIGHT REVENUE	AVERAGE REVENUE PER TON MILE (CENTS)	AVERAGE HAUL (MILES)	AVERAGE TRAIN LOAD (NET TONS)	INDEX NUMBERS (1931-33=100)		
								TONS CARRIED ONE MILE	FREIGHT REVENUE	REVENUE PER NET TON MILE
1940	8,068.72	40,047,611	10,113,942,319	\$89,010,078	.880	252.55	967.33	191	165	86
1939	8,071.68	32,821,757	8,701,383,343	79,853,655	.918	265.11	919.31	164	148	90
1938	8,071.54	23,264,183	7,017,295,740	68,418,930	.975	301.64	801.27	132	127	96
1937	8,087.49	41,513,174	9,477,756,018	81,451,161	.859	228.31	935.20	179	151	84
1936	8,188.15	34,203,355	8,664,572,456	77,046,160	.889	253.33	873.90	163	143	87
1935	8,278.28	29,394,382	7,372,079,484	70,132,152	.951	250.80	801.18	139	130	93
1934	8,344.39	21,690,396	6,137,693,978	60,347,883	.983	282.97	708.99	116	112	97
1933	8,445.12	17,781,455	5,431,602,934	52,672,751	.970	305.46	722.98	102	98	95
1932	8,408.70	11,744,694	4,324,700,394	45,958,761	1.063	368.23	581.73	82	85	104
1931	8,357.32	20,153,330	6,151,063,399	63,344,056	1.030	305.21	770.42	116	117	101
1930	8,366.63	32,037,312	8,720,583,904	85,797,268	.984	272.20	909.69	164	159	97
1929	8,387.88	39,661,221	10,150,709,921	101,178,226	.997	255.94	961.85	191	187	98
1928	8,276.64	35,593,173	10,127,253,509	103,980,301	1.027	284.53	933.94	191	193	101
1927	8,164.14	33,843,008	8,958,349,961	94,405,030	1.054	264.70	890.77	169	175	104
1926	8,188.21	35,117,929	8,902,970,446	93,346,740	1.048	253.52	873.16	168	173	103
1925	8,242.09	33,494,620	8,517,913,981	90,098,763	1.058	254.31	830.24	161	167	104
1924	8,251.44	31,669,750	8,093,136,444	86,144,671	1.064	255.55	770.06	153	160	105
1923	8,254.21	36,385,396	8,754,272,702	93,672,147	1.070	240.60	712.20	165	173	105
1922	8,260.71	27,450,587	6,882,464,797	78,065,563	1.134	250.72	655.75	130	145	111
1921	8,163.44	19,533,134	5,740,921,478	74,700,241	1.301	293.91	607.02	108	138	128



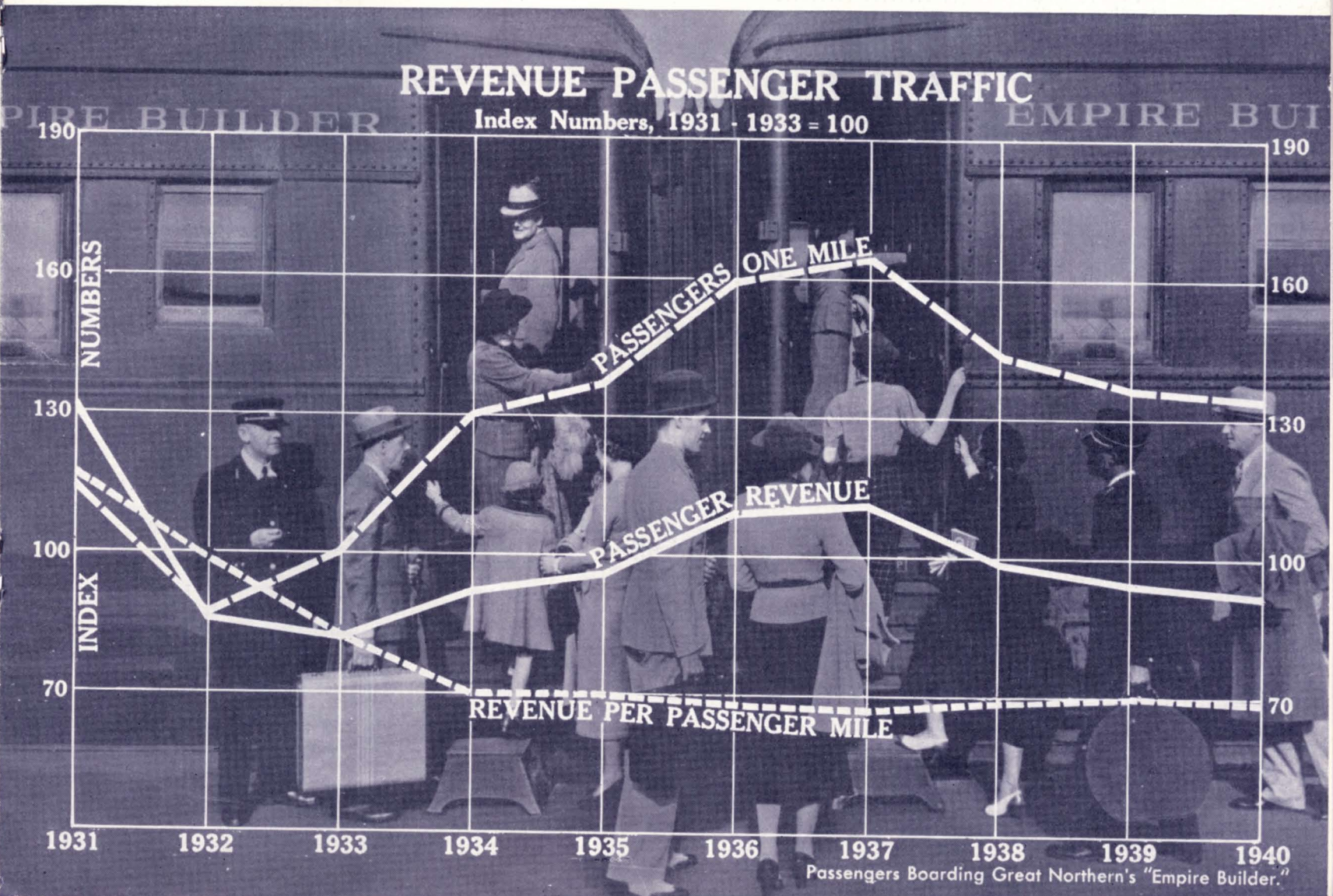
# ANNUAL REPORT FOR 1940

## REVENUE PASSENGER TRAFFIC

FOR TWENTY YEARS ENDED DECEMBER 31, 1940  
(EXCLUDES MOTOR VEHICLE OPERATIONS)

YEAR	AVERAGE MILES OF ROAD OPERATED	PASSENGERS CARRIED	PASSENGERS CARRIED ONE MILE	PAS-SENGER REVENUE	PASSENGER SERVICE TRAIN REVENUE	AVERAGE REVENUE PER PAS-SENGER MILE (CENTS)	AVERAGE JOURNEY (MILES)	AVERAGE PAS-SENGERS PER TRAIN	AVERAGE PASSEN- GERS PER PAS-SENGER CARRYING CAR	INDEX NUMBERS (1931-33=100)		
										PAS-SENGERS CARRIED ONE MILE	PAS-SENGER REV-ENUE	REVENUE PER PAS-SENGER MILE
1940	8,068.72	1,015,415	253,846,663	\$4,224,973	\$8,339,758	1.664	249.99	32.85	9.70	134	92	69
1939	8,071.68	1,083,607	258,427,249	4,350,571	8,393,208	1.683	238.49	33.71	10.04	136	95	70
1938	8,071.54	1,146,447	271,001,010	4,544,244	8,334,916	1.677	236.38	35.00	10.25	143	99	69
1937	8,087.49	1,407,668	311,557,322	5,078,965	9,191,296	1.630	221.33	37.33	10.83	164	111	67
1936	8,188.15	1,457,725	301,706,187	4,973,523	8,944,248	1.648	206.97	37.08	11.10	159	109	68
1935	8,278.28	1,301,366	260,145,967	4,385,931	8,208,410	1.686	199.90	34.39	9.53	137	96	70
1934	8,344.39	1,244,819	246,897,409	4,202,624	7,953,108	1.702	198.34	31.87	9.18	130	92	70
1933	8,445.12	876,841	188,831,804	3,759,177	7,310,687	1.991	215.35	25.09	7.85	100	82	82
1932	8,408.70	845,213	164,220,516	3,941,659	7,928,036	2.400	194.29	21.18	6.81	87	86	99
1931	8,357.32	1,070,044	215,807,372	6,042,610	10,948,882	2.800	201.68	23.40	7.50	114	132	116
1930	8,366.63	1,694,437	291,984,003	9,000,087	14,927,843	3.082	172.32	26.44	8.01	154	196	128
1929	8,387.88	2,276,069	367,978,032	11,298,352	19,189,728	3.070	161.67	33.26	9.82	194	247	127
1928	8,276.64	2,512,026	368,238,758	11,505,352	17,693,260	3.124	146.59	34.01	10.34	194	251	129
1927	8,164.14	3,108,427	400,566,250	12,716,616	18,619,852	3.175	128.86	36.63	11.10	211	278	131
1926	8,188.21	3,081,457	409,510,459	13,041,085	18,981,137	3.185	132.90	36.77	11.34	216	285	132
1925	8,242.09	3,642,749	441,498,635	13,955,742	19,900,346	3.161	121.20	38.26	11.46	233	305	131
1924	8,251.44	3,940,656	422,372,425	13,683,383	20,408,989	3.240	107.18	36.17	10.80	223	299	134
1923	8,254.21	4,975,800	460,207,562	15,305,242	22,427,799	3.326	92.49	39.17	11.72	243	334	138
1922	8,260.71	5,509,459	450,052,946	15,112,453	21,943,937	3.358	81.69	39.51	11.54	237	330	139
1921	8,163.44	6,194,676	478,267,466	16,460,280	23,220,492	3.442	77.21	40.60	11.97	252	359	142

Passengers carried one mile (the upper line) indicates the volume of passenger traffic, which increased to a peak of 164% of the 1931-1933 level in 1937, and has declined since that year to 134% in 1940. The passenger revenue (the middle line) follows in general the same trend as the passengers one mile, and the revenue per passenger mile (the lowest line) indicates that since 1934 this average has been only approximately 70% of the 1931-1933 level. In 1940 passengers paid an average of 12½ cents for each mile of their journey.





# GREAT NORTHERN RAILWAY COMPANY

## OPERATING EXPENSES

TITLE OF ACCOUNT	1940	1939	INCREASE	DECREASE
<b>MAINTENANCE OF WAY AND STRUCTURES</b>				
201. Superintendence.....	\$ 953,257	\$ 924,056	\$ 29,201	
202. Roadway maintenance.....	944,678	807,810	136,868	
220. Track laying and surfacing.....	3,201,005	2,667,406	533,599	
Roadway and track.....	4,145,683	3,475,216	670,467	
206. Tunnels and subways.....	26,454	5,548	20,906	
208. Bridges, trestles, and culverts.....	668,041	469,023	199,018	
Tunnels and bridges.....	694,495	474,571	219,924	
212. Ties.....	1,877,226	1,781,598	95,628	
214. Rails.....	630,989	469,295	161,694	
216. Other track material.....	822,091	664,611	157,480	
218. Ballast.....	115,439	74,323	41,116	
221. Fences, snow sheds, and signs.....	154,305	116,148	38,157	
273. Public improvements—Maintenance.....	104,271	138,620		\$ 34,349
227. Station and office buildings.....	506,496	419,802	86,694	
229. Roadway buildings.....	87,395	55,236	32,159	
231. Water stations.....	412,800	220,371	192,429	
233. Fuel stations.....	139,182	51,825	87,357	
235. Shops and enginehouses.....	467,731	354,194	113,537	
237. Grain elevators.....		26,023		26,023
241. Wharves and docks.....	19,031	6,555	12,476	
243. Coal and ore wharves.....	134,628	127,598	7,030	
253. Power plants.....	3,954	4,525		571
257. Power-transmission systems.....	46,974	24,633	22,341	
265. Miscellaneous structures.....	4,831	2,526	2,305	
Buildings and other structures.....	1,823,022	1,293,288	529,734	
247. Telegraph and telephone lines.....	343,884	310,386	33,498	
249. Signals and interlockers.....	478,736	417,762	60,974	
Signals and telegraph lines.....	822,620	728,148	94,472	
272. Removing snow, ice, and sand.....	242,098	287,930		45,832
269. Roadway machines.....	284,889	230,718	54,171	
271. Small tools and supplies.....	194,950	164,278	30,672	
Roadway tools and supplies.....	479,839	394,996	84,843	
274. Injuries to persons.....	70,213	51,255	18,958	
275. Insurance.....	44,629	41,440	3,189	
276. Stationery and printing.....	15,166	13,498	1,668	
277. Other expenses.....	22,123	14,779	7,344	
281. Right-of-way expenses.....	3,159	3,395		236
Miscellaneous.....	155,290	124,367	30,923	
209. Bridges, trestles, and culverts—Depreciation.....		3,824		3,824
244. Coal and ore wharves—Depreciation.....	121,565	155,149		33,584
Depreciation.....	121,565	158,973		37,408
278. Maintaining joint tracks, yards, and other facilities—Dr.....	417,512	424,918		7,406
279. Maintaining joint tracks, yards, and other facilities—Cr.....	328,913	271,930	56,983	
Maintaining joint facilities—Net Debit.....	88,599	152,988		64,389
Total maintenance of way and structures.....	\$13,230,789	\$11,259,128	\$1,971,661	



# ANNUAL REPORT FOR 1940

## OPERATING EXPENSES—Continued.

TITLE OF ACCOUNT	1940	1939	INCREASE	DECREASE
<b>MAINTENANCE OF EQUIPMENT</b>				
301. Superintendence.....	\$ 454,179	\$ 445,148	\$ 9,031	
302. Shop machinery.....	307,650	245,789	61,861	
304. Power-plant machinery.....	88,555	64,473	24,082	
Shop and power-plant machinery.....	396,205	310,262	85,943	
308. Steam locomotives—Repairs.....	5,397,804	5,418,777		\$ 20,973
311. Other locomotives—Repairs.....	198,463	129,988	68,475	
314. Freight-train cars—Repairs.....	5,194,349	4,068,523	1,125,826	
317. Passenger-train cars—Repairs.....	1,251,068	1,120,950	130,118	
326. Work equipment—Repairs.....	309,623	211,224	98,399	
328. Miscellaneous equipment—Repairs.....	41,962	50,502		8,540
332. Injuries to persons.....	43,846	58,740		14,894
333. Insurance.....	46,116	47,994		1,878
334. Stationery and printing.....	10,223	10,247		24
335. Other expenses.....	2,449	3,025		576
Miscellaneous.....	102,634	120,006		17,372
336. Maintaining joint equipment—Debit.....	87,173	70,524	16,649	
337. Maintaining joint equipment—Credit.....	51,527	56,714		5,187
Maintaining joint equipment—Net Dr....	35,646	13,810	21,836	
Total, excluding retirements and depreciation.....	13,381,933	11,889,190	1,492,743	
329. Equipment—Retirements.....	12,855	14,522		1,667
331. Equipment—Depreciation.....	4,041,710	3,527,703	514,007	
Total maintenance of equipment.....	17,436,498	15,431,415	2,005,083	
<b>TRAFFIC</b>				
351. Superintendence.....	535,750	527,980	7,770	
352. Outside agencies.....	1,191,008	1,137,786	53,222	
353. Advertising.....	388,330	378,122	10,208	
356. Industrial and immigration bureaus.....	77,713	86,404		8,691
Advertising and industrial and immigration bureaus.....	466,043	464,526	1,517	
354. Traffic associations.....	36,099	32,899	3,200	
357. Insurance.....	1,292	1,541		249
358. Stationery and printing.....	128,872	111,476	17,396	
359. Other expenses.....	3	127		124
Miscellaneous.....	166,266	146,043	20,223	
Total traffic.....	2,359,067	2,276,335	82,732	
<b>TRANSPORTATION—RAIL LINE</b>				
371. Superintendence.....	745,503	729,843	15,660	
372. Dispatching trains.....	397,059	381,611	15,448	
Superintendence and dispatching.....	1,142,562	1,111,454	31,108	
373. Station employees.....	4,339,488	4,261,651	77,837	
374. Weighing, inspection, and demurrage bureaus.....	69,536	68,078	1,458	
375. Coal and ore wharves.....	361,782	270,555	91,227	
376. Station supplies and expenses.....	320,984	318,167	2,817	
Station expenses.....	5,091,790	4,918,451	173,339	
377. Yardmasters and yard clerks.....	774,349	731,751	42,598	
378. Yard conductors and brakemen.....	1,964,040	1,738,377	225,663	
379. Yard switch and signal tenders.....	81,615	74,139	7,476	
380. Yard enginemen.....	926,670	924,321	2,349	
381. Yard motormen.....	378,264	237,538	140,726	
Yard labor.....	4,124,938	3,706,126	418,812	
Carried forward.....	\$10,359,290	\$ 9,736,031	\$623,259	



# GREAT NORTHERN RAILWAY COMPANY

## OPERATING EXPENSES—Continued.

TITLE OF ACCOUNT	1940	1939	INCREASE	DECREASE
TRANSPORTATION—RAIL LINE (Continued)				
Brought forward.....	\$10,359,290	\$ 9,736,031	\$623,259	
382. Yard switching fuel.....	882,217	839,192	43,025	
385. Water for yard locomotives.....	34,791	36,675		\$ 1,884
386. Lubricants for yard locomotives.....	31,421	21,912	9,509	
387. Other supplies for yard locomotives.....	23,782	23,140	642	
389. Yard supplies and expenses.....	33,384	31,358	2,026	
Yard supplies and expenses (excluding yard switching fuel and engine-house expenses—Yard).....	123,378	113,085	10,293	
388. Engine-house expenses—Yard.....	524,820	543,982		19,162
392. Train enginemen.....	3,119,954	2,959,921	160,033	
393. Train motormen.....	237,465	199,749	37,716	
Train enginemen and motormen.....	3,357,419	3,159,670	197,749	
394. Train fuel.....	5,122,155	4,952,641	169,514	
395. Train power produced.....	11,675	11,638	37	
396. Train power purchased.....	157,407	159,208		1,801
Train power.....	169,082	170,846		1,764
397. Water for train locomotives.....	364,893	356,627	8,266	
398. Lubricants for train locomotives.....	157,201	134,775	22,426	
399. Other supplies for train locomotives.....	39,543	41,521		1,978
Supplies for train locomotives.....	561,637	532,923	28,714	
400. Engine-house expenses—Train.....	1,103,491	1,064,082	39,409	
401. Trainmen.....	4,201,080	3,959,277	241,803	
402. Train supplies and expenses.....	1,787,305	1,729,725	57,580	
404. Signal and interlocker operation.....	293,649	291,594	2,055	
405. Crossing protection.....	48,126	47,995	131	
406. Drawbridge operation.....	11,491	10,891	600	
407. Telegraph and telephone operation.....	308,258	299,331	8,927	
410. Stationery and printing.....	104,007	100,134	3,873	
411. Other expenses.....	121,131	123,287		2,156
414. Insurance.....	32,003	28,589	3,414	
Miscellaneous.....	918,665	901,821	16,844	
415. Clearing wrecks.....	56,818	41,509	15,309	
416. Damage to property.....	29,723	31,334		1,611
417. Damage to livestock on right-of-way.....	34,675	29,192	5,483	
418. Loss and damage—Freight.....	300,246	291,776	8,470	
419. Loss and damage—Baggage.....	479	628		149
420. Injuries to persons.....	241,819	165,055	76,764	
Loss, damage, and casualties.....	663,760	559,494	104,266	
390. Operating joint yards and terminals—Debit...	811,125	788,396	22,729	
391. Operating joint yards and terminals—Credit...	618,377	629,112		10,735
412. Operating joint tracks and facilities—Debit...	217,693	213,450	4,243	
413. Operating joint tracks and facilities—Credit...	150,320	133,750	16,570	
Operating joint facilities—Net Debit.....	260,121	238,984	21,137	
Total transportation—Rail line.....	\$30,034,420	\$28,501,753	\$1,532,667	



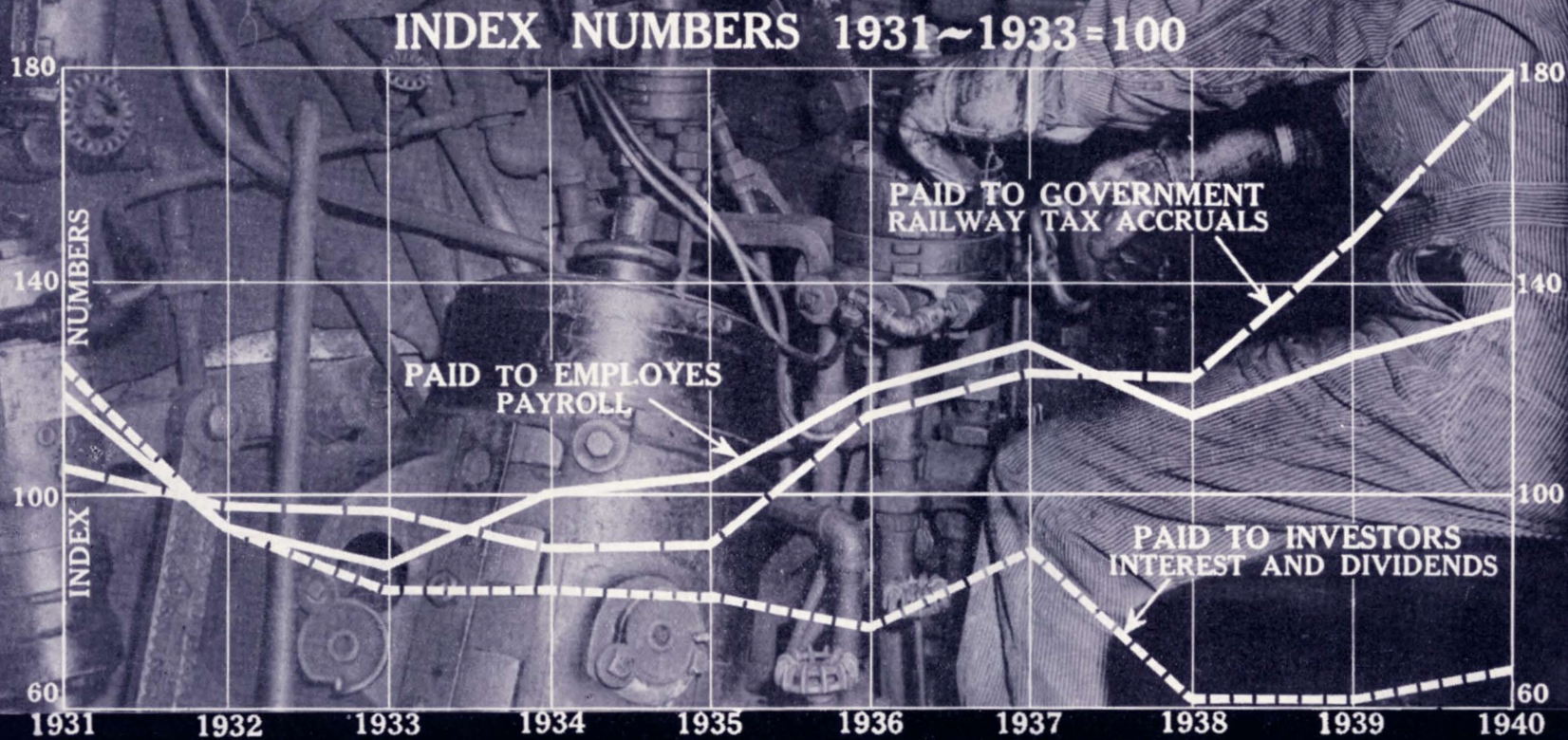
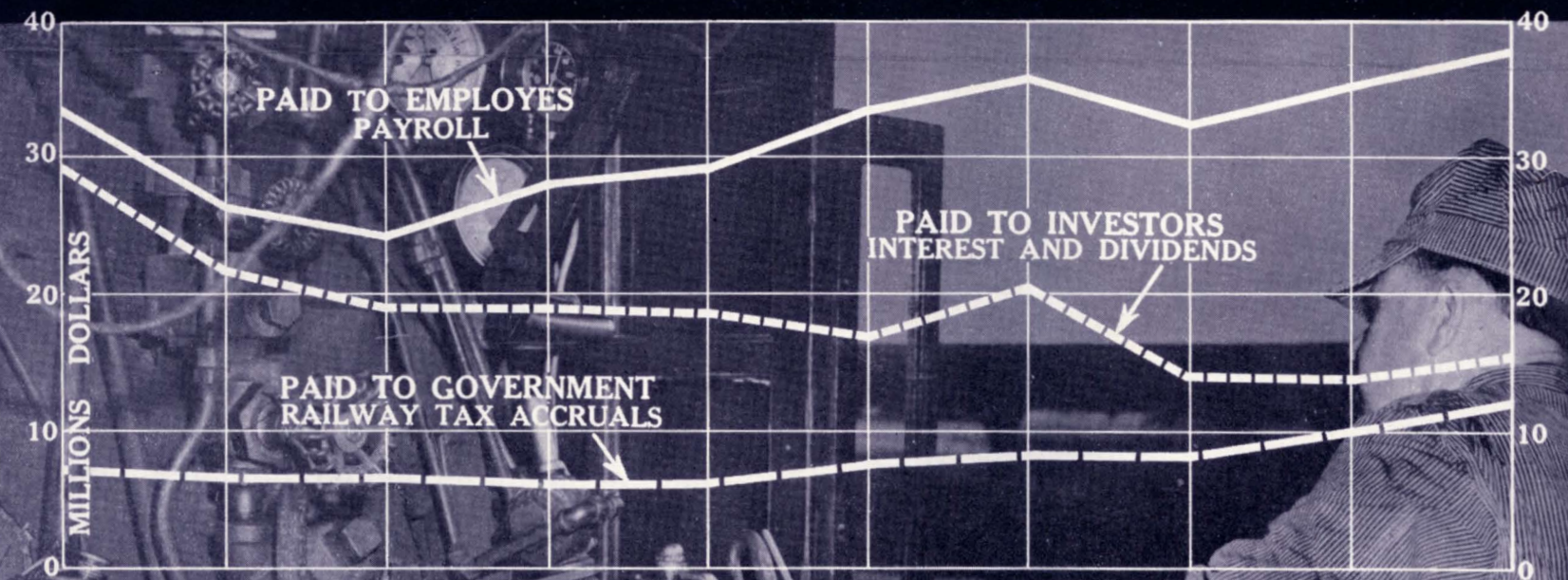
# ANNUAL REPORT FOR 1940

## OPERATING EXPENSES—Concluded.

TITLE OF ACCOUNT	1940	1939	INCREASE	DECREASE
<b>MISCELLANEOUS OPERATIONS</b>				
441. Dining and buffet service.....	\$ 681,905	\$ 695,177		\$ 13,272
442. Hotels and restaurants.....	27,745	33,947		6,202
Dining cars and restaurants.....	709,650	729,124		19,474
446. Other miscellaneous operations.....	127,341	129,879		2,538
Total miscellaneous operations.....	836,991	859,003		22,012
<b>GENERAL</b>				
451. Salaries and expenses of general officers.....	308,028	291,175	\$ 16,853	
452. Salaries and expenses of clerks and attendants.....	1,238,330	1,210,756	27,574	
Salaries and expenses of officers, clerks and attendants.....	1,546,358	1,501,931	44,427	
453. General office supplies and expenses.....	83,059	79,803	3,256	
454. Law expenses.....	243,906	246,886		2,980
457. Pensions.....	36,913	131,051		94,138
Employees' group insurance.....	Cr. 700	51,114		51,814
Pensions and group insurance.....	36,213	182,165		145,952
459. Valuation expenses.....	7,235	10,171		2,936
455. Insurance.....	9,159	8,181	978	
458. Stationery and printing.....	74,241	70,620	3,621	
460. Other expenses.....	146,666	171,120		24,454
Miscellaneous.....	230,066	249,921		19,855
461. General joint facilities—Debit.....	24,991	24,209	782	
462. General joint facilities—Credit.....	10,096	10,313		217
General joint facilities—Net Dr.....	14,895	13,896	999	
Total general.....	2,161,732	2,284,773		123,041
<b>TRANSPORTATION FOR INVESTMENT</b>				
—CR.....	157,774	149,737	8,037	
Grand total railway operating expenses...	\$65,901,723	\$60,462,670	\$5,439,053	



# PAYMENTS TO EMPLOYEES INVESTORS AND GOVERNMENT



Engineer in Cab of Locomotive Used on Great Northern's "Empire Builder."

The upper set of lines show how the payments to employes and the government have increased during the past 10 years, while payments to investors have decreased. The lower chart shows the percentage change compared with 1931-1933 as 100%. For 1940 the payment to the government was 179% of the 1931-1933 level, while payments to employes was 135% and to investors only 66%.

YEAR	PAYMENTS TO EMPLOYES (OPERATING EXPENSES ONLY)		PAYMENTS TO INVESTORS (INTEREST AND DIVIDENDS)		PAYMENTS TO GOVERNMENT (RAILWAY TAX ACCRUALS)	
	AMOUNT	INDEX NUMBERS (1931-1933=100)	AMOUNT	INDEX NUMBERS (1931-1933=100)	AMOUNT	INDEX NUMBERS (1931-1933=100)
1940	\$37,776,867	135	\$15,436,648	66	\$12,273,206	179
1939	35,411,980	126	14,192,231	61	10,121,469	148
1938	32,300,558	115	14,242,529	61	8,364,234	122
1937	35,939,880	128	20,587,636	89	8,425,163	123
1936	33,518,881	120	17,337,999	75	7,842,526	115
1935	29,208,471	104	18,897,565	81	6,216,821	91
1934	28,276,815	101	19,119,773	82	6,181,111	90
1933	24,354,205	87	19,076,469	82	6,660,944	97
1932	26,300,862	94	21,745,037	94	6,697,424	98
1931	33,394,983	119	28,853,819	124	7,179,028	105



# ANNUAL REPORT FOR 1940

## FREIGHT TRAFFIC STATISTICS FOR YEAR ENDED DECEMBER 31, 1940, COMPARED WITH PREVIOUS YEAR

COMMODITY	1940		1939	
	NUMBER OF CARLOADS	NUMBER OF TONS (2,000 LBS.)	NUMBER OF CARLOADS	NUMBER OF TONS (2,000 LBS.)
<b>PRODUCTS OF AGRICULTURE</b>				
Wheat.....	49,812	2,228,356	49,266	2,143,517
Corn.....	6,752	282,674	6,525	270,527
Oats.....	4,788	169,166	6,872	235,356
Barley and rye.....	12,536	507,199	14,703	586,029
Flour and meal.....	14,772	395,746	15,286	402,670
Mill products.....	5,070	123,746	5,178	125,485
Hay, alfalfa and straw.....	696	10,349	775	11,144
Apples, fresh.....	15,128	287,183	15,059	285,288
Other fresh fruits.....	8,732	145,199	8,508	134,802
Potatoes.....	26,229	477,573	18,624	336,330
Vegetables, fresh.....	3,135	40,314	2,833	34,154
Flaxseed.....	4,183	179,007	3,322	139,544
Sugar beets.....	8,288	375,493	7,530	343,441
Other products of agriculture.....	6,364	159,112	5,463	136,818
Total products of agriculture.....	166,485	5,381,117	159,944	5,185,105
<b>ANIMALS AND PRODUCTS</b>				
Horses, mules, ponies and asses.....	284	3,379	378	4,686
Cattle and calves.....	10,501	111,462	11,116	118,038
Sheep and goats.....	7,546	62,840	7,309	59,606
Hogs.....	4,429	35,124	3,243	26,087
Fresh meats.....	4,780	57,468	4,165	49,329
Poultry.....	1,366	17,330	1,268	15,064
Eggs.....	1,330	16,866	1,150	14,934
Butter.....	2,268	28,759	2,519	32,522
Wool.....	522	7,545	537	7,652
Other animals and products.....	2,952	68,076	3,171	75,513
Total animals and products.....	35,978	408,849	34,856	403,431
<b>PRODUCTS OF MINES</b>				
Anthracite coal.....	1,132	31,148	1,055	29,786
Bituminous coal.....	41,513	1,617,006	39,248	1,553,508
Lignite.....	12,246	393,466	12,730	402,459
Coke.....	4,612	145,797	4,561	143,764
Iron ore.....	318,868	22,289,195	226,431	15,118,701
Other ore and concentrates.....	7,177	365,330	8,566	426,611
Gravel, sand, and stone.....	7,618	418,970	24,579	1,141,709
Crude petroleum.....	7,137	265,569	6,038	215,475
Asphalt.....	3,736	137,167	3,726	139,712
Salt.....	1,360	40,552	1,303	37,365
Other products of mines.....	7,438	364,146	8,399	420,758
Total products of mines.....	412,837	26,068,346	336,636	19,629,848
<b>PRODUCTS OF FORESTS</b>				
Logs, posts, poles, ties and cordwood.....	29,564	1,165,208	27,503	1,100,071
Pulp wood.....	2,981	103,784	1,554	54,370
Lumber, shingles, etc.....	67,413	1,855,079	59,910	1,620,828
Other products of forests.....	4,722	115,701	4,612	106,580
Total products of forests.....	104,680	3,239,772	93,579	2,881,849
<b>MANUFACTURES AND MISCELLANEOUS</b>				
Petroleum products.....	55,814	1,517,372	54,103	1,477,259
Sugar, sirup and molasses.....	3,351	108,631	3,682	125,665
Metals—pig, bar, sheet and pipe.....	12,300	552,820	10,271	454,588
Machinery and boilers.....	1,193	24,163	892	18,665
Cement, brick, lime and plaster.....	16,859	610,532	22,318	850,787
Agricultural implements, vehicles, etc.....	3,590	53,376	2,963	43,048
Automobiles and auto trucks.....	10,966	69,079	8,075	48,802
Beverages.....	3,233	67,262	3,291	68,648
Newsprint paper and printing paper.....	6,119	175,109	5,272	147,755
Canned food products.....	4,957	134,542	5,398	148,961
Scrap iron and scrap steel.....	2,365	103,616	2,137	94,002
Paper bags, paper board, etc.....	4,149	111,530	3,580	90,053
Other manufactures and miscellaneous.....	46,217	1,161,254	36,292	874,231
Total manufactures and miscellaneous.....	171,113	4,689,286	158,274	4,442,464
Grand total carload traffic.....	891,093	39,787,370	783,289	32,542,697
Merchandise—all L. C. L. traffic.....		276,174		295,243
Grand total carload and L. C. L. traffic.....		40,063,544		32,837,940



# GREAT NORTHERN RAILWAY COMPANY

## STATISTICS OF RAIL-LINE OPERATIONS—FREIGHT SERVICE (EXCLUDES MOTOR VEHICLE OPERATIONS)

ITEM	1940	1939	INCREASE		DECREASE	
			AMOUNT	PER CENT	AMOUNT	PER CENT
FREIGHT TRAIN OPERATIONS (Including incidental passenger service)						
Average mileage of road operated.....	7,972.90	7,975.86			2.96	.04
TRAIN MILES						
Ordinary (with locomotives).....	10,217,103	9,210,007	1,007,096	10.93		
Ordinary (without locomotives).....	163,117	179,945			16,828	9.35
Total.....	10,380,220	9,389,952	990,268	10.55		
Light (with locomotives).....	55,871	53,451	2,420	4.53		
Grand Total.....	10,436,091	9,443,403	992,688	10.51		
MOTIVE POWER MILES						
Locomotive Miles:						
Principal.....	10,274,353	9,265,215	1,009,138	10.89		
Helper.....	120,751	117,586	3,165	2.69		
Light.....	336,196	330,174	6,022	1.82		
Train switching.....	961,906	992,567			30,661	3.09
Yard switching.....	3,848,048	3,405,039	443,009	13.01		
Total.....	15,541,254	14,110,581	1,430,673	10.14		
Rail motor-cars (self-propelled units).....	163,117	179,945			16,828	9.35
Grand Total.....	15,704,371	14,290,526	1,413,845	9.89		
CAR MILES						
Freight—loaded.....	356,388,996	321,569,038	34,819,958	10.83		
Freight—empty.....	235,881,884	204,361,922	31,519,962	15.42		
Total.....	592,270,880	525,930,960	66,339,920	12.61		
Passenger coaches.....	678,601	693,468			14,867	2.14
Sleeping and parlor cars.....	45,710	28,342	17,368	61.28		
Mail, express, and baggage cars.....	6,748,450	7,325,330			576,880	7.88
Combination passenger cars.....	1,118,842	1,058,413	60,429	5.71		
Business cars.....	26,693	14,520	12,173	83.84		
Total.....	8,618,296	9,120,073			501,777	5.50
Caboose.....	9,241,428	8,290,248	951,180	11.47		
Grand Total.....	610,130,604	543,341,281	66,789,323	12.29		
GROSS TON MILES—ROAD SERVICE						
Locomotives and tenders.....	3,043,107,669	2,640,651,018	402,456,651	15.24		
Cars, contents and cabooses.....	25,406,896,009	22,425,221,992	2,981,674,017	13.30		
Total.....	28,450,003,678	25,065,873,010	3,384,130,668	13.50		
NET TON MILES—ROAD SERVICE						
Revenue.....	10,095,179,700	8,681,459,839	1,413,719,861	16.28		
Non-revenue.....	874,055,201	868,859,866	5,195,335	.60		
Total.....	10,969,234,901	9,550,319,705	1,418,915,196	14.86		
TRAIN HOURS—ROAD SERVICE						
	670,037	632,378	37,659	5.96		
AVERAGES						
Train load—all freight (tons).....	1,056.74	1,017.08	39.66	3.90		
Freight-car load—all freight (tons).....	30.78	29.70	1.08	3.64		
Cars per train—freight cars.....	57.06	56.01	1.05	1.87		
Cars per train—passenger cars.....	.83	.97			.14	14.43
Cars per train—total (excluding caboose).....	57.89	56.98	.91	1.60		
Train speed—train miles per train hour.....	15.58	14.93	.65	4.35		
Traffic density—revenue ton miles per mile of road.....	1,266,187	1,088,467	177,720	16.33		
REVENUE FREIGHT TRAFFIC— TOTAL IN FREIGHT AND PAS- SENGER TRAINS						
Tons of freight carried.....	40,047,611	32,821,757	7,225,854	22.02		
Net ton miles.....	10,113,942,319	8,701,383,343	1,412,558,976	16.23		
Freight revenue (Account 101).....	\$89,010,078	\$79,853,655	\$9,156,423	11.47		
AVERAGES						
Miles per revenue ton.....	252.55	265.11			12.56	4.74
Revenue per ton-mile.....	\$ .00880	\$ .00918			\$ .00038	4.14
Revenue per ton.....	\$ 2.22	\$ 2.43			\$ .21	8.64



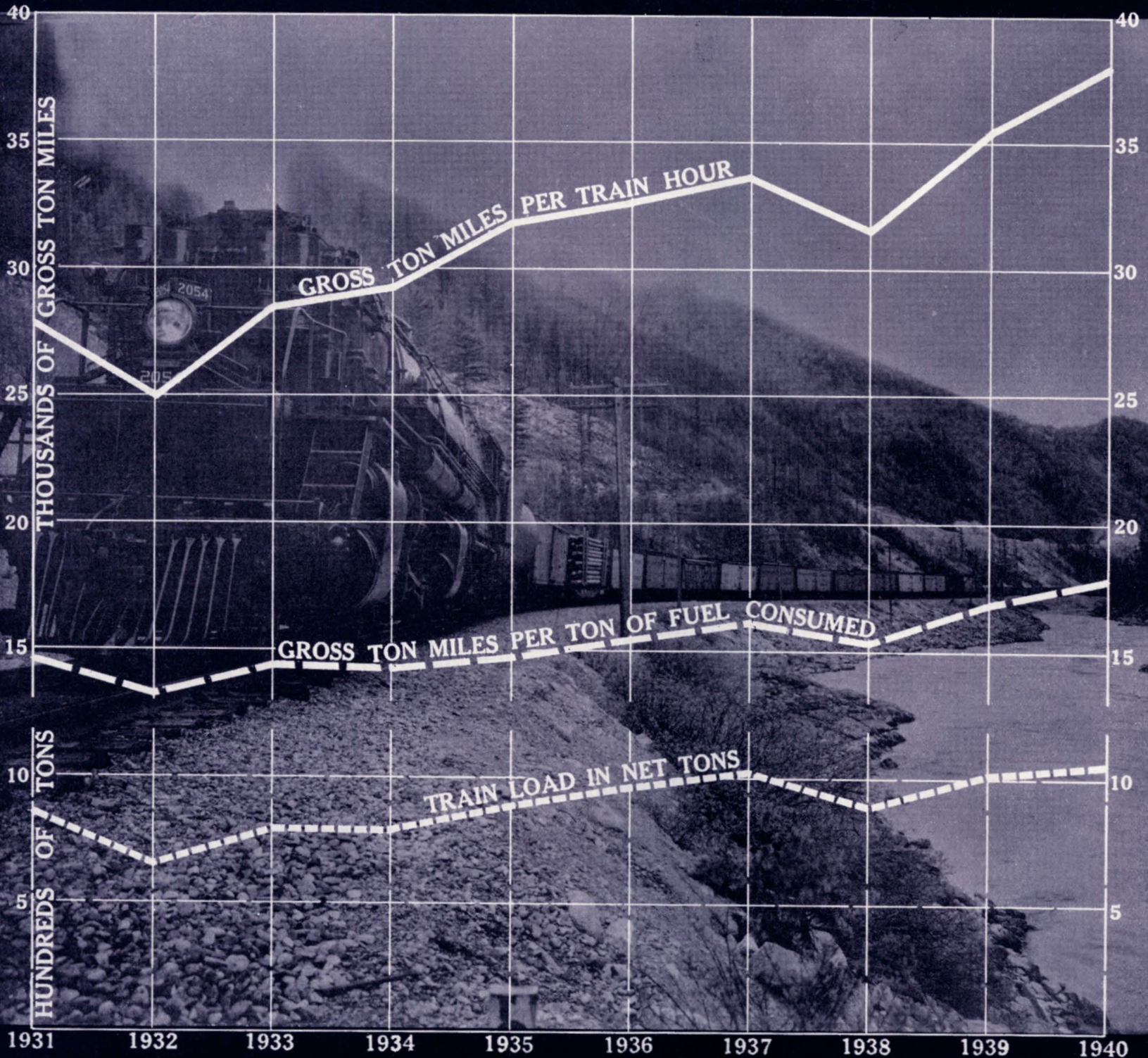
# ANNUAL REPORT FOR 1940

## STATISTICS OF RAIL-LINE OPERATIONS—PASSENGER SERVICE (EXCLUDES MOTOR VEHICLE OPERATIONS)

ITEM	1940	1939	INCREASE		DECREASE	
			AMOUNT	PER CENT	AMOUNT	PER CENT
PASSENGER TRAIN OPERATIONS (Including incidental freight service)						
Average mileage of road operated.....	6,156.40	6,157.03			.63	.01
TRAIN MILES						
Ordinary (with locomotives).....	6,288,653	6,254,443	34,210	.55		
Ordinary (without locomotives).....	1,439,720	1,411,990	27,730	1.96		
Total.....	7,728,373	7,666,433	61,940	.81		
MOTIVE POWER MILES						
Locomotive Miles:						
Principal.....	6,288,653	6,254,443	34,210	.55		
Helper.....	7,865	7,472	393	5.26		
Light.....	154,523	142,877	11,646	8.15		
Train switching.....	7,950	10,680			2,730	25.56
Yard switching.....	236,299	215,772	20,527	9.51		
Total.....	6,695,290	6,631,244	64,046	.97		
Rail motor-cars (self-propelled units).....	1,439,720	1,411,990	27,730	1.96		
Grand Total.....	8,135,010	8,043,234	91,776	1.14		
CAR MILES						
Passenger coaches.....	13,569,891	13,670,759			100,868	.74
Sleeping and parlor cars.....	12,464,547	11,916,476	548,071	4.60		
Club, lounge, dining, and observation cars.....	3,691,070	3,682,427	8,643	.23		
Mail, express, and baggage cars.....	21,857,930	21,327,443	530,487	2.49		
Combination passenger cars.....	257,961	312,471			54,510	17.44
Business cars.....	372,531	350,932	21,599	6.15		
Total.....	52,213,930	51,260,508	953,422	1.86		
Freight—loaded.....	970,063	1,140,157			170,094	14.92
Freight—empty.....	54,304	67,812			13,508	19.92
Total.....	1,024,367	1,207,969			183,602	15.20
Caboose.....	15,263	8,296	6,967	83.98		
Grand Total.....	53,253,560	52,476,773	776,787	1.48		
NET TON MILES—ROAD SERVICE						
Revenue.....	18,762,619	19,923,504			1,160,885	5.83
Non-revenue.....	1,018,147	4,242,103			3,223,956	76.00
Total.....	19,780,766	24,165,607			4,384,841	18.14
TRAIN HOURS—ROAD SERVICE						
	232,506	230,813	1,693	.73		
AVERAGES						
Cars per train—Total.....	6.89	6.85	.04	.58		
Train speed—Train miles per train hour.....	33.24	33.21	.03	.09		
Train miles per mile of road.....	1,255.34	1,245.15	10.19	.82		
REVENUE PASSENGER TRAFFIC— TOTAL IN PASSENGER AND FREIGHT TRAINS						
Revenue passengers carried.....	1,015,415	1,083,607			68,192	6.29
Revenue passenger miles.....	253,846,663	258,427,249			4,580,586	1.77
Passenger revenue (Account 102).....	\$4,224,973	\$4,350,572			\$125,599	2.89
Passenger service train revenue.....	\$8,339,757	\$8,393,209			\$ 53,452	.64
AVERAGES						
Miles per revenue passenger.....	249.99	238.49	11.50	4.82		
Revenue per passenger-mile.....	\$ .01664	\$ .01683			\$ .00019	1.13
Revenue per passenger.....	\$ 4.16	\$ 4.01	\$ .15	3.74		
Revenue passengers per train.....	32.85	33.71			.86	2.55
Revenue passengers per passenger carrying car.....	9.70	10.04			.34	3.39
Revenue passenger miles per mile of road.....	41,233	41,973			740	1.76



# FREIGHT TRAIN PERFORMANCE



Freight Train Along Flathead River in the Rocky Mountains.

The rising line showing the gross ton miles per train hour indicates that this average was 37,919 in 1940, an increase of 36% over the 27,940 figure for 1931. This shows the increase in transportation produced for each hour of train service, and reflects the increase in train load and increase in train speed. The increase in gross ton miles per ton of fuel consumed (the middle line) from 14,546 in 1931 to 17,787 in 1940 shows the improving fuel performance, the same transportation being produced with less fuel consumed. The lowest line shows the increase in train load to 1,057 net tons in 1940, the greatest train load in the 10-year period.

YEAR	GROSS TON MILES PER TRAIN HOUR	GROSS TON MILES PER TON OF FUEL CONSUMED	TRAIN LOAD (NET TONS ALL FREIGHT)
1940	37,919	17,787	1,057
1939	35,462	16,874	1,017
1938	31,526	15,296	885
1937	33,609	16,150	1,026
1936	32,574	15,463	957
1935	31,857	14,745	879
1934	29,294	14,281	793
1933	28,525	14,451	791
1932	24,991	13,285	656
1931	27,940	14,546	855



# ANNUAL REPORT FOR 1940

## \*MILEAGE OWNED AT CLOSE OF YEAR (INCLUDING MILEAGE OWNED BY PROPRIETARY COMPANIES WHOSE OPERATIONS ARE INCLUDED IN THIS REPORT)

STATE OR PROVINCE	MAIN TRACKS		TOTAL MILES OF ROAD	SECOND AND OTHER MAIN TRACKS	YARDS, SIDINGS, SPURS, ETC.	TOTAL TRACK MILEAGE
	MAIN LINE	BRANCHES				
Wisconsin.....	38.35	.....	38.35	19.74	166.72	224.81
Minnesota.....	1,106.68	958.80	2,065.48	175.01	758.80	2,999.29
North Dakota.....	739.61	1,170.74	1,910.35	53.15	435.54	2,399.04
South Dakota.....	.....	358.97	358.97	.....	45.31	404.28
Iowa.....	.....	78.02	78.02	.....	35.63	113.65
Montana.....	1,302.68	551.10	1,853.78	120.24	524.86	2,498.88
Idaho.....	79.45	27.66	107.11	.....	28.88	135.99
Washington.....	467.03	470.50	937.53	69.83	449.62	1,456.98
Oregon.....	92.97	15.41	108.38	.....	57.19	165.57
California.....	65.75	33.49	99.24	.....	18.23	117.47
Manitoba.....	.....	5.66	5.66	.....	8.82	14.48
British Columbia.....	34.51	144.76	179.27	7.07	33.16	219.50
Total ownership.....	3,927.03	3,815.11	7,742.14	445.04	2,562.76	10,749.94
Miles owned but not operated included above.....	.02	86.65	86.67	.....	18.64	105.31
*Proportion of jointly owned mileage belonging to other companies included above.....	7.15	25.37	32.52	1.11	70.52	104.15

## MILEAGE OPERATED AT CLOSE OF YEAR

STATE OR PROVINCE	MAIN TRACKS		TOTAL MILES OF ROAD	SECOND AND OTHER MAIN TRACKS	YARDS, SIDINGS, SPURS, ETC.	TOTAL TRACK MILEAGE
	MAIN LINE	BRANCHES				
Wisconsin.....	44.30	.....	44.30	25.40	166.97	236.67
Minnesota.....	1,107.76	976.39	2,084.15	237.76	795.34	3,117.25
North Dakota.....	739.61	1,170.74	1,910.35	53.15	435.38	2,398.88
South Dakota.....	.....	364.13	364.13	.....	45.31	409.44
Iowa.....	.....	78.02	78.02	.....	35.63	113.65
Montana.....	1,320.41	523.18	1,843.59	138.29	602.84	2,584.72
Idaho.....	79.45	27.66	107.11	.....	28.88	135.99
Washington.....	643.22	488.85	1,132.07	207.64	532.77	1,872.48
Oregon.....	179.21	.....	179.21	9.40	123.75	312.36
California.....	65.75	34.72	100.47	.....	19.83	120.30
Manitoba.....	68.31	6.41	74.72	2.39	24.15	101.26
British Columbia.....	35.44	112.28	147.72	7.07	26.97	181.76
Total mileage (all tracks).....	4,283.46	3,782.38	8,065.84	681.10	2,837.82	11,584.76



# GREAT NORTHERN RAILWAY COMPANY

INCLUDES EQUIPMENT OWNED BY WESTERN FRUIT EXPRESS COMPANY AND VANCOUVER, VICTORIA  
AND EASTERN RAILWAY AND NAVIGATION COMPANY, WHOLLY OWNED SUBSIDIARIES.

CLASS	1940	1939
<b>LOCOMOTIVES</b>		
*Steam locomotives.....	888	904
Electric locomotives.....	15	15
Diesel locomotives.....	32	29
Total locomotives.....	935	948
<b>FREIGHT-TRAIN CARS</b>		
Box cars.....	24,262	25,265
Flat cars.....	2,869	2,910
Stock cars.....	1,888	1,888
Coal cars.....	2,897	2,955
Ore cars.....	8,038	8,529
Refrigerator cars.....	7,050	7,158
*Caboose cars.....	404	419
Other freight-train cars.....	25	25
Total freight equipment.....	47,433	49,149
<b>PASSENGER-TRAIN CARS</b>		
Coaches.....	183	204
Combination passenger cars.....	35	37
Motor cars.....	35	36
Other combination cars.....	84	84
Dining cars.....	24	24
Parlor cars.....	8	11
Sleeping cars.....	1	3
Baggage and express cars.....	340	342
Postal cars.....	14	14
Other passenger-train cars.....	5	5
Total passenger equipment.....	729	760
<b>COMPANY SERVICE EQUIPMENT</b>		
Officers' cars.....	14	17
Ballast cars.....	97	97
Derrick cars.....	34	37
Wrecking cars.....	158	152
*Other company service rail equipment.....	1,967	1,715
Total company service rail equipment.....	2,270	2,018
<b>HIGHWAY MOTOR VEHICLES</b>		
Revenue.....	29	26
Company service.....	136	127

The investment in the above equipment is:

Great Northern Railway Company.....	\$133,803,557
Western Fruit Express Company.....	15,007,254
Vancouver, Victoria and Eastern Railway and Navigation Company.....	3,336

Total.....\$148,814,147

\*Does not include 2 steam locomotives, 1 caboose car and 1 snow dozer owned by the Midland Railway Company of Manitoba, which is owned by the Great Northern and Northern Pacific railway companies jointly.



# ANNUAL REPORT FOR 1940

## LOCOMOTIVE EQUIPMENT OWNED

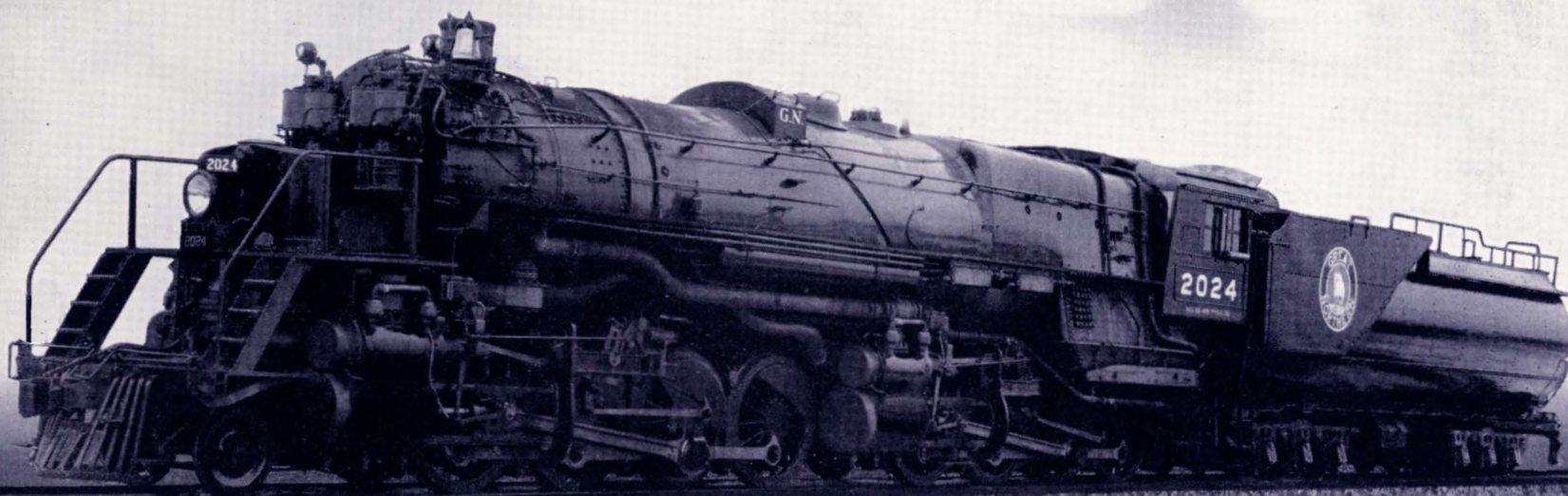
AVERAGE TRACTIVE POWER AND WEIGHT OF STEAM AND OTHER LOCOMOTIVES  
AS OF DECEMBER 31.

KIND	YEAR	NUMBER	TRACTIVE POWER		WEIGHT EXCLUSIVE OF TENDER		AVERAGE WEIGHT ON DRIVERS PER LOCOMOTIVE (TONS)
			TOTAL (POUNDS)	AVERAGE PER LOCOMOTIVE (POUNDS)	TOTAL (TONS)	AVERAGE PER LOCOMOTIVE (TONS)	
STEAM LOCOMOTIVES	1940	888	51,369,620	57,849	125,194	140.98	113.97
	1939	904	51,425,041	56,886	126,435	139.86	113.08
	1938	942	52,109,072	55,317	128,997	136.94	110.93
	1937	964	52,657,141	54,624	131,457	136.37	109.99
	1936	1,001	53,653,168	53,600	134,275	134.14	108.25
	1935	1,025	54,404,826	53,078	136,128	132.81	107.56
	1934	1,026	54,440,026	53,060	136,239	132.79	107.52
	1933	1,049	55,007,134	52,438	137,904	131.46	106.54
	1932	1,049	55,004,934	52,436	137,904	131.46	106.54
	1931	1,087	55,983,686	51,503	140,829	129.56	104.90
ELECTRIC LOCOMOTIVES	1940	15	1,845,720	123,048	3,929	261.93	205.12
DIESEL LOCOMOTIVES	1940	32	1,842,585	57,581	3,682	115.06	115.06
TOTAL LOCOMOTIVES	1940	935	55,057,925	58,885	132,805	142.04	115.47

## CONDITION OF STEAM LOCOMOTIVES DECEMBER 31, 1940 AND DECEMBER 31, 1939

CONDITION	DECEMBER 31, 1940		DECEMBER 31, 1939	
	NUMBER	PER CENT	NUMBER	PER CENT
Good or fair.....	745	83.90	756	83.63
Out of service at shops and awaiting shops.....	143	16.10	148	16.37
Total.....	888	100.00	904	100.00
Number of oil-burning locomotives.....	349	39.30	341	37.72
Number of locomotives equipped with superheaters.....	673	75.79	678	75.00
Number of locomotives equipped with stokers.....	237	26.69	249	27.54
Number of locomotives equipped with boosters.....	51	5.74	51	5.64

Heavy freight Mallet locomotive rebuilt and modernized at company shops with new high pressure boiler (300 pounds per square inch) and new cast steel engine bed frames with integral cast cylinders. Tractive effort increased 18.4% to 118,400 pounds. Nine of these locomotives were finished in 1940 at a cost of approximately \$110,000 each and sixteen more will be completed in 1941. Substantial reduction in fuel costs are being realized from the new units and maintenance costs will be lowered because of the new features in these locomotives.







*1500 of these 75-ton steel ore cars were delivered in 1940.*

#### FREIGHT CAR EQUIPMENT OWNED AND LEASED

(INCLUDES REFRIGERATOR CARS OWNED AND LEASED BY WESTERN FRUIT EXPRESS COMPANY, A WHOLLY OWNED SUBSIDIARY)

CAPACITY OF FREIGHT CAR EQUIPMENT—TONS  
AS OF DECEMBER 31, 1936 TO 1940

KIND	DECEMBER 31				
	1940	1939	1938	1937	1936
Box cars.....	964,760	905,360	856,370	866,990	843,030
Auto cars.....	88,460	166,150	206,620	206,030	197,010
Flat cars.....	135,460	137,810	143,140	133,860	130,510
Stock cars.....	73,240	73,240	89,310	89,070	112,350
Coal cars.....	149,930	152,730	160,830	164,980	162,630
Refrigerator cars.....	220,530	223,345	224,805	225,418	226,105
Ore cars.....	559,325	546,375	564,075	568,625	554,725
Other freight-train cars.....	1,250	1,250	2,880	14,190	21,520
Total.....	2,192,955	2,206,260	2,248,030	2,269,163	2,247,880



# ANNUAL REPORT FOR 1940

## FREIGHT CAR EQUIPMENT OWNED AND LEASED

(INCLUDES REFRIGERATOR CARS OWNED AND LEASED BY WESTERN FRUIT EXPRESS COMPANY, A WHOLLY OWNED SUBSIDIARY)

### AVERAGE CAPACITY OF FREIGHT CAR EQUIPMENT—TONS AS OF DECEMBER 31, 1936 TO 1940

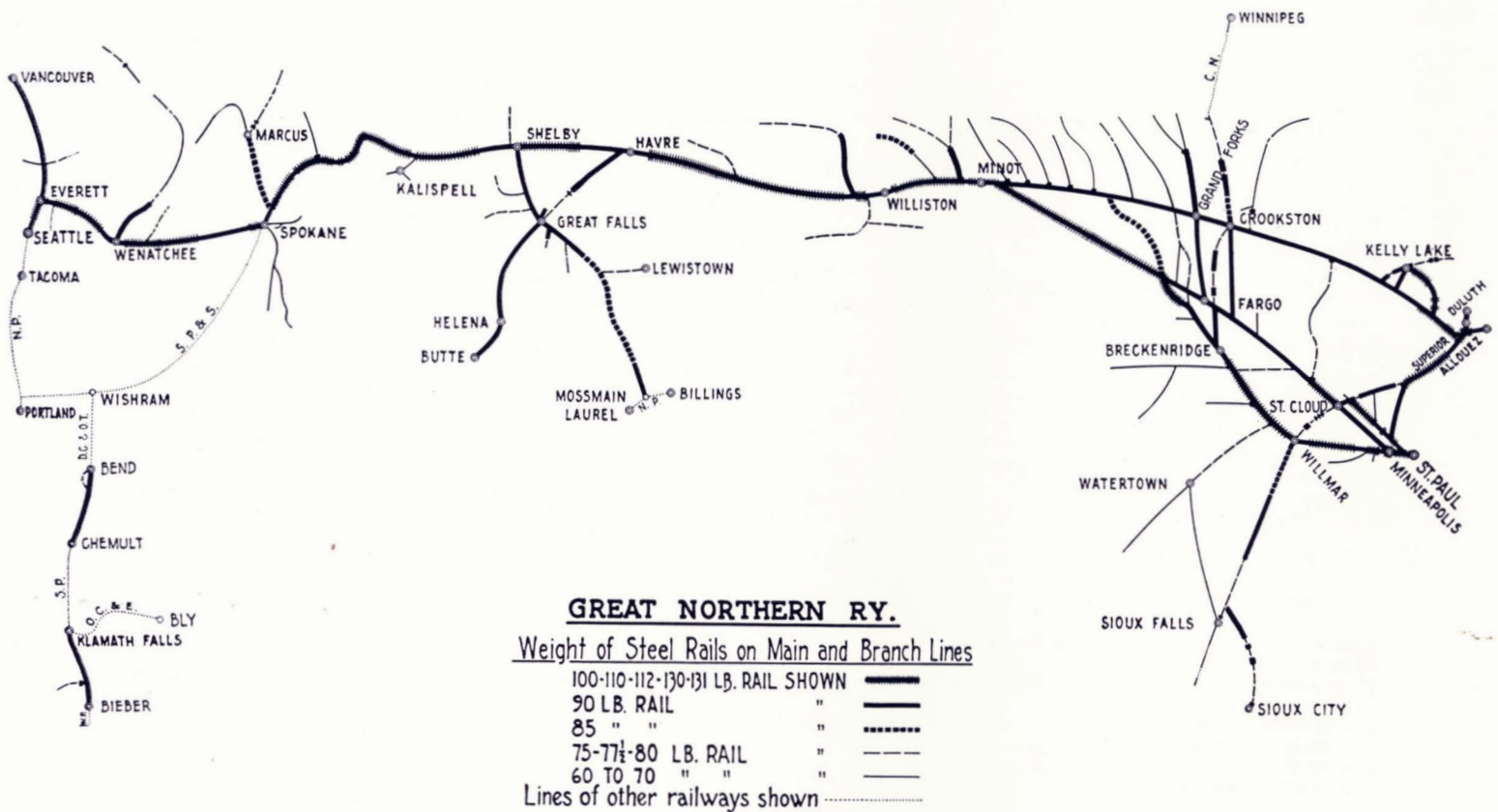
KIND	DECEMBER 31				
	1940	1939	1938	1937	1936
Box cars.....	42.99	41.42	40.55	40.52	40.05
Auto cars.....	48.60	48.77	48.10	47.98	45.81
Flat cars.....	47.22	47.36	47.73	47.60	47.22
Stock cars.....	37.62	37.62	33.33	33.35	32.59
Coal cars.....	51.75	51.69	51.60	51.56	51.58
Refrigerator cars.....	31.28	31.20	31.17	31.17	31.16
Ore cars.....	69.59	64.06	63.50	63.36	62.01
Other freight-train cars.....	50.00	50.00	49.66	49.79	49.81
Average—all freight cars.....	46.23	45.28	44.64	44.61	43.78

*To keep abreast of demands of lumber shippers for large capacity cars, 5000 of these 40 ft. 50-ton box cars were ordered in 1939-1940. They would occupy 42 miles of track.*





# GREAT NORTHERN RAILWAY COMPANY



STEEL RAIL IN MAIN, SECOND, THIRD AND FOURTH TRACKS

WEIGHT (POUNDS PER YARD)	MAIN LINE (MILES)	BRANCHES (MILES)	SECOND, THIRD AND FOURTH TRACKS (MILES)	TOTAL MILES	
				DECEMBER 31, 1940	DECEMBER 31, 1939
131 .....	11.19	.....	.53	11.72	1.82
130 .....	57.17	.....	11.48	68.65	71.50
112 .....	229.87	.04	14.52	244.43	106.21
110 .....	966.41	20.26	72.48	1,059.15	1,057.91
100 .....	188.42	.34	34.24	223.00	224.19
90 .....	2,199.00	446.53	299.47	2,945.00	2,984.31
85 .....	157.91	277.14	6.58	441.63	455.00
80 .....	55.83	232.21	.65	288.69	280.01
77½ .....	57.84	512.96	3.96	574.76	600.55
75 .....	3.37	372.31	1.13	376.81	381.90
70 .....	.....	143.58	.....	143.58	119.92
68 .....	.....	371.55	.....	371.55	378.61
66½ .....	.....	8.66	.....	8.66	8.66
65 .....	.....	6.86	.....	6.86	6.86
60 .....	.....	1,417.03	.....	1,417.03	1,507.15
Total....	3,927.01	3,809.47	445.04	8,181.52	8,184.60



# ANNUAL REPORT FOR 1940

## CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

### INCOME ACCOUNT

ITEM	1940	1939	INCREASE	DECREASE
Average mileage of road operated.....	8,973	8,973	.....	.....
<b>OPERATING INCOME</b>				
Railway operating revenues.....	\$97,631,242	\$96,131,794	\$1,499,448	.....
Railway operating expenses.....	71,853,873	70,885,896	967,977	.....
Net revenue from railway operations.....	25,777,369	25,245,898	531,471	.....
Railway tax accruals.....	8,697,632	8,616,802	80,830	.....
Railway operating income.....	17,079,737	16,629,096	450,641	.....
Equipment rents—net debit.....	1,952,935	2,227,271	.....	\$274,336
Joint facility rents—net debit.....	2,044,024	2,131,373	.....	87,349
Net railway operating income.....	13,082,778	12,270,452	812,326	.....
<b>OTHER INCOME</b>				
Income from lease of road and equipment.....	121,510	122,682	.....	1,172
Miscellaneous rent income.....	545,041	508,712	36,329	.....
Miscellaneous nonoperating physical property.....	94,988	128,916	.....	33,928
Dividend income.....	105,523	169,020	.....	63,497
Income from funded securities.....	153,914	153,763	151	.....
Income from unfunded securities and accounts.....	31,410	30,380	1,030	.....
Release of premiums on funded debt.....	11,847	13,717	.....	1,870
Miscellaneous income.....	6,298	7,775	.....	1,477
Total other income.....	1,070,531	1,134,965	.....	64,434
Total income.....	14,153,309	13,405,417	747,892	.....
<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>				
Miscellaneous rents.....	30,776	24,290	6,486	.....
Miscellaneous tax accruals.....	65,170	67,843	.....	2,673
Miscellaneous income charges.....	6,348	6,480	.....	132
Total miscellaneous deductions.....	102,294	98,613	3,681	.....
Income available for fixed charges.....	14,051,015	13,306,804	744,211	.....
<b>FIXED CHARGES</b>				
Rent for leased roads and equipment.....	81,143	85,228	.....	4,085
Interest on funded debt.....	9,320,917	9,376,771	.....	55,854
Interest on unfunded debt.....	104,034	30,093	73,941	.....
Amortization of discount on funded debt.....	152,057	153,373	.....	1,316
Total fixed charges.....	9,658,151	9,645,465	12,686	.....
Net income.....	4,392,864	3,661,339	731,525	.....
Dividend appropriations of income.....	3,416,774	3,416,774	.....	.....
Income balance transferred to Profit and Loss.....	\$ 976,090	\$ 244,565	\$731,525	.....



# GREAT NORTHERN RAILWAY COMPANY

## CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

### GENERAL BALANCE SHEET

ASSET SIDE	1940	1939	INCREASE	DECREASE
<b>INVESTMENTS</b>				
Investment in road and equipment:				
Road.....	\$436,985,524	\$436,451,569	\$ 533,955	
Equipment.....	138,055,512	132,901,061	5,154,451	
General.....	33,281,228	33,288,841		\$ 7,613
Total.....	608,322,264	602,641,471	5,680,793	
Improvements on leased railway property.....	154,434	154,879		445
Deposits in lieu of mortgaged property sold.....	32,096	269,653		237,557
Miscellaneous physical property.....	5,125,685	5,101,711	23,974	
Investments in affiliated companies:				
Stocks.....	26,585,644	26,585,644		
Notes.....	2,625,177	3,175,520		550,343
Advances.....	9,098,895	8,806,234	292,661	
Total.....	38,309,716	38,567,398		257,682
Other investments:				
Stocks.....	3,737,151	3,750,558		13,407
Bonds.....	225,900	225,900		
Notes.....	121,139	146,249		25,110
Advances.....	950	1,450		500
Miscellaneous.....	88,762	117,412		28,650
Total.....	4,173,902	4,241,569		67,667
Total investments.....	656,118,097	650,976,681	5,141,416	
<b>CURRENT ASSETS</b>				
Cash.....	9,493,153	7,261,906	2,231,247	
Demand loans and deposits.....	151,500		151,500	
Time drafts and deposits.....	405,864	851,165		445,301
Special deposits.....	1,006,003		1,006,003	
Loans and bills receivable.....	6,449	3,785	2,664	
Traffic and car-service balances receivable.....	946,756	783,904	162,852	
Net balance receivable from agents and conductors.....	1,166,139	1,139,388	26,751	
Miscellaneous accounts receivable.....	3,176,553	2,771,014	405,539	
Material and supplies.....	8,979,470	10,306,495		1,327,025
Interest and dividends receivable.....	11,885	11,885		
Rents receivable.....	22,581	22,936		355
Other current assets.....	76,919	78,471		1,552
Total current assets.....	25,443,272	23,230,949	2,212,323	
<b>DEFERRED ASSETS</b>				
Working fund advances.....	36,984	34,952	2,032	
Other deferred assets.....	128,054	167,953		39,899
Total deferred assets.....	165,038	202,905		37,867
<b>UNADJUSTED DEBITS</b>				
Rents and insurance premiums paid in advance.....	67,037	72,650		5,613
Discount on funded debt.....	3,845,637	3,997,694		152,057
Other unadjusted debits.....	1,849,697	1,945,569		95,872
Total unadjusted debits.....	5,762,371	6,015,913		253,542
Grand total.....	\$687,488,778	\$680,426,448	\$7,062,330	



# ANNUAL REPORT FOR 1940

## CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

### GENERAL BALANCE SHEET

LIABILITY SIDE	1940	#1939	INCREASE	DECREASE
<b>STOCK</b>				
Capital stock .....	\$170,839,100	\$170,839,100		
<b>GOVERNMENTAL GRANTS</b>				
Grants in aid of construction .....	889,167	575,185	\$ 313,982	
<b>LONG-TERM DEBT</b>				
Funded debt unmatured .....	266,969,000	268,429,000		\$1,460,000
Less—Held by or for the Company .....	38,372,000	38,372,000		
	228,597,000	230,057,000		1,460,000
Total capital liabilities .....	400,325,267	401,471,285		1,146,018
<b>CURRENT LIABILITIES</b>				
Traffic and car-service balances payable .....	1,497,096	1,350,279	146,817	
Audited accounts and wages payable .....	4,314,417	4,676,134		361,717
Miscellaneous accounts payable .....	216,130	183,676	32,454	
Interest matured unpaid .....	967,716	947,170	20,546	
Unmatured interest accrued .....	2,315,080	2,301,002	14,078	
Other current liabilities .....	362,687	314,296	48,391	
Total current liabilities .....	9,673,126	9,772,557		99,431
<b>DEFERRED LIABILITIES</b>				
Other deferred liabilities .....	6,341,593	1,145,474	5,196,119	
Total deferred liabilities .....	6,341,593	1,145,474	5,196,119	
<b>UNADJUSTED CREDITS</b>				
Tax liability .....	5,406,684	5,220,604	186,080	
Premium on funded debt .....	31,799	43,646		11,847
Insurance and casualty reserves .....	1,392,996	1,392,996		
Accrued depreciation—Equipment .....	80,443,144	76,492,654	3,950,490	
Other unadjusted credits .....	2,158,515	1,837,408	321,107	
Total unadjusted credits .....	89,433,138	84,987,308	4,445,830	
<b>CORPORATE SURPLUS</b>				
Additions to property through income and surplus .....	915,138	897,963	17,175	
Funded debt retired through income and surplus .....	44,044,177	44,044,177		
Sinking fund reserves .....	600	600		
Total appropriated surplus .....	44,959,915	44,942,740	17,175	
Profit and loss credit balance .....	136,755,739	138,107,084		1,351,345
Total corporate surplus .....	181,715,654	183,049,824		1,334,170
Grand total .....	\$687,488,778	\$680,426,448	\$7,062,330	

#1939 figures revised to 1940 basis.



# GREAT NORTHERN RAILWAY COMPANY

## CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

### PROFIT AND LOSS ACCOUNT

CREDITS			
Credit balance at beginning of year.....			\$138,107,084
Credit balance transferred from income.....	\$ 976,090		
Credits from retired road and equipment.....	3,213		
Donations.....	17,175		
Miscellaneous credits.....	46,177	\$1,042,655	
DEBITS			
Surplus appropriated for investment in physical property.....	17,175		
Debits from retired road and equipment.....	2,022,170		
Miscellaneous debits.....	354,655	2,394,000	
Net debit for year 1940.....			1,351,345
Credit balance, December 31, 1940, carried to balance sheet.....			\$136,755,739

## SPOKANE, PORTLAND AND SEATTLE RAILWAY SYSTEM

(SPOKANE, PORTLAND AND SEATTLE RAILWAY, OREGON TRUNK RAILWAY,  
OREGON ELECTRIC RAILWAY AND UNITED RAILWAYS COMPANIES)  
(INTERCOMPANY TRANSACTIONS ELIMINATED)

### PROFIT AND LOSS ACCOUNT

DEBITS			
Debit balance at beginning of year.....			\$67,707,848
Debit balance transferred from income.....	\$2,188,300		
Surplus appropriated for investment in physical aproperty.....	6,629		
Debt discount extinguished through surplus.....	15,380		
Debits from retired road and equipment.....	73,465		
Miscellaneous debits.....	56,941	\$2,340,715	
CREDITS			
Donations.....	6,629		
Miscellaneous credits.....	11,386	18,015	
Net debit for year 1940.....			2,322,700
Debit balance, December 31, 1940, carried to balance sheet.....			\$70,030,548



# ANNUAL REPORT FOR 1940

## SPOKANE, PORTLAND AND SEATTLE RAILWAY SYSTEM (SPOKANE, PORTLAND AND SEATTLE RAILWAY, OREGON TRUNK RAILWAY, OREGON ELECTRIC RAILWAY AND UNITED RAILWAYS COMPANIES) (INTERCOMPANY TRANSACTIONS ELIMINATED)

### INCOME ACCOUNT

ITEM	1940	1939	INCREASE	DECREASE
Average mileage of road operated.....	948	948		
<b>OPERATING INCOME</b>				
Railway operating revenues.....	\$9,718,807	\$8,645,562	\$1,073,245	
Railway operating expenses.....	6,786,882	6,194,682	592,200	
Net revenue from railway operations.....	2,931,925	2,450,880	481,045	
Railway tax accruals.....	910,166	923,791		\$ 13,625
Railway operating income.....	2,021,759	1,527,089	494,670	
Equipment rents—net debit.....	854,354	800,864	53,490	
Joint facility rents—net credit.....	114,671	94,798	19,873	
Net railway operating income.....	1,282,076	821,023	461,053	
<b>OTHER INCOME</b>				
Miscellaneous rent income.....	56,391	50,103	6,288	
Miscellaneous nonoperating physical property.....	139,049	125,829	13,220	
Income from funded securities.....	759	20,891		20,132
Income from unfunded securities and accounts.....		26,229		26,229
Release of premiums on funded debt.....	1,650	2,277		627
Miscellaneous income.....		54		54
Total other income.....	197,849	225,383		27,534
Total income.....	1,479,925	1,046,406	433,519	
<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>				
Miscellaneous rents.....	4,871	4,362	509	
Miscellaneous tax accruals.....	33,685	35,020		1,335
Miscellaneous income charges.....	471	526		55
Total miscellaneous deductions.....	39,027	39,908		881
Income available for fixed charges.....	1,440,898	1,006,498	434,400	
<b>FIXED CHARGES</b>				
Rent for leased roads and equipment.....	42,872	42,891		19
Interest on funded debt.....	3,140,720	3,153,287		12,567
Interest on unfunded debt.....	987	1,159		172
Amortization of discount on funded debt.....	444,619	445,457		838
Total fixed charges.....	3,629,198	3,642,794		13,596
Net deficit.....	\$2,188,300	\$2,636,296		\$447,996

The above income account is a consolidated statement of the Spokane, Portland and Seattle Railway Company and the subsidiary companies shown, and therefore, there have been eliminated from nonoperating income and from fixed charges contra items arising from ownership of inter-company bonds and other obligations in the following amounts:

	1940	1939
Interest on United Railways First Mortgage Bonds.....	\$ 22,500	\$ 22,500
Interest on Oregon Electric Railway Company First Mortgage Bonds.....	53,746	
Interest on notes and advances.....	1,995,090	1,955,418
Interest received from subsidiary companies.....	Cr. 249,833	Cr. 144,900
The Great Northern Railway Company owns one-half of the stocks and bonds issued by the Spokane, Portland and Seattle Railway Company. These securities, including advances, are carried in the investment account (on page 21) as follows:		
	Par Value	Book Value
Stock.....	\$20,000,000	\$20,000,000
Bonds.....	36,855,000	25,798,500
Advances.....	905,000	905,000
Total.....		\$46,703,500

The Spokane, Portland and Seattle Railway Company owns the entire issue of stock of the Oregon Trunk Railway and of stock and bonds of the United Railways Company, also 98 per cent of the stock and 92 per cent of the bonds of the Oregon Electric Railway Company.

#### Average mileage of road operated year 1940:

Spokane, Portland and Seattle Railway Company.....	552.85 miles
Oregon Trunk Railway.....	151.93 miles
Oregon Electric Railway Company.....	192.78 miles
United Railways Company.....	50.15 miles
Total.....	947.71 miles



# GREAT NORTHERN RAILWAY COMPANY

## SPOKANE, PORTLAND AND SEATTLE RAILWAY SYSTEM

(SPOKANE, PORTLAND AND SEATTLE RAILWAY, OREGON TRUNK RAILWAY,  
OREGON ELECTRIC RAILWAY AND UNITED RAILWAYS COMPANIES)

(INTERCOMPANY TRANSACTIONS ELIMINATED)

### GENERAL BALANCE SHEET

ASSET SIDE	1940	1939	INCREASE	DECREASE
<b>INVESTMENTS</b>				
Investment in road and equipment:				
Road.....	\$ 89,255,510	\$ 88,556,246	\$699,264	
Equipment.....	6,391,264	6,416,843		\$ 25,579
General expenditures.....	5,439,869	5,439,869		
Total.....	101,086,643	100,412,958	673,685	
Deposits in lieu of mortgaged property sold.....	170,044	153,157	16,887	
Miscellaneous physical property.....	3,319,953	3,370,311		50,358
Investments in affiliated companies:				
Stocks.....	50,102	50,102		
Notes.....	101,327	101,327		
Advances.....	1,566,378	1,579,794		13,416
Total.....	1,717,807	1,731,223		13,416
Other investments:				
Notes.....	18,997	17,664	1,333	
Miscellaneous.....	44,839	76,929		32,090
Total.....	63,836	94,593		30,757
Total investments.....	106,358,283	105,762,242	596,041	
<b>CURRENT ASSETS</b>				
Cash.....	553,881	783,113		229,232
Special deposits.....	13,170	15,654		2,484
Loans and bills receivable.....	2,667	5	2,662	
Traffic and car-service balances receivable.....	303,079	167,242	135,837	
Net balance receivable from agents and conductors.....	112,220	102,132	10,088	
Miscellaneous accounts receivable.....	735,037	651,111	83,926	
Material and supplies.....	933,109	766,316	166,793	
Interest and dividends receivable.....	67	61	6	
Other current assets.....	19,161	16,658	2,503	
Total current assets.....	2,672,391	2,502,292	170,099	
<b>DEFERRED ASSETS</b>				
Working fund advances.....	2,329	2,329		
Insurance and other funds.....	20,500	20,300	200	
Other deferred assets.....	358,209	1,155,866		797,657
Total deferred assets.....	381,038	1,178,495		797,457
<b>UNADJUSTED DEBITS</b>				
Rents and insurance premiums paid in advance.....	19,649	30,113		10,464
Discount on funded debt.....	8,966,476	9,426,475		459,999
Other unadjusted debits.....	666,568	344,087	322,481	
Total unadjusted debits.....	9,652,693	9,800,675		147,982
Grand total.....	\$119,064,405	\$119,243,704		\$179,299



# ANNUAL REPORT FOR 1940

## SPOKANE, PORTLAND AND SEATTLE RAILWAY SYSTEM (SPOKANE, PORTLAND AND SEATTLE RAILWAY, OREGON TRUNK RAILWAY, OREGON ELECTRIC RAILWAY AND UNITED RAILWAYS COMPANIES) (INTERCOMPANY TRANSACTIONS ELIMINATED)

### GENERAL BALANCE SHEET

LIABILITY SIDE	1940	#1939	INCREASE	DECREASE
<b>STOCK</b>				
Capital stock .....	\$ 40,045,800	\$ 40,045,800	.....	.....
<b>GOVERNMENTAL GRANTS</b>				
Grants in aid of construction .....	465,409	206,050	\$ 259,359	.....
<b>LONG-TERM DEBT</b>				
Funded debt unmatured .....	82,791,000	82,911,000	.....	\$ 120,000
Less—Held by or for the company .....	8,083,000	8,080,000	3,000	.....
	74,708,000	74,831,000	.....	123,000
Nonnegotiable debt to affiliated companies:				
Open accounts .....	5,927,947	6,244,339	.....	316,392
Total long-term debt .....	80,635,947	81,075,339	.....	439,392
Total capital liabilities .....	121,147,156	121,327,189	.....	180,033
<b>CURRENT LIABILITIES</b>				
Traffic and car-service balances payable .....	641,438	329,061	312,377	.....
Audited accounts and wages payable .....	578,407	531,639	46,768	.....
Miscellaneous accounts payable .....	18,382	27,557	.....	9,175
Interest matured unpaid .....	13,170	15,654	.....	2,484
Unmatured interest accrued .....	983,594	988,611	.....	5,017
Other current liabilities .....	62,512	47,083	15,429	.....
Total current liabilities .....	2,297,503	1,939,605	357,898	.....
<b>DEFERRED LIABILITIES</b>				
Liability for provident funds .....	20,500	20,300	200	.....
Matured interest in default .....	56,850,438	54,402,038	2,448,400	.....
Other deferred liabilities .....	3,988,147	3,683,078	305,069	.....
Total deferred liabilities .....	60,859,085	58,105,416	2,753,669	.....
<b>UNADJUSTED CREDITS</b>				
Tax liability .....	390,144	373,830	16,314	.....
Premium on funded debt .....	11,548	13,198	.....	1,650
Accrued depreciation—Equipment .....	3,340,286	3,510,423	.....	170,137
Other unadjusted credits .....	896,775	1,534,697	.....	637,922
Total unadjusted credits .....	4,638,753	5,432,148	.....	793,395
<b>CORPORATE SURPLUS</b>				
Additions to property through income and surplus .....	152,456	147,194	5,262	.....
Total appropriated surplus .....	152,456	147,194	5,262	.....
Profit and loss debit balance .....	70,030,548	67,707,848	2,322,700	.....
Total corporate surplus—deficit .....	69,878,092	67,560,654	2,317,438	.....
Grand total .....	\$119,064,405	\$119,243,704	.....	\$ 179,299

#1939 figures revised to 1940 basis.





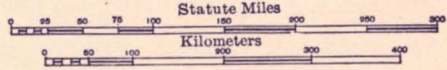
**GREAT NORTHERN RAILWAY SYSTEM**.....

**BURLINGTON LINES**.....

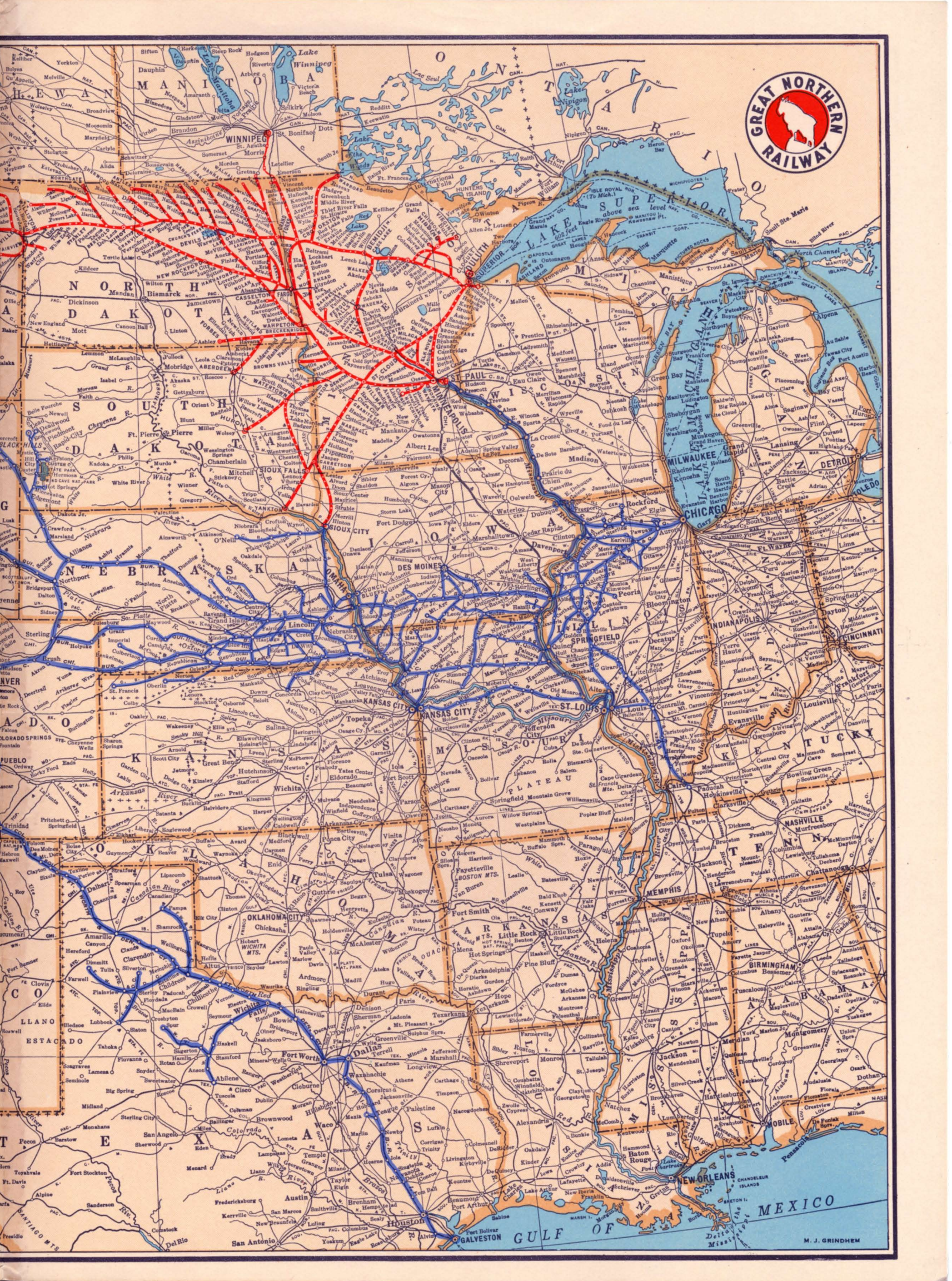
**SPOKANE, PORTLAND & SEATTLE RAILWAY**.....  
(AND ITS SUBSIDIARY LINES)

Main Connections..... Other Railroads.....

Steamship Lines..... Standard Time Division..... + + + +











SERVING



WISCONSIN  
MINNESOTA

IOWA

SOUTH DAKOTA  
NORTH DAKOTA  
MONTANA

IDAHO

WASHINGTON

OREGON

CALIFORNIA

MANITOBA

BRITISH COLUMBIA