

# GREAT NORTHERN RAILWAY CO.

58th ANNUAL REPORT · 1946



P-39 S P & S P-39 Inc Bal transferred to  
"earned surplus"  
P-36- Could Sale Contracts - leave out "notes  
evidencing" as last ones have no notes  
Genl B/S - "Notes Evidencing" wrong?

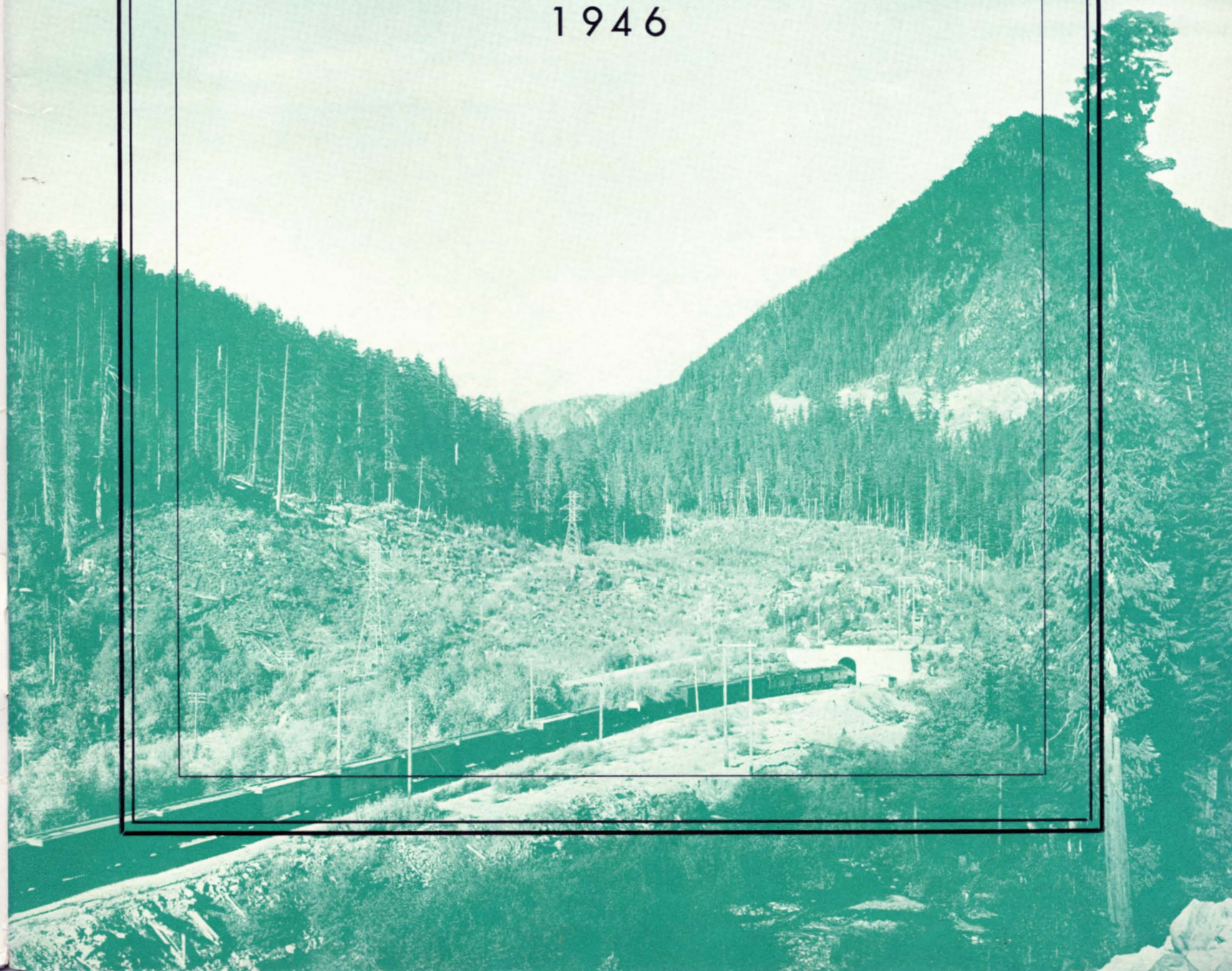
**COVER PICTURE**

THE *New* EMPIRE BUILDER  
along the Columbia River east  
of Wenatchee, Washington.

58TH ANNUAL REPORT

# GREAT NORTHERN RAILWAY COMPANY

1946



# GREAT NORTHERN RAILWAY COMPANY

## STOCKHOLDERS

35,196 Stockholders, November 8, 1946.

## BOARD OF DIRECTORS

Term Expires May 8, 1947

F. PEAVEY HEFFELFINGER . . . Minneapolis  
GRANT KEEHN . . . New York  
RICHARD C. LILLY . . . St. Paul  
WALTER G. SEEGER . . . St. Paul

Term Expires May 13, 1948

J. STEWART BAKER . . . New York  
FRANK J. GAVIN . . . St. Paul  
LOUIS W. HILL . . . St. Paul  
FREDERICK K. WEYERHAEUSER . St. Paul

Term Expires May 12, 1949

SHREVE M. ARCHER . . . Minneapolis  
FRANK F. HENRY . . . Buffalo  
WILLIAM L. McKNIGHT . . . St. Paul  
ARCHIBALD W. WITHERSPOON . Spokane

## EXECUTIVE COMMITTEE

SHREVE M. ARCHER  
FRANK F. HENRY  
FRANK J. GAVIN  
LOUIS W. HILL  
RICHARD C. LILLY

## OFFICERS

F. J. GAVIN, President . . . St. Paul  
V. P. TURNBURKE, Vice President, Executive Department . . . St. Paul  
T. BALMER, Vice President . . . Seattle  
C. O. JENKS, Vice President, Operating Department . . . St. Paul  
E. C. MATTHIAS, Vice President and General Counsel . . . St. Paul  
C. E. FINLEY, Vice President, Traffic Department . . . St. Paul  
H. G. DOW, Vice President, Foreign Department . . . New York  
F. L. PAETZOLD, Secretary and Treasurer . . . St. Paul  
J. A. TAUER, Comptroller . . . St. Paul  
V. N. WAHLBERG, General Auditor . . . St. Paul  
C. McDONOUGH, General Manager, Lines East of Williston . . . Duluth  
I. E. MANION, General Manager, Lines West of Williston . . . Seattle  
J. B. SMITH, General Superintendent Transportation . . . St. Paul  
I. G. POOL, General Superintendent Motive Power . . . St. Paul  
H. J. SEYTON, Chief Engineer . . . St. Paul  
A. N. CRENSHAW, Purchasing Agent . . . St. Paul  
W. L. SCHOETTLER, 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. F. ZIEGAHN, Assistant Secretary . . . St. Paul

## EMPLOYES

27,582 Average Number For 1946

Principal Office: Great Northern Building, St. Paul (1), Minn.  
Financial and Transfer Office: 2 Wall Street, New York (5), N. Y.  
Annual Meeting of Stockholders, St. Paul, Minnesota, May 8, 1947

# GREAT NORTHERN RAILWAY COMPANY

EXECUTIVE DEPARTMENT

F. J. GAVIN  
PRESIDENT

ST. PAUL 1, MINNESOTA

April 10, 1947.

To Great Northern Stockholders:

The transition from a war-time to a peace-time economy in 1946 was accompanied by acute changes in operating conditions. Although the \$167,368,485 of revenues exceeded those of any peace-time year, the net income of \$23,457,001 - \$7.59 per share of stock, was some \$2,000,000 less than that earned in both 1928 and 1929. Indeed the \$23,457,001 of net earnings in 1946 was partly due to the \$6,000,000 reduction in taxes from the carry-back provisions of the excess profits tax act.

The main reason for this situation is the higher wage bill for 1946, almost \$83,600,000 compared with some \$48,500,000 in 1928 and 1929. Revenues were \$41,000,000 more in 1946 and fixed charges \$10,000,000 less than for either of those years.

The increase in freight rates as of July 1 added about \$3,000,000 to the revenues, while higher wage rates increased labor costs some \$14,250,000 over 1945. There were also very substantial increases in material costs, and a continuous shortage of manpower and certain materials. Unfavorable physical factors which increased operating costs were also encountered by your Company in 1946, including a continuous shortage of freight cars and several changes in the prevailing direction of loaded traffic. The traffic offered shifted from long-haul, heavy loading commodities to a shorter haul, lighter loading freight, with an increase in the percentage of empty movement.

Taking advantage of a favorable bond market in the spring, a total of \$100,000,000 of General Mortgage Bonds were refinanced, at an average cost to maturity of 2.706%. The annual interest saving is \$750,000, and fixed charges as of December 31, 1946, were about \$7,600,000 per year, including interest on \$5,500,000 of 1.65% conditional sale contracts sold at par as of November 16 to partially finance the acquisition of additional equipment.

Dividends declared during 1946 amounted to \$3 per share, the same as for 1945.

Delivery was completed on the new 12-car passenger trains for the Empire Builder in time to inaugurate daily service between Chicago and the Pacific Northwest on February 23, 1947. The new 45-hour schedule will save one night on the trip and a business day on Coast to Coast journeys.

While it is impossible to accurately forecast the future results, largely because of the uncertainty as to traffic volume, it is hoped that the increase in freight rates (authorized for January 1, 1947, and which should add \$15,000,000 to 1946 revenues), reduction in fixed charges and improved operations as the labor supply becomes stabilized will all contribute to fairly profitable operations during 1947.

For the Board of Directors,

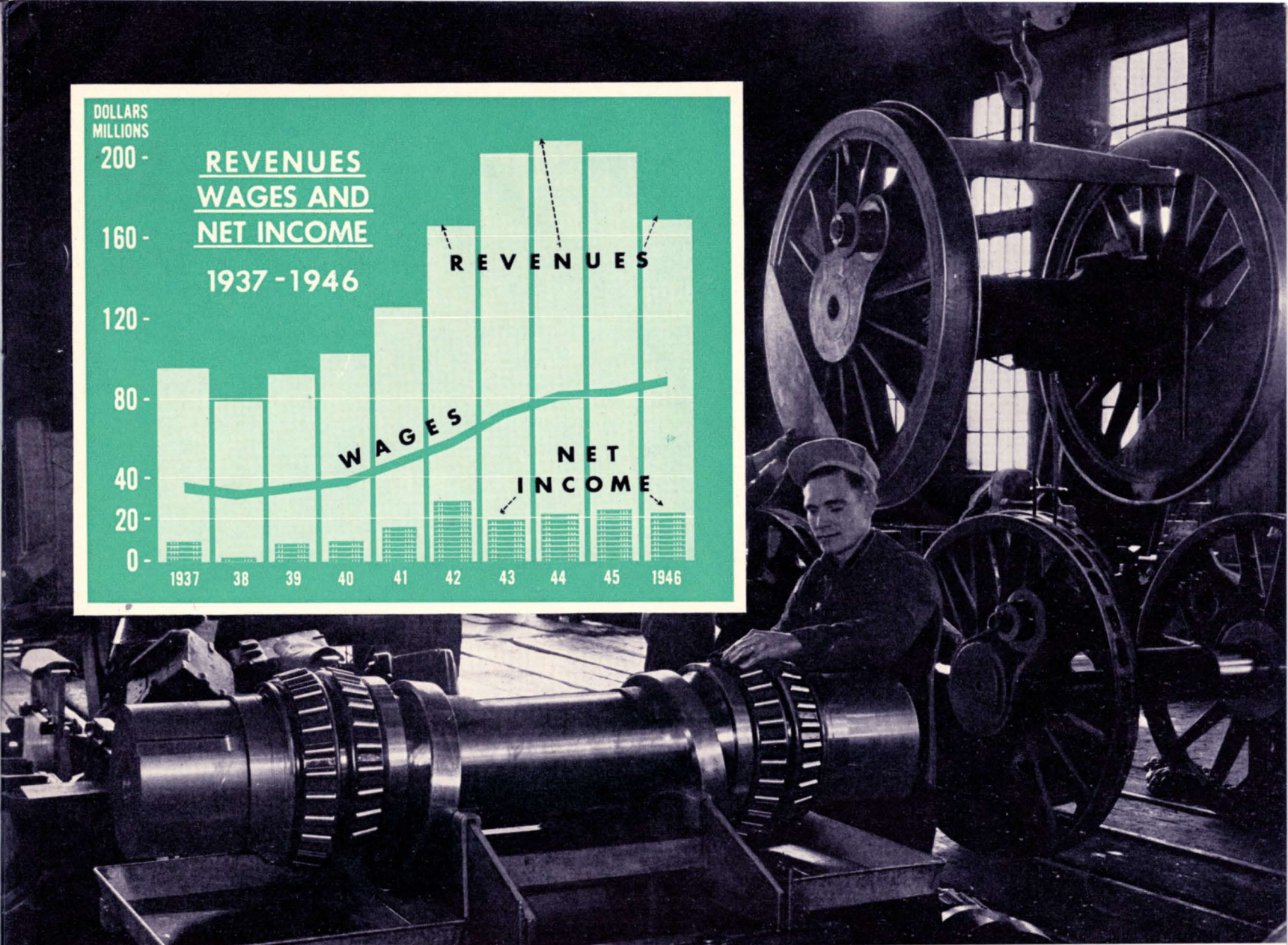
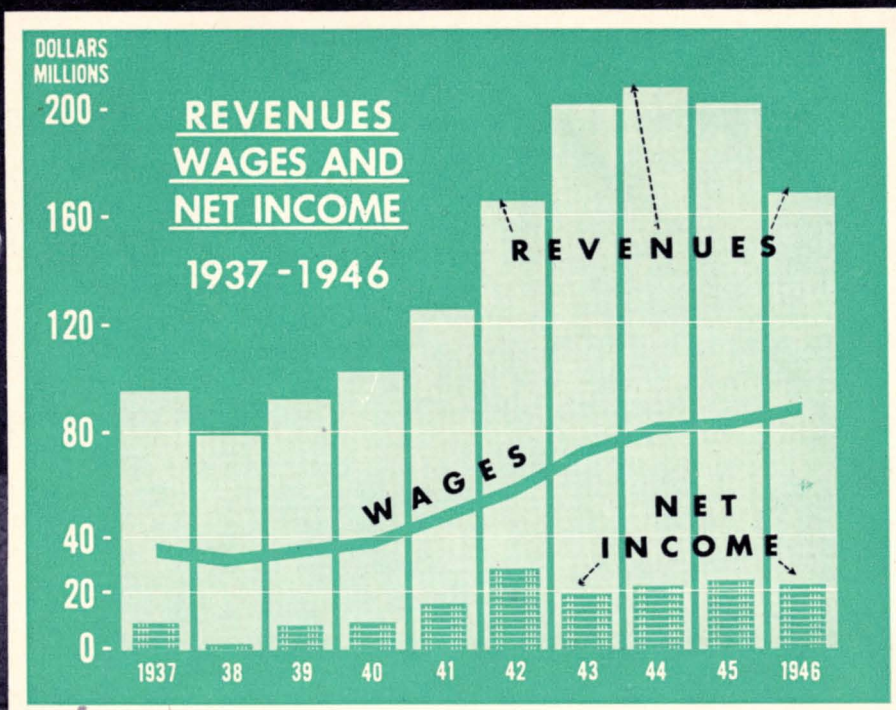
*F. J. Gavin*  
President.

# GREAT NORTHERN HIGHLIGHTS OF 1946

ITEM	1946	1945	1944	1943	1942
OPERATING REVENUES.....	\$167,368,485	\$200,124,504	\$207,657,795	\$200,573,426	\$165,206,031
NET INCOME.....	\$ 23,457,001	\$ 24,157,590	\$ 23,396,966	\$ 19,590,548	\$ 29,054,021
DIVIDENDS PAID.....	\$ 9,277,637	\$ 9,255,749	\$ 5,008,894	\$ 4,997,798	\$ 4,997,795
FIXED CHARGES.....	\$ 8,669,288	\$ 9,936,272	\$ 12,919,278	\$ 12,506,172	\$ 13,710,996
TAXES.....	\$ 10,968,773	\$ 11,347,504	\$ 40,001,258	\$ 48,461,070	\$ 30,727,340
FUNDED DEBT OUTSTANDING, DEC. 31.....	\$237,328,276	\$247,929,556	\$267,089,527	\$290,873,909	\$314,332,338
NUMBER OF SHARES, DEC. 31.....	3,092,547	3,092,543	2,912,223	2,498,899	2,498,899
NET INCOME PER SHARE.....	\$7.59	\$7.81	\$8.03	\$7.84	\$11.63
DIVIDENDS PAID PER SHARE.....	\$3.00	\$3.00	\$2.00	\$2.00	\$2.00
FIXED CHARGES PER SHARE.....	\$2.80	\$3.21	\$4.44	\$5.00	\$5.49
PERCENT EXPENSES TO REVENUES.....	77.53	79.71	63.85	61.21	56.49
TIMES FIXED CHARGES EARNED.....	3.71	3.43	2.81	2.57	3.12



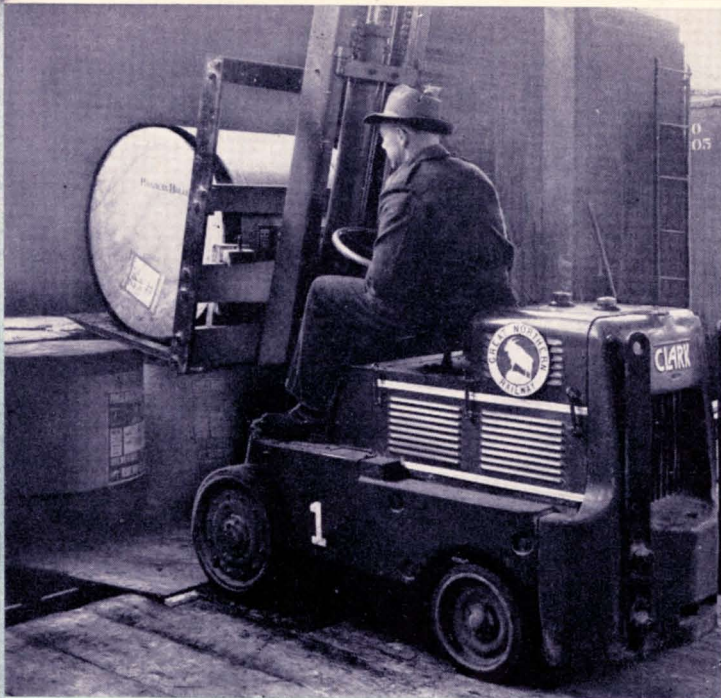
TRAIN NUMBER 27 — THE FAST MAIL.



APPLYING ROLLER BEARINGS TO LOCOMOTIVE DRIVING JOURNALS.

## YOUR COMPANY'S EARNINGS, OR SIMPLIFIED INCOME ACCOUNT

SOURCES OF INCOME	1946	1945	DECREASE-D INCREASE-I
FREIGHT REVENUES.....	\$137,660,549	\$164,379,347	D-\$26,718,798
PASSENGER REVENUES.....	15,985,382	20,887,002	D- 4,901,620
OTHER RAILWAY OPERATING REVENUES.....	13,722,554	14,858,155	D- 1,135,601
DIVIDENDS, INTEREST, ETC., RECEIVED.....	7,734,085	6,674,691	I- 1,059,394
MAKING TOTAL INCOME OF.....	\$175,102,570	\$206,799,195	D-\$31,696,625
DISPOSITION OF INCOME			
WAGES.....	\$ 83,569,489	\$ 81,432,983	I-\$ 2,136,506
TAXES.....	10,968,773	11,347,504	D- 378,731
FOR REPLACEMENTS.....	7,717,477	36,432,571	D- 28,715,094
LOCOMOTIVE FUEL AND POWER.....	10,094,896	10,957,079	D- 862,183
OTHER MATERIALS, RENTALS, ETC.....	30,625,646	32,535,196	D- 1,909,550
LEAVING FOR FIXED CHARGES.....	\$ 32,126,289	\$ 34,093,862	D-\$ 1,967,573
PAID FOR INTEREST ON BONDS, NOTES AND OTHER FIXED CHARGES.....	8,669,288	9,936,272	D- 1,266,984
RESULTING IN NET INCOME OF.....	\$ 23,457,001	\$ 24,157,590	D-\$ 700,589
DIVIDENDS PAID TO STOCKHOLDERS.....	9,277,637	9,255,749	I- 21,888
BALANCE AVAILABLE FOR IMPROVEMENTS TO PROPERTY, DEBT RETIREMENT, SINKING FUNDS, CONTINGENCIES, ETC.	\$ 14,179,364	\$ 14,901,841	D-\$ 722,477

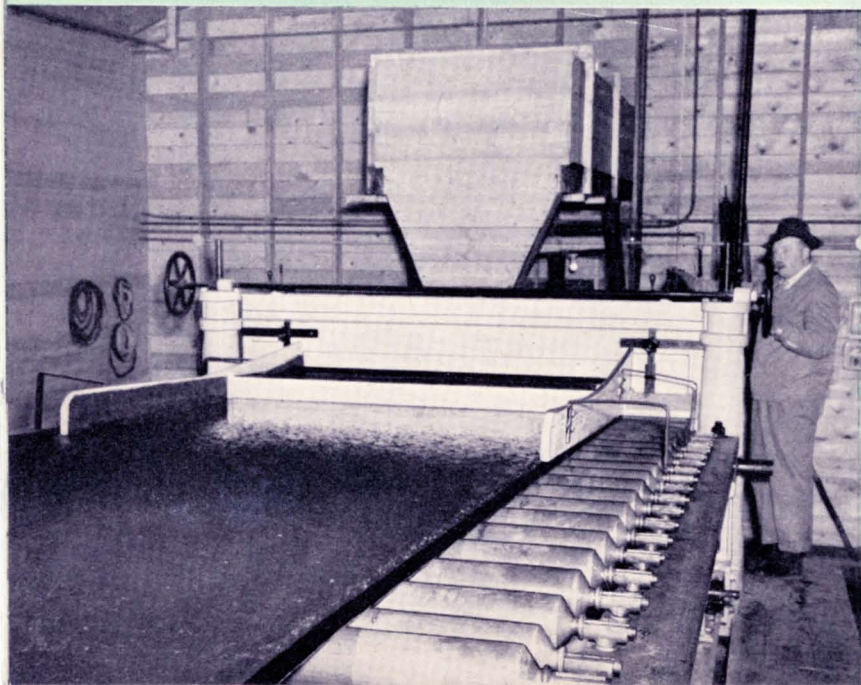


ABOVE—VANCOUVER, B. C.—LOADING PAPER, GREAT NORTHERN DOCK.

BELOW—RED RIVER VALLEY, N. D.—SPRAYING POTATOES.



MINNESOTA—PEAT PROCESSING PLANT.



## OPERATING REVENUES

1946—\$167,368,485

1945—\$200,124,504

Decr.—\$ 32,756,019—16.4%

The change-over of industry from a wartime basis to peacetime production in 1946 was accompanied by a series of strikes, including those in the basic coal and steel industries, which retarded reconversion and limited production.

The long-haul movement of war materials was eliminated, and iron ore handled over the Allouez, Wisc., docks which amounted to 21,936,386 long tons for 1945, was reduced to 17,217,388 tons in 1946. The miners' strike on the Iron Range was largely responsible for this decrease.

Over 206 million bushels of grain were originated in 1946, almost 9 million less than for 1945, but the movement of petroleum products was substantially larger in 1946. Loadings of lumber, livestock, fruit and potatoes were approximately the same to somewhat higher and less-than-carload traffic improved materially. Tabulations on pages 27 and 31 show the commodity movement in detail.

In 1946 there was a continuation of the box car shortage which existed in 1945. At no time during the year was the number of box cars on line equal to the cars owned. For the entire year the average number of box cars on line was approximately 6,150 less than ownership, and at different times this figure approached or exceeded 10,000. Contributing to the car shortage was the 5-day week, which retards unloading cars from Friday night until Monday, the increase in less-than-carload traffic with lighter loading taking more cars, a shorter average haul of revenue freight with a smaller percentage of time in transit, and the cumulative effect of the heavy war business, which has put more cars on the repair tracks. As your Company is primarily an originating carrier there is

MONTANA—COMBINING 550 ACRES OF MUSTARD.



a tendency among receiving lines to keep Great Northern cars on other roads after they move into consuming areas.

Approximately 420 new industries were located on your Company's property during 1946, and many others were established on privately-owned property served by Great Northern tracks. Included in these new enterprises were grain elevators, potato and general warehouses, dried milk and frozen food plants, bulk oil facilities, lumber and millwork plants, and many distributing types of industries.

Construction of main canals, storage dams and equalizing reservoir of the Columbia Basin project in eastern Washington was started in 1946, and it is expected that the first land will be watered in 1951. About 300,000 acres of this development are served by Great Northern. Some 4,000 acres of new land in Montana and Idaho received water for the first time in 1946.

A sawfly infestation in recent years has ruined large wheat acreages in Northeastern Montana. One bushel of "Rescue" wheat with a solid stem and resistant to sawfly was imported from Canada in 1944, and this was increased to 60,000 bushels in two years by raising two crops each year, planting in Montana in the spring, harvesting, and replanting in Arizona in the fall. As a result the wheat crop on 100,000 additional acres along Great Northern lines will be planted with this resistant seed in 1947. Assistance in this project was extended through Great Northern's Agricultural and Mineral Development Department.

The decline in passenger revenue of \$4,901,620 for 1946 from the all-time high of 1945 was due largely to the decrease in movements of military personnel on regular and special trains.

The hotels, chalets and camps in Glacier National Park were open in 1946 for the first time since 1942. More persons visited the Park than in any previous season.

Service on the new Empire Builder, the first complete post-war passenger train, was begun on February 23, 1947. Five 12-car trains give daily service from Chicago to Seattle and Portland. The 45-hour schedule gives the fastest service to and from Puget Sound. Each train consists of a 4000-horsepower diesel locomotive; mail and baggage car; 60-seat coach; three 48-seat coaches; lounge-coffee shop car; dining car; four sleeping cars containing 48 duplex roomettes, 16 double bedrooms and 8 open sections; and an observation-lounge car with two double bedrooms and a drawing room.

Three new 5-car diesel trains have been ordered for service between Seattle and Vancouver, B. C., and between St. Paul and Grand Forks, N. D., and it is expected that they will go in service late in 1947.

Volume of mail handled on the Fast Mail train between St. Paul and Seattle was greater in 1946 than for any year since the operation began thirty-seven years ago. Local mail was also greater, the total increase in mail revenue being nearly \$325,000.

THE MINOT (N.D.) DAILY NEWS  
Page 2—Saturday, Nov. 30, 1946

## Rescue Wheat Seen In Montana As Answer To Dread Sawfly Pest

Havre, Mont. — (AP) — Northern Montana wheat ranchers acclaimed the Great Northern railway here Friday night for helping them reduce the infestation of the ravaging wheat stem sawfly.

At a dinner sponsored by the grateful growers themselves, the tale was told of an increase in available seed of the appropriately-named new Rescue wheat seed in 24 months from one bushel to the 60,000 bushels harvested this year and now awaiting planting next spring.

Great Northern assisted in expediting transportation of the expanding quantity of seed in its travels between Montana and Arizona and thru the activities of the railway's department of agricultural and mineral development.

### Many Agencies Helped

The achievement "sounds like a fairy tale," in the words of the Montana agricultural experiment station and for this all agencies having a part, including the railway, were accorded recognition. \*

### Became Major Pest

Quick action was essential in Montana because the sawfly had developed from an almost unknown insect to the major insect pest of spring wheat in the state in less than 5 years.

One bushel of Rescue—bred and tested in Canada and then tested in Montana—came from Swift Current in the Montana agricultural experiment station at Bozeman in October, 1944. This bushel went quickly to the Arizona agricultural experiment station for planting that fall, and in May, 1945, in Montana soil, the 35 bushels returned 877 in September, 1945. Of this, 100 bushels went to Arizona, for another planting, while the rest was retained for planting locally.

From Arizona 3,870 bushels arrived in northeastern Montana counties in May and June of 1946 and was planted immediately. This final progressive production from one bushel of seed to 60,000 in two years "means that from 10 to 15 years time has been gained in fighting the sawfly," according to the Montana station and extension service, which had prominent parts in the venture.

"It also means," these agencies assert, "that in 1947, instead of 7,000 acres which would have been a maximum number planted under the ordinary method of increase, there will be closer to 100,000 acres of Rescue wheat planted in Montana and next fall, just 36 months after starting this program, there should be harvested enough Rescue wheat to seed every sawfly infested acre in Montana." \*

### Loss Reduced Sharply

They estimate the possible wheat loss reduction due to use of Rescue at 416,350 bushels in 1947 and 2,562,000 bushels in 1948. \*

# VOLUME OF TRAFFIC AND OPERATING AVERAGES

ITEM	1946	1945	1944	1943	1942
REVENUE NET TON MILES (1000's).....	14,769,179	17,836,467	19,586,780	18,574,596	16,712,427
PASSENGERS CARRIED ONE MILE (1000's).....	869,967	1,305,138	1,258,930	1,107,901	534,239
REVENUE PER NET TON MILE (cents).....	.932	.922	.878	.896	.857
REVENUE PER PASSENGER MILE (cents).....	1.837	1.600	1.653	1.702	1.719
TRAIN LOAD—NET TONS ALL FREIGHT.....	1,216	1,352	1,359	1,350	1,283
NET TON MILES PER TRAIN HOUR.....	18,652	20,879	20,586	20,328	19,854
FREIGHT LOCO. MILES PER LOCO. DAY.....	82.1	90.8	98.1	95.6	86.1
FREIGHT CAR MILES PER CAR DAY.....	47.3	55.5	54.6	50.2	47.6
GROSS TON MILES PER TON OF FUEL.....	17,324	18,281	18,246	18,342	19,114
NET TON MILES PER CAR DAY.....	996	1,281	1,302	1,231	1,069



OIL TRAIN NEAR CUT BANK, MONTANA



IRON ORE YARD, ALLOUEZ, WISCONSIN.



**MANUFACTURES**  
\$44,548,273 — 32.4%

**AGRICULTURE**  
\$41,618,725 — 30.2%

**MINERALS**  
\$23,522,518 — 17.1%

**FORESTS**  
\$16,702,213 — 12.1%

**MERCHANDISE**  
\$6,101,914 — 4.4%

**ANIMALS**  
\$5,166,906 — 3.8%

**1946**  
**FREIGHT REVENUE**  
**COMMODITY DISTRIBUTION**

# FINANCIAL POSITION OF YOUR COMPANY AT END OF YEAR, OR SIMPLIFIED BALANCE SHEET

	DECEMBER 31, 1946	DECEMBER 31, 1945	DECREASE-D INCREASE-I
<b>QUICK ASSETS:</b>			
CASH AND SPECIAL DEPOSITS.....	\$ 44,859,606	\$ 49,578,600	D-\$ 4,718,994
DUE FROM AGENTS, CONDUCTORS AND OTHERS.....	15,894,870	24,664,262	D- 8,769,392
MATERIAL AND SUPPLIES ON HAND.....	20,911,622	19,336,774	I- 1,574,848
TOTAL QUICK ASSETS, READILY CONVERTIBLE INTO CASH.....	\$ 81,666,098	\$ 93,579,636	D-\$11,913,538
<b>CURRENT LIABILITIES:</b>			
EMPLOYEES' PAY CHECKS OUTSTANDING.....	\$ 4,320,209	\$ 5,786,587	D-\$ 1,466,378
TAXES NOT YET DUE.....	11,556,477	14,106,668	D- 2,550,191
BONDHOLDERS' INTEREST PAYABLE JANUARY 1.....	3,579,383	4,211,819	D- 632,436
OTHER CURRENT LIABILITIES.....	20,913,004	18,687,033	I- 2,225,971
TOTAL CURRENT LIABILITIES, DUE WITHIN TWO YEARS.....	\$ 40,369,073	\$ 42,792,107	D-\$ 2,423,034
<b>"WORKING CAPITAL," THE EXCESS OF QUICK ASSETS OVER CURRENT LIABILITIES.....</b>	<b>\$ 41,297,025</b>	<b>\$ 50,787,529</b>	<b>D-\$ 9,490,504</b>
<b>GREAT NORTHERN'S INVESTMENTS:</b>			
ROAD, EQUIPMENT AND OTHER PROPERTY, LESS DEPRECIATION.....	\$505,998,993	\$502,423,827	I-\$ 3,575,166
48.59% OF CHICAGO, BURLINGTON & QUINCY R. R. CO. STOCK.....	109,245,456	109,245,456	.....
50% OF SPOKANE, PORTLAND AND SEATTLE RY. CO. STOCK AND BONDS.....	45,798,500	45,798,500	.....
OTHER STOCKS, BONDS, ETC.....	19,909,894	26,105,335	D- 6,195,441
DEFERRED AND UNADJUSTED ITEMS.....	7,780,987	7,287,165	I- 493,822
TOTAL INVESTMENTS.....	\$688,733,830	\$690,860,283	D-\$ 2,126,453
<b>GREAT NORTHERN'S OTHER OBLIGATIONS:</b>			
TO INVESTORS FOR BONDS AND NOTES OUTSTANDING.....	\$237,328,276	\$247,929,556	D-\$10,601,280
TO ALL OTHERS.....	7,134,597	14,302,654	D- 7,168,057
TOTAL OWED IN ADDITION TO CURRENT LIABILITIES.....	\$244,462,873	\$262,232,210	D-\$17,769,337
<b>NET WORTH—"WORKING CAPITAL" PLUS "INVESTMENTS" MINUS "OTHER OBLIGATIONS".....</b>	<b>\$485,567,982</b>	<b>\$479,415,602</b>	<b>I-\$ 6,152,380</b>
<b>CAPITAL STOCK.....</b>	<b>272,838,550</b>	<b>272,838,550</b>	<b>.....</b>
<b>BALANCE—"NET WORTH" MINUS "CAPITAL STOCK"— LARGELY INVESTED IN THE PROPERTY.....</b>	<b>\$212,729,432</b>	<b>\$206,577,052</b>	<b>I-\$ 6,152,380</b>

MORE PERSONS VISITED GLACIER NATIONAL PARK IN 1946 THAN EVER BEFORE.

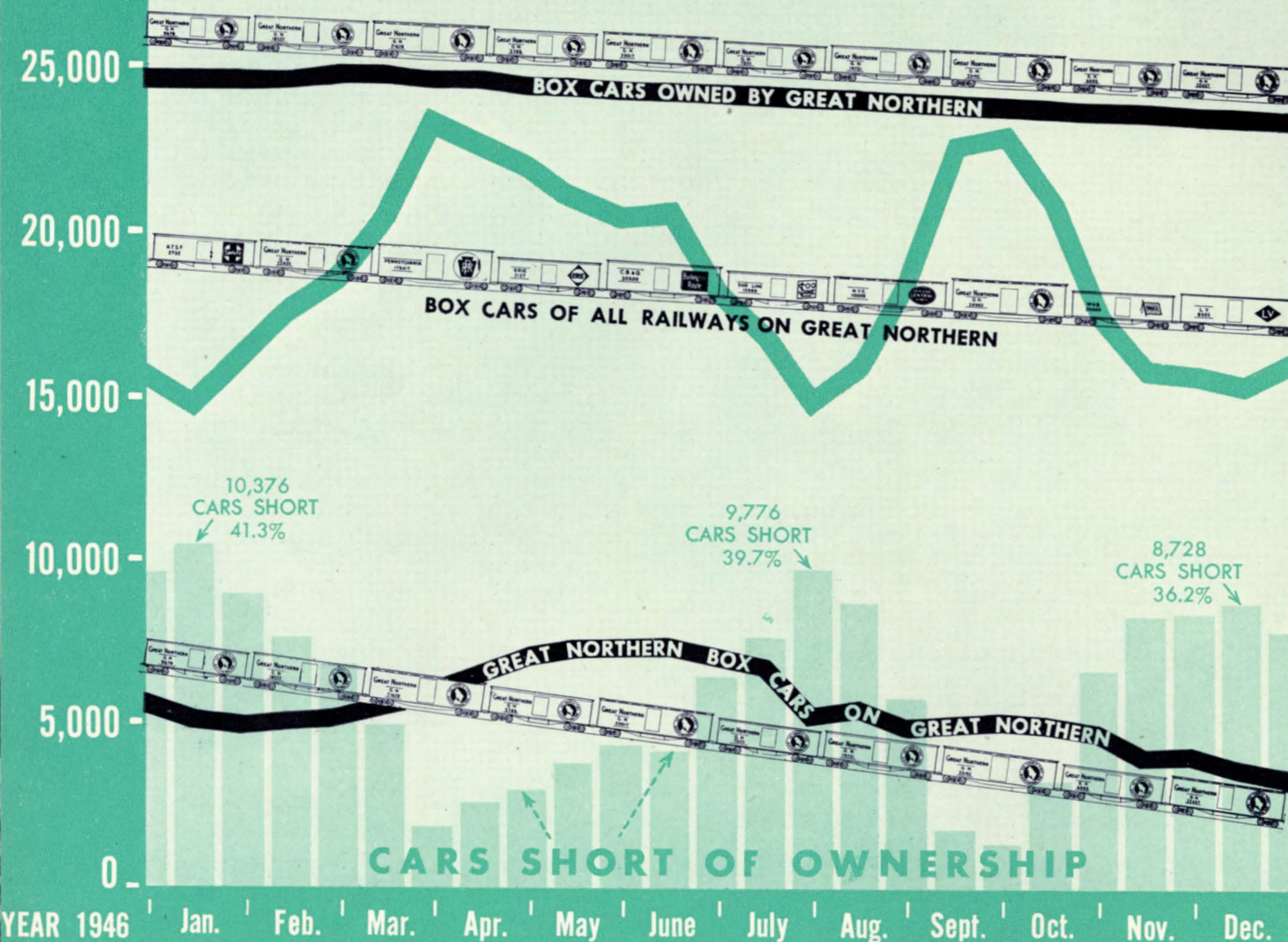
MANY GLACIER HOTEL, GLACIER PARK, MONTANA.

PRINCE OF WALES HOTEL, WATERTON LAKES, ALBERTA.



BOX  
CARS

# NATIONAL DISPERSION OF BOX CARS RESTRICTED CAR LOADINGS IN 1946

PER CENT  
OF  
OWNER-  
SHIP

## OPERATING EXPENSES

1946—\$129,757,846

1945—\$159,514,432

Decr.—\$ 29,756,586—18.7%

The decline in operating expenses is due largely to the \$27,071,757 decrease in charges for amortization of defense projects included in the Maintenance of Way and Structures and Maintenance of Equipment accounts. The 1945 amortization accruals were abnormal because of the termination of the emergency period in September, 1945, as permitted by the declaration of the President of the United States, and explained on Page 9 of the 1945 report to stockholders.

Notwithstanding the smaller volume of traffic, charges were greater for 1946 in the other general accounts (Traffic, Transporta-

tation, Miscellaneous operations and General). Besides the increases in wage and material costs the general operating conditions were not as favorable in 1946 as in 1945.

The receipt of empty box cars on line was spasmodic during the year, which prevented an orderly program for handling these much-needed cars, and frequently resulted in the light movement of power in the prevailing direction of the loaded traffic to expedite the movement of the empty cars. The movement of loaded cars over the Rocky Mountains was predominantly

eastbound during January and February, 1946, westbound in March, eastbound in April, westbound in May and June and eastbound from July on, increasing operating costs. For the entire year 1946 the loaded movement was more unbalanced than for 1945, the cars were loaded lighter, the percentage of empty movement was higher and the average haul was shorter, resulting in relatively greater switching service. The weather was more severe in 1946, especially in February.

During the latter part of March, 1946, the freight schedules between Chicago and the Pacific Coast were reduced 24 hours, providing for a seventh instead of an eighth morning delivery.

Wage rates were increased 16 cents per hour, effective January 1, 1946, and an additional increase of  $2\frac{1}{2}$  cents per hour was made effective May 22, 1946. As a result, the wage bill for 1946 was increased \$14,253,000—20.0%. A full explanation is given on page eighteen.

Maintenance expenditures during 1946 decreased approximately \$31,225,000, including over \$27,000,000 decrease in the book entries for amortization of defense projects, as explained above, and an additional \$1,900,000 decrease due to line retirements in 1945, principally the Armington-Neihart Branch in Montana. There were decreases in the new rail and renewal ties applied, but the 21,373 gross tons of new rail laid in 1946 exceeded the average tonnage for the past ten years.

The percentage of unserviceable locomotives increased during the year, due somewhat to a smaller traffic demand, and unserviceable motor cars and passenger train cars were approximately the same as for 1945. Percentage of unserviceable freight cars was reduced from 3.3% on December 31, 1945, to 2.7% at the end of December, 1946.

The property was adequately maintained for handling the volume of traffic available during the year.



TRACK MAN TIGHTENING BOLTS BY MACHINE.

THIS 90-INCH WHEEL LATHE SPEEDS  
LOCOMOTIVE MAINTENANCE.



## TAXES

	1946	1945	Incr. or Decr.
U. S. income and excess profits taxes:			
Current year, including adjustment for prior years' accruals..	\$ 2,872,702	\$ 6,507,600	\$3,634,898 Decr.
Termination of amortization—prior years.....	-0-	6,666,482 Cr.	6,666,482 Incr.
Carry-back of unused excess profits credit.....	6,000,000 Cr.	1,667,000 Cr.	4,333,000 Decr.
All other taxes.....	14,096,071	13,173,386	922,685 Incr.
Total.....	<u>\$10,968,773</u>	<u>\$11,347,504</u>	<u>\$ 378,731 Decr.</u>

Accruals of United States income and excess profits taxes were unusual in 1945 and 1946. In the former year, the President of the United States declared the end of the emergency period insofar as amortization of investment in defense projects was concerned, and as a result an additional charge of \$20,543,553 was made to operating expenses with a very substantial credit to the tax account. In both 1945 and 1946 the so-called carry-back credit for excess profits taxes was effective under the

Internal Revenue Code, which also produced important tax reductions.

Payroll taxes amounted to \$5,201,251 in 1946, an increase of \$347,798 over those applicable to 1945, due partly to the higher wage bill and partly to the increase in rate from  $3\frac{1}{4}\%$  of amount paid each employee up to \$300 per month, to  $3\frac{1}{2}\%$ . For 1947, as a result of the new Crosser Bill passed by the last Congress, this contribution by your Company will be increased to  $5\frac{3}{4}\%$ . In addition, the unemployment tax continues at  $3\%$ .

## PROPERTY IMPROVEMENTS

	Fixed Property		Equipment	
	1946	1945	1946	1945
Cash expenditures.....	\$4,481,134	\$6,148,344	\$7,387,799	\$12,477,167
Less cost of facilities retired.....	1,374,269	5,174,789	2,391,485	1,532,572
Net change in investment account.....	<u>\$3,106,865</u>	<u>\$ 973,555</u>	<u>\$4,996,314</u>	<u>\$10,944,595</u>

Authorizations for capital purposes during 1946 were somewhat larger than for 1945, but a much smaller carry-over from the previous year and the difficulties in securing materials and delivery of equipment in 1946 resulted in a decrease in cash expenditures as indicated above.

Some of the more important fixed property projects completed during the year were the service and office building at the iron ore docks in Allouez, Wis.; hotel for employes and extension to electric locomotive shop in Wenatchee, Wash.; installation of automatic block signals for the 63 miles between Lyndale Jct. and St. Cloud, Minn., and change in line to eliminate curvature near Camden in eastern Washington.

New equipment received during 1946 included twenty-six passenger train cars for the new Empire Builder, three hundred twenty-three 40-foot, 50-ton capacity steel

and plywood box cars constructed in Company shops, twenty-five steel 70-ton covered hopper bottom cars, three 1500-horsepower diesel road locomotives and ten 1000-horsepower diesel combination road and switching locomotives.

Work was continued on the 1,250,000-bushel grain elevator being erected in Superior, Wis., which should be completed in the spring of 1947. The erection of automatic block signals between Fargo and Surrey, N. D., via Grand Forks, 276 miles, will also be completed in 1947. Equipment on order includes twelve 1500-horsepower and five 3000-horsepower diesel locomotives, three 5-car passenger trains with 2000-horsepower diesel locomotives for service between St. Paul, Minn., and Grand Forks, N. D., and between Seattle, Wash., and Vancouver, B. C., and five hundred 50-ton box cars to be built in Company shops.

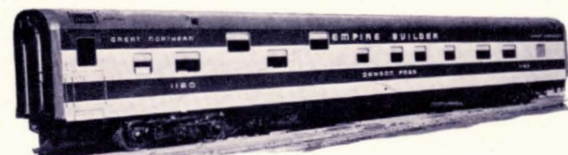
## SOME NEW PROPERTY AND EQUIPMENT—1946



THREE, 1500-HORSEPOWER DIESEL ROAD LOCOMOTIVES.



AUTOMATIC BLOCK SIGNALS, MINNEAPOLIS TO ST. CLOUD, MINNESOTA.



FIRST POST-WAR SLEEPING CAR CONSTRUCTED IN UNITED STATES. TWENTY-SIX PASSENGER CARS FOR EMPIRE BUILDER RECEIVED IN 1946.



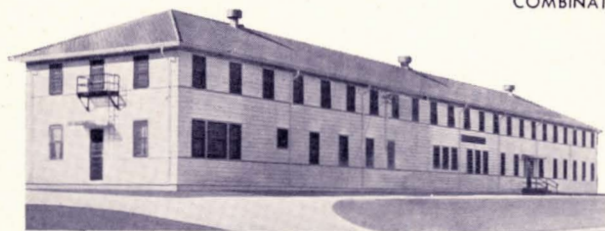
SERVICE BUILDING FOR IRON ORE DOCK AND OFFICE EMPLOYEES, ALLOUEZ, WIS.



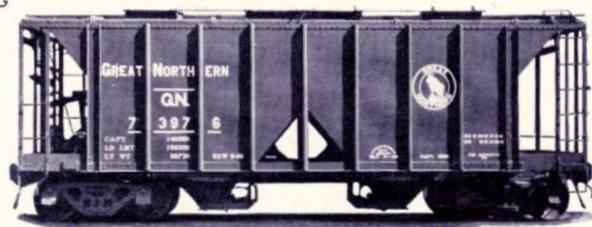
THREE HUNDRED TWENTY THREE, 50-TON, 40-FOOT, STEEL AND PLYWOOD BOX CARS CONSTRUCTED IN COMPANY SHOPS.



TEN, 1000-HORSEPOWER DIESEL COMBINATION ROAD AND SWITCHING LOCOMOTIVES.



HOTEL FOR EMPLOYEES, WENATCHEE (APPLEYARD), WASHINGTON.



TWENTY-FIVE, 70-TON, STEEL COVERED HOPPER BOTTOM CARS.

## CAPITALIZATION

	Capital Stock		
	Shares	Stated Value	*Funded Debt
Dec. 31, 1946.....	3,092,547	\$272,838,550	\$235,777,276
Dec. 31, 1945.....	3,092,543	272,838,550	240,897,556
Incr. or Decr.....	4 Incr.	0	\$ 5,120,280 Decr.

\*Excludes Series E, 4½% Bonds, whose retirement on July 1, 1947, has been provided for.

The increase of four shares in capital stock is due to the exchange of fractional shares outstanding for full shares.

Open market purchases of the Series B, 5½% Bonds during 1946 amounted to \$3,255,000. These bonds, together with \$5,010,000 previously purchased, have been deposited with the General Mortgage Trustee as a credit against future sinking fund obligations. Reduction in equipment obligations accounted for the remainder of the decrease in funded debt.

Late in the year a prepayment offer was made on the Series E, 4½% Bonds, and largely as a result thereof there was a de-

crease of \$5,481,000 in this issue during 1946. Provision has also been made for retiring the balance of \$1,551,000 of the Series E Bonds outstanding on the first call date, July 1, 1947.

As of November 16, 1946, conditional sale contracts amounting to \$5,500,000 were sold by competitive bidding at par, with an interest rate of 1.65%, to finance approximately 70% of the cost of new passenger train cars, diesel and electric locomotives. Payments will be spread over eight years, with no payment on principal during the first three years.

DOLLARS  
MILLIONS

20 -

15 -

10 -

5 -

0

**CAPITAL STOCK AND LONG TERM DEBT OUTSTANDING**

ANNUAL INTEREST CHARGES REDUCED \$10,635,403-56.7%, 1935 TO 1946

DESCRIPTION OF OBLIGATION	DECEMBER 31					
	1935	1936	1937	1938	1939	1940
<b>CAPITAL STOCK—STATED VALUE..</b>	\$248,558,750	\$248,558,750	\$249,092,150	\$249,092,150	\$249,092,150	\$249,092,150
<b>LONG-TERM DEBT</b>						
Equipment obligations.....	\$ 4,061,000	\$ 2,902,000	\$ 6,393,000	\$ 4,769,000	\$ 8,511,878	\$ 16,321,800
Prior Liens:						
St. P. M. & M. Ry. Co.						
Consolidated Mortgage Bonds.....5%—1943	40,848,000	40,839,000				
Montana Ext. Mort. Bonds.....4%—1937	10,185,000	10,185,000				
Pacific Ext. Mort. Bonds.....4%—1940	28,383,515	28,383,515	28,383,515	28,383,515	28,132,364	
Montana Central Ry. Co.						
First Mortgage Bonds.....6%—1937	6,000,000	6,000,000				
First Mortgage Bonds.....5%—1937	4,000,000	4,000,000				
Willmar and Sioux Falls Ry. Co.						
First Mortgage Bonds.....5%—1938	3,625,000	3,625,000	3,625,000			
Spokane Falls & Northern Ry. Co.						
First Mortgage Bonds.....6%—1939	229,000	229,000	229,000	229,000		
Eastern Ry. Co. of Minnesota						
Northern Div. First Mort. Bonds...4%—1948	9,695,000	9,695,000	9,695,000	9,695,000	9,695,000	9,695,000
Total Prior Liens.....	102,965,515	102,956,515	41,932,515	38,307,515	37,827,364	9,695,000
Great Northern Railway Company						
First and Refunding Mort. Bonds.4¼%—1961	35,668,000	35,668,000	35,668,000	35,668,000	35,668,000	35,668,000
General Mortgage Bonds						
Series A.....7%—1936	100,766,000		30,000,000	30,000,000	29,861,000	29,861,000
Series B.....5½%—1952	30,000,000	30,000,000	30,000,000	30,000,000	14,738,000	14,675,000
Series C.....5%—1973	15,000,000	15,000,000	14,865,000	14,865,000	14,873,000	14,873,000
Series D.....4½%—1976	15,000,000	15,000,000	14,873,000	14,873,000	40,000,000	40,000,000
Series E.....4½%—1977	40,000,000	40,000,000	40,000,000	40,000,000	49,711,200	49,711,200
Series G.....4%—1946		49,711,200	49,177,800	49,177,800	49,711,200	49,520,200
Series H.....4%—1946		49,711,200	49,711,200	49,711,200	50,000,000	50,000,000
Series I.....3¾%—1967			50,000,000	50,000,000		
Total General Mortgage Bonds.....	200,766,000	199,422,400	248,627,000	248,627,000	248,361,000	248,107,000
#Collateral Trust Bonds.....4%—1952	5,785,000	4,626,000	4,008,000	3,390,000	2,772,000	22,156,000
<b>TOTAL LONG-TERM DEBT.....</b>	<b>\$349,245,515</b>	<b>\$345,574,915</b>	<b>\$336,628,515</b>	<b>\$330,761,515</b>	<b>\$333,140,242</b>	<b>\$331,947,800</b>
<b>TOTAL CAPITALIZATION.....</b>	<b>\$597,804,265</b>	<b>\$594,133,665</b>	<b>\$585,720,665</b>	<b>\$579,853,665</b>	<b>\$582,232,392</b>	<b>\$581,039,950</b>
Per cent Stock.....	41.58	41.84	42.53	42.96	42.78	42.87
Per cent Bonds.....	58.42	58.16	57.47	57.04	57.22	57.13
<b>ANNUAL INTEREST CHARGES.....</b>	<b>\$ 18,755,665</b>	<b>\$ 17,298,166</b>	<b>\$ 15,571,487</b>	<b>\$ 14,121,823</b>	<b>\$ 14,032,595</b>	<b>\$ 13,970,798</b>

DESCRIPTION OF OBLIGATION	DECEMBER 31					
	1941	1942	1943	1944	1945	1946
<b>CAPITAL STOCK—STATED VALUE..</b>	\$249,092,150	\$249,092,150	\$249,092,150	\$265,627,200	\$272,838,550	\$272,838,550
<b>LONG-TERM DEBT</b>						
Equipment obligations.....	\$ 21,101,005	\$ 23,458,638	\$ 20,769,209	\$ 21,538,527	\$ 19,380,256	\$ 17,514,976
Prior Liens:						
Eastern Ry. Co. of Minnesota						
Northern Div. First Mort. Bonds...4%—1948	9,695,000	9,695,000	9,695,000	279,000		
Great Northern Railway Company						
First and Refunding Mort. Bonds.4¼%—1961	35,668,000	35,668,000	35,668,000			
General Mortgage Bonds						
Series B.....5½%—1952	29,861,000	29,861,000	29,861,000	25,724,000	17,854,400	14,599,400
Series C.....5%—1973	14,675,000	14,675,000	14,675,000	14,675,000	14,154,900	14,154,900
Series D.....4½%—1976	14,873,000	14,873,000	14,873,000	14,873,000	14,508,000	14,508,000
Series E.....4½%—1977	40,000,000	40,000,000	40,000,000	40,000,000	7,032,000	1,551,000
Series G.....4%—1946	49,177,800	43,238,950	25,138,950			
Series H.....4%—1946	48,227,200	32,938,750	31,385,750			
Series I.....3¾%—1967	50,000,000	50,000,000	50,000,000	50,000,000		
Series K.....3½%—1960				35,000,000	35,000,000	
Series L.....3½%—1970				30,000,000	30,000,000	
Series M.....3½%—1980				35,000,000	35,000,000	
Series N.....3½%—1990					37,500,000	37,500,000
Series O.....3½%—2000					37,500,000	37,500,000
Series P.....2¾%—1982						40,000,000
Series Q.....2½%—2010						35,000,000
Series R.....2¼%—1961						25,000,000
Total General Mortgage Bonds.....	246,814,000	225,586,700	205,933,700	245,272,000	228,549,300	219,813,300
#Collateral Trust Bonds.....4%—1952	21,040,000	19,924,000	18,808,000			
<b>TOTAL LONG-TERM DEBT.....</b>	<b>\$334,318,005</b>	<b>\$314,332,338</b>	<b>\$290,873,909</b>	<b>\$267,089,527</b>	<b>\$247,929,556</b>	<b>\$237,328,276</b>
<b>TOTAL CAPITALIZATION.....</b>	<b>\$583,410,155</b>	<b>\$563,424,488</b>	<b>\$539,966,059</b>	<b>\$532,716,727</b>	<b>\$520,768,106</b>	<b>\$510,166,826</b>
Per cent Stock.....	42.70	44.21	46.13	49.86	52.39	53.48
Per cent Bonds.....	57.30	55.79	53.87	50.14	47.61	46.52
<b>ANNUAL INTEREST CHARGES.....</b>	<b>\$ 13,862,839</b>	<b>\$ 13,674,126</b>	<b>\$ 12,477,361</b>	<b>\$ 12,862,604</b>	<b>\$ 9,843,989</b>	<b>\$ 8,120,262</b>

#General Mortgage Bonds used as collateral for Collateral Trust Bonds.

\$10,635,403 -56.7% REDUCTION IN  
ANNUAL INTEREST CHARGES SINCE 1935

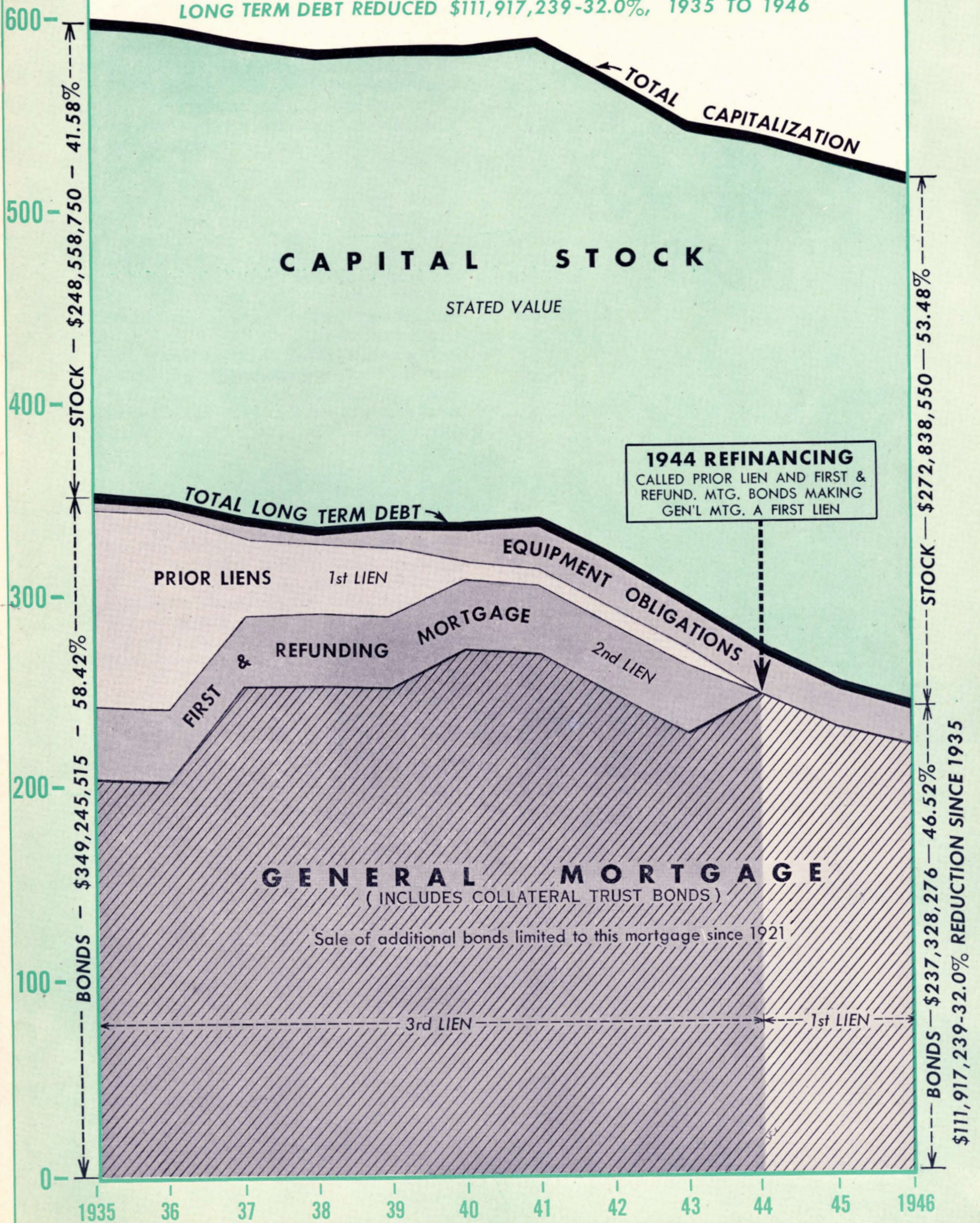
1946 ANNUAL INTEREST CHARGES \$8,120,262

1935 36 37 38 39 40 41 42 43 44 45 1946

DOLLARS  
MILLIONS

## HOW GENERAL MORTGAGE WAS CHANGED FROM A THIRD LIEN TO A FIRST LIEN

LONG TERM DEBT REDUCED \$111,917,239-32.0%, 1935 TO 1946



## 1946 REFINANCING

After careful study, your Board of Directors decided on another refinancing program for the spring of 1946.

In order to meet the requirements of different classes of investors, and to spread the maturity, \$100,000,000 par value of bonds were sold by competitive bidding to replace a like amount of higher coupon bonds issued late in 1944, on the following basis:

\$40,000,000 Series P,  $2\frac{3}{4}\%$ ,  
due Jan. 1, 1982, price 98.071  
\$35,000,000 Series Q,  $2\frac{5}{8}\%$ ,  
due Jan. 1, 2010, price 98.071  
\$25,000,000 Series R,  $2\frac{1}{4}\%$ ,  
due Jan. 1, 1961, price 99.279

The cost to Great Northern to maturity is at the rate of 2.706% compared with a cost of 3.344% for the bonds retired.

The annual interest saving is \$750,000, and the present schedule of maturities, extending as it does to the year 2010, is somewhat more favorable than the former one.

Fixed charges, which amounted to \$8,669,288 in 1946, are expected to be reduced to approximately \$7,600,000 for 1947, due to the savings from Series B,  $5\frac{1}{2}\%$ , Bonds purchased, the retirement of Series E,  $4\frac{1}{2}\%$  Bonds and the elimination of the duplicate interest in 1946 in connection with the refinancing.

## WAGE INCREASES

Late in January, 1946, employees represented by three operating and all fifteen non-operating unions agreed to arbitrate their requests for an increase of \$2.40 to \$2.50 per day, and on April 4, the Wage Arbitration Boards, after extensive hearings awarded the employees an increase of 16 cents per hour (\$1.28 per 8-hour day), retroactive to January 1.

The Brotherhoods of Locomotive Engineers and Railroad Trainmen would not arbitrate their wage demands, including 45 rule changes, and while they were circulating strike ballots among their memberships, President Truman named a fact-finding panel to investigate these disputes. This panel made a similar award of 16 cents per hour, which the employees would not accept, being dissatisfied with the changes in rules proposed. In anticipation of a strike, the President ordered the taking over of the

railroads by the Government on May 17. Nevertheless these two groups of employees struck on May 23. The strike was called off two days later and the Federal Government relinquished possession of the railroads on May 26. Out of approximately 28,000 Great Northern employees only 528 left their jobs or failed to report for work during the strike.

Other railway labor organizations not involved in the strike demanded an additional 14 cents per hour increase and proceeded to take a strike vote. President Truman then proposed an additional grant of  $2\frac{1}{2}$  cents per hour, which was accepted, effective May 22, 1946. This arrangement was also agreed to by the two organizations which went on strike.

As a result, Great Northern's wage bill was increased approximately \$14,253,000—20.0% in 1946 over 1945. The higher rates of pay raised the 1946 wage bill some \$28,658,000—50.3% above the 1940 basis.

## RATE INCREASES

As a partial offset to the increases in wages and material costs the railroads, on April 18, filed with the Interstate Commerce Commission, a petition for a 25% increase in rates on freight traffic and accessorial services with certain exceptions and modifications. During the course of extended hearings the Commission permitted certain increases (slightly modifying the increases formerly in effect, but later cancelled) effective July 1, 1946. During the last half of 1946 Great Northern received approximately \$3,000,000, or 4%, additional freight revenue from these temporary increases.

Effective January 1, 1947, additional increases were allowed, amounting in general to 20% over the rates in effect June 30, 1946 (prior to the 4% increase), subject to many exceptions, including a limitation of 15% on agricultural products and live stock, certain specified maximums on many long-haul commodities, and no increase in rates to, or handling charges at, the upper lake ports on iron ore.

It is estimated that as a result approximately \$15,000,000 additional revenue will be secured in 1947 over 1946, which included some \$3,000,000 from temporary increases. The advance in the case of Great Northern including the temporary increase, is estimated as 14% of freight revenue.

## GENERAL

Great Northern stockholders, as of November 8, 1946, numbered 35,196, an increase of 1,381 during the year.

In 1946 two dividends of \$1.50 per share each were paid to stockholders, the same as in 1945.

Dividends received from Chicago, Burlington and Quincy Railroad Co. amounted to \$4,981,074 in both 1945 and 1946. Northland Greyhound Lines, Inc. stock owned by Great Northern paid \$833,675 in dividends for 1946, compared with \$266,776 for 1945.

On October 1, 1946, the "Land Grant" rates were suspended as authorized by Congress. These rates permitted reductions generally of 50% in charges paid by the United States for the transportation of military or naval property of the United States. Great Northern or its predecessor companies received very little of the so-called land grants (none for construction west of the North Dakota-Minnesota line). However, your Company was party to an equalization agreement, meeting the lowest land grant rates made over any route in order to participate in the movement of this traffic. Based on pre-war traffic, with a somewhat normal movement, the additional revenue which will be obtained by suspension of land grant rates may approximate \$750,000 per year.

A new law, (The Crosser Act) effective January 1, 1947, was passed by Congress in 1946, increasing unemployment benefits, enlarging the eligibility of workers for disability pensions, and providing for sick and accident payments, including maternity benefits for female employees. Payroll taxes paid by Great Northern on earnings up to \$300 per month will be increased from 6½% paid in 1946, to 8¾% for 1947 and 1948, 9% for 1949 to 1951 and 9¼% thereafter. Other industries, under the Social Security System, are paying 4% as a payroll tax, to increase ultimately to 6%. Great Northern's payroll taxes will be increased approximately \$1,700,000 for 1947.

The Supreme Court, on March 31, 1947, affirmed the order of the Federal District Court providing for the sale of stock of The Pullman Company to a buying group of railroads, including Great Northern. The Interstate Commerce Commission must approve the proposed pooling arrangement which has been recommended by their Examiner "in the interest of better service to the public and of economy in operation."

As conditions generally approach a more normal state of affairs, it is believed that 1947 will develop a substantial amount of industrial construction along the lines of Great Northern, for which the ground work has already been laid. With the prospective increases in industrial activity and building construction in the nation, there should be a substantial traffic movement over your railway.

ENGINEMAN'S EYE VIEW  
FROM DIESEL LOCOMOTIVE.





ROOMY COACHES EACH INTERIOR  
IN A DIFFERENT COLOR SCHEME.



NEW LEG RESTS.



COFFEE SHOP AND LOUNGE.



DOUBLE BEDROOMS.



NO EXTRA FARE ON T



LOUNGE-OBSERVATION CAR.

SLEEPING CAR.

SLEEPING CAR.

SLEEPING CAR.

SLEEPING CAR.

DINING CAR.

LOUNGE-COFFEE  
DORMITORY



MODERN LADIES' ROOMS IN COACHES.



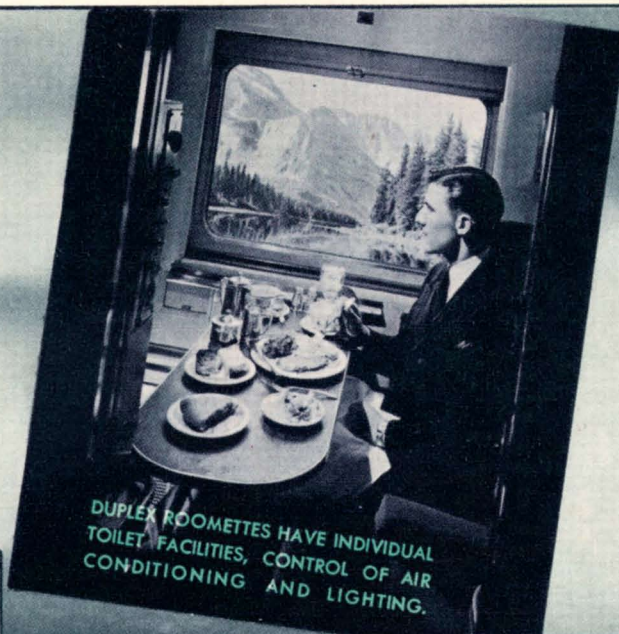
FULL DINING CAR.



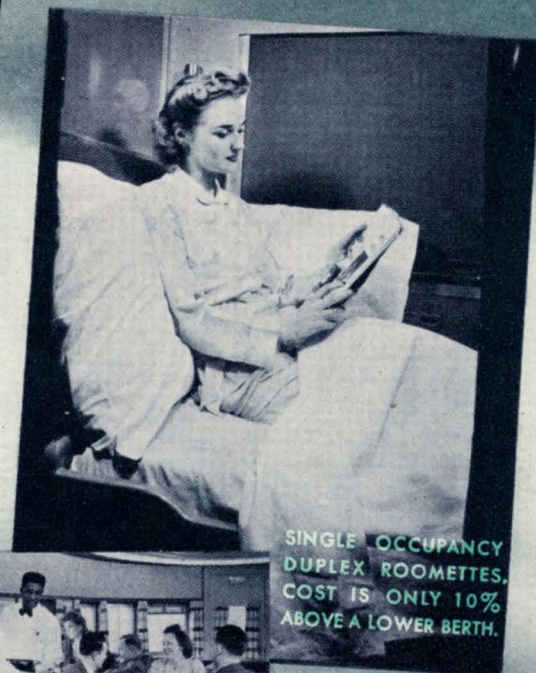
**FIRST POST WAR SLEEPING CARS**

# FIVE *New* EMPIRE BUILDERS

began daily service between Chicago and Seattle-Portland on February 23, 1947, on a 45-hour schedule



DUPLEX ROOMETTES HAVE INDIVIDUAL TOILET FACILITIES, CONTROL OF AIR CONDITIONING AND LIGHTING.



SINGLE OCCUPANCY DUPLEX ROOMETTES. COST IS ONLY 10% ABOVE A LOWER BERTH.



SPACIOUS LOUNGE-OBSERVATION CAR DECORATED WITH BLACKFEET INDIAN MOTIF.



THE NEW EMPIRE BUILDER



SHOP-CAR. 48-SEAT COACH. 48-SEAT COACH. 48-SEAT COACH. 60-SEAT COACH. MAIL-BAGGAGE CAR. 4000-HORSEPOWER DIESEL LOCOMOTIVE

# GREAT NORTHERN RAILWAY COMPANY

## INCOME ACCOUNT—1939 to 1946

	1946	1945	1944	1943	1942	1941	1940	1939
Average mileage of road operated.....	8,332.33	8,364.80	8,372.03	8,209.57	8,094.73	8,071.53	8,068.72	8,071.68
1. OPERATING INCOME.								
RAILWAY OPERATING REVENUES								
Freight.....	\$137,660,549	\$164,379,347	\$171,957,001	\$166,429,112	\$143,264,055	\$110,505,561	\$89,164,630	\$80,001,678
Passenger.....	15,985,382	20,887,002	20,816,206	18,853,552	9,182,732	4,866,328	4,225,019	4,350,621
Mail.....	3,981,226	3,658,526	3,768,714	3,890,653	3,458,225	3,298,849	2,862,642	2,783,864
Express.....	3,018,796	3,471,124	3,399,586	2,883,274	2,020,939	1,105,241	1,039,827	1,037,877
Switching.....	1,249,383	1,448,941	1,278,001	1,265,825	1,111,415	905,967	776,226	631,451
Other transportation.....	478,070	747,494	698,025	579,795	403,519	224,598	212,342	220,952
Incidental.....	5,060,440	5,936,849	6,083,114	6,536,930	5,707,485	4,267,612	3,460,498	2,767,503
Joint facility—net.....	Dr.— 65,361	Dr.— 404,779	Dr.— 342,852	Cr.— 134,285	Cr.— 57,661	Dr.— 129,273	Cr.— 1,962	Dr.— 10,573
Total railway oper. revs.....	167,368,485	200,124,504	207,657,795	200,573,426	165,206,031	125,044,883	101,743,146	91,783,373
RAILWAY OPERATING EXPENSES								
Maintenance of way and struct..	29,077,024	39,444,398	33,078,700	28,616,041	18,801,376	16,628,547	13,230,789	11,259,128
Maintenance of equipment.....	29,690,375	50,547,917	35,443,596	35,530,748	26,300,208	21,236,550	17,436,498	15,431,415
Traffic.....	3,541,538	2,878,029	2,186,816	3,176,345	2,509,275	2,492,003	2,359,067	2,276,335
Transportation—rail line.....	61,321,193	60,904,897	56,180,890	49,779,649	41,672,967	34,862,432	30,034,420	28,501,753
Miscellaneous operations.....	2,352,457	2,276,567	2,346,377	2,487,472	1,506,469	1,001,720	836,991	859,003
General.....	3,775,259	3,462,624	3,359,081	3,181,612	2,528,181	2,317,214	2,161,732	2,284,773
Transportation for invest.—Cr.....						215,100	157,774	149,737
Total railway oper. exp.....	129,757,846	159,514,432	132,595,460	122,771,867	93,318,476	78,323,366	65,901,723	60,462,670
Net rev. from railway oper.....	37,610,639	40,610,072	75,062,335	77,801,559	71,887,555	46,721,517	35,841,423	31,320,703
Railway tax accruals.....	10,968,773	11,347,504	40,001,258	48,461,070	30,727,340	16,867,023	12,273,206	10,121,469
Uncollectible railway revenues.....								
Railway operating income.....	26,641,866	29,262,568	35,061,077	29,340,489	41,160,215	29,854,494	23,568,217	21,199,234
Equipment rents—Net debit.....	1,068,583	364,887	1,653,386	390,019	1,359,935	1,223,884	1,361,148	1,314,181
Joint facility rent—Net debit.....	532,649	518,246	439,071	387,503	355,204	629,075	400,005	300,458
NET RAILWAY OPER. INC.....	25,040,634	28,379,435	32,968,620	28,562,967	39,445,076	28,001,535	21,807,064	19,584,595
2. OTHER INCOME.								
Revs. from miscellaneous oper.....	224,183	361,355	836,889	754,326	664,165	345,718		
Income from lease of rd. and equip.	528	22,832	60,775	103,199	105,014	120,311	121,871	138,374
Miscellaneous rent income.....	355,944	374,961	351,520	376,528	403,144	420,101	361,958	333,822
Miscellaneous nonoper. phys. prop.	286,446	243,853	333,004	340,536	239,890	229,785	225,183	215,477
Separately oper. prop.—Profit.....								
Dividend income.....	5,909,272	5,292,975	2,794,819	3,146,776	2,984,686	2,308,934	2,318,489	2,645,934
Income from funded securities.....	275,497	140,496	87,514	85,471	73,787	65,951	95,653	637,272
Inc. from unfunded sec. and accts..	588,622	129,348	218,097	132,402	40,583	49,190	10,568	65,020
Release of premiums on funded debt	7,394	20,951	6,293					
Miscellaneous income.....	86,199	87,920	358,152	122,017	81,609	86,260	84,417	91,749
Total other income.....	7,734,085	6,674,691	5,047,063	5,061,255	4,592,878	3,626,250	3,218,139	4,127,648
Total income.....	32,774,719	35,054,126	38,015,683	33,624,222	44,037,954	31,627,785	25,025,203	23,712,243
3. MISCELLANEOUS DEDUCT'NS FROM INC.								
Expenses of miscellaneous oper.....	213,463	339,196	790,838	708,523	619,782	323,419		
Taxes on miscellaneous oper. prop.	10,720	22,159	46,051	45,802	44,383	21,515		
Miscellaneous rents.....	85,713	75,117	80,861	75,515	75,619	74,801	77,301	74,731
Miscellaneous tax accruals.....	167,133	156,557	157,912	231,247	180,889	125,439	96,031	82,751
Separately operated prop.—Loss.....	85,514	79,810	157,584	226,514	85,135	114,431	158,143	466,918
Miscellaneous income charges.....	85,887	287,425	466,193	239,901	267,129	267,101	273,406	185,648
Total miscel. deductions.....	648,430	960,264	1,699,439	1,527,502	1,272,937	926,706	604,881	810,048
Inc. available for fixed chgs.....	32,126,289	34,093,862	36,316,244	32,096,720	42,765,017	30,701,079	24,420,322	22,902,195
4. FIXED CHARGES.								
Rent for leased roads and equipt... Interest on funded debt—fixed int. Interest on unfunded debt..... Amort. of discount on funded debt.	51,028 8,120,262 436,513 61,485	58,513 9,843,989 16,816 16,954	28,771 12,862,604 27,903 .....	19,970 12,477,361 8,829 12	19,794 13,283,890 407,312 .....	24,889 13,484,625 406,406 .....	24,928 13,722,692 464,508 .....	23,539 14,032,595 159,636 .....
Total fixed charges.....	8,669,288	9,936,272	12,919,278	12,506,172	13,710,996	13,915,920	14,212,128	14,215,770
NET INCOME (or Deficit).....	\$ 23,457,001	\$ 24,157,590	\$ 23,396,966	\$ 19,590,548	\$ 29,054,021	\$ 16,785,159	\$ 10,208,194	\$ 8,686,425
NO. OF TIMES FIXED CHGS. EARNED	3.71	3.43	2.81	2.57	3.12	2.21	1.72	1.61
RATIO OF OPER. EXP. TO REVS.—%	77.5	79.7	63.9	61.2	56.5	62.6	64.8	65.9
RATIO OF TRANSP. EXP. TO REVS.—%	36.6	30.4	27.1	24.8	25.2	27.9	29.5	31.1
5. DISPOSITION OF NET INCOME								
Inc. appl. to sink. and other res. fds. Dividend appropriations of income Inc. approp. for invt. in phys. prop. Miscellaneous approp. of inc.....	\$ 1,375,000 ..... ..... .....	\$ 1,000,000 ..... ..... 9,279	\$ 250,000 ..... ..... 4,109	\$ 250,000 ..... ..... 26	\$ 250,000 ..... 1,250 372	\$ 259,899 ..... 15,000 .....	\$ 263,063 ..... 15,000 .....	\$ 263,000 ..... 15,000 .....
Total appropriations of inc.....	1,375,000	1,009,279	254,109	250,026	251,622	274,899	278,063	278,000
Inc. bal. transf. to Prof. & Loss	22,082,001	23,148,311	23,142,857	19,340,522	28,802,399	16,510,260	9,930,131	8,408,425
6. PROFIT AND LOSS.								
Profit and loss, January 1..... Add: Credits to profit and loss..... Deduct: Debits to profit and loss. Profit and loss, December 31.....	118,589,203 23,666,009 17,847,420 124,407,792	114,094,613 23,264,489 18,769,899 118,589,203	106,516,915 23,393,891 15,816,193 114,094,613	*115,503,414 19,686,665 28,673,164 106,516,915	115,401,668 29,277,842 27,907,767 116,771,743	105,857,099 17,219,055 7,674,486 115,401,668	106,281,950 10,584,143 11,008,994 105,857,099	98,853,566 8,565,003 1,136,619 106,281,950
7. DIVIDENDS DECLARED	9,277,637	9,255,749	5,008,894	4,997,798	4,997,795	4,997,790	1,249,448	.....
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 (or Deficit)	\$ 142,793	\$ 418,802	\$ 792,722	\$ 204,688	\$ 539,443	\$ 206,077	\$ 155,180	\$ 2,110

\*Revised to conform with changes in Interstate Commerce Commission accounting classification.

# ANNUAL REPORT FOR 1946

## INCOME ACCOUNT—1931 to 1938

	1938	1937	1936	1935	1934	1933	1932	1931
Average mileage of road operated.....	8,071.54	8,087.49	8,188.15	8,278.28	8,344.39	8,445.12	8,408.70	8,357.32
1. OPERATING INCOME.								
RAILWAY OPERATING REVENUES								
Freight.....	\$68,544,001	\$81,560,214	\$77,150,514	\$70,211,977	\$60,348,273	\$52,673,934	\$45,960,600	\$63,344,821
Passenger.....	4,544,458	5,081,691	4,977,601	4,416,108	4,220,571	3,759,187	3,941,659	6,042,610
Mail.....	2,734,684	2,797,474	2,719,087	2,592,247	2,612,588	2,626,891	2,824,801	3,143,556
Express.....	866,567	923,423	965,414	939,960	879,234	673,704	787,220	1,223,565
Switching.....	580,821	710,286	636,179	506,098	460,974	415,670	431,817	628,283
Other transportation.....	189,955	396,398	291,394	319,343	278,170	271,178	392,626	573,968
Incidental.....	1,963,103	3,450,360	2,862,617	2,206,630	1,950,567	1,543,912	1,261,738	2,140,800
Joint facility—net.....	Dr.-208,058	Cr.- 22,446	Cr.- 22,299	Dr.- 3,505	Cr.- 2,500	Dr.- 40,585	Dr.- 51,215	Dr.- 10,148
Total railway oper. revs.....	79,215,531	94,942,292	89,625,105	81,188,858	70,752,877	61,923,891	55,549,246	77,087,455
RAILWAY OPERATING EXPENSES								
Maintenance of way and struct....	8,652,584	10,247,812	8,660,007	6,994,058	8,368,883	5,335,607	7,771,028	9,413,813
Maintenance of equipment.....	13,257,006	14,927,846	13,623,780	12,630,006	11,846,694	10,961,690	12,428,089	14,538,454
Traffic.....	2,254,863	2,282,051	2,152,655	2,029,222	1,899,765	1,864,188	2,177,887	2,532,764
Transportation—rail line.....	27,296,664	30,709,734	29,098,139	25,801,313	23,032,746	20,434,097	20,592,335	25,846,075
Miscellaneous operations.....	867,528	921,402	844,366	753,248	740,835	563,524	627,974	960,680
General.....	2,246,750	2,380,052	2,556,346	1,908,037	2,778,343	2,429,557	2,284,343	2,660,972
Transportation for invest.—Cr....	58,287	91,174	54,571	54,670	57,086	43,439	225,984	666,804
Total railway oper. exp.....	54,517,108	61,377,723	56,880,722	50,061,214	48,610,180	41,545,224	45,655,672	55,285,954
Net rev. from railway oper....	24,698,423	33,564,569	32,744,383	31,127,644	22,142,697	20,378,667	9,893,574	21,801,501
Railway tax accruals.....	8,364,234	8,425,163	7,842,526	6,216,821	6,181,111	6,660,944	6,697,424	7,179,028
Uncollectible railway revenues.....				9,257	10,528	7,213	14,210	9,894
Railway operating income.....	16,334,189	25,139,406	24,901,857	24,901,566	15,951,058	13,710,510	3,181,940	14,612,579
Equipment rents—Net debit.....	1,479,331	965,016	889,029	997,612	1,381,666	1,301,953	1,513,915	1,454,238
Joint facility rent—Net debit.....	375,582	404,982	453,257	420,100	467,742	598,330	377,474	488,921
NET RAILWAY OPER. INC.....	14,479,276	23,769,408	23,559,571	23,483,854	14,101,650	11,810,227	1,290,551	12,669,420
2. OTHER INCOME.								
Revs. from miscellaneous oper.....								
Income from lease of rd. and equip..	142,530	142,677	133,414	313	3,940	313	777	1,428
Miscellaneous rent income.....	324,081	327,800	401,134	388,691	477,269	574,603	650,235	667,283
Miscellaneous nonoper. phys. prop...	209,488	168,097	176,668	177,606	174,425	159,323	165,315	166,934
Separately oper. prop.—Profit.....		45,875		48,316		4,178		
Dividend income.....	2,205,150	1,982,889	3,882,151	1,954,999	2,922,223	3,349,378	3,047,899	9,201,615
Income from funded securities.....	534,637	396,348	238,755	958,176	775,222	464,732	656,306	1,151,748
Inc. from unfunded sec. and accts...	3,841	11,231	5,716	12,373	174,576	40,114	367,835	667,342
Release of premiums on funded debt.								
Miscellaneous income.....	154,987	165,465	211,331	275,835	310,523	294,531	207,725	254,287
Total other income.....	3,574,714	3,240,382	5,049,169	3,816,309	4,838,178	4,887,172	5,096,092	12,110,637
Total income.....	18,053,990	27,009,790	28,608,740	27,300,163	18,939,828	16,697,399	6,386,643	24,780,057
3. MISCELLANEOUS DEDUCT'NS FROM INC.								
Expenses of miscellaneous oper.....								
Taxes on miscellaneous oper. prop...								
Miscellaneous rents.....	75,331	75,050	75,172	77,304	79,978	58,898	7,972	8,021
Miscellaneous tax accruals.....	70,836	68,019	74,050	70,124	71,018	70,298	93,461	95,673
Separately operated prop.—Loss....	652,464	503,538	541,191	440,552	1,995	76,348	110,719	108,879
Miscellaneous income charges.....	269,435	250,299	246,805	244,096	289,152	218,355	72,495	86,461
Total miscel. deductions.....	1,068,066	896,906	937,218	832,076	442,143	423,899	284,647	299,034
Inc. available for fixed chgs....	16,985,924	26,112,884	27,671,522	26,468,087	18,497,685	16,273,500	6,101,996	24,481,023
4. FIXED CHARGES.								
Rent for leased roads and equipt....	30,835	25,530	3,495	1,176	18,186	100	Cr.— 87	151
Interest on funded debt—fixed int....	14,121,823	15,571,487	17,298,166	18,755,665	18,816,884	18,965,541	18,933,208	18,992,022
Interest on unfunded debt.....	120,706	18,361	39,833	141,900	302,889	110,928	323,146	Cr.— 95,623
Amort. of discount on funded debt...		407,586	426,042	429,486	434,206	384,691	251,168	258,566
Total fixed charges.....	14,273,364	16,022,964	17,767,536	19,328,227	19,572,165	19,461,260	19,507,435	19,155,116
NET INCOME (or Deficit).....	\$ 2,712,560	\$10,089,920	\$ 9,903,986	\$ 7,139,860	\$ 1,074,480	\$ 3,187,760	\$13,405,439	\$ 5,325,907
NO. OF TIMES FIXED CHGS. EARNED...	1.19	1.63	1.56	1.37	.95	.84	.31	1.28
RATIO OF OPER. EXP. TO REVS.—%	68.8	64.6	63.5	61.7	68.7	67.1	82.2	71.7
RATIO OF TRANSP. EXP. TO REVS.—%	34.5	32.3	32.5	31.8	32.6	33.0	37.1	33.5
5. DISPOSITION OF NET INCOME.								
Inc. appl. to sink. and other res. fds.	\$ 13,804	\$ 15,067	\$ 15,439	\$ 14,993	\$ 14,827	\$ 14,270	\$ 14,386	\$ 14,666
Dividend appropriations of income...		4,997,788						
Inc. approp. for invt. in phys. prop.	15,000	15,000	15,000	15,000	15,000			
Miscellaneous approp. of inc.....						123,528	629,600	
Total appropriations of inc.....	28,804	5,027,855	30,439	29,993	29,827	137,798	643,986	14,666
Inc. bal. transf. to Prof. & Loss	2,683,756	5,062,065	9,873,547	7,109,867	1,104,307	3,325,558	14,049,425	5,311,241
6. PROFIT AND LOSS.								
Profit and loss, January 1.....	90,835,358	106,586,171	102,731,957	102,202,449	104,655,903	109,307,501	120,551,319	125,744,603
Add: Credits to profit and loss....	34,492,004	5,527,901	10,270,045	7,364,108	281,740	286,615	6,317,767	5,986,498
Deduct: Debits to profit and loss....	26,473,796	21,278,714	6,415,831	6,834,600	2,735,194	4,938,213	17,561,585	11,179,782
Profit and loss, December 31.....	98,853,566	90,835,358	106,586,171	102,731,957	102,202,449	104,655,903	109,307,501	120,551,319
7. DIVIDENDS DECLARED.....		4,997,788						6,222,717
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 (or Deficit)	\$ 411,932	\$ 420,633	\$ 237,140	\$ 64,460	\$ 561,618	\$ 16,911	\$ 603,566	\$ 91,916

# G R E A T   N O R T H E R N   R A I L W A Y   C O M P A N Y

## G E N E R A L   B A L A N C E   S H E E T D E C E M B E R   3 1 ,   1 9 4 6   A N D   1 9 4 5

ASSETS	December 31, 1 9 4 6	December 31, 1 9 4 5	INCREASE	DECREASE
<b>INVESTMENTS</b>				
Road and equipment property				
Road.....	\$467,890,631	\$464,780,669	\$ 3,109,962	
Equipment.....	172,396,858	167,400,544	4,996,314	
General expenditures.....	3,695,818	3,697,732		\$ 1,914
Total.....	643,983,307	635,878,945	8,104,362	
Improvements on leased property.....	455,178	456,361		1,183
Acquisition adjustment—Cr.....	6,212,305	6,212,305		
Donations and grants—Cr.....	3,803,213	3,740,977	62,236	
Total investment in transportation property.....	634,422,967	626,382,024	8,040,943	
Accrued depreciation—Road—Cr.....	15,082,450	12,265,340	2,817,110	
Accrued depreciation—Equipment—Cr.....	73,954,102	71,743,699	2,210,403	
Accrued amortization of defense projects—Road—Cr.....	7,030,135	7,278,445		248,310
Accrued amortization of defense projects—Equipment—Cr.....	45,489,819	45,185,509	304,310	
Investment in transportation property less recorded depreciation and amortization.....	492,866,461	489,909,031	2,957,430	
Capital and other reserve funds.....	1,680,312	7,438,399		5,758,087
Miscellaneous physical property.....	13,360,273	12,873,234	487,039	
Accrued depreciation—Miscellaneous physical property—Cr.....	227,741	358,438		130,697
Miscellaneous physical property less recorded depreciation.....	13,132,532	12,514,796	617,736	
Investments in affiliated companies (Page 30):				
Stocks.....	140,993,762	140,993,762		
Bonds.....	26,508,601	26,508,601		
All other.....	5,249,727	5,877,417		627,690
Total.....	172,752,090	173,379,780		627,690
Other investments (Page 30):				
Stocks.....	2,316,878	2,306,203	10,675	
Bonds.....	548,000	548,000		
All other.....	4,041,612	3,898,861	142,751	
Total.....	6,906,490	6,753,064	153,426	
Deduct—Reserve for adjustment of investment in securities....	6,385,042	6,421,952		36,910
Total investments.....	680,952,843	683,573,118		2,620,275
<b>CURRENT ASSETS</b>				
Cash.....	34,301,152	36,126,770		1,825,618
Temporary cash investments and special deposits.....	10,558,454	13,451,830		2,893,376
Loans and bills receivable.....	145,700	740	144,960	
Net balance receivable from agents and conductors.....	1,808,096	1,628,960	179,136	
Miscellaneous accounts receivable.....	11,211,705	15,846,024		4,634,319
Material and supplies.....	20,911,622	19,336,774	1,574,848	
Interest and dividends receivable.....	22,491	27,244		4,753
Accrued accounts receivable.....	2,386,283	6,973,190		4,586,907
Other current assets.....	320,595	188,104	132,491	
Total current assets.....	81,666,098	93,579,636		11,913,538
<b>DEFERRED ASSETS</b>				
Working fund advances.....	46,698	46,895		197
Other deferred assets.....	631,226	2,824,081		2,192,855
Total deferred assets.....	677,924	2,870,976		2,193,052
<b>UNADJUSTED DEBITS</b>				
Prepayments.....	241,757	250,830		9,073
Discount on funded debt.....	2,906,653	740,700	2,165,953	
Other unadjusted debits.....	3,954,653	3,424,659	529,994	
Total unadjusted debits.....	7,103,063	4,416,189	2,686,874	
Grand total.....	\$770,399,928	\$784,439,919		\$ 14,039,991

# ANNUAL REPORT FOR 1946

## GENERAL BALANCE SHEET DECEMBER 31, 1946 AND 1945

LIABILITIES	December 31, 1946	December 31, 1945	INCREASE	DECREASE
<b>STOCK</b>				
Capital stock—Book liability.....	\$274,028,150	\$274,028,150		
Less—Held by or for the Company.....	1,189,600	1,189,600		
Total stock.....	272,838,550	272,838,550		
<b>LONG TERM DEBT</b>	Dec. 31, 1946	Dec. 31, 1945		
Funded debt unmatured.....	\$287,802,276	\$298,403,556		
Less—Held by or for the Company.....	50,474,000	50,474,000		
Actually outstanding.....	\$237,328,276	\$247,929,556		
Great Northern Railway Company—				
General Mortgage Gold Bonds				
Series B, 5½%, January 1, 1952.....	14,599,400	17,854,400		\$ 3,255,000
Series C, 5%, January 1, 1973.....	14,154,900	14,154,900		
Series D, 4½%, July 1, 1976.....	14,508,000	14,508,000		
Series E, 4½%, July 1, 1977.....	#1,551,000	7,032,000		5,481,000
Series K, 3½%, January 1, 1960.....		35,000,000		35,000,000
Series L, 3½%, January 1, 1970.....		30,000,000		30,000,000
Series M, 3½%, January 1, 1980.....		35,000,000		35,000,000
Series N, 3½%, January 1, 1990.....	37,500,000	37,500,000		
Series O, 3½%, January 1, 2000.....	37,500,000	37,500,000		
Series P, 2¾%, January 1, 1982.....		40,000,000	\$ 40,000,000	
Series Q, 2½%, January 1, 2010.....	35,000,000	35,000,000		
Series R, 2¼%, January 1, 1961.....	25,000,000	25,000,000		
Equipment Obligations				
Equipment Trust—Series E, 2% serially to Mar. 1, 1947.....	465,000	930,000		465,000
Notes evidencing conditional sale contracts (Page 36)....	17,049,976	18,450,256		1,400,280
Total funded debt outstanding.....	237,328,276	247,929,556		10,601,280
Amounts payable to affiliated companies.....	14,008	56,032		42,024
Total long-term debt.....	237,342,284	247,985,588		10,643,304
Total capital liabilities.....	510,180,834	520,824,138		10,643,304
<b>CURRENT LIABILITIES</b>				
Traffic and car-service balances—Cr.....	395,373	3,567,186		3,171,813
Audited accounts and wages payable.....	11,348,474	10,017,625	1,330,849	
Miscellaneous accounts payable.....	9,962,003	3,735,892	6,226,111	
Interest matured unpaid.....	3,679,251	4,316,952		637,701
Dividends matured unpaid.....	241,644	250,444		8,800
Unmatured interest accrued.....	19,471	13,855	5,616	
Accrued accounts payable.....	1,879,470	3,048,822		1,169,352
Taxes accrued.....	11,556,477	14,106,668		2,550,191
Other current liabilities.....	1,286,910	3,734,663		2,447,753
Total current liabilities.....	40,369,073	42,792,107		2,423,034
<b>DEFERRED LIABILITIES</b>				
Other deferred liabilities.....	315,253	340,648		25,395
<b>UNADJUSTED CREDITS</b>				
Insurance reserves.....	7,550	11,462		3,912
Other unadjusted credits.....	6,765,266	13,871,886		7,106,620
Accrued depreciation—Leased property.....	32,520	22,626	9,894	
Total unadjusted credits.....	6,805,336	13,905,974		7,100,638
<b>SURPLUS</b>				
Unearned surplus.....	1,402,176	1,397,393	4,783	
Earned surplus—Appropriated.....	86,919,464	86,590,456	329,008	
*Earned surplus—Unappropriated—Credit balance (Page 26)....	124,407,792	118,589,203	5,818,589	
Total surplus.....	212,729,432	206,577,052	6,152,380	
Grand total.....	\$770,399,928	\$784,439,919		\$ 14,039,991

#Provision has been made for retiring \$1,551,000—Series E, 4½% General Mortgage Gold Bonds on July 1, 1947.

\*Does not include aggregate net profit and loss credits to December 31, 1946, amounting to \$789,193 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, Series B, 3½%, due October 1, 1971..\$14,257,000  
Spokane, Portland and Seattle Railway Company Equipment Trust, Series A, 2¾%, due serially to July 1, 1947..... 120,000

# GREAT NORTHERN RAILWAY COMPANY

## EARNED SURPLUS ACCOUNT—DECEMBER 31, 1946

CREDITS			
Credit balance December 31, 1945.....			\$118,589,203
Credit balance transferred from income.....	\$22,082,001		
Miscellaneous credits.....	1,584,008	\$23,666,009	
DEBITS			
Dividend appropriations of surplus.....	9,277,637		
Premium and expenses paid on funded debt retired during year.....	7,511,879		
Miscellaneous debits.....	1,057,904	17,847,420	
*Net credit for year 1946.....			5,818,589
Credit balance, December 31, 1946, carried to balance sheet.....			\$124,407,792

\*Does not include net profit and loss credit for the year 1946 amounting to \$435,226 of subsidiaries in which this Company holds directly or indirectly a majority of the outstanding capital stock.

## ROAD AND EQUIPMENT PROPERTY—1946 (INCLUDING IMPROVEMENTS ON LEASED PROPERTY)

ACCOUNT	CASH EXPENDI- TURES FOR NEW PROPERTY	NET INCREASE IN INVESTMENT ACCOUNT (AFTER DEDUCTING COST OF PROPERTY RETIRED)	ACCOUNT	CASH EXPENDI- TURES FOR NEW PROPERTY	NET INCREASE IN INVESTMENT ACCOUNT (AFTER DEDUCTING COST OF PROPERTY RETIRED)
Engineering.....	\$50,769	\$ 34,382	Other expenditures—road.....		Cr.—\$ 2
Land for transportation purposes.....	52,370	Cr.— 26,772	Shop machinery.....	\$387,840	305,008
Other right-of-way expenditures.....	Cr.— 3,069	Cr.— 3,816*	Power plant machinery.....	77,010	64,053
Grading.....	357,289	185,586	Total expenditures for road.....	4,481,134	3,108,779
Tunnels and subways.....	12,750	6,430	Steam locomotives.....	725,869	418,106
Bridges, trestles and culverts.....	425,581	349,212*	Other locomotives.....	2,756,215	2,756,215
Ties.....	147,746	129,156	Freight-train cars.....	974,079	Cr.—912,006
Rails.....	334,315	250,090	Passenger-train cars.....	2,571,368	2,457,565
Other track material.....	623,301	570,876	Work equipment.....	215,519	148,157
Ballast.....	110,543	79,038	Miscellaneous equipment.....	144,749	128,277
Track laying and surfacing.....	226,098	168,374	Total expenditures for equipment.....	7,387,799	4,996,314
Fences, snow sheds, and signs.....	24,283	7,546*	Organization expenses.....		Cr.— 34
Crossings and signs.....		(See Note)	General officers and clerks.....		Cr.— 21
Station and office buildings.....	330,320	Cr.— 27,108	Law.....		Cr.— 13
Roadway buildings.....	38,105	35,599	Stationery and printing.....		Cr.— 1
Water stations.....	68,415	21,106	Taxes.....		Cr.— 8
Fuel stations.....	68,620	3,869	Interest during construction.....		Cr.— 1,697
Shops and engine houses.....	285,814	233,706	Other expenditures—General.....		Cr.— 140
Wharves and docks.....	Cr.— 16,110	Cr.— 16,637	Total general expenditures.....		Cr.— 1,914
Coal and ore wharves.....	21,953	21,953	Grand total including improvements on leased property.....	\$11,868,933	\$ 8,103,179
Telegraph and telephone lines.....	15,231	12,816			
Signals and interlockers.....	315,853	292,806*			
Power plants.....	6,958	5,713			
Power transmission systems.....	39,157	31,515			
Miscellaneous structures.....	142,590	140,096			
Roadway machines.....	362,433	284,010			
Public improvements—Construction.....	Cr.— 25,031	Cr.— 49,826*			

Note: Excludes \$5,551,955 charged to "Crossings and Signs" in prior years and the redistribution thereof in 1946 to accounts indicated by asterisks.

# ANNUAL REPORT FOR 1946

## OPERATING REVENUES 1946 AND 1945

ACCOUNT	1946	1945	(I—INCREASE) (D—DECREASE)	
			AMOUNT	PERCENT
Freight.....	\$137,660,549	\$164,379,347	D— \$26,718,798	D— 16.3
Passenger.....	15,985,382	20,887,002	D— 4,901,620	D— 23.5
Baggage.....	54,735	97,049	D— 42,314	D— 43.6
Parlor and chair car.....	60,476	68,356	D— 7,880	D— 11.5
Mail.....	3,981,226	3,658,526	I— 322,700	I— 8.8
Express.....	3,018,796	3,471,124	D— 452,328	D— 13.0
Other passenger-train.....	116,767	421,896	D— 305,129	D— 72.3
Milk.....	246,092	160,193	I— 85,899	I— 53.6
Switching.....	1,249,383	1,448,941	D— 199,558	D— 13.8
Total rail-line transportation revenue.....	162,373,406	194,592,434	D— 32,219,028	D— 16.6
Dining and buffet.....	1,659,579	1,923,916	D— 264,337	D— 13.7
Hotel and restaurant.....	226,104	291,238	D— 65,134	D— 22.4
Station, train and boat privileges.....	55,439	61,755	D— 6,316	D— 10.2
Parcel room.....	16,919	28,240	D— 11,321	D— 40.1
Storage—Freight.....	12,695	10,996	I— 1,699	I— 15.5
Storage—Baggage.....	16,757	23,286	D— 6,529	D— 28.0
Demurrage.....	257,146	360,996	D— 103,850	D— 28.8
Telegraph and telephone.....	183,595	176,215	I— 7,380	I— 4.2
Rents of buildings and other property.....	301,637	253,766	I— 47,871	I— 18.9
Miscellaneous.....	2,330,569	2,806,441	D— 475,872	D— 17.0
Total incidental operating revenues.....	5,060,440	5,936,849	D— 876,409	D— 14.8
Joint facility—Cr.....	391,734	217,631	I— 174,103	I— 80.0
Joint facility—Dr.....	457,095	622,410	D— 165,315	D— 26.6
Total joint facility operating revenues.....	Dr. 65,361	Dr. 404,779	D— 339,418	D— 83.9
Total railway operating revenues.....	\$167,368,485	\$200,124,504	D— \$32,756,019	D— 16.4

## FREIGHT REVENUE BY COMMODITY GROUPS 1946 AND 1945

COMMODITY	1946		1945		(I—INCREASE) (D—DECREASE)	
	REVENUE	PERCENT OF TOTAL	REVENUE	PERCENT OF TOTAL	AMOUNT	PERCENT
Products of Agriculture.....	\$ 41,618,725	30.2	\$ 42,495,720	25.8	D—\$ 876,995	D— 2.1
Animals and Products.....	5,166,906	3.8	6,611,701	4.0	D— 1,444,795	D— 21.9
Products of Mines.....	23,522,518	17.1	28,200,328	17.2	D— 4,677,810	D— 16.6
Products of Forests.....	16,702,213	12.1	16,066,523	9.8	I— 635,690	I— 4.0
Manufactures and Miscellaneous.....	44,548,273	32.4	66,213,986	40.3	D— 21,665,713	D— 32.7
Merchandise—All L. C. L. Freight.....	6,101,914	4.4	4,791,089	2.9	I— 1,310,825	I— 27.4
Total.....	\$137,660,549	100.0	\$164,379,347	100.0	D—\$26,718,798	D— 16.3

# G R E A T   N O R T H E R N   R A I L W A Y   C O M P A N Y

## O P E R A T I N G   E X P E N S E S ,   1 9 4 6   A N D   1 9 4 5

ACCOUNT	1946	1945	INCREASE	DECREASE
<b>MAINTENANCE OF WAY AND STRUCTURES</b>				
Superintendence.....	\$ 1,679,137	\$ 1,396,667	\$ 282,470	
Roadway maintenance.....	1,805,335	2,010,714		\$ 205,379
Tunnels and subways.....	400,794	147,806	252,988	
Bridges, trestles, and culverts.....	1,244,538	1,113,570	130,968	
Ties.....	1,969,416	2,783,385		813,969
Rails.....	839,606	909,936		70,330
Other track material.....	947,219	1,088,464		141,245
Ballast.....	125,756	375,803		250,047
Track laying and surfacing.....	9,190,798	11,006,267		1,815,469
Fences, snow sheds, and signs.....	308,414	249,481	58,933	
Station and office buildings.....	784,107	1,005,073		220,966
Roadway buildings.....	115,664	129,135		13,471
Water stations.....	207,302	242,689		35,387
Fuel stations.....	74,125	66,500	7,625	
Shops and engine houses.....	856,238	868,613		12,375
Wharves and docks.....	121,716	90,943	30,773	
Coal and ore wharves.....	377,594	679,465		301,871
Telegraph and telephone lines.....	602,132	577,278	24,854	
Signals and interlockers.....	990,931	771,992	218,939	
Power plants.....	21,154	22,294		1,140
Power-transmission systems.....	68,342	59,603	8,739	
Miscellaneous structures.....	8,261	4,715	3,546	
Roadway machines.....	532,377	507,192	25,185	
Dismantling retired road property.....	142,964	156,642		13,678
Small tools and supplies.....	347,220	334,803	12,417	
Removing snow, ice, and sand.....	1,059,313	647,541	411,772	
Public improvements—Maintenance.....	300,697	342,337		41,640
Injuries to persons.....	193,116	137,025	56,091	
Insurance.....	77,543	72,873	4,670	
Stationery and printing.....	21,733	21,406	327	
Other expenses.....	29,178	41,647		12,469
Right-of-way expenses.....	11,409	11,479		70
Maintaining joint tracks, yards, and other facilities—Dr..	957,424	1,465,765		508,341
Maintaining joint tracks, yards, and other facilities—Cr..	536,542	528,983	7,559	
Sub-total.....	25,875,011	28,810,120		2,935,109
Road property—Depreciation.....	3,003,039	2,948,177	54,862	
Retirements—Road.....	184,742	2,084,781		1,900,039
Road—Amortization of defense projects.....	14,232	5,601,320		5,587,088
Total Depreciation, Retirements and Amortization.....	3,202,013	10,634,278		7,432,265
Total Maintenance of Way and Structures.....	29,077,024	39,444,398		10,367,374
<b>MAINTENANCE OF EQUIPMENT</b>				
Superintendence.....	879,306	751,180	128,126	
Shop machinery.....	507,877	582,480		74,603
Power-plant machinery.....	100,177	92,497	7,680	
Dismantling retired shop and power-plant machinery.....	2,120	7,732		5,612
Steam locomotives—Repairs.....	9,847,931	10,228,225		380,294
Other locomotives—Repairs.....	1,978,268	1,802,432	175,836	
Freight-train cars—Repairs.....	8,005,487	7,748,392	257,095	
Passenger-train cars—Repairs.....	2,529,766	2,268,297	261,469	
Work equipment—Repairs.....	652,757	709,650		56,893
Miscellaneous equipment—Repairs.....	178,315	144,328	33,987	
Dismantling retired equipment.....	29,228	10,208	19,020	
Injuries to persons.....	128,302	100,433	27,869	
Insurance.....	126,337	106,496	19,841	
Stationery and printing.....	18,114	15,239	2,875	
Other expenses.....	80,219	55,608	24,611	
Joint maintenance of equipment expenses—Dr.....	211,553	209,533	2,020	
Joint maintenance of equipment expenses—Cr.....	100,846	83,106	17,740	
Sub-total.....	25,174,911	24,749,624	425,287	
Equipment, Shop and Power-Plant Machinery—Depr....	4,200,271	4,001,481	198,790	
Retirements—Equipment—Cr.....	23,336	26,386		3,050
Equipment—Amortization of defense projects.....	338,529	21,823,198		21,484,669
Total Depreciation, Retirements and Amortization.....	4,515,464	25,798,293		21,282,829
Total Maintenance of Equipment.....	29,690,375	50,547,917		20,857,542
<b>TRAFFIC</b>				
Superintendence.....	774,485	658,642	115,843	
Outside agencies.....	1,657,093	1,480,198	176,895	
Advertising.....	780,690	485,650	295,040	
Traffic associations.....	53,396	49,713	3,683	
Industrial and immigration bureaus.....	131,600	95,176	36,424	
Insurance.....	1,544	1,511	33	
Stationery and printing.....	142,671	107,139	35,532	
Other expenses.....	59		59	
Total Traffic Expenses.....	\$ 3,541,538	\$ 2,878,029	\$ 663,509	

# ANNUAL REPORT FOR 1946

## OPERATING EXPENSES, 1946 AND 1945

ACCOUNT	1946	1945	INCREASE	DECREASE
<b>TRANSPORTATION—RAIL LINE</b>				
Superintendence.....	\$ 1,349,038	\$ 1,242,726	\$ 106,312	
Dispatching trains.....	778,885	693,492	85,393	
Station employees.....	9,858,290	8,043,838	1,814,452	
Weighing, inspection and demurrage bureaus.....	106,312	90,535	15,777	
Coal and ore wharves.....	657,566	681,023		\$ 23,457
Station supplies and expenses.....	553,603	513,865	39,738	
Yardmasters and yard clerks.....	1,805,623	1,578,930	226,693	
Yard conductors and brakemen.....	4,290,804	3,911,842	378,962	
Yard switch and signal tenders.....	184,312	170,016	14,296	
Yard enginemen.....	1,466,402	1,393,363	73,039	
Yard motormen.....	1,174,742	993,050	181,692	
Yard switching fuel.....	1,532,313	1,504,073	28,240	
Water for yard locomotives.....	67,947	63,058	4,889	
Lubricants for yard locomotives.....	55,415	60,433		5,018
Other supplies for yard locomotives.....	59,376	56,475	2,901	
Engine-house expenses—Yard.....	988,384	922,575	65,809	
Yard supplies and expenses.....	75,215	77,889		2,674
Train enginemen.....	4,705,498	6,646,314		1,940,816
Train motormen.....	1,669,148	2,266,862		597,714
Train fuel.....	8,455,663	9,197,511		741,848
Train power produced.....	25,104	21,258	3,846	
Train power purchased.....	280,666	335,877		55,211
Water for train locomotives.....	590,364	604,477		14,113
Lubricants for train locomotives.....	394,465	410,659		16,194
Other supplies for train locomotives.....	125,527	134,254		8,727
Engine-house expenses—Train.....	2,432,694	2,339,211	93,483	
Trainmen.....	8,532,539	7,477,089	1,055,450	
Train supplies and expenses.....	4,040,038	4,037,319	2,719	
Signal and interlocker operation.....	440,906	385,511	55,395	
Crossing protection.....	124,287	96,436	27,851	
Drawbridge operation.....	21,920	16,893	5,027	
Telegraph and telephone operation.....	589,330	514,131	75,199	
Stationery and printing.....	186,362	172,749	13,613	
Other expenses.....	184,761	212,090		27,329
Insurance.....	130,814	148,703		17,889
Clearing wrecks.....	211,300	194,688	16,612	
Damage to property.....	45,571	134,875		89,304
Damage to livestock on right-of-way.....	69,486	68,429	1,057	
Loss and damage—Freight.....	1,481,854	1,278,243	203,611	
Loss and damage—Baggage.....	5,199	5,604		405
Injuries to persons.....	965,091	1,504,967		539,876
Operating joint yards and terminals—Dr.....	1,837,136	1,740,595	96,541	
Operating joint yards and terminals—Cr.....	1,365,236	1,116,394	248,842	
Operating joint tracks and facilities—Dr.....	372,456	359,117	13,339	
Operating joint tracks and facilities—Cr.....	235,977	279,754		43,777
Total transportation—rail line.....	61,321,193	60,904,897	416,296	
<b>MISCELLANEOUS OPERATIONS</b>				
Dining and buffet service.....	2,142,162	2,041,553	100,609	
Hotels and restaurants.....	200,266	226,398		26,132
Other miscellaneous operations.....	10,029	8,616	1,413	
Total miscellaneous operations.....	2,352,457	2,276,567	75,890	
<b>GENERAL</b>				
Salaries and expenses of general officers.....	382,696	342,283	40,413	
Salaries and expenses of clerks and attendants.....	2,405,047	2,061,257	343,790	
General office supplies and expenses.....	192,646	119,009	73,637	
Law expenses.....	325,736	320,730	5,006	
Insurance.....	3,495	3,197	298	
Pensions.....	109,653	136,851		27,198
Stationery and printing.....	133,120	161,780		28,660
Valuation expenses.....	11,387	9,634	1,753	
Other expenses.....	176,811	276,656		99,845
General joint facilities—Dr.....	48,335	44,336	3,999	
General joint facilities—Cr.....	13,667	13,109	558	
Total general expenses.....	3,775,259	3,462,624	312,635	
Grand total railway operating expenses.....	\$129,757,846	\$159,514,432		\$ 29,756,586

# G R E A T   N O R T H E R N   R A I L W A Y   C O M P A N Y

## INVESTMENTS IN SECURITIES

(BOOK VALUE—COST TO GREAT NORTHERN RAILWAY COMPANY)

DECEMBER 31, 1946

TITLE OF SECURITY	STOCKS				BONDS	NOTES ADVANCES, AND MISCEL- LANEOUS	TOTAL BOOK VALUE	DIVIDENDS OR INTEREST RECEIVED
	EXTENT OF STOCK CONTROL %	*PAR VALUE	BOOK VALUE					
			PLEGDED	UNPLEGDED				
INVESTMENTS IN AFFILIATED COMPANIES								
Chicago, Burlington & Quincy R. R. Co.	48.59	\$ 83,017,900	\$109,114,810	\$ 130,646			\$109,245,456	\$ 4,981,074
Cowlitz, Chehalis & Cascade Ry. ....	16.46	69,971		134,430		\$ 29,750	164,180	
Duluth and Superior Bridge Co. (The).	100	200,000		200,000	\$ 545,101		745,101	98,862
Glacier Park Company.....	100	1,500,000		1,500,000		2,845,188	4,345,188	181,350
Great Northern Equipment Company.	100	1,000		1,000			1,000	
Lake Superior Terminal and Transfer Ry. Co. (The).....	33.33	169,800	167,800	2,000		38,000	207,800	
Midland Ry. Co. of Manitoba (The)...	50	2,400,000		2,400,000		27,340	2,427,340	
Minnesota Transfer Ry. Co. (The)....	11.11	91,300	91,300			48,470	139,770	
Montana Western Ry. Co. (The).....					165,000		165,000	
Oregon, California & Eastern Ry. Co..	50	300,000		319,801		1,007,008	1,326,809	
Railroad Credit Corporation (The)....						5,328	5,328	
Railway Express Agency, Inc.....	1.5	*		1,500		387,695	389,195	18,484
St. Paul Union Depot Co. (The).....	12.5	103,600	130,475			10,948	141,423	4,144
Spokane, Portland and Seattle Ry. Co.	50	20,000,000	20,000,000		25,798,500		45,798,500	
Western Fruit Express Company.....	100	6,800,000		6,800,000		850,000	7,650,000	18,879
Total affiliated companies.....		*\$114,653,571	\$129,504,385	\$11,489,377	\$26,508,601	\$ 5,249,727	\$172,752,090	\$ 5,302,793
OTHER INVESTMENTS								
Crow's Nest Pass Coal Co., Ltd. (The).	7.9	\$ 491,700		\$ 810,210			\$ 810,210	\$ 14,751
Northland Greyhound Lines, Inc.....	44.3	*		1,233,052			1,233,052	833,675
St. Paul Foundry & Manufacturing Co.	39.2	233,100		233,100			233,100	9,324
Wisconsin Central Ry. Co.—Terminal Bonds.....					\$ 247,500		247,500	9,625
Dominion of Canada—Victory Loans.					300,000		300,000	5,250
Lake Mining Company.....						\$ 3,833,520	3,833,520	
Miscellaneous.....		42,135		40,516	500	208,092	249,108	9,351
Total other investments.....		*\$ 766,935		\$ 2,316,878	\$ 548,000	\$ 4,041,612	\$ 6,906,490	\$ 881,976
Grand total.....		\$115,420,506	\$129,504,385	\$13,806,255	\$27,056,601	\$ 9,291,339	\$179,658,580	\$ 6,184,769
Deduct "Reserve for adjustment of investment in securities".....							6,385,042	
Total.....							\$173,273,538	

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

# ANNUAL REPORT FOR 1946

## FREIGHT COMMODITY STATISTICS 1946 AND 1945

COMMODITY	1946				1945	
	CARLOADS			TOTAL TONS (2000 LBS.)	TOTAL CARLOADS	TOTAL TONS (2000 LBS.)
	ORIGINATED	RECEIVED FROM CONNECTIONS	TOTAL			
PRODUCTS OF AGRICULTURE						
Wheat.....	74,537	2,244	76,781	3,882,130	83,852	4,151,388
Corn.....	6,059	883	6,942	306,970	11,153	526,314
Oats.....	17,153	295	17,448	693,954	17,051	695,716
Barley and rye.....	18,418	715	19,133	911,512	17,988	837,621
Flour and meal.....	15,047	872	15,919	574,158	16,741	621,511
Mill products.....	8,741	1,067	9,808	297,244	10,289	314,891
Apples, fresh.....	18,796	717	19,513	411,931	19,188	406,793
Other fresh fruits.....	3,888	8,913	12,801	237,700	11,857	230,097
Potatoes.....	24,898	2,781	27,679	678,439	26,240	604,341
Vegetables, fresh.....	1,480	4,496	5,976	100,893	5,684	91,405
Flaxseed.....	4,836	24	4,860	227,689	6,431	308,850
Sugar beets.....	10,962	99	11,061	462,648	8,874	368,890
Other products of agriculture.....	9,741	5,758	15,499	467,588	17,472	531,044
Total products of agriculture.....	214,556	28,864	243,420	9,252,856	252,820	9,688,861
ANIMALS AND PRODUCTS						
Cattle and calves.....	16,905	1,541	18,446	210,809	19,190	220,267
Sheep and goats.....	6,664	1,345	8,009	77,738	8,662	86,089
Hogs.....	3,696	305	4,001	43,137	4,141	44,216
Fresh meats.....	4,081	833	4,914	74,701	5,547	88,985
Poultry.....	1,482	517	1,999	32,359	1,984	33,288
Eggs.....	2,726	158	2,884	46,481	2,859	47,458
Butter.....	786	113	899	14,612	1,507	28,816
Other animals and products.....	6,748	1,793	8,541	192,790	11,141	275,242
Total animals and products.....	43,088	6,605	49,693	692,627	55,031	824,361
PRODUCTS OF MINES						
Anthracite coal.....	2	754	756	29,603	708	27,356
Bituminous coal.....	1,892	51,606*	53,498	2,442,846	52,215	2,349,637
Lignite.....	11,173	1,745	12,918	527,704	13,151	528,086
Coke.....	3,258	1,528	4,786	173,931	5,169	190,296
Iron ore.....	240,014	52,531	292,545	19,840,603	368,431	25,219,027
Other ores and concentrates.....	2,223	4,371	6,594	338,497	9,686	510,764
Gravel, sand, and stone.....	5,472	1,715	7,187	396,730	4,518	240,512
Crude petroleum.....	4,858	10,275	15,133	514,890	18,772	667,110
Asphalt.....	1,205	2,607	3,812	141,974	2,811	103,451
Salt.....	334	1,854	2,188	80,025	2,257	83,499
Other products of mines.....	6,946	1,929	8,875	470,861	8,560	461,304
Total products of mines.....	277,377	130,915	408,292	24,957,664	486,278	30,381,042
PRODUCTS OF FORESTS						
Logs, posts, poles, ties and cordwood.....	32,253	3,840	36,093	1,356,819	34,846	1,359,470
Pulpwood.....	6,416	365	6,781	287,279	6,475	278,531
Lumber, shingles, etc.....	42,145	31,139	73,284	2,544,739	77,047	2,695,027
Other products of forests.....	1,268	181	1,449	34,748	1,259	31,430
Total products of forests.....	82,082	35,525	117,607	4,223,585	119,627	4,364,458
MANUFACTURES AND MISCELLANEOUS						
Petroleum products.....	44,772	41,495	86,267	2,435,307	63,243	1,720,399
Sugar, sirup and molasses.....	1,887	1,092	2,979	122,690	4,043	157,071
Metals—pig, bar, sheet and pipe.....	2,488	8,762	11,250	457,511	18,097	798,207
Machinery and boilers.....	598	1,953	2,551	53,255	6,126	129,914
Cement, brick, lime and plaster.....	10,507	6,616	17,123	708,277	13,400	540,259
Agricultural implements, vehicles, etc.....	822	4,272	5,094	85,720	5,762	110,229
Automobiles and auto trucks.....	571	8,471	9,042	70,669	19,808	298,103
Beverages.....	1,328	3,636	4,964	139,761	5,886	172,282
Newsprint paper and printing paper.....	7,775	3,670	11,445	346,638	10,909	327,665
Canned food products.....	3,567	7,213	10,780	370,293	11,865	443,599
Scrap iron and scrap steel.....	1,212	194	1,406	61,747	1,912	86,835
Paper bags, paperboard, etc.....	3,209	4,082	7,291	222,875	7,395	228,365
Other manufactures and miscellaneous.....	47,219	59,845	107,064	3,053,845	146,093	4,313,266
Total manufactures and miscellaneous....	125,955	151,301	277,256	8,128,588	314,539	9,326,194
Grand total carload traffic.....	743,058	353,210	1,096,268	47,255,320	1,228,295	54,584,916
Merchandise—All L. C. L. traffic.....				492,933		415,411
Grand total carload and L. C. L. traffic.....				47,748,253		55,000,327

\*Mostly coal originating on line at Duluth, Minn., or Superior, Wis., after movement from lower lake ports by boat, classified as "Received from connections" because of previous rail haul from mines to lower lake ports.

# GREAT NORTHERN RAILWAY COMPANY

## STATISTICS OF RAIL LINE OPERATIONS

(EXCLUDES MOTOR VEHICLE OPERATIONS—REVENUE FROM THIS TRAFFIC IN 1946 AMOUNTED TO \$284,440)

ITEM	FREIGHT TRAINS		PASSENGER TRAINS		TOTAL TRANSPORTATION SERVICE	
	1946	1945	1946	1945	1946	1945
Average mileage of road operated.....	8,236.47	8,268.94	5,883.08	5,883.64	8,332.33	8,364.80
TRAIN MILES						
With steam locomotives.....	9,477,612	11,288,361	5,866,193	6,613,720	15,343,805	17,902,081
With Diesel locomotives.....	3,234,789	2,369,015	2,051,708	1,619,671	5,286,497	3,988,686
With electric locomotives.....	108,761	143,079	225,509	251,300	334,270	394,379
With rail motor cars.....	119,547	157,537	1,255,563	1,287,122	1,375,110	1,444,659
Light.....	133,401	109,791			133,401	109,791
Total.....	13,074,110	14,067,783	9,398,973	9,771,813	22,473,083	23,839,596
MOTIVE POWER MILES						
Locomotive miles:						
Principal.....	12,955,146	13,910,540	8,143,410	8,484,691	21,098,556	22,395,231
Helper or light.....	730,569	799,389	290,861	405,222	1,021,430	1,204,611
Train switching.....	1,036,522	1,030,374	5,484	3,354	1,042,006	1,033,728
Yard switching.....	5,302,945	5,522,555	303,366	300,446	5,606,311	5,823,001
Total.....	20,025,182	21,262,858	8,743,121	9,193,713	28,768,303	30,456,571
Rail motor cars.....	119,547	157,537	1,255,563	1,287,122	1,375,110	1,444,659
Total.....	20,144,729	21,420,395	9,998,684	10,480,835	30,143,413	31,901,230
CAR MILES						
Freight—loaded.....	472,049,849	552,271,844	610,054	654,576	472,659,903	552,926,420
Freight—empty.....	275,446,156	264,683,737	5,046	7,142	275,451,202	264,690,879
Total.....	747,496,005	816,955,581	615,100	661,718	748,111,105	817,617,299
Passenger coaches.....	772,187	800,758	19,037,547	23,370,905	19,809,734	24,171,663
Sleeping and parlor cars.....	215,684	7,641	26,619,769	29,559,798	26,835,453	29,567,439
Club, lounge, dining and observation cars.....			4,638,542	4,228,735	4,638,542	4,228,735
Mail, express and baggage cars, etc.....	4,135,438	3,500,339	32,020,214	32,729,399	36,155,652	36,229,738
Combination passenger cars.....	708,858	779,696	549,046	646,891	1,257,904	1,426,587
Business cars.....	16,130	17,215	329,901	286,843	346,031	304,058
Total.....	5,848,297	5,105,649	83,195,019	90,822,571	89,043,316	95,928,220
Caboose.....	12,174,359	13,232,430	83,136	295,516	12,257,495	13,527,946
Total.....	765,518,661	835,293,660	83,893,255	91,779,805	849,411,916	927,073,465
NET TONS—ROAD SERVICE						
Revenue.....	47,692,050	54,951,460	30,538	25,564	47,722,588	54,977,024
Non-revenue.....	3,175,023	3,459,410	1,084	1,092	3,176,107	3,460,502
Total.....	50,867,073	58,410,870	31,622	26,656	50,898,695	58,437,526
TON MILES—ROAD SERVICE						
Gross ton miles: (thousands)						
Locomotives and tenders.....	4,127,335	4,436,920	2,141,447	2,302,076	6,268,782	6,738,996
Freight cars, contents and cabooses.....	33,706,214	38,451,568	23,258	34,053	33,729,472	38,485,621
Passenger cars and contents.....	311,476	276,703	5,890,212	6,570,105	6,201,688	6,846,808
Total.....	38,145,025	43,165,191	8,054,917	8,906,234	46,199,942	52,071,425
Net ton miles: (thousands)						
Revenue.....	14,755,253	17,824,295	9,448	8,292	14,764,701	17,832,587
Non-revenue.....	980,795	1,042,289	335	329	981,130	1,042,618
Total.....	15,736,048	18,866,584	9,783	8,621	15,745,831	18,875,205
PASSENGER SERVICE						
Revenue passengers carried.....	123,089	142,218	2,145,034	2,835,897	2,268,123	2,978,115
Revenue passengers carried one mile (thousands).....	5,392	5,874	864,570	1,299,261	869,962	1,305,135
TRAIN HOURS—ROAD SERVICE.....						
	843,677	903,634	279,798	293,962	1,123,475	1,197,596
FREIGHT CARS ON LINE.....						
					43,291	40,364
AVERAGES						
Train load—revenue net tons.....	1,129	1,267				
Cars per train—total (excluding cabooses).....	58.22	58.90	8.92	9.36		
Train speed—train miles per train hour.....	15.50	15.57	33.59	33.24		
Freight—car load—all freight (tons).....					33.31	34.14
Percent loaded of total freight car miles.....					63.18	67.63
Freight car miles per car day.....					47.31	55.45
Net ton miles per freight car day.....					996	1,281
Revenue ton miles per mile of road.....					1,792,601	2,156,575
Revenue passengers per train.....					92.56	133.56
Revenue passenger miles per mile of road.....					147,875	221,824

# ANNUAL REPORT FOR 1946

## REVENUE FREIGHT TRAFFIC—1922 TO 1946

(EXCLUDES MOTOR VEHICLE OPERATIONS—  
FREIGHT REVENUE FROM THIS TRAFFIC IN 1946 AMOUNTED TO \$284,336)

YEAR	AVERAGE MILES OF ROAD OPERATED	REVENUE TONS CARRIED	REVENUE TONS CARRIED ONE MILE (NET TON MILES)	FREIGHT REVENUE	AVERAGE REVENUE PER NET TON MILE (CENTS)	AVERAGE HAUL REVENUE FREIGHT (MILES)	AVERAGE TRAIN LOAD (REVENUE NET TONS)*	INDEX NUMBERS (1928-29 = 100)		
								NET TON MILES	FREIGHT REVENUE	REVENUE PER NET TON MILE
1946	8,332	47,722,588	14,764,700,524	\$137,376,213	.930	309	1,129	146	134	92
1945	8,365	54,977,024	17,832,587,408	164,143,569	.920	324	1,267	176	160	91
1944	8,372	58,265,991	19,583,311,258	171,749,970	.877	336	1,275	193	167	87
1943	8,210	58,900,436	18,571,287,602	166,220,578	.895	315	1,261	183	162	88
1942	8,095	59,745,333	16,709,534,853	143,084,128	.856	280	1,204	165	139	85
1941	8,072	50,381,028	13,212,936,708	110,342,384	.835	262	1,041	130	108	83
1940	8,069	40,047,611	10,113,942,319	89,010,078	.880	253	967	100	87	87
1939	8,072	32,821,757	8,701,383,343	79,853,655	.918	265	919	86	78	91
1938	8,072	23,264,183	7,017,295,740	68,418,930	.975	302	801	69	67	96
1937	8,087	41,513,174	9,477,756,018	81,451,161	.859	228	935	93	79	85
1936	8,188	34,203,355	8,664,572,456	77,046,160	.889	253	874	85	75	88
1935	8,278	29,394,382	7,372,079,484	70,132,152	.951	251	801	73	68	94
1934	8,344	21,690,396	6,137,693,978	60,347,883	.983	283	709	61	59	97
1933	8,445	17,781,455	5,431,602,934	52,672,751	.970	305	723	54	51	96
1932	8,409	11,744,694	4,324,700,394	45,958,761	1.063	368	582	43	45	105
1931	8,357	20,153,330	6,151,063,399	63,344,056	1.030	305	770	61	62	102
1930	8,367	32,037,312	8,720,583,904	85,797,268	.984	272	910	86	84	97
1929	8,388	39,661,221	10,150,709,921	101,178,226	.997	256	962	100	99	99
1928	8,277	35,593,173	10,127,253,509	103,980,301	1.027	285	934	100	101	101
1927	8,164	33,843,008	8,958,349,961	94,405,030	1.054	265	891	88	92	104
1926	8,188	35,117,929	8,902,970,446	93,346,740	1.048	254	873	88	91	104
1925	8,242	33,494,620	8,517,913,981	90,098,763	1.058	254	830	84	88	105
1924	8,251	31,669,750	8,093,136,444	86,144,671	1.064	256	770	80	84	105
1923	8,254	36,385,396	8,754,272,702	93,672,147	1.070	241	712	86	91	106
1922	8,261	27,450,587	6,882,464,797	78,065,563	1.134	251	656	68	76	112

\*Computations include "Light" train miles.

## REVENUE PASSENGER TRAFFIC—1922 TO 1946

(EXCLUDES MOTOR VEHICLE OPERATIONS)

YEAR	AVERAGE MILES OF ROAD OPERATED	PASSENGERS CARRIED	PASSENGERS CARRIED ONE MILE	PASSENGER 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 (1928-29 = 100)		
										PAS- SENGERS CARRIED ONE MILE	PAS- SENGER REV- ENUE	REVENUE PER PAS- SENGER MILE
1946	8,332	2,268,123	869,961,977	\$15,985,282	\$23,463,370	1.837	384	92.56	18.94	236	140	59
1945	8,365	2,978,115	1,305,134,905	20,886,929	28,764,067	1.600	438	133.56	24.51	355	183	52
1944	8,372	3,091,327	1,258,927,025	20,816,129	28,682,446	1.653	407	136.74	26.82	342	183	53
1943	8,210	2,868,110	1,107,896,547	18,853,461	26,207,172	1.702	386	122.67	25.70	301	165	55
1942	8,095	1,757,451	534,235,235	9,182,657	15,065,264	1.719	304	68.42	16.87	145	81	56
1941	8,072	1,140,964	304,047,093	4,866,276	9,494,943	1.601	266	39.67	11.10	83	43	52
1940	8,069	1,015,415	253,846,663	4,224,973	8,339,758	1.664	250	32.85	9.70	69	37	54
1939	8,072	1,083,607	258,427,249	4,350,571	8,393,208	1.683	238	33.71	10.04	70	38	54
1938	8,072	1,146,447	271,001,010	4,544,244	8,334,916	1.677	236	35.00	10.25	74	40	54
1937	8,087	1,407,668	311,557,322	5,078,965	9,191,296	1.630	221	37.33	10.83	85	45	53
1936	8,188	1,457,725	301,706,187	4,973,523	8,944,248	1.648	207	37.08	11.10	82	44	53
1935	8,278	1,301,366	260,145,967	4,385,931	8,208,410	1.686	200	34.39	9.53	71	38	54
1934	8,344	1,244,819	246,897,409	4,202,624	7,953,108	1.702	198	31.87	9.18	67	37	55
1933	8,445	876,841	188,831,804	3,759,177	7,310,687	1.991	215	25.09	7.85	51	33	64
1932	8,409	845,213	164,220,516	3,941,659	7,928,036	2.400	194	21.18	6.81	45	35	77
1931	8,357	1,070,044	215,807,372	6,042,610	10,948,882	2.800	202	23.40	7.50	59	53	90
1930	8,367	1,694,437	291,984,003	9,000,087	14,927,843	3.082	172	26.44	8.01	79	79	100
1929	8,388	2,276,069	367,978,032	11,298,352	19,189,656	3.070	162	33.26	9.82	100	99	99
1928	8,277	2,512,026	368,238,758	11,505,352	17,693,260	3.124	147	34.01	10.34	100	101	101
1927	8,164	3,108,427	400,566,250	12,716,616	18,619,852	3.175	129	36.63	11.10	109	112	103
1926	8,188	3,081,457	409,510,459	13,041,085	18,981,137	3.185	133	36.77	11.34	111	114	103
1925	8,242	3,642,749	441,498,635	13,955,742	19,900,346	3.161	121	38.26	11.46	120	122	102
1924	8,251	3,940,656	422,372,425	13,683,383	20,408,989	3.240	107	36.17	10.80	115	120	105
1923	8,254	4,975,800	460,207,562	15,305,242	22,427,799	3.326	92	39.17	11.72	125	134	107
1922	8,261	5,509,459	450,052,946	15,112,453	21,943,937	3.358	82	39.51	11.55	122	133	108

# GREAT NORTHERN RAILWAY COMPANY

## EQUIPMENT OWNED

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

DECEMBER 31, 1942 TO 1946

CLASS	1946	1945	1944	1943	1942
<b>LOCOMOTIVES</b>					
Steam locomotives.....	802	805	804	810	812
Electric locomotives.....	15	15	15	15	15
Diesel locomotives.....	117	104	80	58	55
Total locomotives.....	934	924	899	883	882
<b>LOCOMOTIVE UNITS (Included Above)</b>					
Electric locomotive units.....	20	18	18	18	18
Diesel locomotive units.....	188	175	124	66	60
<b>FREIGHT-TRAIN CARS</b>					
Box cars.....	24,143	25,182	25,545	25,239	25,706
Flat cars.....	3,155	3,279	3,062	3,413	3,361
Stock cars.....	1,873	1,879	1,883	1,887	1,888
Coal cars.....	3,421	3,396	2,896	2,896	2,897
Ore cars.....	8,249	8,328	8,628	8,779	8,369
Refrigerator cars.....	6,960	6,932	7,021	7,032	7,076
Caboose cars.....	437	433	435	436	432
Other freight-train cars.....	80	94	141	155	158
Total freight equipment.....	48,318	49,523	49,611	49,837	49,887
<b>PASSENGER-TRAIN CARS</b>					
Coaches.....	188	176	183	183	173
Combination passenger cars.....	25	29	31	35	34
Motor cars.....	33	33	33	33	34
Other combination cars.....	86	82	82	82	82
Dining cars.....	26	24	24	24	24
Baggage and express cars.....	345	351	328	333	336
Postal cars.....	14	14	14	14	14
Other passenger-train cars.....	26	21	15	15	23
Total passenger equipment.....	743	730	710	719	720
<b>COMPANY SERVICE EQUIPMENT</b>					
Officers' cars.....	13	13	14	14	14
Ballast cars.....	97	97	97	97	97
Derrick cars.....	32	33	33	33	33
Wrecking cars.....	101	104	104	123	124
Other company service equipment.....	2,584	2,480	2,237	2,170	2,128
Total company service equipment.....	2,827	2,727	2,485	2,437	2,396
<b>HIGHWAY MOTOR VEHICLES</b>					
Revenue.....	29	28	26	25	26
Company service.....	324	272	257	234	200
<b>INVESTMENT IN THE ABOVE EQUIPMENT (DEC. 31)</b>					
Great Northern Railway Company.....	\$172,396,858	\$167,400,544	\$156,455,949	\$150,241,345	\$148,285,234
Western Fruit Express Company.....	18,688,982	17,564,627	17,779,686	15,615,453	15,621,980
Vancouver, Victoria and Eastern Railway and Navigation Company.....	*	*	*	3,335	3,335
Total.....	\$191,085,840	\$184,965,171	\$174,235,635	\$165,860,133	\$163,910,549

\*Property acquired by Great Northern Railway Company in 1944.

# ANNUAL REPORT FOR 1946

## TRACTIVE POWER AND WEIGHT OF LOCOMOTIVES OWNED—DECEMBER 31

KIND	DECEMBER 31	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.....	1946	802	48,621,541	60,625	116,264	144.97	117.53
	1945	805	48,844,333	60,676	116,153	144.29	117.19
	1944	804	48,973,878	60,913	116,152	144.47	117.22
	1943	810	49,268,083	60,825	117,063	144.52	117.14
	1942	812	49,018,227	60,367	117,370	144.54	117.13
	1941	813	48,899,362	60,147	117,578	144.62	117.01
	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
Electric Locomotives.....	1946	15	2,277,720	151,848	4,649	309.93	253.12
Diesel Locomotives.....	1946	117	10,846,350	92,704	22,230	190.00	185.56
Total Locomotives.....	1946	934	61,745,611	66,109	143,143	153.26	128.23

## CONDITION OF EQUIPMENT—DECEMBER 31, 1946 AND 1945

ITEM	December 31, 1946			December 31, 1945		
	LOCOMOTIVES	FREIGHT CARS	PASSENGER TRAIN CARS	LOCOMOTIVES	FREIGHT CARS	PASSENGER TRAIN CARS
Locomotives owned and cars on line.....	934	41,180	707	924	35,911	697
Units unserviceable.....	70*	1,124	11	40*	1,181	10
Percent unserviceable.....	7.5	2.7	1.6	4.3	3.3	1.4

\*In shop or awaiting shop.

## MILEAGE OWNED AND OPERATED

(INCLUDES MILEAGE OWNED BY PROPRIETARY COMPANIES WHOSE OPERATIONS ARE INCLUDED IN THIS REPORT)

### DECEMBER 31, 1946

STATE OR PROVINCE	MILEAGE OWNED—DECEMBER 31, 1946				MILEAGE OPERATED—DECEMBER 31, 1946			
	TOTAL MILES OF ROAD	SECOND AND OTHER MAIN TRACKS	YARDS, SIDINGS AND SPURS	TOTAL TRACK MILEAGE	TOTAL MILES OF ROAD	SECOND AND OTHER MAIN TRACKS	YARDS, SIDINGS AND SPURS	TOTAL TRACK MILEAGE
Wisconsin.....	38.37	19.20	175.43	233.00	44.32	24.86	175.68	244.86
Minnesota.....	2,048.43	175.86	774.90	2,999.19	2,068.89	240.96	819.68	3,129.53
North Dakota.....	1,974.36	65.70	446.30	2,486.36	1,974.36	65.70	446.14	2,486.20
South Dakota.....	358.97	.....	48.21	407.18	364.16	.....	48.21	412.37
Iowa.....	78.01	.....	37.27	115.28	78.01	.....	37.27	115.28
Montana.....	1,821.20	122.11	530.82	2,474.13	1,843.71	142.09	633.86	2,619.66
Idaho.....	123.91	.....	38.10	162.01	130.10	.....	39.35	169.45
Washington.....	1,088.84	66.20	519.66	1,674.70	1,326.63	246.95	616.96	2,190.54
Oregon.....	92.97	.....	72.18	165.15	179.21	9.08	143.58	331.87
California.....	99.24	.....	20.51	119.75	100.47	.....	22.11	122.58
Manitoba.....	5.66	.....	8.85	14.51	74.72	2.44	25.32	102.48
British Columbia.....	140.76	7.07	28.02	175.85	147.75	7.07	28.67	183.49
Total owned or operated.....	7,870.72	456.14	2,700.25	11,027.11	8,332.33	739.15	3,036.83	12,108.31
Miles owned but not operated included above.....	.05	.....	.27	.32				
Proportion of jointly owned mileage belonging to other companies included above.....	18.98	1.12	87.33	107.43				

# G R E A T N O R T H E R N R A I L W A Y C O M P A N Y

## DEPRECIATION AND AMORTIZATION OF DEFENSE PROJECTS CHARGED TO OPERATING EXPENSES 1929 TO 1946

YEAR	DEPRECIATION		AMORTIZATION		TOTAL	YEAR	DEPRECIATION		
	ROAD	EQUIPMENT	ROAD	EQUIPMENT			ROAD	EQUIPMENT	TOTAL
1946	\$ 3,003,039	\$ 4,200,271	\$ 14,232	\$ 338,529	\$ 7,556,071	1937	\$ 160,116	\$ 3,496,844	\$ 3,656,960
1945	2,948,177	4,001,481	5,601,320	21,823,198	34,374,176	1936	177,538	3,481,835	3,659,373
1944	2,786,827	3,890,939	797,223	7,431,239	14,906,228	1935	232,764	3,419,849	3,652,613
1943	2,751,099	3,481,205	516,213	8,960,781	15,709,298	1934	224,438	3,525,567	3,750,005
1942	108,987	3,830,768	333,270	4,447,562	8,720,587	1933	263,143	4,616,304	4,879,447
1941	123,473	3,855,919	43,400	2,647,976	6,670,768	1932	295,188	4,815,749	5,110,937
1940	121,565	4,041,710			4,163,275	1931	297,046	4,802,334	5,099,380
1939	158,973	3,527,703			3,686,676	1930	308,810	4,782,731	5,091,541
1938	159,289	3,560,905			3,720,194	1929	311,269	4,552,308	4,863,577

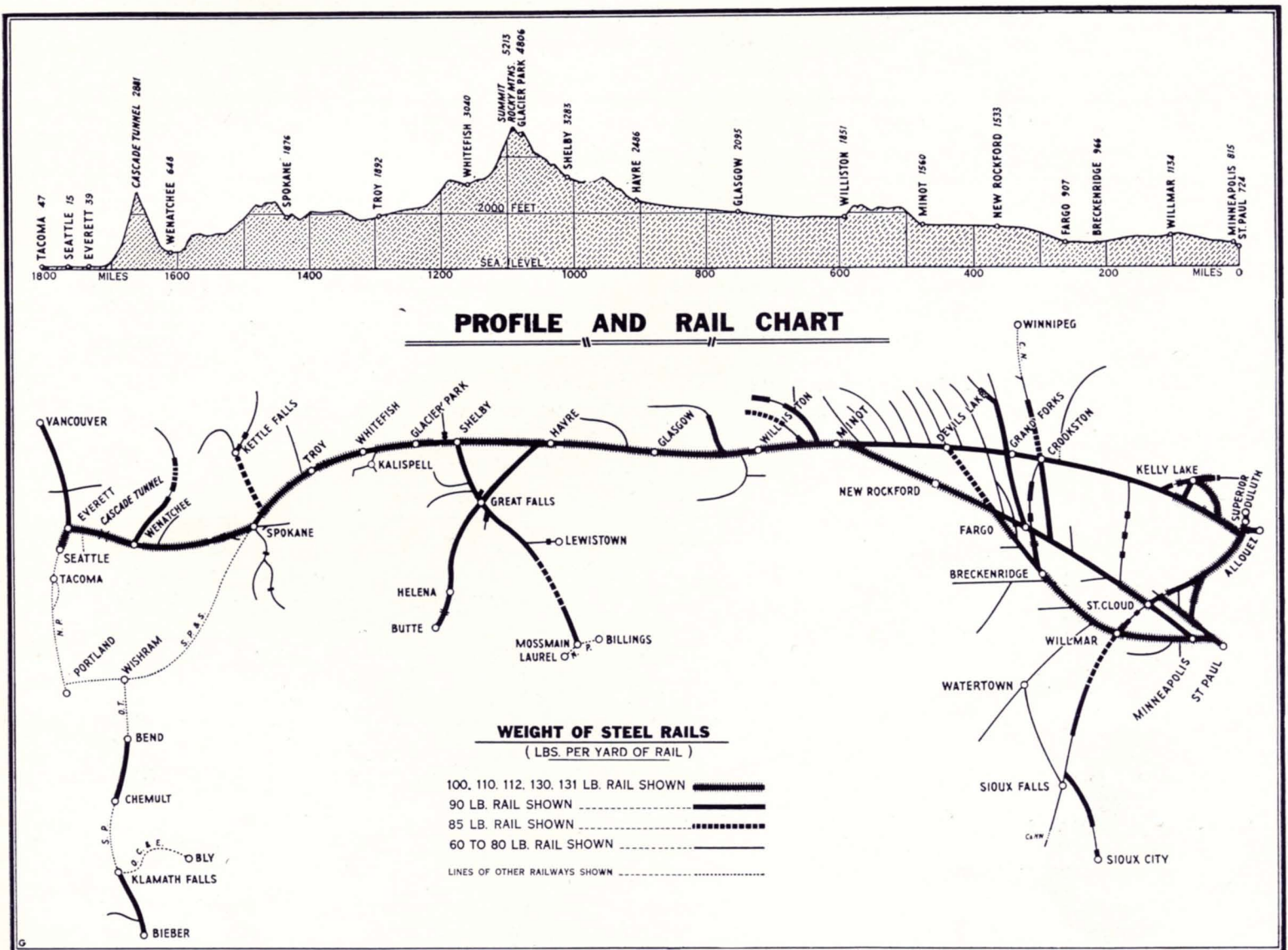
## NOTES EVIDENCING CONDITIONAL SALE CONTRACTS DECEMBER 31, 1946 AND 1945

EQUIPMENT	RATE OF INTEREST ON DEFERRED PAYMENTS	MONTHLY PAYMENTS TO	COST OF EQUIPMENT	PRINCIPAL OUTSTANDING DECEMBER 31		
				1946	1945	DECREASE (I—INCREASE)
DIESEL LOCOMOTIVES						
10—1000 H. P. and 2-600 H. P.....	2	May 1946	\$ 987,211		\$ 47,388	\$ 47,388
2—2700 H. P. ....	2	June 1946	484,058		43,885	43,885
2—1000 H. P. ....	2	Oct. 1946	159,411		27,409	27,409
1—4050 H. P., 1—2700 H. P., 10—1000 H. P. 3—600 H. P. ....	2	Jan. 1947	1,605,919	\$ 26,231	359,288	333,057
3—5400 H. P. ....	1½	Mar. 1949	1,501,899	650,623	950,911	300,288
6—5400 H. P. ....	1½	July 1949	3,004,882	1,501,438	2,102,014	600,576
4—5400 H. P. ....	1.47	Dec. 1949	2,003,821	1,167,785	1,568,169	400,384
3—1500 H. P. and 10—1000 H. P. ....	1.65	Nov. 1954	1,527,521	1,052,000		I— 1,052,000
6—2700 H. P. and 6—1000 H. P. ....	1.63	Dec. 1955	1,939,934	1,383,014	1,538,119	155,105
69—Diesel Locomotives.....			13,214,656	5,781,091	6,637,183	856,092
ELECTRIC LOCOMOTIVES						
2—5000 H. P. ....	1.65	Nov. 1954	1,200,000	840,000		I— 840,000
PASSENGER TRAIN CARS						
26—For use in new "Empire Builder".....	1.65	Nov. 1954	2,459,075	1,672,000		I— 1,672,000
BOX CARS						
1,000—50 ton.....	2½	April 1946	2,912,600		161,801	161,801
2,000—50 ton.....	2	Feb. 1949	5,761,944	1,530,261	2,227,677	697,416
2,000—50 ton.....	2	Nov. 1949	6,420,550	1,938,557	2,632,232	693,675
2,000—50 ton.....	2	Dec. 1949	5,990,282	2,071,927	2,758,584	686,657
7,000—Box Cars.....			21,085,376	5,540,745	7,780,294	2,239,549
ORE CARS						
1,500—75 ton—All steel.....	2	May 1946	4,253,796		248,062	248,062
500—75 ton—All steel.....	2	Aug. 1949	1,584,278	466,228	638,630	172,402
500—75 ton—All steel.....	1.87	Mar. 1951	1,581,163	703,156	871,913	168,757
2,500 Ore Cars.....			7,419,237	1,169,384	1,758,605	589,221
GONDOLA CARS						
500—50 ton—All steel.....	1.63	Jan. 1956	2,008,448	1,409,241	1,565,824	156,583
FLAT CARS						
250—70 ton—All steel.....	1.63	Jan. 1956	896,428	637,515	708,350	70,835
Total—All Equipment.....			\$48,283,220	\$17,049,976	\$18,450,256	\$1,400,280

## PRINCIPAL PAYMENTS MATURING ON NOTES EVIDENCING CONDITIONAL SALE CONTRACTS

CALENDAR YEAR	AMOUNT	CALENDAR YEAR	AMOUNT
1947	\$4,167,523	1952	\$1,095,322
1948	4,187,489	1953	1,095,322
1949	2,711,276	1954	1,035,922
1950	1,264,079	1955	369,595
1951	1,123,448	Total—9 Years	\$17,049,976

# ANNUAL REPORT FOR 1946



WEIGHT OF STEEL RAILS IN MAIN AND BRANCH LINES  
DECEMBER 31, 1946

WEIGHT (POUNDS PER YARD)	MAIN LINE (MILES)	BRANCHES (MILES)	SECOND, THIRD AND FOURTH TRACKS (MILES)	TOTAL MILES	
				DECEMBER 31, 1946	DECEMBER 31, 1945
131	17.74	.....	.02	17.76	13.62
130	36.19	.....	6.58	42.77	45.16
112	774.28	.25	205.59	980.12	872.70
110	876.58	29.63	72.29	978.50	1,010.15
100	123.58	41.21	22.80	187.59	191.75
90	1,936.25	567.40	138.92	2,642.57	2,660.31
85	104.82	306.99	4.84	416.65	422.02
80	45.04	207.28	.18	252.50	260.65
77½	5.56	521.70	3.89	531.15	534.73
75	2.53	342.92	1.03	346.48	355.01
60 to 70	.....	1,925.11	.....	1,925.11	1,955.04
Total.....	3,922.57	3,942.49	456.14	8,321.20	8,321.14

**CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY**  
**48.59% OF COMMON STOCK OWNED BY GREAT NORTHERN RAILWAY COMPANY**  
**INCOME ACCOUNT**  
**1942 TO 1946**

ITEM	1946	1945	1944	1943	1942
Average mileage of road operated.....	8,866	8,965	8,989	9,030	9,078
<b>OPERATING INCOME</b>					
Railway operating revenues.....	\$195,925,665	\$242,542,798	\$240,637,400	\$217,952,483	\$165,289,325
Railway operating expenses.....	139,250,672	174,150,921	145,854,303	123,559,336	99,415,696
Net revenue from railway operations....	56,674,993	68,391,877	94,783,097	94,393,147	65,873,629
Railway tax accruals.....	25,693,903	30,248,889	57,190,637	55,573,644	26,192,996
Railway operating income.....	30,981,090	38,142,988	37,592,460	38,819,503	39,680,633
Equipment rents—net debit.....	2,573,291	1,598,413	2,373,366	1,172,357	227,949
Joint facility rent—net debit.....	1,416,701	2,194,786	3,144,271	1,884,659	2,279,001
Net railway operating income.....	26,991,098	34,349,789	32,074,823	35,762,487	37,173,683
<b>OTHER INCOME</b>					
Income from lease of road and equipment.....	68,634	212,256	193,027	166,589	162,512
Miscellaneous rent income.....	454,357	430,593	501,885	463,920	494,127
Miscellaneous nonoperating physical property... Separately operated properties—Profit.....	142,189 1,281	130,838	Dr. 89,545	138,762	133,950
Dividend income.....	636,163	119,089	237,827	264,523	207,164
Income from funded securities.....	262,546	296,451	322,853	328,774	285,407
Income from unfunded securities and accounts..	731,653	356,746	298,656	149,136	64,965
Release of premiums on funded debt.....	3,916	5,387	7,705	9,935	17,930
Miscellaneous income.....	33,324	48,768	41,702	16,756	10,277
Total other income.....	2,334,063	1,600,128	1,514,110	1,538,395	1,376,332
Total income.....	29,325,161	35,949,917	33,588,933	37,300,882	38,550,015
<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
Miscellaneous rents.....	25,040	28,140	24,064	23,406	11,420
Miscellaneous tax accruals.....	71,854	68,576	59,587	54,523	80,162
Separately operated properties—Loss.....		4,207	13,545	8,961	5,720
Miscellaneous income charges.....	15,164	176,020	104,239	13,986	5,345
Total miscellaneous deductions.....	112,058	276,943	201,435	100,876	102,647
Income available for fixed charges.....	29,213,103	35,672,974	33,387,498	37,200,006	38,447,368
<b>FIXED CHARGES</b>					
Rent for leased roads and equipment.....	75,237	112,209	92,270	95,868	91,570
Interest on funded debt.....	5,788,692	7,428,309	8,468,658	8,708,550	9,268,119
Interest on unfunded debt.....	185,386	604,165	28,690	15,161	290,672
Amortization of discount on funded debt.....	61,013	122,891	150,758	149,163	150,087
Total fixed charges.....	6,110,328	8,267,574	8,740,376	8,968,742	9,800,448
Net income.....	23,102,775	27,405,400	24,647,122	28,231,264	28,646,920
Dividend appropriations of income.....	10,250,322	10,250,322	5,125,161	5,125,161	5,125,161
Income balance transferred to "Earned Surplus".	\$12,852,453	\$ 17,155,078	\$ 19,521,961	\$ 23,106,103	\$ 23,521,759

# SPOKANE, PORTLAND AND SEATTLE RAILWAY SYSTEM

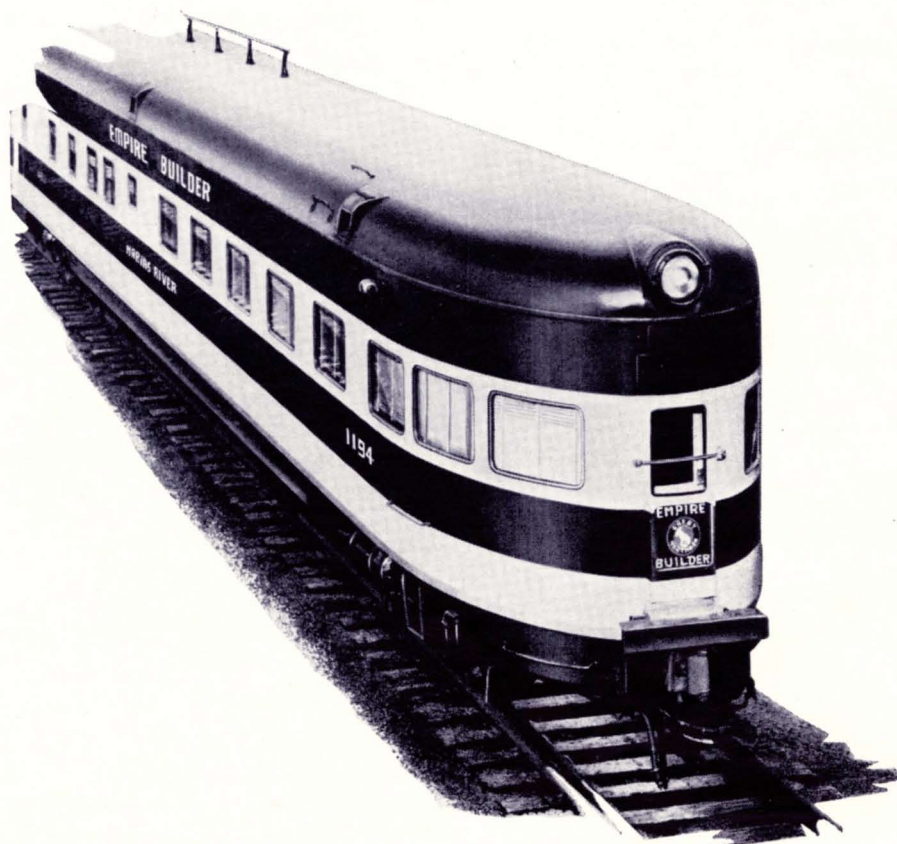
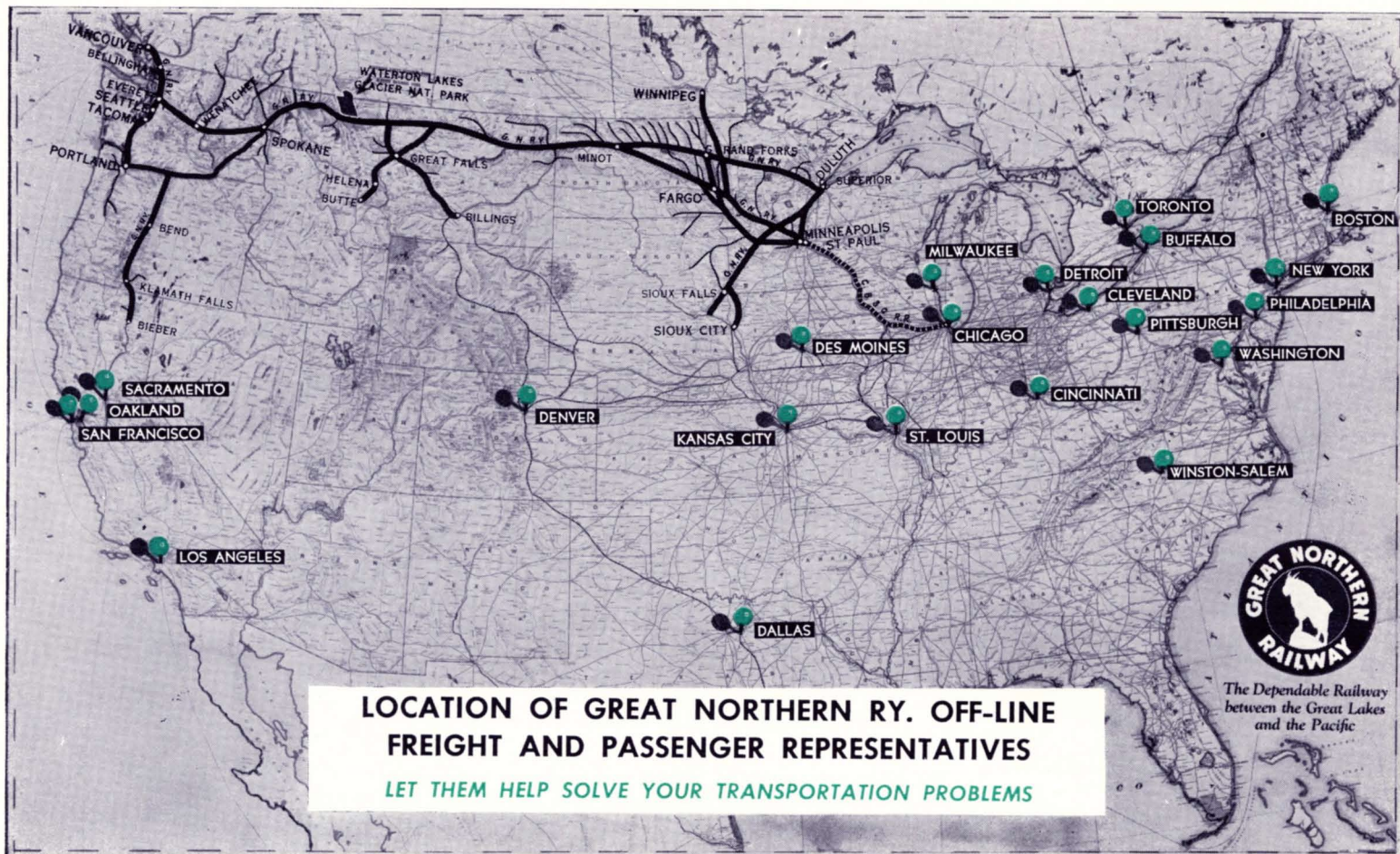
(SPOKANE, PORTLAND AND SEATTLE RAILWAY, OREGON TRUNK RAILWAY,  
OREGON ELECTRIC RAILWAY AND UNITED RAILWAYS COMPANIES)\*  
(INTERCOMPANY TRANSACTIONS ELIMINATED)

## INCOME ACCOUNT 1942 TO 1946

ITEM	1946	1945	1944	1943	1942
Average mileage of road operated.....	944	944	944	930	933
<b>OPERATING INCOME</b>					
Railway operating revenues.....	\$18,940,221	\$24,774,933	\$26,125,576	\$23,906,149	\$19,540,611
Railway operating expenses.....	15,878,444	20,815,795	18,123,397	13,885,200	9,801,760
Net revenue from railway operations.....	3,061,777	3,959,138	8,002,179	10,020,949	9,738,851
Railway tax accruals.....	Cr.— 201,109	1,638,385	2,009,328	2,960,368	1,149,866
Railway operating income.....	3,262,886	2,320,753	5,992,851	7,060,581	8,588,985
Equipment rents—net debit.....	1,303,483	2,044,317	2,210,428	2,518,727	1,900,505
Joint facility rent—net credit.....	155,406	184,993	153,569	118,044	163,410
Net railway operating income.....	2,114,809	461,429	3,935,992	4,659,898	6,851,890
<b>OTHER INCOME</b>					
Revenues from miscellaneous operations.....	8,977	8,887	8,867	3,609	.....
Miscellaneous rent income.....	44,443	57,732	25,587	75,843	50,662
Miscellaneous nonoperating physical property...	117,693	19,923	76,898	113,931	146,952
Income from funded securities.....	27,383	1,795	1,993	2,269	1,691
Income from unfunded securities and accounts..	59,320	31,822	23,997	8,521	80
Release of premiums on funded debt.....	1,650	1,650	1,650	1,650	1,650
Delayed income credits.....	.....	.....	1,431,483	.....	.....
Total other income.....	259,466	121,809	1,570,475	205,823	201,035
Total income.....	2,374,275	583,238	5,506,467	4,865,721	7,052,925
<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>					
Expenses of miscellaneous operations.....	8,504	8,246	8,301	2,211	.....
Taxes on miscellaneous operating property.....	241	508	450	.....	.....
Miscellaneous rents.....	1,318	1,311	1,410	2,059	5,278
Miscellaneous tax accruals.....	18,350	19,958	19,321	22,994	26,913
Miscellaneous income charges.....	1,573	619	1,669	1,773	345
Total miscellaneous deductions.....	29,986	30,642	31,151	29,037	32,536
Income available for fixed charges.....	2,344,289	552,596	5,475,316	4,836,684	7,020,389
<b>FIXED CHARGES</b>					
Rent for leased roads and equipment.....	38,273	38,315	37,801	40,996	43,045
Interest on funded debt.....	3,019,626	3,024,408	3,065,203	3,060,678	3,123,060
Interest on unfunded debt.....	2,250	4,688	1,712	9,568	9,395
Amortization of discount on funded debt.....	444,618	444,618	444,619	444,618	444,619
Total fixed charges.....	3,504,767	3,512,029	3,549,335	3,555,860	3,620,119
Net income or deficit transferred to Profit and Loss.....	\$ 1,160,478	\$ 2,959,433	\$ 1,925,981	\$ 1,280,824	\$ 3,400,270

	STOCK	BONDS	MILES OF ROAD OPERATED DEC. 31, 1946
1. Great Northern Railway Company owns— Securities of Spokane, Portland and Seattle Ry. Co.....	50%	50%	608.71
2. Spokane, Portland and Seattle Railway Company owns— Securities of:			
Oregon Trunk Railway.....	100%	{ None Issued	151.93
Oregon Electric Railway Co.....	99%	97%	202.04
Total allowing for 18.57 miles duplicated.....			944.11

\*Property of United Railways Company acquired by Spokane, Portland and Seattle Railway Company in 1944.







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

**BURLINGTON LINES** ..... —

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

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

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

