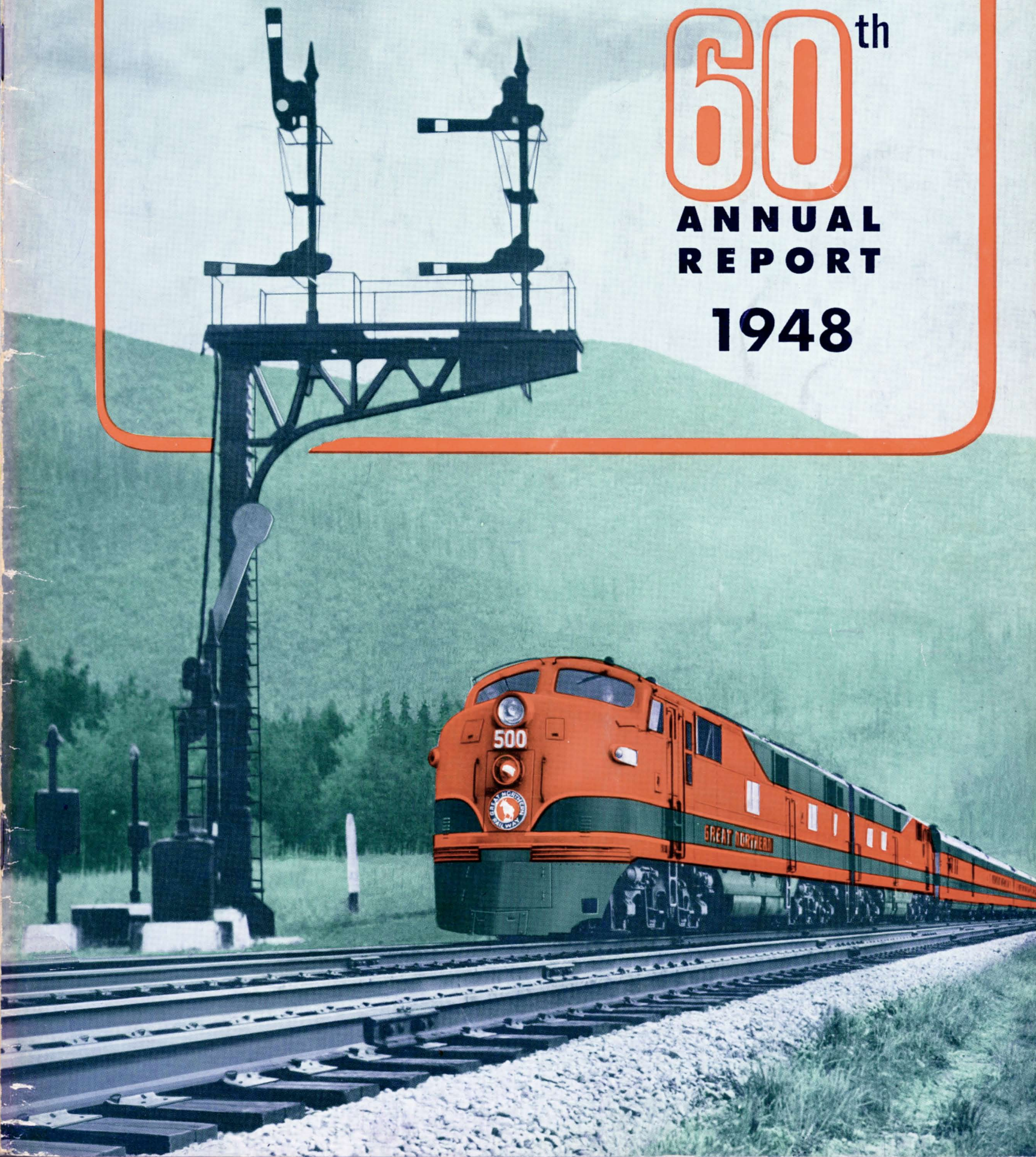


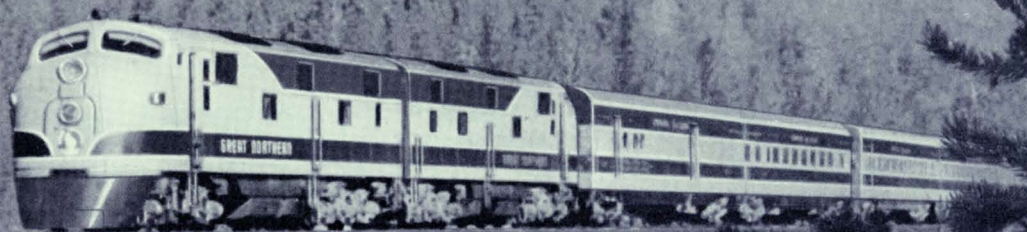
GREAT NORTHERN RAILWAY

60th
**ANNUAL
REPORT**

1948



60TH ANNUAL REPORT
GREAT NORTHERN
RAILWAY
1948



GREAT NORTHERN RAILWAY COMPANY

STOCKHOLDERS

35,484 Stockholders, November 10, 1948.

BOARD OF DIRECTORS

Term Expires May 12, 1949

THOMAS L. DANIELS Minneapolis <i>President, Archer-Daniels-Midland Co.</i>	WILLIAM L. McKNIGHT St. Paul <i>President, Minnesota Mining & Mfg. Co.</i>
FRANK F. HENRY Buffalo <i>Director, General Mills, Inc.</i>	ARCHIBALD W. WITHERSPOON Spokane <i>President, Old National Bank of Spokane</i>

Term Expires May 11, 1950

F. PEAVEY HEFFELFINGER Minneapolis <i>Executive Vice President, F. H. Peavey & Co.</i>
GRANT KEEHN New York <i>Vice President, The First National Bank of the City of New York</i>
RICHARD C. LILLY St. Paul <i>Chairman, First National Bank of St. Paul</i>
WALTER G. SEEGER St. Paul <i>President, Seeger Refrigerator Co.</i>

Term Expires May 10, 1951

J. STEWART BAKER New York <i>Chairman, Bank of the Manhattan Co.</i>
FRANK J. GAVIN St. Paul <i>President, Great Northern Ry. Co.</i>
JAMES F. OATES, JR. Chicago <i>Chairman, The Peoples Gas Light and Coke Co.</i>
FREDERICK K. WEYERHAEUSER St. Paul <i>President, Weyerhaeuser Sales Co.</i>

EXECUTIVE COMMITTEE

FRANK J. GAVIN	F. PEAVEY HEFFELFINGER	
FRANK F. HENRY	RICHARD C. LILLY	WILLIAM L. McKNIGHT

OFFICERS

F. J. GAVIN, President	St. Paul
V. P. TURNBURKE, Vice President, Executive Department	St. Paul
T. BALMER, Vice President	Seattle
T. F. DIXON, 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
F. L. PAETZOLD, Secretary and Treasurer	St. Paul
J. A. TAUER, Comptroller	St. Paul
C. W. MOORE, Executive Assistant	St. Paul
V. N. WAHLBERG, General Auditor	St. Paul
M. J. WELSH, 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
J. GARING, 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

28,355 Average Number for 1948

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 12, 1949

GREAT NORTHERN RAILWAY COMPANY

EXECUTIVE DEPARTMENT

F. J. GAVIN
PRESIDENT

ST. PAUL 1, MINNESOTA

March 10, 1949

To Great Northern Stockholders:

In 1948 freight traffic was at a record peace-time volume, and with higher rates, due to the continually increasing wage and material costs, operating revenues of 216.3 million dollars were at an all-time high.

Net income of 27.6 million dollars amounted to \$8.91 per share, compared with \$7.28 per share earned in 1947. Two dividends totaling \$3.50 per share were paid in 1948 and your Board of Directors announced its intention of paying future dividends, if declared, on a quarterly basis, payable in March, June, September and December. Dividends of \$3 per share were paid in 1945, 1946 and 1947.

From late May through mid July flood waters interrupted main and branch line service in Montana, Idaho and Washington, increasing operating costs 2 million dollars.

During 1948 expenditures were authorized for new equipment costing more than 37 million dollars. The equipment program included 11 million dollars for Diesel locomotives, 14 millions for freight cars and 12 millions for passenger cars. Following the gratifying public acceptance accorded the present Empire Builder, and to provide more modern cars for the Oriental Limited, a completely new set of trains for the Empire Builder was approved. Present Empire Builder equipment will be transferred to the Oriental Limited when the new trains go into service, possibly in 1951.

Financing in 1948 included an equipment trust of \$12,720,000 - 2 3/8%, 1 to 15 years, sold at a cost of 2.43% and \$4,512,000 of conditional sale paper, running for 8 years, and sold on a 2% to 2 1/2% basis. All financing was by competitive bidding, and will take care of equipment to be delivered during the first three quarters of 1949.

Your Directors are primarily concerned with protecting the interests and equity of the stockholders and providing a steadily improving transportation service to the public. Continuing substantial expenditures for capital purposes are required to enable Great Northern to maintain a strong competitive position. A substantial portion of these capital funds must be provided from earnings.

Future traffic volume is uncertain, being dependent on crop and general business conditions; but, with the more recent rate increases in operation for the entire year and the continued application of improved methods, tools, and machinery, it is hoped that 1949 results will be satisfactory to the stockholders.

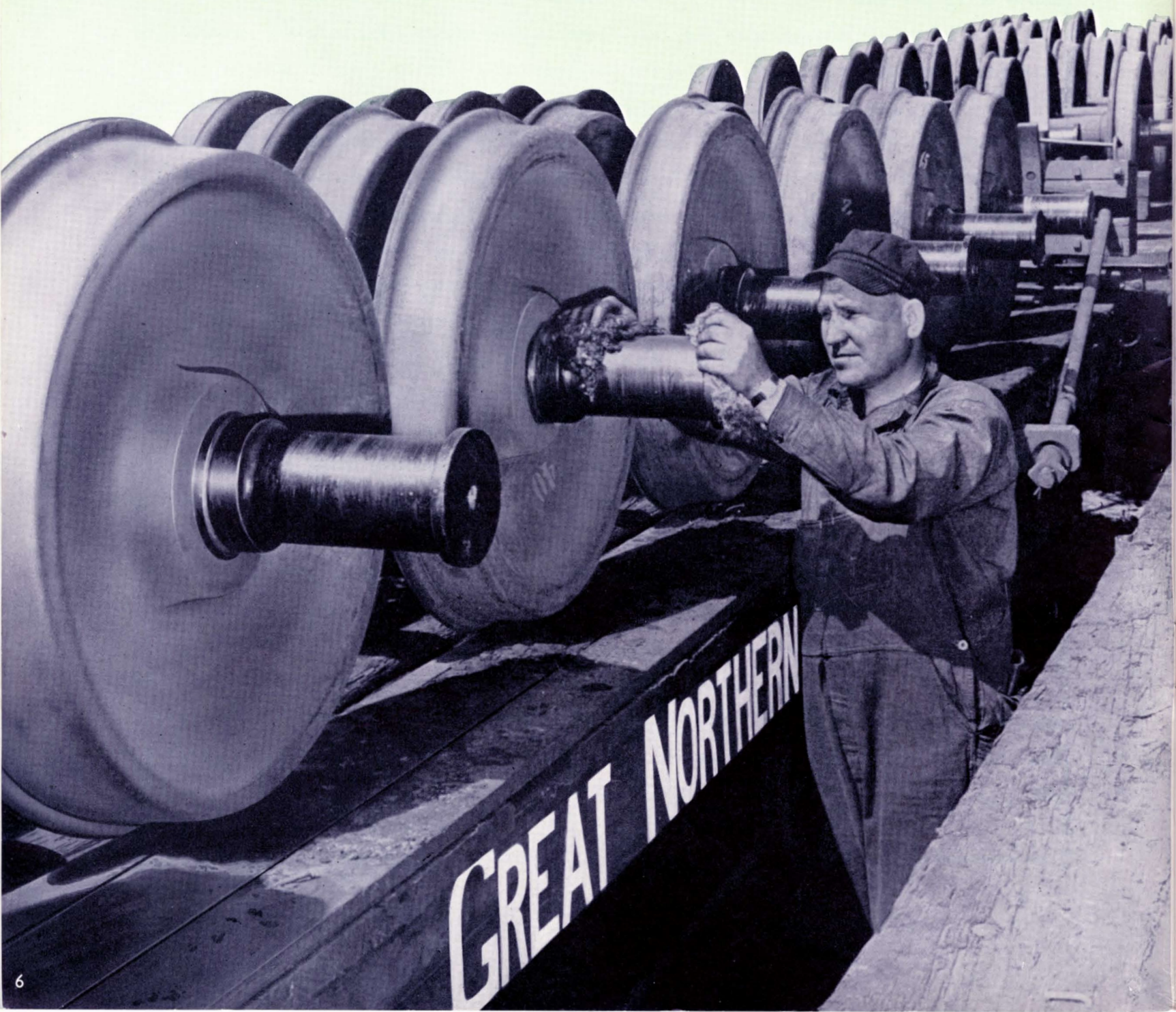
For the Board of Directors,


President.

GREAT NORTHERN HIGHLIGHTS OF 1948

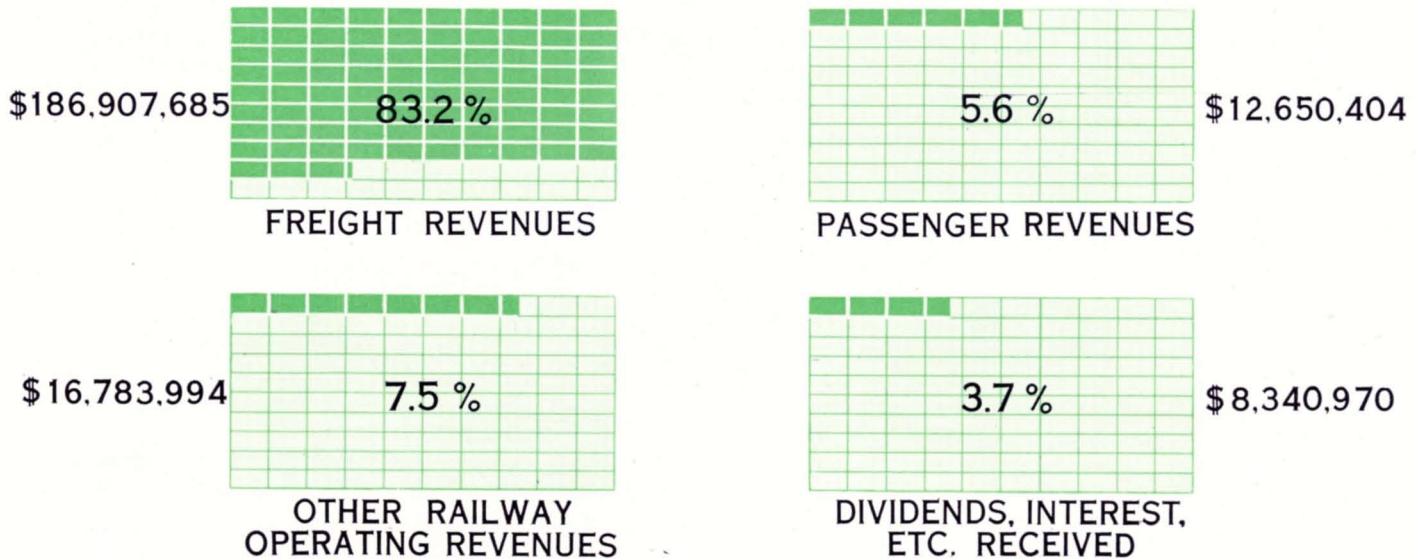
ITEM	1948	1947	1946	1945
Financial Data in Millions of Dollars:				
Net Income.....	\$ 27.6	\$ 22.5	\$ 23.5	\$ 24.2
Dividends Paid.....	10.8	9.3	9.3	9.3
Operating Revenues.....	216.3	193.8	167.4	200.1
Taxes.....	24.0	24.5	11.0	11.3
Fixed Charges.....	7.5	7.7	8.7	9.9
Averages:				
Per Share (3,092,551 shares, 1948):				
Net Income.....	\$ 8.91	\$ 7.28	\$ 7.59	\$ 7.81
Dividends Paid.....	3.50	3.00	3.00	3.00
Fixed Charges.....	2.43	2.49	2.80	3.21
Percent Expenses to Revenues.....	72.8*	74.1	77.5	79.7
Times Fixed Charges Earned.....	4.7	3.9	3.7	3.4

*Omitting \$6.4 million charged to revenue for land grant claims relating to prior years. See page 8.



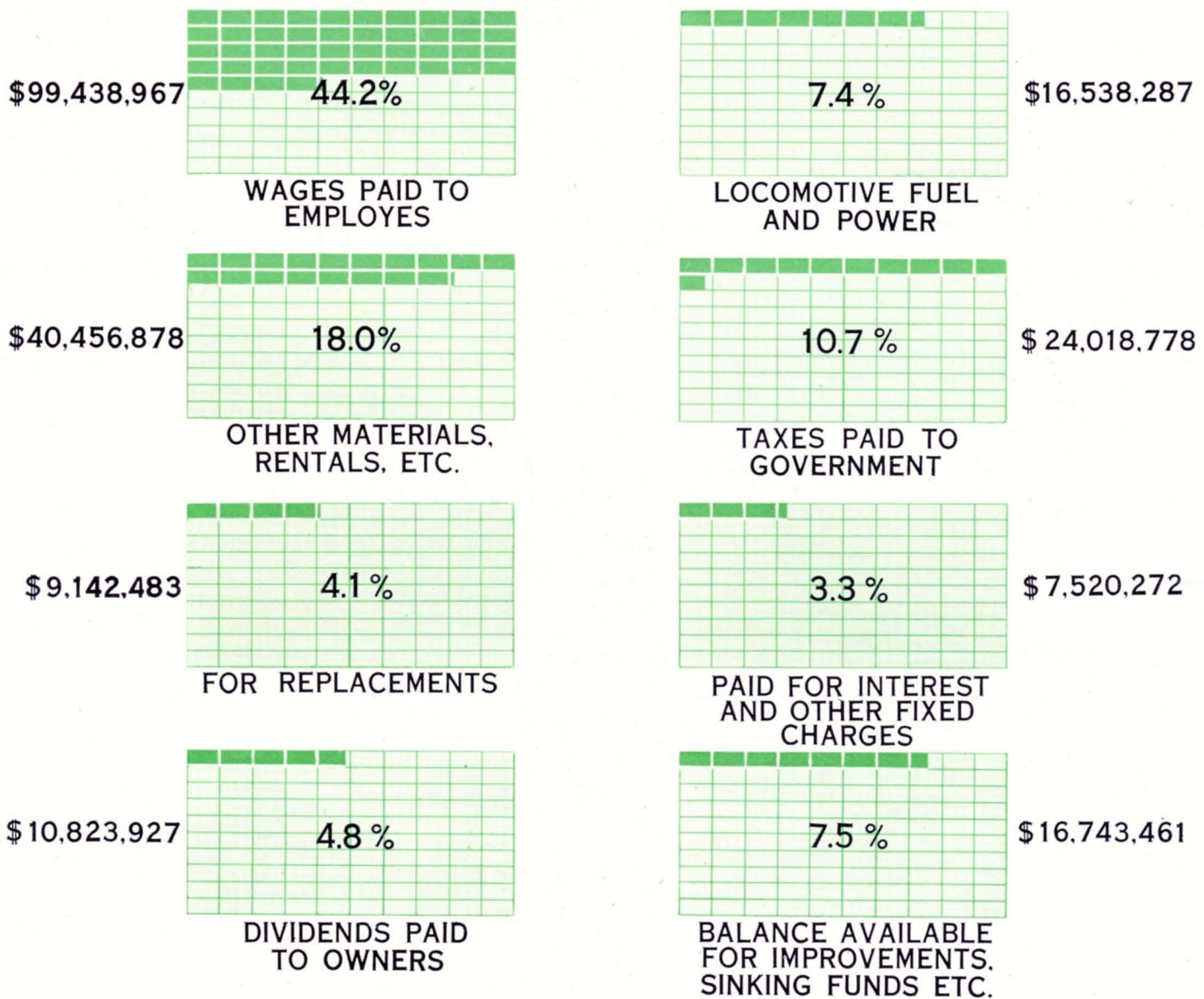
SOURCES OF 1948 INCOME

\$ 224,683,053



DISPOSITION OF 1948 INCOME

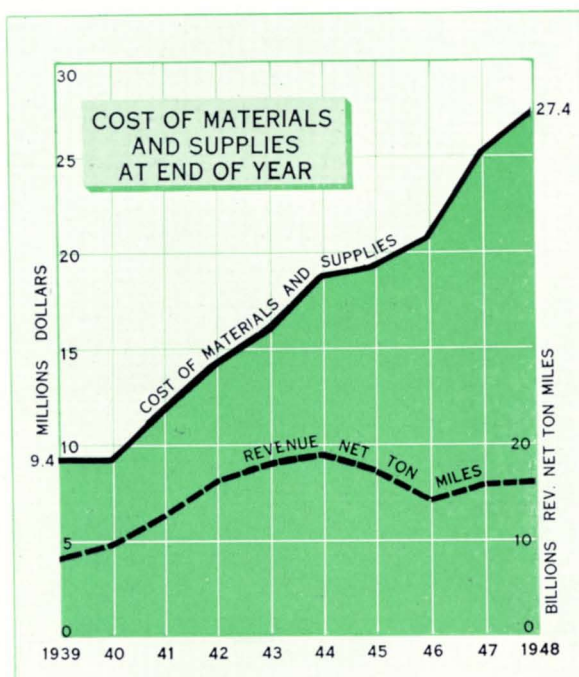
\$ 224,683,053



NET INCOME

With the \$27,567,388 net income for 1948 exceeding that for 1947 by over 5 million dollars, your Directors increased dividend payments from 9.3 million dollars to 10.8 millions, or from \$3 to \$3.50 per share. While this net income was the second highest on record in dollar volume (due to the substantial reduction in fixed charges in recent years) the purchasing power of the 1948 net income was exceeded in many previous years because of the present devaluated dollar.

There are several reasons why a substantial share of earnings belonging to shareholders must be retained in the business. Higher unit costs for payrolls and materials require substantially increased working capital. The chart below shows that the cost of materials and supplies on hand have tripled in 10 years. **But, of still greater importance is the much higher cost of improvements and replacements which must constantly be made if Great Northern is to maintain its present competitive position and serve its patrons efficiently and at the lowest possible cost.** Depreciation allowances are based on capital costs of earlier periods and are entirely inadequate to provide for necessary replacements at current high prices. This requires that substantial proportions of system earnings be reinvested in the property.



INCOME

Income is, in general, from two sources: railway operating revenues, and dividends and interest received on securities owned.

The principal operating revenues are from freight and passenger services, although substantial sums are received for the transportation of mail and express.

1. OPERATING REVENUES

In 1948 the operating revenues were at an all-time high of \$216.3 millions—increase \$22.6 millions over 1947.

Freight Service

Freight service revenues in 1948 amounted to \$186.9 millions, an increase of \$22 millions over 1947 and the highest on record for any year. This figure would have been larger but for the \$6.4 millions charged against 1948 operations for land grant claims applicable to previous years. This applies to certain movements made during the war on which commercial rates were collected, based on the information available at that time. Later it was determined that the Government was entitled to land grant rates—generally half of the commercial rates. Although Great Northern received only minor land grants (none for construction of lines west of North Dakota) it granted the Government the same land grant rates as its competitors, in order to participate in Government traffic. There are no items of this kind unaudited at the end of 1948.

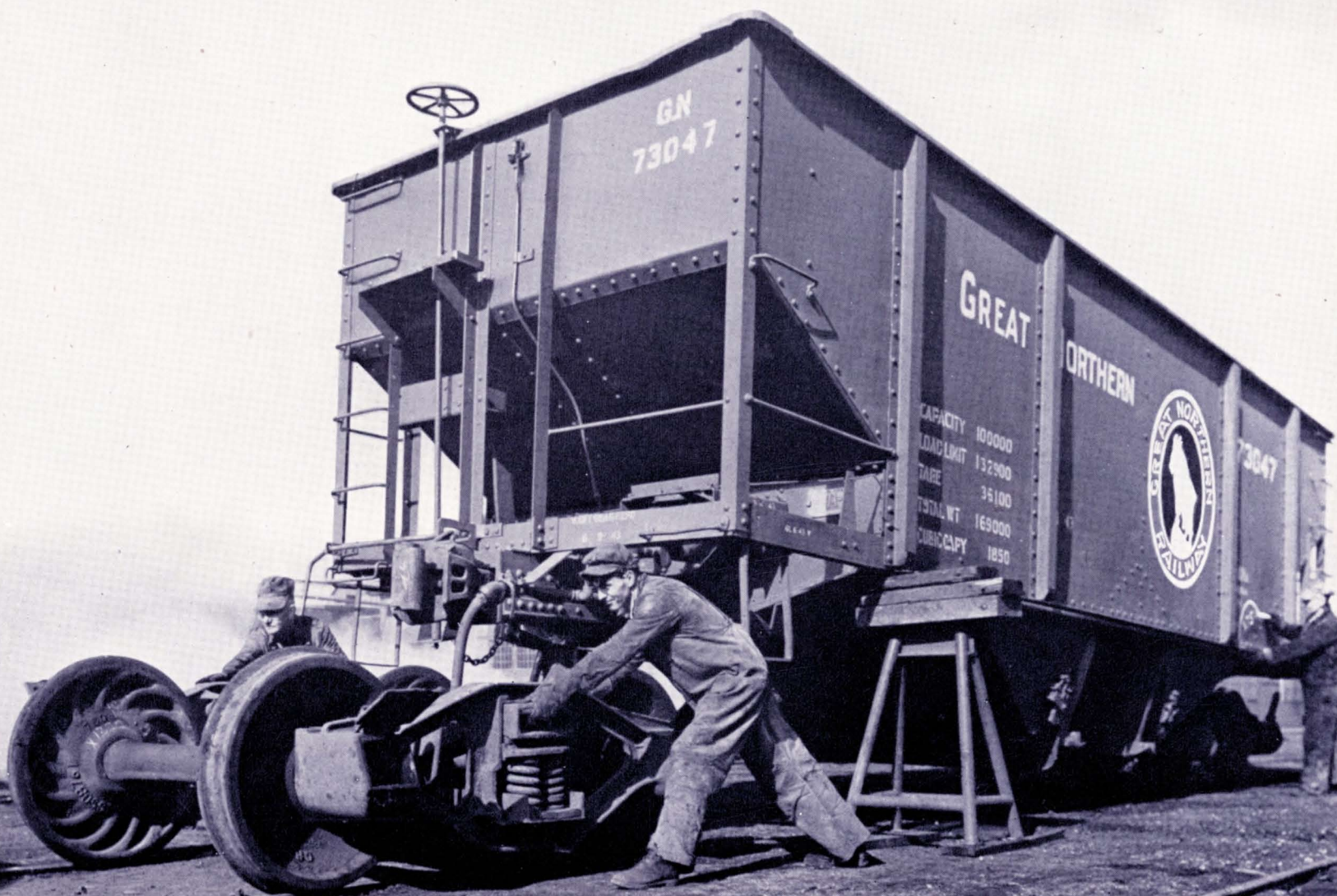
Higher revenues were due to increases in both volume and rates, both of these factors being present in 1948.

INCREASE IN FREIGHT TRAFFIC

The revenue net ton miles produced amounted to 16,399 millions compared with 16,276 millions in 1947. This is the largest traffic volume in any peace-time year—over 60% above the 1928-1929 level of business. Refined petroleum and potatoes had substantially larger loadings than in 1947, and iron ore handled over the Allouez, Wis. ore docks increased 15% to 26.6 million long tons. Grain handled amounted to 212 million bushels, a decrease of 11 millions, although storage grain at the end of the year was 43 million bushels or 11 millions more than at the same time the year before. Long haul lumber was off 4%, and loadings of some other commodities, such as fruit, livestock and coal also were smaller.

FINANCIAL POSITION AT END OF YEAR, OR SIMPLIFIED BALANCE SHEET

	1948	1947	Increase
Great Northern Investments:	(Millions of Dollars)		
Investment in railway and other property.....	\$526.5	\$517.3	\$ 9.2
Investment in Chicago, Burlington and Quincy R. R. and Spokane, Portland and Seattle Ry. Co.....	155.0	155.0	.....
Other investments.....	31.5	17.8	13.7
Cash, material and supplies and other assets.....	105.8	101.9	3.9
	\$818.8	\$792.0	\$26.8
How This Money Was Provided:			
Invested by stockholders.....	\$272.8	\$272.8	.....
Retained in business for benefit of stockholders.....	242.3	225.4	\$16.9
Borrowed from bondholders.....	248.4	235.6	12.8
Owed for wages, taxes, etc., mostly due within two years.....	55.3	58.2	2.9 Decr.
	\$818.8	\$792.0	\$26.8



INCREASE IN FREIGHT RATES

In addition to the greater annual revenue of \$10.2 millions resulting from the increase in rates (effective on January 5, 1948, referred to in the 1947 report) further increases were granted during the year, effective on the following dates, with estimated annual increases as shown:

May 6, 1948.....\$4,500,000

August 21, 1948... 100,000

January 11, 1949... 6,900,000

The average revenue per ton mile for 1948 of 1.14 cents was 12.5% above the corresponding figure for 1947, but this may not be the entire measure of the effect of the rate increases due to the variation in the proportion of high- and low-rated commodities moving in each year.

Passenger Service

The principal passenger service train revenues are from passenger, mail and express services. The 1948 revenues were: passenger, \$12.7 millions—decrease \$.4 millions—3.4%; mail, \$6.2 millions—increase \$.7 millions—13.2%; and express, \$2.5 millions—decrease \$.2 millions—6.7%.

CHANGES IN VOLUME OF PASSENGER SERVICE

Passenger traffic in 1948 was 47% above that for 1928 and 1929. However, there was a decrease of 14% in the number of passengers carried one mile in 1948 as compared with 1947. Passenger miles in 1948 were 543 millions as compared with 630 millions in 1947. In May and June high water in Montana and Pacific Northwest seriously curtailed travel at the beginning of the vacation season, with loss to Great Northern of several convention and other special train movements.



First postwar ship sails for Far East ports from Great Northern's recently modernized Asiatic Dock in Seattle, December 20, 1948.

Nearing the end of the second year of operation, the streamlined Empire Builder trains continue to attract new passengers to Great Northern, and earnings on these trains are averaging 10% above those for 1947.

Volume of mail traffic increased substantially, due somewhat to higher express rates, diverting some parcel post traffic to the mail service. As a result, the express business was lighter.

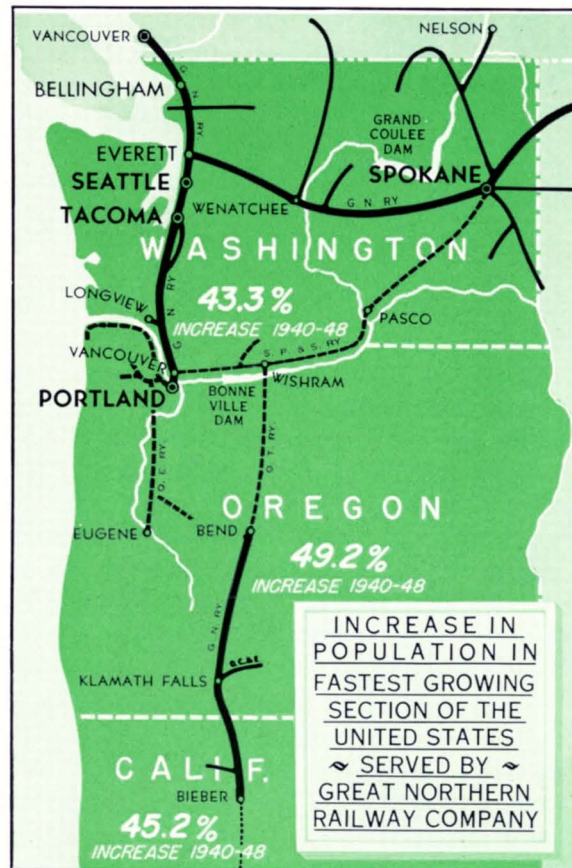
INCREASES IN PASSENGER SERVICE RATES

One way coach fares in Western territory were increased from 2.2 to 2.5 cents per mile, effective March 1, with proportionate increases in round-trip fares. This will provide an estimated increase in revenue of \$950,000 per year. The average revenue received per passenger mile was 2.33 cents, an increase of .25 cents over 1947 or 12%. Changes in proportion of coach passengers to first class passengers and one way to round-trip, etc., influences this average in addition to the rate increase.

Great Northern express revenues were increased an estimated \$500,000 per year by the advance in express rates, effective January 22.

2. DIVIDENDS AND INTEREST RECEIVED

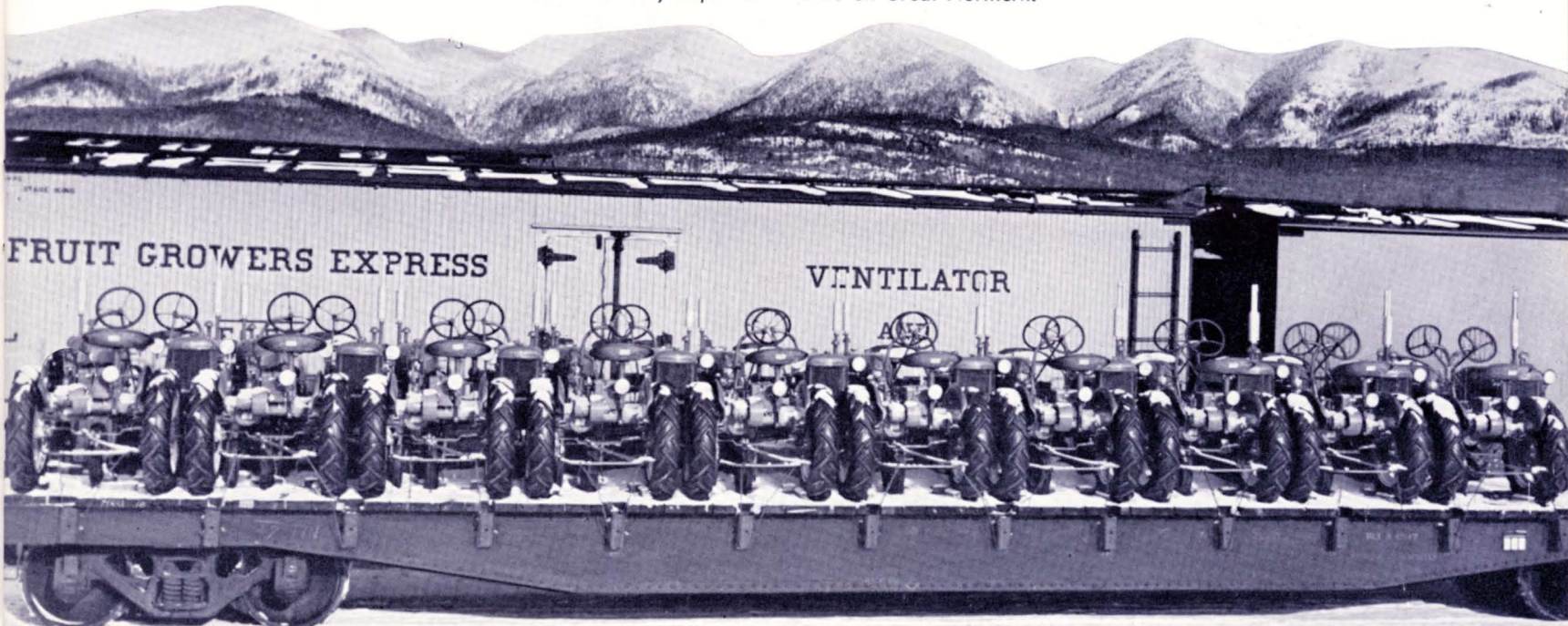
During 1948 dividends and interest received amounted to \$7.5 millions, or \$1.5 millions more than for 1947. This included the \$5.8 millions in dividends received from Chicago, Burlington and Quincy Railroad Co., and \$.8 millions in interest received from Spokane, Portland and Seattle Railway Co.,



each of these items representing an \$800,000 increase over 1947.

It is interesting to note that the non-operating income exceeded fixed charges and other deductions for the second year since Great Northern was formed (the other year being 1921), so that the net income actually exceeded the net railway operating income resulting from operating the railroad.

Farm machinery important traffic on Great Northern.



CHARGES AGAINST INCOME

The principal expenditures affecting net income are operating expenses, taxes and fixed charges.

Net ton miles per car day increased from 1,074 in 1947 to 1,092 in 1948, and gross ton miles per train hour was at a record high, 43,861.

Taxes of \$24 millions in 1948 were down almost half a million dollars. Those applicable to the current year actually increased \$5.2 millions, notwithstanding the decrease of \$2.1 millions in payroll taxes for unemployment insurance resulting from a change in rate from 3% to 1/2%. Heavy accumulations in the Government's unemployment insurance fund, and an agreement to increase retirement annuities by 20% brought about this rate reduction.

Taxes included in 1948 accounts were reduced more than \$6.9 millions, due to over-accrual of income and excess profits taxes in former years. This is principally due to the land grant claims referred to under "Operating Revenues", whereby revenue refunds made to the Government in 1947 and 1948 were related back to the years in which

the traffic moved, decreasing the revenues applicable to those years and reducing income and income taxes applicable in proportionate amounts.

Fixed charges of \$7.5 millions were the lowest in some 50 years, over \$175,000 less than for 1947.

Operating expenses of \$162.2 millions were \$18.7 millions above the 1947 figure. Some of this greater expense was due to increase in traffic, but chiefly it was brought about by higher wage and material costs.

Unusually high water and flood conditions along rivers in Montana and Pacific Northwest interrupted service in the Spring of 1948, and resulted in abnormal charges to operating expenses of some \$2 millions.

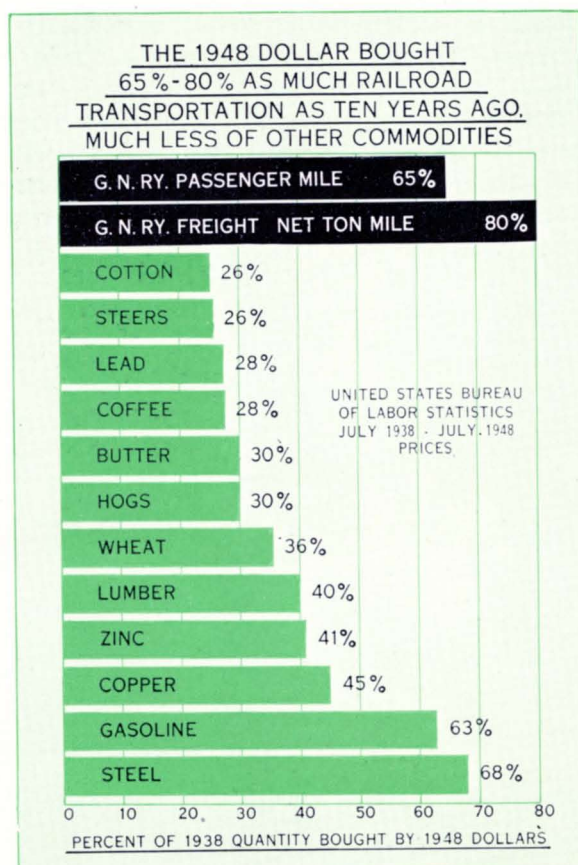
1. WAGE INCREASES

The higher wage rates granted late in the Fall of 1947 were effective for the entire year of 1948 and, in addition, wages moved still higher in the Fall of 1948. As a result, the charges in 1948 accounts for labor were increased \$10.3 millions.

Engineers, firemen and switchmen, having refused the 1947 increase in wages awarded by an Emergency Board, gave notice of a strike to become effective May 11, 1948, whereupon the President of the United States ordered that possession, control and operation of the railroads be taken and assumed by the United States on May 10. The employees later accepted the increase offered of 15 1/2 cents per hour, effective November 1, 1947, and Government control was terminated and relinquished on July 9. At no time was service interrupted. This increase in wages is estimated at \$1.8 millions per year.

On the 1948 round of increases the five operating unions representing the so-called running crafts accepted an increase of 10 cents per hour, effective October 16, 1948. These increases will amount to approximately \$2.0 millions per year.

The non-operating group of employees in 1948 demanded a 25 cents per hour increase in wages and establishment of a 40-hour week with no reduction in pay. No agreement having been reached, an Emergency Board was appointed to consider the matter and they recommended a 7 cents per hour increase in pay, effective October 1, 1948, and establishment of a 40-hour week, effective September

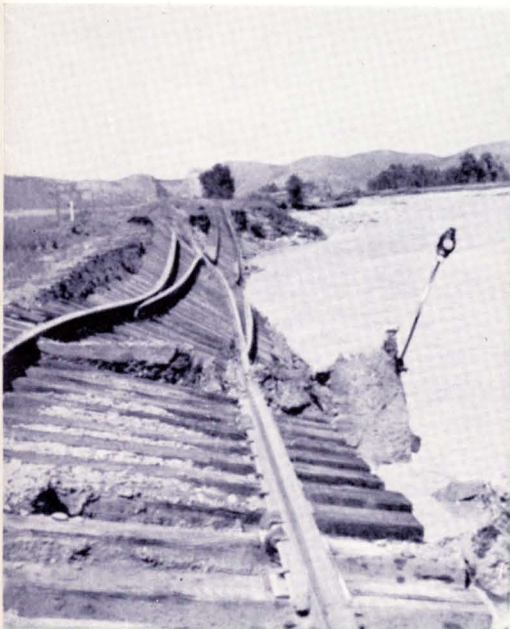


1, 1949. At the latter date, rates of pay are to be increased 20%, with all work performed in excess of 8 hours per day or 40 hours per week to be paid for at time and one-half. However, no penalty rates are to apply for Saturday or Sunday work as such, provided the 40-hour work week is not exceeded.

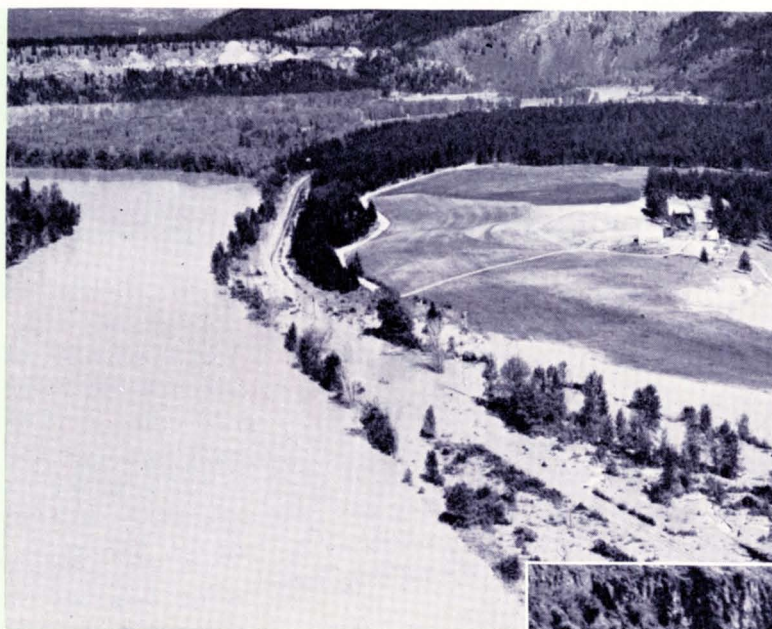
The 7 cents per hour increase will cost Great Northern approximately \$4.1 millions per year. It is difficult to estimate the full

effect of the 40-hour week. The Emergency Board is quite confident that it will amount to less than \$10.6 millions per annum for Great Northern, but how much less they do not estimate. Further mechanization, rearranging and re-scheduling work should progressively reduce the need for additional employes when operating on the shorter week.

The graph on page 14 shows the labor trend during the past 10 years.



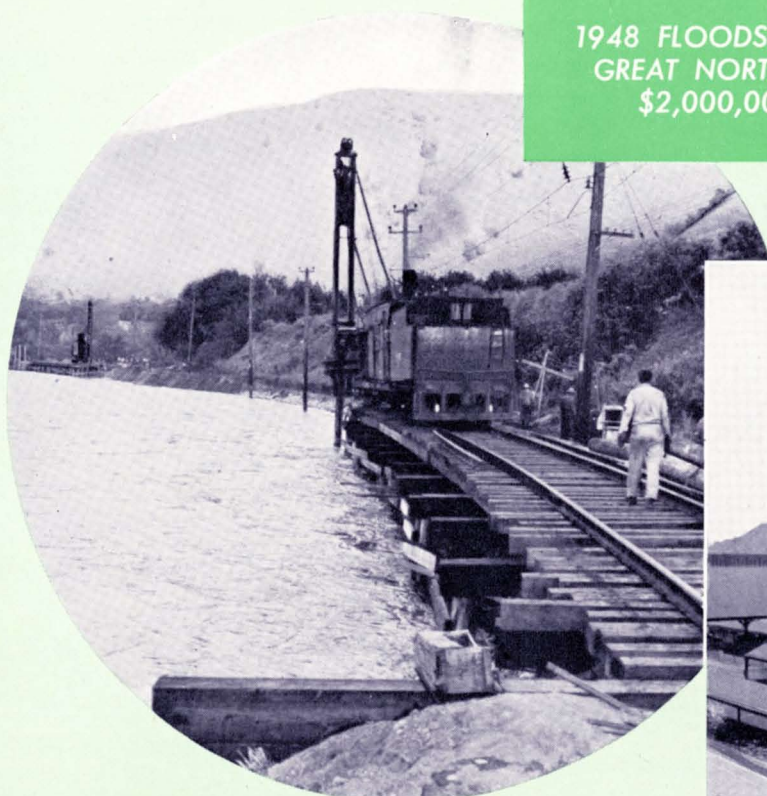
Line cut in 10 places, South of Shelby, North Central Montana



Along the Kootenai River Western Montana and Idaho. In 22 miles water was over track in 12 places



Mansfield Branch, Central Washington, damaged by three separate flash floods for 27 miles.

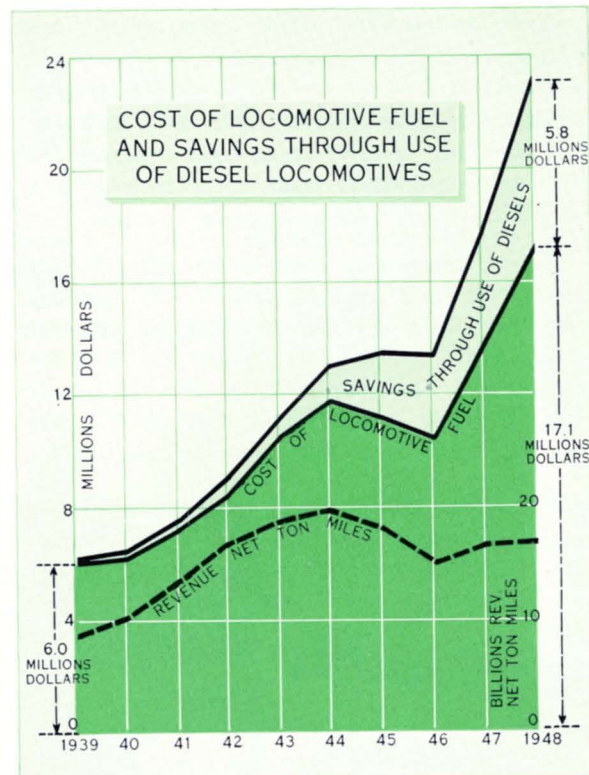
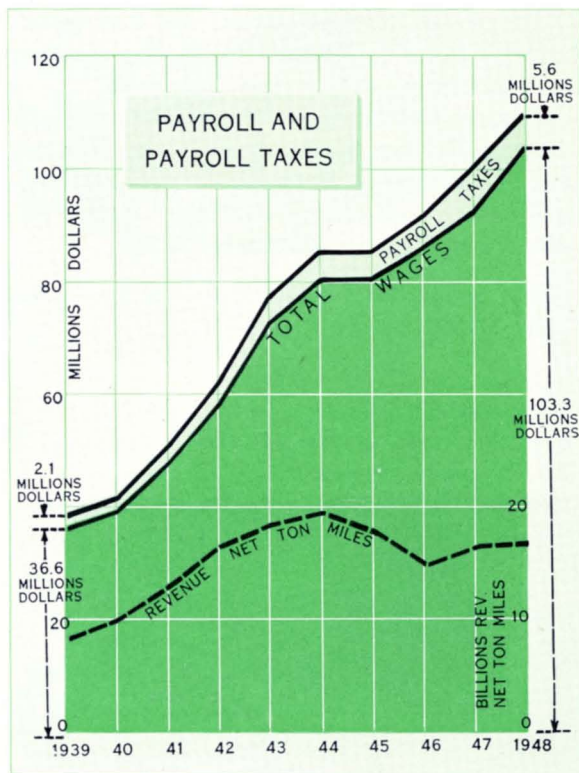


Pile drivers working at both ends of washout along Columbia River, west of Wenatchee, in Central Washington.

1948 FLOODS COST
GREAT NORTHERN
\$2,000,000



Portland Oregon, Union Station, out of service nearly three weeks



2. HIGHER MATERIAL COSTS

Most materials and supplies cost substantially more in 1948. Fuel for locomotives is the largest single item of this kind, and cost \$17.1 millions in 1948 (including labor placing on locomotives) as compared with \$13.8 millions in 1947, increase \$3.3 millions—24.4%, due entirely to higher fuel prices, as the quantity used per traffic unit produced was lower in 1948.

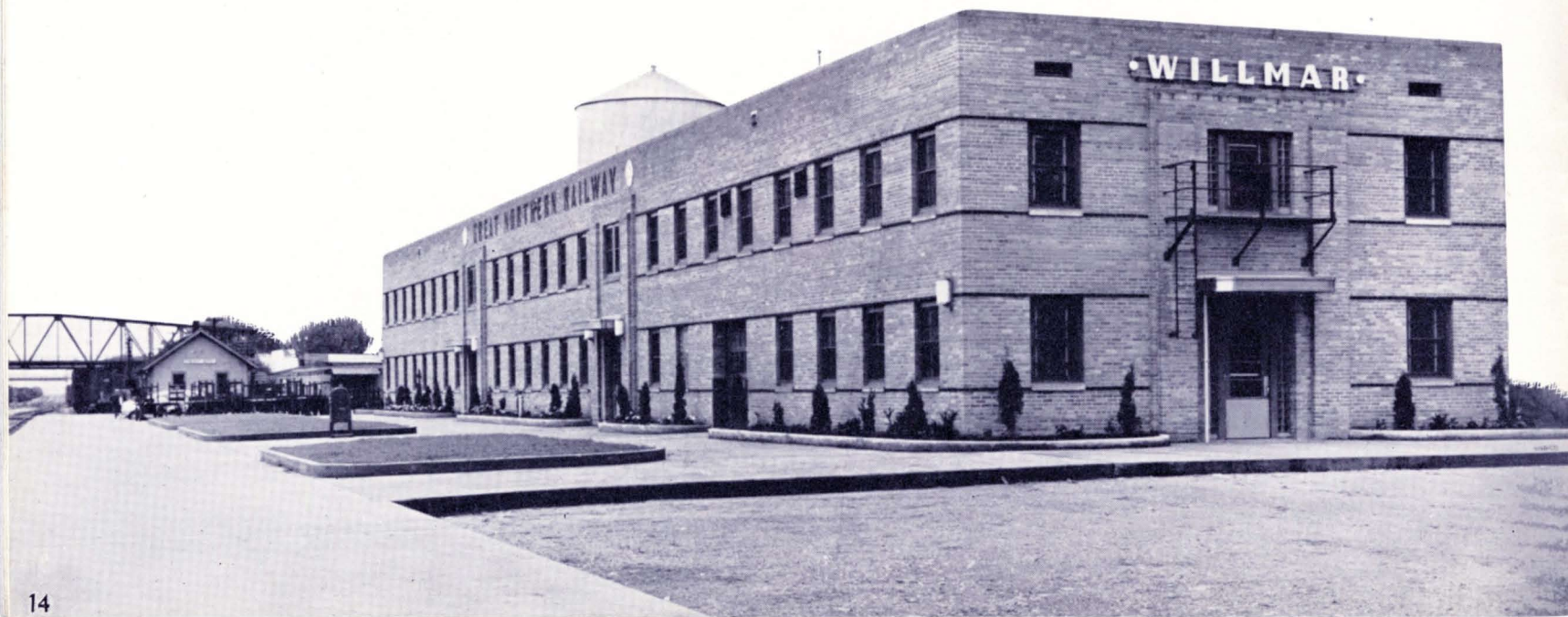
Had it not been for the extensive use of the economical Diesel locomotives, the 1948 fuel would have cost an additional \$5.8 millions. Fuel costs for the 10 years 1939-1948 are shown on the above chart.

In 1948, 183 miles of track were relayed with new 112 and 130 lb. rail, compared with 123 miles in 1947. Second hand relaying increased from 127 miles in 1947 to 195 miles in 1948, and ballasting, which amounted to 402,000 cubic yards in 1947, was reported as 697,000 cubic yards in 1948.

Tie applications were approximately the same in both 1947 and 1948, but the 1948 cost of ties—\$3,091,826—was \$219,000 greater than in 1947.

The combination of higher prices and more materials used in the track structure raised the operating expense charges for these materials from \$5.1 millions in 1947 to \$6.1 millions in 1948.

New station and division office building in Willmar, Minnesota completed in 1948.



INDUSTRIAL DEVELOPMENT

During 1948 more than 430 new industries were located on Great Northern property, and many more began operations on private property served by Great Northern tracks.

Some of the more important new industries were the 5-million-dollar sugar refinery at Bingham, Minn., in the Red River Valley; pole treating plant in Libby, Mont.; pig iron plant at Rock Island, Wash.; the cargo service from Great Northern Seattle dock to the Philippines, China and India; and grain elevator for barley in Stronghold, Cal. Work was under way on other large projects, including warehouses or storage plants in Minneapolis and Hopkins, Minn., Sioux City, Ia., Fargo, Minot and Grand Forks, N. D., Great Falls, Mont., Seattle, Wash., and Vancouver, B. C.; corn dryers in elevator in Sioux City, Ia.; and grain elevator in Huron, S. D.

The Columbia Basin project in Central Washington is proceeding more rapidly than heretofore. Approximately 75 million dollars have been included in the Federal budget request for the year 1949.

The Hungry Horse Dam in Northwestern Montana near Glacier National Park, is being actively progressed and is set up for an expenditure of \$24 millions in 1949. The dam-site is local to Great Northern and will require 3½ million barrels of cement.

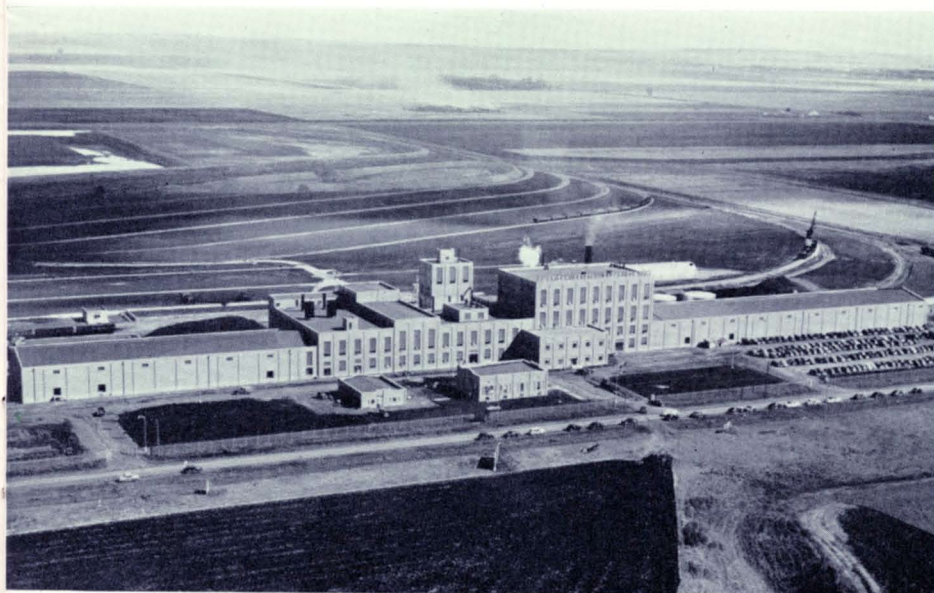
PROPERTY IMPROVEMENTS

Cash expenditures for property improvements during 1948 totaled \$21.4 millions, slightly above 1947, divided \$9.1 millions for fixed property and \$12.3 millions for equipment.

Important completions during 1948 included block signals between Fargo, N. D., and Surrey, N. D., via Grand Forks; reconstruction of dock and warehouse, new car repair shed and passenger train servicing facilities in Seattle, Wash.; extension to electric locomotive repair shop in Appleyard, Wash.; changes of line at Penrith, Wash., Leonia, Ida., and near Yakt, Mont.; yard tracks in Grand Forks, N. D.; station and division office building in Willmar, Minn., and rebuilding portion of enginehouse in Superior, Wis.

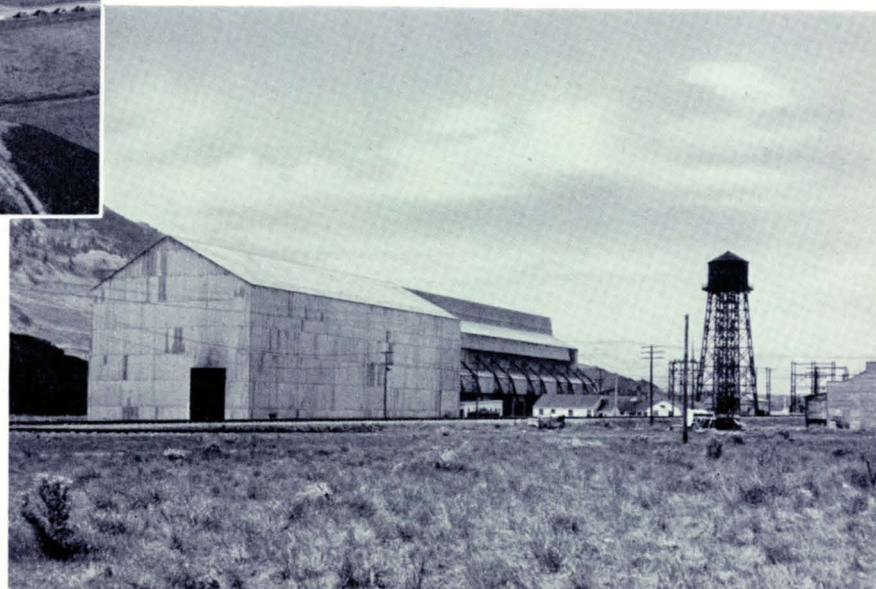
Work is continuing on yard track extensions in Havre, Mont., and Seattle, Wash.; fuel oil storage in Breckenridge, Minn., Grand Forks and Devils Lake, N. D.; enlarging freight houses in Minneapolis, Minn., Great Falls, Mont., and Seattle, Wash.; new power plants in St. Paul, Minn., and Grand Forks, N. D.; line change at Merritt, Wash.; and new Diesel shop in St. Paul, Minn., and enlargement of Diesel shop in Havre, Mont.

The extensive program of line changes is about completed. Future expenditures for this purpose should be much smaller.



Manufacture of pig iron begun at old war plant at Rock Island, Wash., east of Wenatchee and a local point on Great Northern.

New sugar refinery. Local to Great Northern in the Red River Valley. Opened in September, 1948.



NEW EQUIPMENT

Continuing the program of improving and modernizing Great Northern's equipment, your Directors in 1948 authorized the purchase of Diesel locomotives at a cost of \$10.6 millions, passenger cars costing \$12.6 millions and freight equipment to cost \$13.8 millions—a total of \$37 millions.

These Diesel orders included six 6000-horsepower, one 4500-horsepower and two 3000-horsepower freight locomotives, and two 3000-horsepower and two 1500-horsepower passenger locomotives, all delivered in 1948. For 1949 delivery new Diesels ordered were: three 6000-horsepower freight, ten 1500-horsepower road and switch, and twelve 1000-horsepower switch locomotives.

A dining car, a lunch-dormitory car, and 15 passenger cars have been ordered for 1949 completion. New equipment was authorized for the Empire Builder and present equipment on this train will be transferred to the Oriental Limited. Delivery of these ninety-six cars will not be completed until 1950.

Freight equipment ordered in 1948 for 1949 delivery includes fifteen hundred 50-ton box cars to be built in Company shops; 500 gondola cars, 100 covered-top hopper-bottom cars and 250 refrigerator cars.

Previous orders included one thousand 50-ton box cars constructed in Company shops in 1948 and 200 gondola cars and 75 covered-top hopper-bottom cars to be delivered in 1949.

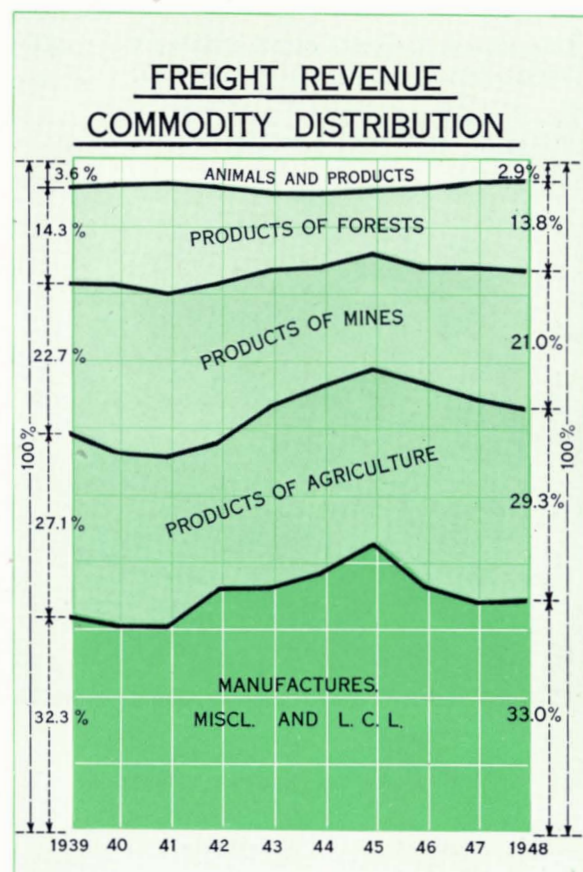
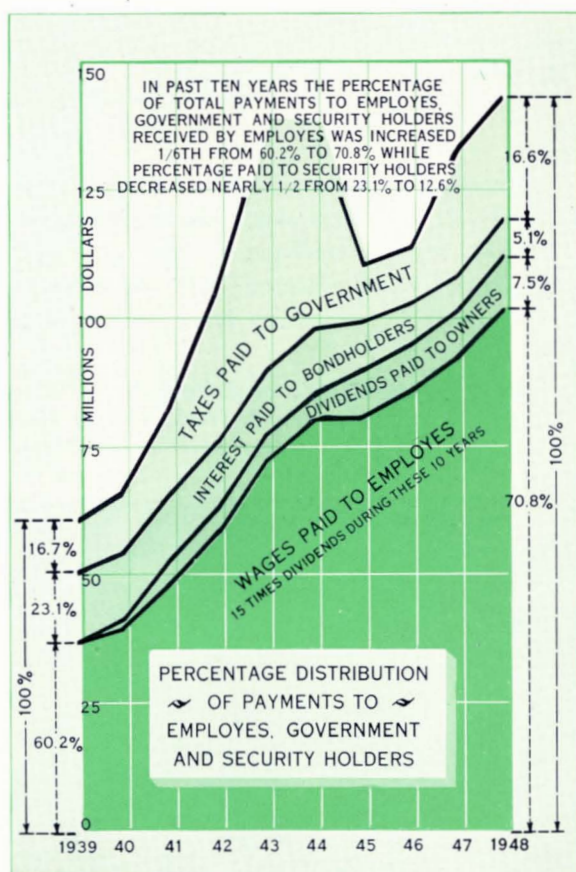
DEBT CHANGES

Open market purchases of \$84,000 par value, Series B, 5½% Bonds, were made during the year at a cost of \$92,271.

Conditional sale paper providing for monthly payments over 8 years was sold by competitive bidding to provide funds covering 80% of the cost of new Diesel locomotives delivered during 1948. Sales were at par, \$480,000 at 2% interest on deferred payments, and \$4,032,000 on a 2½% basis.

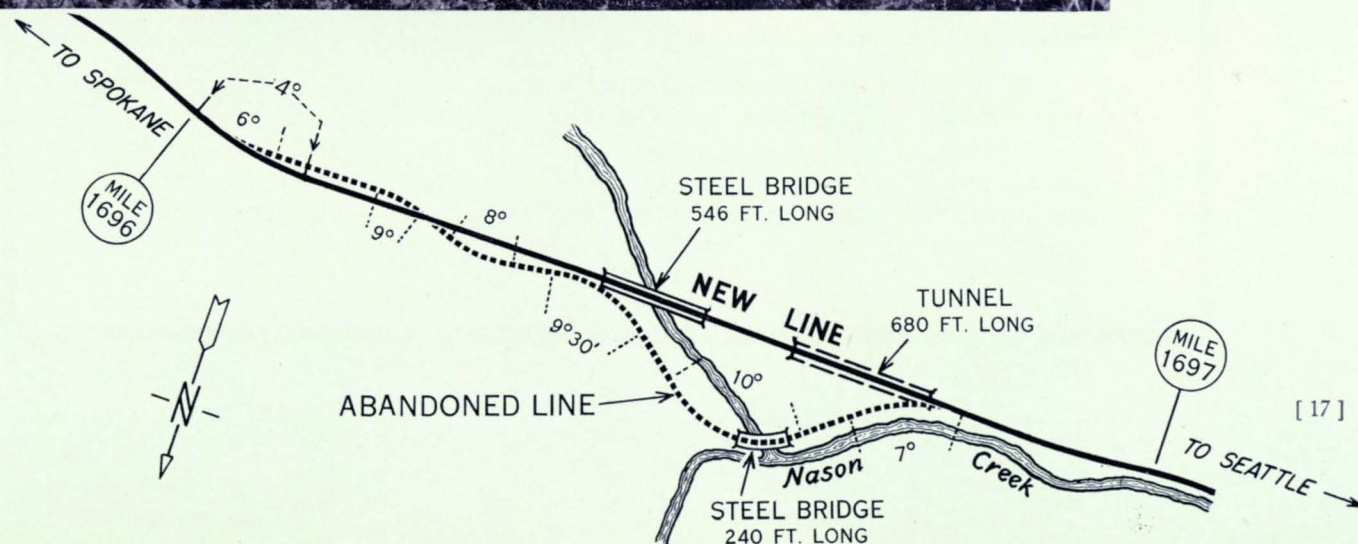
To help finance 80% of the cost of equipment expected for delivery in 1949, an equipment trust running for 15 years in amount of \$12,720,000 was sold by competitive bidding in mid-October for 99.608% of the principal amount, with a 2⅜% coupon, net interest cost to the Company being 2.43%.

During 1948 payments were made on conditional sale contracts in the amount of \$4,356,706, but the total equipment paper outstanding at the end of 1948 was \$32,688,315, compared with \$19,813,021 outstanding at the end of 1947.





\$1,000,000 line relocation on East slope of Cascade Mountains shown by heavy dashed line. Eliminates five sharp curves. Will be completed in Spring of 1949.



Louis Warren Hill

1873—1948

Resolution adopted by Board of Directors, May 13, 1948

BE IT RESOLVED, that the Directors of Great Northern Railway Company express their deep sorrow at the death of Louis Warren Hill, a member of the Directorate since 1902, and of the Executive Committee of the Board of Directors since 1912.

Mr. Hill died on April 27, 1948, at the age of seventy-five, after more than fifty-four years with Great Northern Railway Company.

Mr. Hill's service began in 1893, the year Great Northern was extended to the Pacific Coast, and after working in various departments of the railway, was promoted to Vice President in 1903, and was elected President in May, 1907, succeeding his father, Mr. James J. Hill, who became Chairman of the Board at that time.

Mr. Hill was President from 1907 to 1912 and from 1914 to 1919, also serving as Chairman of the Board of Directors from 1912 to 1929. His service extended over practically the entire corporate life of Great Northern Railway Company, and during that time the miles of road more than doubled and revenues increased ten-fold, much of these increases being under Mr. Hill's planning and direction.

Some of the many accomplishments of Mr. Hill for the benefit of the railway were the development of better agricultural practices in Great Northern territory, including crop rotation, irrigation, fertilization, diversification with emphasis on dairying and the building up of the rural population through colonization. He early sensed the importance of the iron ore movement from the Mesabi Range and secured the benefit of a substantial and continuing volume of this traffic to Great Northern. Mr. Hill was also largely responsible for the development of Glacier Park, the only important National Park on the main line of any transcontinental railroad.

Although Mr. Hill retired from active service as Chairman of the Board in 1929, he continued to serve as a Director, and through his intimate knowledge of the property brought wise counsel and advice to the meetings of the Board when considering Great Northern affairs.

He has been intimately associated with many other enterprises in the Northwest, and his support of all worth-while civic enterprises has done much to make this section a better place in which to live.

The passing of Mr. Hill severs the ties of a lengthy and distinguished career of service to the railway.

BE IT FURTHER RESOLVED, that as a token of respect for the memory of our fellow member, Mr. Louis Warren Hill, the Board of Directors of Great Northern Railway Company, meeting for the first time without him, spreads this minute upon its records and directs that an engrossed copy be sent to Mr. Hill's family as an expression of the Board's sympathy.

GENERAL

Great Northern stockholders as of November 10, 1948, numbered 35,484, with average holdings of 87 shares. Nearly two-thirds of the stockholders own less than 30 shares each.

A dividend of \$1.50 per share was paid in June, 1948, and another one of \$2 per share was paid in December. Your Board of Directors announced in 1948 a policy of paying future dividends, if declared, in March, June, September and December.

Dividends received from Chicago, Burlington and Quincy Railroad Co. in 1948 amounted to \$5,811,253, compared with \$4,981,074 for 1947; but dividends from Northland Greyhound Lines, Inc., were reduced from \$600,246

in 1947, to \$366,817 in 1948. Spokane, Portland and Seattle Railway Co. paid \$800,000 interest in 1948, no payment having been made in 1947.

Mr. Louis W. Hill, a Director since 1902 and former President, died on April 27, 1948, and the Board of Directors adopted the resolution of condolence for his family shown on page 18.

Mr. N. Stockhammer, Assistant Secretary and Assistant Treasurer, was elected Director at the annual meeting on May 13, 1948, and having resigned shortly thereafter, Mr. James F. Oates, Jr., Chairman and Chief Executive Officer, The Peoples Gas Light and Coke Company, Chicago, Illinois, was elected Director by the Board of Directors for the term expiring May 8, 1951.

VOLUME OF TRAFFIC AND OPERATING AVERAGES

ITEM	1948	1947	1946	1945	1944
REVENUE NET TON MILES (1000's).....	16,399,435	16,276,479	14,769,179	17,836,467	19,586,780
PASSENGERS CARRIED ONE MILE (1000's).....	542,792	630,362	869,967	1,305,138	1,258,930
REVENUE PER NET TON MILE (cents).....	1.140	1.013	.932	.922	.878
REVENUE PER PASSENGER MILE (cents).....	2.331	2.076	1.837	1.600	1.653
TRAIN LOAD—NET TONS ALL FREIGHT.....	1,345	1,284	1,216	1,352	1,359
NET TON MILES PER TRAIN HOUR.....	21,072	19,991	18,652	20,879	20,586
FREIGHT LOCOMOTIVE MILES PER LOCOMOTIVE DAY.....	84.4	89.8	82.1	90.8	98.1
FREIGHT CAR MILES PER CAR DAY.....	48.6	48.5	47.3	55.5	54.6
GROSS TON MILES PER TON OF FUEL.....	18,068	17,532	17,324	18,281	18,246
NET TON MILES PER CAR DAY.....	1,092	1,074	996	1,281	1,302



MEMO

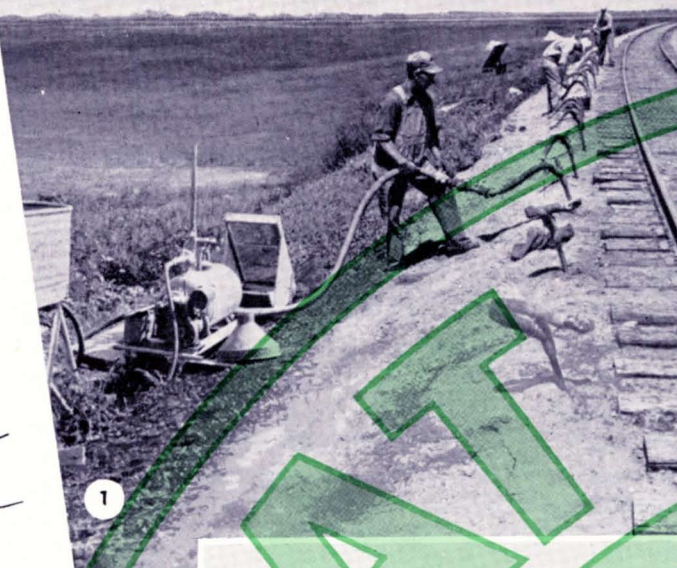
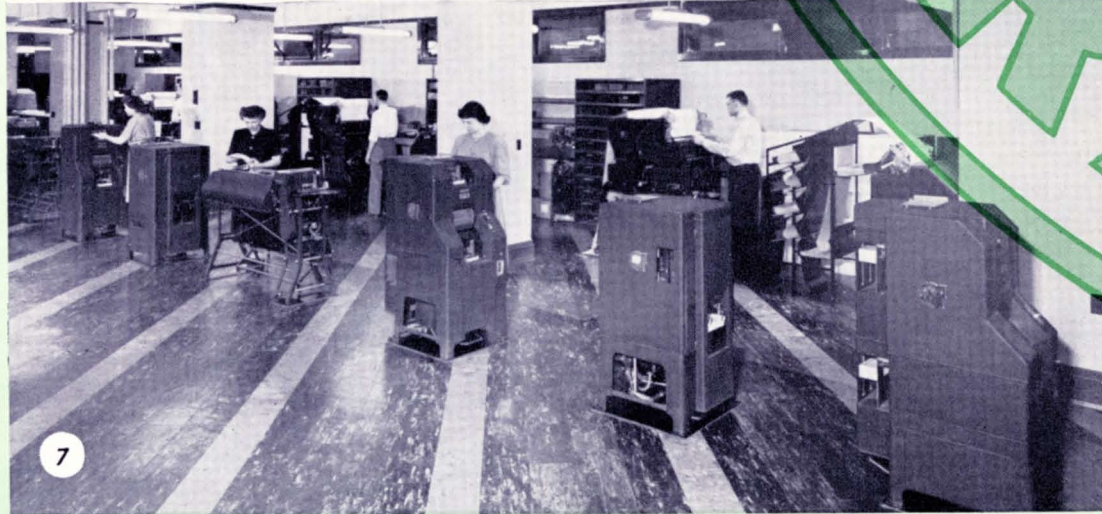
TO all Dept Heads

Present railroad problems are not completely solved by increasing charges to the public more important if Great Northern is to maintain its strong competitive position is establishing the most economical operation through a continuation of the mechanization program and increasing efficiency

B. Gavin

CLERICAL

6 and 7. Key punch and tabulating machines producing 2,000,000 cards per month expedite clerical work. An entire floor in General Office Building is occupied by mechanized clerical forces.



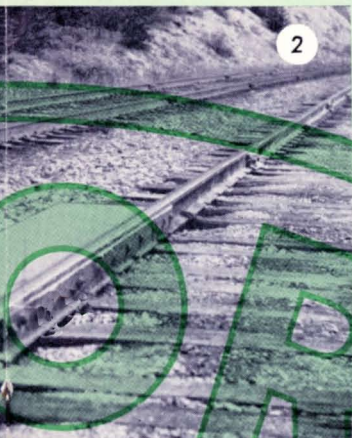
MAINTENANCE OF

1. Pumping in cement to per cure soft roadbed.
2. Car wheel lubricators red wear on curves.
3. Tie saw permits rapid removal tie without disturbing ball

67%
by ec



2



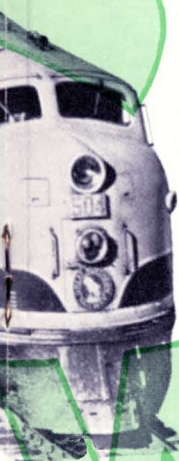
86 Diesel locomotives lower yard service costs.

WAY
permanently

duce rail

val of old
st.

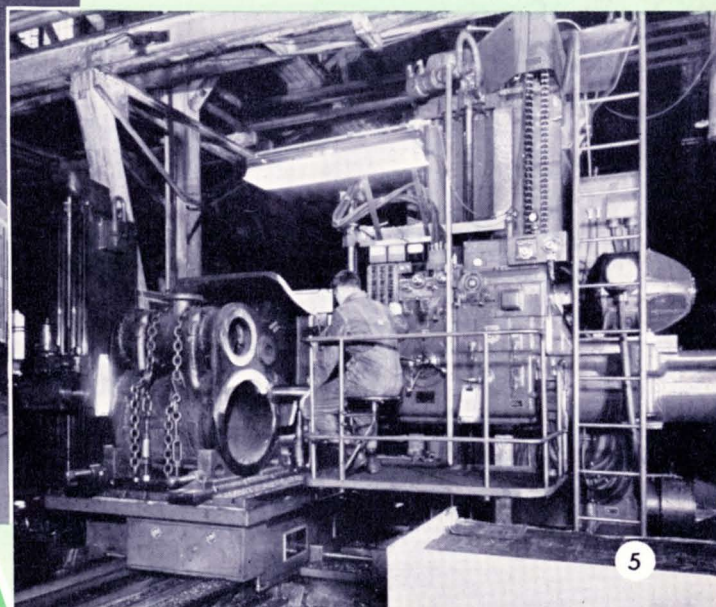
of passenger train miles made
economical Diesel locomotives.



Diesel freight locomotives cut down effect of mountain grades.



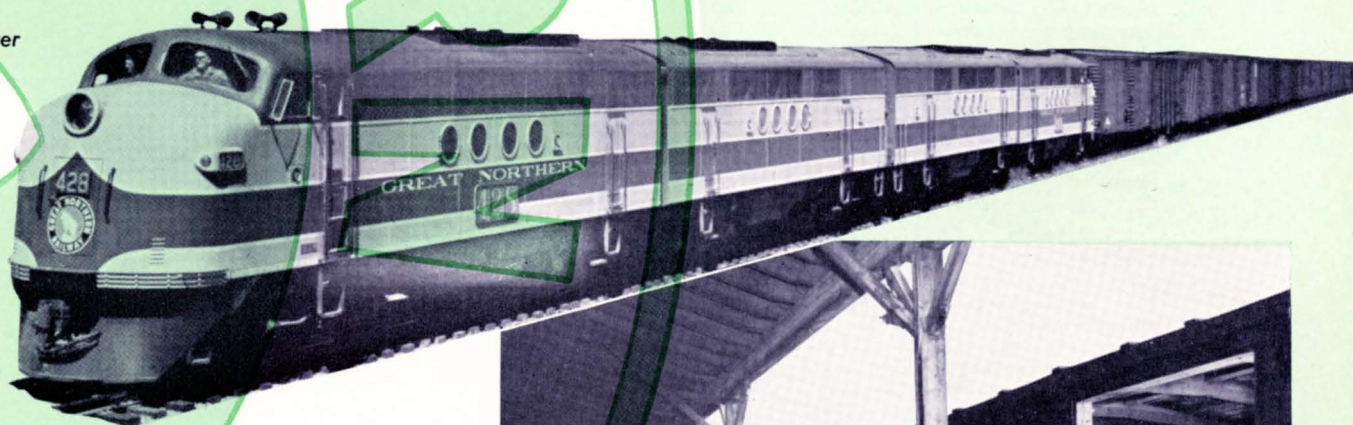
4



5

MAINTENANCE OF EQUIPMENT

4. New modern Diesel repair shop at night.
5. \$100,000 boring, milling and drilling machine. Reduces time machining locomotive cylinder from 224 to 70 hours. Well adapted for Diesel work.



9

TRANSPORTATION

8. Motor trucks reduce more expensive local freight train service.
9. Pallets, lift and tow trucks save at freight houses.



8

GREAT NORTHERN RAILWAY COMPANY

INCOME ACCOUNT—1941 to 1948

	1948	1947	1946	1945	1944	1943	1942	1941
Average mileage of road operated.....	8,333.53	8,332.74	8,332.33	8,364.80	8,372.03	8,209.57	8,094.73	8,071.53
1. OPERATING INCOME.								
RAILWAY OPERATING REVENUES								
Freight.....	\$186,907,685	\$164,906,331	\$137,660,549	\$164,379,347	\$171,957,001	\$166,429,112	\$143,264,055	\$110,505,561
Passenger.....	12,650,404	13,089,446	15,985,382	20,887,002	20,816,206	18,853,552	9,182,732	4,866,328
Mail.....	6,245,111	5,515,840	3,981,226	3,658,526	3,768,714	3,890,653	3,458,225	3,298,849
Express.....	2,528,611	2,711,064	3,018,796	3,471,124	3,399,586	2,883,274	2,020,939	1,105,241
Switching.....	1,500,529	1,372,197	1,249,383	1,448,941	1,278,001	1,265,825	1,111,415	905,967
Other transportation.....	452,603	370,511	478,070	747,494	698,025	579,795	403,519	224,598
Incidental.....	6,389,049	5,845,754	5,060,440	5,936,849	6,083,114	6,536,930	5,707,485	4,267,612
Joint facility—net.....	Dr.—331,909	Dr.— 59,292	Dr.— 65,361	Dr.— 404,779	Dr.— 342,852	Cr.— 134,285	Cr.— 57,661	Dr.— 129,273
Total railway oper. revenues....	216,342,083	193,751,851	167,368,485	200,124,504	207,657,795	200,573,426	165,206,031	125,044,883
RAILWAY OPERATING EXPENSES								
Maintenance of way and struct....	37,172,965	32,093,800	29,077,024	39,444,398	33,078,700	28,616,041	18,801,376	16,628,547
Maintenance of equipment.....	34,059,270	31,196,663	29,690,375	50,547,917	35,443,596	35,530,748	26,300,208	21,236,550
Traffic.....	3,951,558	3,729,221	3,541,538	2,878,029	2,186,816	3,176,345	2,509,275	2,492,003
Transportation—rail line.....	79,726,996	69,550,264	61,321,193	60,904,897	56,180,890	49,779,649	41,672,967	34,862,432
Miscellaneous operations.....	2,530,783	2,745,813	2,352,457	2,276,567	2,346,377	2,487,472	1,506,469	1,001,720
General.....	4,720,976	4,173,234	3,775,259	3,462,624	3,359,081	3,181,612	2,528,181	2,317,214
Transportation for invest.—Cr.....								215,100
Total railway oper. expenses....	162,162,548	143,488,995	129,757,846	159,514,432	132,595,460	122,771,867	93,318,476	78,323,366
Net revenue from railway oper..	54,179,535	50,262,856	37,610,639	40,610,072	75,062,335	77,801,559	71,887,555	46,721,517
RAILWAY TAX ACCRUALS								
U. S. income.....	6,555,124	6,997,997	Cr.—3,127,298	Cr.—1,825,882	25,913,692	35,183,235	18,845,802	6,052,829
Payroll.....	5,576,274	7,498,556	5,201,251	4,891,520	4,854,908	4,420,448	3,382,621	2,845,229
All other.....	11,887,380	9,990,023	8,894,820	8,281,866	9,232,658	8,857,387	8,498,917	7,968,965
Total railway tax accruals.....	24,018,778	24,486,576	10,968,773	11,347,504	40,001,258	48,461,070	30,727,340	16,867,023
Uncollectible railway revenues.....								
Railway operating income.....	30,160,757	25,776,280	26,641,866	29,262,568	35,061,077	29,340,489	41,160,215	29,854,494
Equipment rents—Net debit.....	2,361,066	1,433,400	1,068,583	364,887	1,653,386	390,019	1,359,935	1,223,884
Joint facility rent—Net debit.....	599,850	527,150	532,649	518,246	439,071	387,503	355,204	629,075
NET RAILWAY OPER. INCOME..	27,199,841	23,815,730	25,040,634	28,379,435	32,968,620	28,562,967	39,445,076	28,001,535
2. OTHER INCOME.								
Revs. from miscellaneous operations.....			224,183	361,355	836,889	754,326	664,165	345,718
Income from lease of road and equip.....	66,835	59,010	528	22,832	60,775	103,199	105,014	120,311
Miscellaneous rent income.....	326,562	329,559	355,944	374,961	351,520	376,528	403,144	420,101
Miscellaneous nonoper. phys. prop....	318,076	295,949	286,446	243,853	333,004	340,536	239,890	229,785
Separately oper. prop.—Profit.....								
Dividend income.....	6,292,261	5,705,684	5,909,272	5,292,975	2,794,819	3,146,776	2,984,686	2,308,934
Income from funded securities.....	1,016,980	252,155	275,497	140,496	87,514	85,471	73,787	65,951
Income from unfunded sec. and accts.....	231,628	43,296	588,622	129,348	218,097	132,402	40,583	49,190
Release of premiums on funded debt.....			7,394	20,951	6,293			
Miscellaneous income.....	88,628	87,423	86,199	87,920	358,152	122,017	81,609	86,260
Total other income.....	8,340,970	6,773,076	7,734,085	6,674,691	5,047,063	5,061,255	4,592,878	3,626,250
Total income.....	35,540,811	30,588,806	32,774,719	35,054,126	38,015,683	33,624,222	44,037,954	31,627,785
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.....	31,995	50,303	85,713	75,117	80,861	75,515	75,619	74,801
Miscellaneous tax accruals.....	237,572	194,636	167,133	156,557	157,912	231,247	180,889	125,439
Separately operated prop.—Loss....	138,917	107,956	85,514	79,810	157,584	226,514	85,135	114,431
Miscellaneous income charges.....	44,667	41,706	85,887	287,425	466,193	239,901	267,129	267,101
Total miscellaneous deductions....	453,151	394,601	648,430	960,264	1,699,439	1,527,502	1,272,937	926,706
Inc. available for fixed charges..	35,087,660	30,194,205	32,126,289	34,093,862	36,316,244	32,096,720	42,765,017	30,701,079
4. FIXED CHARGES.								
Rent for leased roads and equipment.....	96,756	81,647	51,028	58,513	28,771	19,970	19,794	24,889
Interest on funded debt—fixed interest.....	7,338,976	7,444,551	8,120,262	9,843,989	12,862,604	12,477,361	13,283,890	13,484,625
Interest on unfunded debt.....	4,277	89,025	436,513	16,816	27,903	8,829	407,312	406,406
Amort. of discount on funded debt....	80,263	80,282	61,485	16,954		12		
Total fixed charges.....	7,520,272	7,695,505	8,669,288	9,936,272	12,919,278	12,506,172	13,710,996	13,915,920
NET INCOME (or Deficit).....	\$27,567,388	\$22,498,700	\$23,457,001	\$24,157,590	\$23,396,966	\$19,590,548	\$29,054,021	\$16,785,159
NO. OF TIMES FIXED CHGS. EARNED	4.67	3.92	3.71	3.43	2.81	2.57	3.12	2.21
RATIO OF OPER. EXP. TO REVS.—%	75.0	74.1	77.5	79.7	63.9	61.2	56.5	62.6
RATIO OF TRANSP. EXP. TO REVS.—%	36.9	35.9	36.6	30.4	27.1	24.8	25.2	27.9
5. DISPOSITION OF NET INCOME.								
Inc. appl. to sink. and other res. funds.....	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ 1,000,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 259,899
Dividend appropriations of income.....								
Inc. approp. for invest. in phys. prop.....							1,250	15,000
Miscellaneous approp. of income.....				9,279	4,109	26	372	
Total appropriations of income..	1,375,000	1,375,000	1,375,000	1,009,279	254,109	250,026	251,622	274,899
Income bal. transf. to Profit & Loss	26,192,388	21,123,700	22,082,001	23,148,311	23,142,857	19,340,522	28,802,399	16,510,260
6. PROFIT AND LOSS.								
Profit and loss, January 1.....	135,476,616	124,407,792	118,589,203	114,094,613	106,516,915	*115,503,414	115,401,668	105,857,099
Add: Credits to profit and loss.....	26,652,358	21,465,697	23,666,009	23,264,489	23,393,891	19,686,665	29,277,842	17,219,055
Deduct: Debits to profit and loss.....	11,379,559	10,396,873	17,847,420	18,769,899	15,816,193	28,673,164	27,907,767	7,674,486
Profit and loss, December 31.....	150,749,415	135,476,616	124,407,792	118,589,203	114,094,613	106,516,915	116,771,743	115,401,668
7. DIVIDENDS DECLARED.	10,823,927	9,277,647	9,277,637	9,255,749	5,008,894	4,997,798	4,997,795	4,997,790
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).....	\$ 154,060	\$ 534,239	\$ 142,793	\$ 418,802	\$ 792,722	\$ 204,688	\$ 539,443	\$ 206,077

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

ANNUAL REPORT FOR 1948

INCOME ACCOUNT—1933 to 1940

	1940	1939	1938	1937	1936	1935	1934	1933
Average mileage of road operated.....	8,068.72	8,071.68	8,071.54	8,087.49	8,188.15	8,278.28	8,344.39	8,445.12
1. OPERATING INCOME.								
RAILWAY OPERATING REVENUES								
Freight.....	\$89,164,630	\$80,001,678	\$68,544,001	\$81,560,214	\$77,150,514	\$70,211,977	\$60,348,273	\$52,673,934
Passenger.....	4,225,019	4,350,621	4,544,458	5,081,691	4,977,601	4,416,108	4,220,571	3,759,187
Mail.....	2,862,642	2,783,864	2,734,684	2,797,474	2,719,087	2,592,247	2,612,588	2,626,891
Express.....	1,039,827	1,037,877	866,567	923,423	965,414	939,960	879,234	673,704
Switching.....	776,226	631,451	580,821	710,286	636,179	506,098	460,974	415,670
Other transportation.....	212,342	220,952	189,955	396,398	291,394	319,343	278,170	271,178
Incidental.....	3,460,498	2,767,503	1,963,103	3,450,360	2,862,617	2,206,630	1,950,567	1,543,912
Joint facility—net.....	Cr.— 1,962	Dr.— 10,573	Dr.— 208,058	Cr.— 22,446	Cr.— 22,299	Dr.— 3,505	Cr.— 2,500	Dr.— 40,585
Total railway oper. revenues.....	101,743,146	91,783,373	79,215,531	94,942,292	89,625,105	81,188,858	70,752,877	61,923,891
RAILWAY OPERATING EXPENSES								
Maintenance of way and struct....	13,230,789	11,259,128	8,652,584	10,247,812	8,660,007	6,994,058	8,368,883	5,335,607
Maintenance of equipment.....	17,436,498	15,431,415	13,257,006	14,927,846	13,623,780	12,630,006	11,846,694	10,961,690
Traffic.....	2,359,067	2,276,335	2,254,863	2,282,051	2,152,655	2,029,222	1,899,765	1,864,188
Transportation—rail line.....	30,034,420	28,501,753	27,296,664	30,709,734	29,098,139	25,801,313	23,032,746	20,434,097
Miscellaneous operations.....	836,991	859,003	867,528	921,402	844,366	753,248	740,835	563,524
General.....	2,161,732	2,284,773	2,246,750	2,380,052	2,556,346	1,908,037	2,778,343	2,429,557
Transportation for invest.—Cr.....	157,774	149,737	58,287	91,174	54,571	54,670	57,086	43,439
Total railway oper. expenses....	65,901,723	60,462,670	54,517,108	61,377,723	56,880,722	50,061,214	48,610,180	41,545,224
Net revenue from railway oper..	35,841,423	31,320,703	24,698,423	33,564,569	32,744,383	31,127,644	22,142,697	20,378,667
RAILWAY TAX ACCRUALS								
U. S. income.....	2,953,761	1,869,999	68,672	206,462	430,862	350,000	Cr.— 411,947	.....
Payroll.....	2,330,983	1,623,625	987,427	772,483	1,295,887	.....	.....	.....
All other.....	6,988,462	6,627,845	7,308,135	7,446,218	6,115,777	5,866,821	6,593,058	6,660,944
Total railway tax accruals.....	12,273,206	10,121,469	8,364,234	8,425,163	7,842,526	6,216,821	6,181,111	6,660,944
Uncollectible railway revenues.....	.....	.....	.....	.....	.....	9,257	10,528	7,213
Railway operating income.....	23,568,217	21,199,234	16,334,189	25,139,406	24,901,857	24,901,566	15,951,058	13,710,510
Equipment rents—Net debit.....	1,361,148	1,314,181	1,479,331	965,016	889,029	997,612	1,381,666	1,301,953
Joint facility rent—Net debit.....	400,005	300,458	375,582	404,982	453,257	420,100	467,742	598,330
NET RAILWAY OPER. INCOME..	21,807,064	19,584,595	14,479,276	23,769,408	23,559,571	23,483,854	14,101,650	11,810,227
2. OTHER INCOME.								
Revs. from miscellaneous operations..	.....	.....	.....	.....	.....	.....	.....	.....
Income from lease of road and equip.	121,871	138,374	142,530	142,677	133,414	313	3,940	313
Miscellaneous rent income.....	361,958	333,822	324,081	327,800	401,134	388,691	477,269	574,603
Miscellaneous nonoper. phys. prop...	225,183	215,477	209,488	168,097	176,668	177,606	174,425	159,323
Separately oper. prop.—Profit.....	.....	.....	.....	45,875	.....	48,316	.....	4,178
Dividend income.....	2,318,489	2,645,934	2,205,150	1,982,889	3,882,151	1,954,999	2,922,223	3,349,378
Income from funded securities.....	95,653	637,272	534,637	396,348	238,755	958,176	775,222	464,732
Income from unfunded sec. and accts.	10,568	65,020	3,841	11,231	5,716	12,373	174,576	40,114
Release of premiums on funded debt.	.....	.....	.....	.....	.....	.....	.....	.....
Miscellaneous income.....	84,417	91,749	154,987	165,465	211,331	275,835	310,523	294,531
Total other income.....	3,218,139	4,127,648	3,574,714	3,240,382	5,049,169	3,816,309	4,838,178	4,887,172
Total income.....	25,025,203	23,712,243	18,053,990	27,009,790	28,608,740	27,300,163	18,939,828	16,697,399
3. MISCELLANEOUS DEDUCT'NS FROM INC.								
Expenses of miscellaneous oper.....	.....	.....	.....	.....	.....	.....	.....	.....
Taxes on miscellaneous oper. prop...	.....	.....	.....	.....	.....	.....	.....	.....
Miscellaneous rents.....	77,301	74,731	75,331	75,050	75,172	77,304	79,978	58,898
Miscellaneous tax accruals.....	96,031	82,751	70,836	68,019	74,050	70,124	71,018	70,298
Separately operated prop.—Loss....	158,143	466,918	652,464	503,538	541,191	440,552	1,995	76,348
Miscellaneous income charges.....	273,406	185,648	269,435	250,299	246,805	244,096	289,152	218,355
Total miscellaneous deductions....	604,881	810,048	1,068,066	896,906	937,218	832,076	442,143	423,899
Inc. available for fixed charges..	24,420,322	22,902,195	16,985,924	26,112,884	27,671,522	26,468,087	18,497,685	16,273,500
4. FIXED CHARGES.								
Rent for leased roads and equipment.	24,928	23,539	30,835	25,530	3,495	1,176	18,186	100
Interest on funded debt—fixed interest	13,722,692	14,032,595	14,121,823	15,571,487	17,298,166	18,755,665	18,816,884	18,965,541
Interest on unfunded debt.....	464,508	159,636	120,706	18,361	39,833	141,900	302,889	110,928
Amort. of discount on funded debt...	.....	.....	.....	407,586	426,042	429,486	434,206	384,691
Total fixed charges.....	14,212,128	14,215,770	14,273,364	16,022,964	17,767,536	19,328,227	19,572,165	19,461,260
NET INCOME (or Deficit).....	\$10,208,194	\$ 8,686,425	\$ 2,712,560	\$10,089,920	\$ 9,903,986	\$ 7,139,860	\$ 1,074,480	\$ 3,187,760
NO. OF TIMES FIXED CHGS. EARNED	1.72	1.61	1.19	1.63	1.56	1.37	.95	.84
RATIO OF OPER. EXP. TO REVS.—%	64.8	65.9	68.8	64.6	63.5	61.7	68.7	67.1
RATIO OF TRANSP. EXP. TO REVS.—%	29.5	31.1	34.5	32.3	32.5	31.8	32.6	33.0
5. DISPOSITION OF NET INCOME								
Inc. appl. to sink. and other res. funds.	\$ 263,063	\$ 263,000	\$ 13,804	\$ 15,067	\$ 15,439	\$ 14,993	\$ 14,827	\$ 14,270
Dividend appropriations of income...	.....	.....	.....	4,997,788	.....	.....	.....	.....
Inc. approp. for invest. in phys. prop.	15,000	15,000	15,000	15,000	15,000	15,000	15,000	.....
Miscellaneous approp. of income.....	.....	.....	.....	.....	.....	.....	.....	123,528
Total appropriations of income..	278,063	278,000	28,804	5,027,855	30,439	29,993	29,827	137,798
Income bal. transf. to Profit & Loss	9,930,131	8,408,425	2,683,756	5,062,065	9,873,547	7,109,867	1,104,307	3,325,558
6. PROFIT AND LOSS.								
Profit and loss, January 1.....	106,281,950	98,853,566	90,835,358	106,586,171	102,731,957	102,202,449	104,655,903	109,307,501
Add: Credits to profit and loss.....	10,584,143	8,565,003	34,492,004	5,527,901	10,270,045	7,364,108	281,740	286,615
Deduct: Debits to profit and loss.....	11,008,994	1,136,619	26,473,796	21,278,714	6,415,831	6,834,600	2,735,194	4,938,213
Profit and loss, December 31.....	105,857,099	106,281,950	98,853,566	90,835,358	106,586,171	102,731,957	102,202,449	104,655,903
7. DIVIDENDS DECLARED.								
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).....	\$ 155,180	\$ 2,110	\$ 411,932	\$ 420,633	\$ 237,140	\$ 64,460	\$ 561,618	\$ 16,911

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 — A S S E T S D E C E M B E R 3 1 , 1 9 4 8 A N D 1 9 4 7

ASSETS	December 31, 1 9 4 8	December 31, 1 9 4 7	INCREASE	DECREASE
INVESTMENTS				
Road and equipment property				
Road.....	\$477,527,025	\$470,166,507	\$ 7,360,518	.....
Equipment.....	190,451,066	182,367,974	8,083,092	.....
General expenditures.....	6,899,126	6,901,345	.....	\$ 2,219
Total.....	674,877,217	659,435,826	15,441,391	.....
Improvements on leased property.....	452,918	454,608	.....	1,690
Acquisition adjustment—Cr.....	6,212,305	6,212,305	.....	.....
Donations and grants—Cr.....	3,861,251	3,826,520	34,731	.....
Total investment in transportation property.....	665,256,579	649,851,609	15,404,970	.....
Accrued depreciation—Road—Cr.....	20,521,110	17,807,367	2,713,743	.....
Accrued depreciation—Equipment—Cr.....	76,787,754	74,643,103	2,144,651	.....
Accrued amortization of defense projects—Road—Cr.....	7,038,182	7,059,742	.....	21,560
Accrued amortization of defense projects—Equipment—Cr.....	47,061,428	46,304,645	756,783	.....
Investment in transportation property less recorded depreciation and amortization.....	513,848,105	504,036,752	9,811,353	.....
Capital and other reserve funds.....	12,732,523	12,523	12,720,000	.....
Miscellaneous physical property.....	12,879,593	13,451,389	.....	571,796
Accrued depreciation—Miscellaneous physical property—Cr.....	227,741	227,741	.....	.....
Miscellaneous physical property less recorded depreciation.....	12,651,852	13,223,648	.....	571,796
Investments in affiliated companies (Page 30):				
Stocks.....	141,389,477	141,389,477	.....	.....
Bonds.....	26,508,601	26,508,601	.....	.....
All other.....	5,383,025	4,584,727	798,298	.....
Total.....	173,281,103	172,482,805	798,298	.....
Other investments (Page 30):				
Stocks.....	2,307,868	2,297,743	10,125	.....
Bonds.....	548,413	548,000	413	.....
All other.....	4,000,282	3,925,961	74,321	.....
Total.....	6,856,563	6,771,704	84,859	.....
Deduct—Reserve for adjustment of investment in securities.....	6,374,482	6,374,482	.....	.....
Total investments.....	712,995,664	690,152,950	22,842,714	.....
CURRENT ASSETS				
Cash.....	37,993,634	38,622,824	.....	629,190
Temporary cash investments and special deposits.....	12,220,530	13,673,486	.....	1,452,956
Loans and bills receivable.....	155,754	182,667	.....	26,913
Traffic and car-service balances—Dr.....	.....	38,939	.....	38,939
Net balance receivable from agents and conductors.....	2,094,198	1,957,989	136,209	.....
Miscellaneous accounts receivable.....	7,612,318	10,531,501	.....	2,919,183
Material and supplies.....	27,394,480	25,181,483	2,212,997	.....
Interest and dividends receivable.....	137,834	59,939	77,895	.....
Accrued accounts receivable.....	2,865,402	3,529,451	.....	664,049
Other current assets.....	140,822	144,907	.....	4,085
Total current assets.....	90,614,972	93,923,186	.....	3,308,214
DEFERRED ASSETS				
Working fund advances.....	44,782	49,432	.....	4,650
Other deferred assets.....	7,044,780	896,930	6,147,850	.....
Total deferred assets.....	7,089,562	946,362	6,143,200	.....
UNADJUSTED DEBITS				
Prepayments.....	382,202	229,183	153,019	.....
Discount on funded debt.....	2,944,628	2,947,041	.....	2,413
Other unadjusted debits.....	4,815,921	3,860,630	955,291	.....
Total unadjusted debits.....	8,142,751	7,036,854	1,105,897	.....
Grand total.....	\$818,842,949	\$792,059,352	\$ 26,783,597	.....

ANNUAL REPORT FOR 1948

GENERAL BALANCE SHEET—LIABILITIES

DECEMBER 31, 1948 AND 1947

LIABILITIES	December 31, 1948	December 31, 1947	INCREASE	DECREASE
STOCK				
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		
Number of shares outstanding.....	3,092,551	3,092,549	2	
LONG TERM DEBT				
Funded debt unmatured.....	\$298,826,115	\$286,034,821		
Less—Held by or for the Company....	50,474,000	50,474,000		
Actually outstanding.....	\$248,352,115	\$235,560,821		
Great Northern Railway Company—				
General Mortgage Gold Bonds				
Series B, 5½%, January 1, 1952.....	12,000,900	12,084,900		\$ 84,000
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 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, 2¾%, 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 of 1948—2¾% serially to Sept. 1, 1963.....	12,720,000		\$ 12,720,000	
Notes evidencing conditional sale contracts (Page 27).....	19,968,315	19,813,021	155,294	
Total long-term debt.....	248,352,115	235,560,821	12,791,294	
Total capital liabilities.....	521,190,665	508,399,371	12,791,294	
CURRENT LIABILITIES				
Traffic and car-service balances—Cr.....	64,222		64,222	
Audited accounts and wages payable.....	12,281,623	11,405,386	876,237	
Miscellaneous accounts payable.....	3,986,585	13,990,700		10,004,115
Interest matured unpaid.....	3,533,791	3,547,199		13,408
Dividends matured unpaid.....	310,507	288,836	21,671	
Unmatured interest accrued.....	114,936	16,172	98,764	
Accrued accounts payable.....	2,994,203	2,184,711	809,492	
Taxes accrued.....	24,249,538	22,354,560	1,894,978	
Other current liabilities.....	998,557	1,334,219		335,662
Total current liabilities.....	48,533,962	55,121,783		6,587,821
DEFERRED LIABILITIES				
Other deferred liabilities.....	365,196	333,558	31,638	
UNADJUSTED CREDITS				
Insurance reserves.....	3,773	4,886		1,113
Other unadjusted credits.....	6,407,097	2,748,154	3,658,943	
Accrued depreciation—Leased property.....	52,149	42,736	9,413	
Total unadjusted credits.....	6,463,019	2,795,776	3,667,243	
SURPLUS				
Unearned surplus.....	1,432,948	1,405,180	27,768	
Earned surplus—Appropriated.....	90,107,744	88,527,068	1,580,676	
*Earned surplus—Unappropriated—Credit balance (Page 26).....	150,749,415	135,476,616	15,272,799	
Total surplus.....	242,290,107	225,408,864	16,881,243	
Grand total.....	\$818,842,949	\$792,059,352	\$ 26,783,597	

*Does not include aggregate net profit and loss credits to December 31, 1948, amounting to \$1,135,817 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\$13,777,000

GREAT NORTHERN RAILWAY COMPANY

EARNED SURPLUS ACCOUNT—DECEMBER 31, 1948

CREDITS			
Credit balance December 31, 1947.....			\$135,476,616
Credit balance transferred from income.....	\$ 26,192,388		
Miscellaneous credits.....	459,970	\$ 26,652,358	
DEBITS			
Surplus applied to sinking and other reserve funds.....	209,711		
Dividend appropriations of surplus.....	10,823,927		
Miscellaneous debits.....	345,921	11,379,559	
*Net credit for year 1948.....			15,272,799
Credit balance, December 31, 1948, carried to balance sheet.....			\$150,749,415

*Does not include net profit and loss debit for the year 1948 amounting to \$144,162 of subsidiaries in which this Company holds directly or indirectly a majority of the outstanding capital stock.

ROAD AND EQUIPMENT PROPERTY—1948

(INCLUDING IMPROVEMENTS ON LEASED PROPERTY)

ACCOUNT	CASH EXPENDITURES FOR NEW PROPERTY	NET INCREASE IN INVESTMENT ACCOUNT (AFTER DEDUCTING COST OF PROPERTY RETIRED)	ACCOUNT	CASH EXPENDITURES FOR NEW PROPERTY	NET INCREASE IN INVESTMENT ACCOUNT (AFTER DEDUCTING COST OF PROPERTY RETIRED)
Engineering	\$ 74,103	\$ 54,479	Shop machinery.....	\$ 358,609	\$ 291,465
Land for transportation purposes.....	37,575	Cr.— 323,988	Power plant machinery.....	113,920	111,185
Other right-of-way expenditures.....	640	Cr.— 629	Total expenditures for road.....	9,062,175	7,358,828
Grading.....	637,137	432,719	Steam locomotives.....	281,811	Cr.— 621,649
Tunnels and subways.....	510,359	510,359	Other locomotives.....	6,043,624	6,007,374
Bridges, trestles and culverts.....	804,088	656,118	Freight-train cars.....	4,776,830	1,809,274
Ties.....	271,305	216,241	Passenger-train cars.....	634,455	397,528
Rails.....	539,810	469,275	Work equipment.....	400,989	338,227
Other track material.....	1,049,556	981,089	Miscellaneous equipment.....	216,560	152,338
Ballast.....	497,380	476,450	Total expenditures for equipment....	12,354,269	8,083,092
Track laying and surfacing.....	437,321	379,296	General officers and clerks.....		Cr.— 148
Fences, snow sheds, and signs.....	39,035	12,143	Law.....		Cr.— 100
Station and office buildings.....	1,387,425	1,151,896	Stationery and printing.....		Cr.— 11
Roadway buildings.....	58,079	56,195	Taxes.....		Cr.— 50
Water stations.....	85,143	Cr.— 57,915	Interest during construction.....		Cr.— 1,733
Fuel stations.....	221,997	213,107	Other expenditures—General.....		Cr.— 177
Shops and engine houses.....	702,978	656,609	Total general expenditures.....		Cr.— 2,219
Wharves and docks.....	5,941	2,601	Grand total including improvements on leased property.....	\$21,416,444	\$15,439,701
Coal and ore wharves.....	20,499	20,499			
Telegraph and telephone lines.....	84,974	72,238			
Signals and interlockers.....	375,822	362,863			
Power plants.....	7,591	7,591			
Power transmission systems.....	43,907	41,926			
Miscellaneous structures.....	8,605	8,461			
Roadway machines.....	536,795	424,475			
Public improvements—Construction.....	151,581	132,080			

Note: Excludes \$68,535,717 carried as unassigned investment as of valuation dates, which amount was distributed to primary accounts in 1948.

ANNUAL REPORT FOR 1948

OPERATING REVENUES 1948 AND 1947

ACCOUNT	1948	1947	INCREASE		DECREASE	
			AMOUNT	PER CENT	AMOUNT	PER CENT
Freight.....	\$186,907,685	\$164,906,331	\$22,001,354	13.3		
Passenger.....	12,650,404	13,089,446			\$439,042	3.4
Baggage.....	50,474	64,167			13,693	21.3
Parlor and chair car.....	59,488	58,993	495	.8		
Mail.....	6,245,111	5,515,840	729,271	13.2		
Express.....	2,528,611	2,711,064			182,453	6.7
Other passenger-train.....	135,308	46,107	89,201	193.5		
Milk.....	207,333	201,244	6,089	3.0		
Switching.....	1,500,529	1,372,197	128,332	9.4		
Total rail-line transportation revenue.....	210,284,943	187,965,389	22,319,554	11.9		
Dining and buffet.....	1,486,193	1,771,139			284,946	16.1
Hotel and restaurant.....	182,788	195,783			12,995	6.6
Station, train, and boat privileges.....	42,385	46,823			4,438	9.5
Parcel room.....	13,755	14,263			508	3.6
Storage—Freight.....	31,291	29,754	1,537	5.2		
Storage—Baggage.....	13,910	15,432			1,522	9.9
Demurrage.....	290,519	326,071			35,552	10.9
Telegraph and telephone.....	181,562	198,434			16,872	8.5
Rents of buildings and other property.....	253,173	241,108	12,065	5.0		
Miscellaneous.....	3,893,473	3,006,947	886,526	29.5		
Total incidental operating revenues.....	6,389,049	5,845,754	543,295	9.3		
Joint facility—Cr.....	218,942	332,534			113,592	34.2
Joint facility—Dr.....	550,851	391,826	159,025	40.6		
Total joint facility operating revenues.....	Dr. 331,909	Dr. 59,292	272,617	459.8		
Total railway operating revenues.....	\$216,342,083	\$193,751,851	\$22,590,232	11.7		

FREIGHT REVENUE BY COMMODITY GROUPS 1948 AND 1947

COMMODITY	1948		1947		INCREASE	
	REVENUE	PERCENT OF TOTAL	REVENUE	PERCENT OF TOTAL	AMOUNT	PERCENT
Products of Agriculture.....	\$ 54,836,908	29.3	\$ 49,132,822	29.8	\$ 5,704,086	11.6
Animals and Products.....	5,336,076	2.9	4,871,650	2.9	464,426	9.5
Products of Mines.....	39,344,323	21.0	32,751,985	19.9	6,592,338	20.1
Products of Forests.....	25,833,027	13.8	21,215,262	12.9	4,617,765	21.8
Manufactures and Miscellaneous.....	53,969,250	28.9	49,556,577	30.0	4,412,673	8.9
Merchandise—All L. C. L. Freight.....	7,588,101	4.1	7,378,035	4.5	210,066	2.8
Total.....	\$186,907,685	100.0	\$164,906,331	100.0	\$22,001,354	13.3

PRINCIPAL PAYMENTS MATURING ON CONDITIONAL SALE CONTRACTS

CALENDAR YEAR	AMOUNT	CALENDAR YEAR	AMOUNT
1949	\$3,801,231	1954	\$ 2,454,855
1950	3,215,279	1955	931,258
1951	3,074,648	1956	398,000
1952	3,046,522		
1953	3,046,522	Total—8 Years	\$19,968,315

In addition to the above there will become due \$848,000 per year, 1949 to 1963, account of Equipment Trust of 1948.

GREAT NORTHERN RAILWAY COMPANY

OPERATING EXPENSES, 1948 AND 1947

ACCOUNT	1948	1947	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES				
Superintendence.....	\$ 2,006,163	\$ 1,757,050	\$ 249,113	
Roadway maintenance.....	3,081,651	2,099,243	982,408	
Tunnels and subways.....	126,685	35,263	91,422	
Bridges, trestles, and culverts.....	1,340,121	1,296,265	43,856	
Ties.....	3,091,826	2,872,848	218,978	
Rails.....	1,100,038	785,232	314,806	
Other track material.....	1,399,143	1,049,635	349,508	
Ballast.....	541,833	433,841	107,992	
Track laying and surfacing.....	11,421,658	10,741,844	679,814	
Fences, snow sheds, and signs.....	401,719	288,660	113,059	
Station and office buildings.....	1,028,501	941,726	86,775	
Roadway buildings.....	157,864	119,451	38,413	
Water stations.....	245,300	239,419	5,881	
Fuel stations.....	91,331	79,890	11,441	
Shops and engine houses.....	1,026,614	826,584	200,030	
Wharves and docks.....	57,524	82,795		\$ 25,271
Coal and ore wharves.....	244,718	198,066	46,652	
Telegraph and telephone lines.....	662,876	581,634	81,242	
Signals and interlockers.....	1,305,499	1,115,851	189,648	
Power plants.....	28,227	22,923	5,304	
Power-transmission systems.....	85,344	82,783	2,561	
Miscellaneous structures.....	15,047	17,215		2,168
Roadway machines.....	677,450	584,997	92,453	
Dismantling retired road property.....	96,253	72,179	24,074	
Small tools and supplies.....	627,025	486,282	140,743	
Removing snow, ice, and sand.....	1,278,571	1,040,641	237,930	
Public improvements—Maintenance.....	342,029	272,600	69,429	
Injuries to persons.....	239,594	152,734	86,860	
Insurance.....	95,579	81,573	14,006	
Stationery and printing.....	31,078	27,891	3,187	
Other expenses.....	68,596	25,650	42,946	
Right-of-way expenses.....	10,197	14,849		4,652
Maintaining joint tracks, yards, and other facilities—Dr.....	1,383,804	1,066,027	317,777	
Maintaining joint tracks, yards, and other facilities—Cr.....	661,352	620,068	41,284	
Sub-total.....	33,648,506	28,873,573	4,774,933	
Road property—Depreciation.....	3,146,000	3,060,981	85,019	
Retirements—Road.....	344,788	126,425	218,363	
Road—Amortization of defense projects.....	33,671	32,821	850	
Total Depreciation, Retirements and Amortization.....	3,524,459	3,220,227	304,232	
Total Maintenance of Way and Structures.....	37,172,965	32,093,800	5,079,165	
MAINTENANCE OF EQUIPMENT				
Superintendence.....	1,057,402	960,645	96,757	
Shop machinery.....	634,620	561,896	72,724	
Power-plant machinery.....	133,885	138,418		4,533
Dismantling retired shop and power-plant machinery.....	2,467	2,753		286
Steam locomotives—Repairs.....	9,892,231	10,037,185		144,954
Other locomotives—Repairs.....	3,406,008	2,181,476	1,224,532	
Freight-train cars—Repairs.....	8,501,531	7,708,261	793,270	
Passenger-train cars—Repairs.....	3,285,436	2,982,693	302,743	
Work equipment—Repairs.....	788,794	779,823	8,971	
Miscellaneous equipment—Repairs.....	209,490	194,871	14,619	
Dismantling retired equipment.....	51,187	45,256	5,931	
Injuries to persons.....	133,320	107,745	25,575	
Insurance.....	167,795	162,715	5,080	
Stationery and printing.....	22,245	18,929	3,316	
Other expenses.....	50,491	66,848		16,357
Joint maintenance of equipment expenses—Dr.....	200,734	180,469	20,265	
Joint maintenance of equipment expenses—Cr.....	96,390	98,059		1,669
Sub-total.....	28,441,246	26,031,924	2,409,322	
Equipment, Shop and Power-Plant Machinery—Depr.....	4,847,680	4,338,252	509,428	
Retirements—Equipment—Cr.....	62,674	16,655	46,019	
Equipment—Amortization of defense projects.....	833,018	843,142		10,124
Total Depreciation, Retirements and Amortization.....	5,618,024	5,164,739	453,285	
Total Maintenance of Equipment.....	34,059,270	31,196,663	2,862,607	
TRAFFIC				
Superintendence.....	898,993	817,747	81,246	
Outside agencies.....	1,943,536	1,784,227	159,309	
Advertising.....	740,879	783,298		42,419
Traffic associations.....	59,800	63,455		3,655
Industrial and immigration bureaus.....	120,138	129,598		9,460
Insurance.....	1,387	2,000		613
Stationery and printing.....	186,607	148,865	37,742	
Other expenses.....	218	31	187	
Total Traffic Expenses.....	\$ 3,951,558	\$ 3,729,221	\$ 222,337	

ANNUAL REPORT FOR 1948

OPERATING EXPENSES, 1948 AND 1947

ACCOUNT	1948	1947	INCREASE	DECREASE
TRANSPORTATION—RAIL LINE				
Superintendence.....	\$1,583,767	\$1,429,230	\$154,537	
Dispatching trains.....	882,322	809,050	73,272	
Station employees.....	11,423,900	10,590,724	833,176	
Weighing, inspection and demurrage bureaus.....	134,065	117,016	17,049	
Coal and ore wharves.....	1,020,082	918,257	101,825	
Station supplies and expenses.....	788,441	651,351	137,090	
Yardmasters and yard clerks.....	2,175,231	1,931,881	243,350	
Yard conductors and brakemen.....	5,361,656	4,433,932	927,724	
Yard switch and signal tenders.....	242,006	206,547	35,459	
Yard enginemen.....	1,714,452	1,403,074	311,378	
Yard motormen.....	1,665,181	1,404,075	261,106	
Yard switching fuel.....	2,471,089	1,850,488	620,601	
Water for yard locomotives.....	69,233	66,450	2,783	
Lubricants for yard locomotives.....	74,026	65,109	8,917	
Other supplies for yard locomotives.....	88,824	70,373	18,451	
Engine-house expenses—Yard.....	1,356,483	1,085,003	271,480	
Yard supplies and expenses.....	101,843	87,404	14,439	
Train enginemen.....	4,262,066	4,810,899		\$548,833
Train motormen.....	3,253,058	1,881,344	1,371,714	
Train fuel.....	14,330,460	11,625,757	2,704,703	
Train power produced.....	23,005	27,563		4,558
Train power purchased.....	303,139	265,014	38,125	
Water for train locomotives.....	678,098	698,098		20,000
Lubricants for train locomotives.....	460,358	429,331	31,027	
Other supplies for train locomotives.....	166,577	151,930	14,647	
Engine-house expenses—Train.....	3,002,332	2,644,481	357,851	
Trainmen.....	9,836,697	9,028,918	807,779	
Train supplies and expenses.....	5,300,767	4,676,091	624,676	
Signal and interlocker operation.....	546,164	489,188	56,976	
Crossing protection.....	160,219	143,320	16,899	
Drawbridge operation.....	28,667	22,649	6,018	
Telegraph and telephone operation.....	685,106	605,078	80,028	
Stationery and printing.....	278,377	245,959	32,418	
Other expenses.....	391,747	278,859	112,888	
Insurance.....	68,391	147,276		78,885
Clearing wrecks.....	277,682	307,002		29,320
Damage to property.....	94,150	70,860	23,290	
Damage to livestock on right-of-way.....	63,628	63,271	357	
Loss and Damage—Freight.....	2,812,700	2,466,248	346,452	
Loss and Damage—Baggage.....	4,675	3,889	786	
Injuries to persons.....	921,244	713,727	207,517	
Operating joint yards and terminals—Dr.....	2,004,937	2,006,024		1,087
Operating joint yards and terminals—Cr.....	1,488,230	1,487,638	592	
Operating joint tracks and facilities—Dr.....	380,151	356,857	23,294	
Operating joint tracks and facilities—Cr.....	271,770	241,695	30,075	
Total transportation—rail line.....	79,726,996	69,550,264	10,176,732	
MISCELLANEOUS OPERATIONS				
Dining and buffet service.....	2,313,266	2,554,745		241,479
Hotels and restaurants.....	162,781	180,537		17,756
Other miscellaneous operations.....	12,211	10,531	1,680	
Operating joint miscellaneous facilities—Dr.....	42,525		42,525	
Total miscellaneous operations.....	2,530,783	2,745,813		215,030
GENERAL				
Salaries and expenses of general officers.....	464,018	406,777	57,241	
Salaries and expenses of clerks and attendants.....	2,940,459	2,607,167	333,292	
General office supplies and expenses.....	212,497	151,435	61,062	
Law expenses.....	384,509	337,462	47,047	
Insurance.....	4,309	4,210	99	
Pensions and gratuities.....	213,756	216,716		2,960
Stationery and printing.....	234,278	202,002	32,276	
Valuation expenses.....	11,138	8,213	2,925	
Other expenses.....	216,251	204,497	11,754	
General joint facilities—Dr.....	53,381	49,765	3,616	
General joint facilities—Cr.....	13,620	15,010		1,390
Total general expenses.....	4,720,976	4,173,234	547,742	
Grand total railway operating expenses.....	\$162,162,548	\$143,488,995	\$18,673,553	

GREAT NORTHERN RAILWAY COMPANY

INVESTMENTS IN SECURITIES (BOOK VALUE—COST TO GREAT NORTHERN RAILWAY COMPANY)

DECEMBER 31, 1948

ISSUING COMPANY	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	\$ 5,811,253
Cowlitz, Chehalis & Cascade Ry.	16.46	69,971	.....	134,430	.....	.....	134,430	.....
Duluth and Superior Bridge Co. (The)	100	200,000	.....	200,000	\$ 545,101	.....	745,101	107,760
Glacier Park Company	100	1,500,000	.....	1,500,000	.....	\$ 1,989,563	3,489,563	131,924
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	.....	93,546	263,346	1,169
Midland Ry. Co. of Manitoba (The)	50	2,400,000	.....	2,400,000	.....	5,590	2,405,590	.....
Minnesota Transfer Ry. Co. (The)	11.11	91,300	91,300	.....	.....	76,650	167,950	.....
Montana Western Ry. Co. (The) .....	.....	.....	.....	.....	165,000	.....	165,000	.....
Oregon, California & Eastern Ry. Co.	50	300,000	.....	319,801	.....	912,142	1,231,943	.....
Pullman Company (The)	1.46	106,950	.....	395,715	.....	.....	395,715	5,347
Railway Express Agency, Inc.	1.5	*	.....	1,500	.....	433,733	435,233	20,886
St. Paul Union Depot Co. (The)	12.5	103,600	130,475	.....	.....	21,801	152,276	4,144
Spokane, Portland and Seattle Ry. Co.	50	20,000,000	20,000,000	.....	25,798,500	.....	45,798,500	800,000
Western Fruit Express Company	100	6,800,000	.....	6,800,000	.....	1,850,000	8,650,000	13,802
Total affiliated companies .....	.....	*\$114,760,521	\$129,504,385	\$11,885,092	\$26,508,601	\$ 5,383,025	\$173,281,103	\$ 6,896,285
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	366,817
St. Paul Foundry & Mfg. Co., Pfd. ....	.....	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 .....	.....	.....	.....	.....	300,500	.....	300,500	5,183
Lake Mining Company .....	.....	.....	.....	.....	\$ 3,788,334	.....	3,788,334	.....
Miscellaneous .....	.....	31,685	.....	31,506	413	211,948	243,867	7,256
Total other investments .....	.....	*\$ 756,485	.....	\$ 2,307,868	\$ 548,413	\$ 4,000,282	\$ 6,856,563	\$ 412,956
Grand total .....	.....	\$115,517,006	\$129,504,385	\$14,192,960	\$27,057,014	\$ 9,383,307	\$180,137,666	\$ 7,309,241
Deduct "Reserve for adjustment of investment in securities"							6,374,482	.....
Total							\$173,763,184	.....

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

AMORTIZATION OF DEFENSE PROJECTS AND DEPRECIATION CHARGED TO OPERATING EXPENSES 1931 TO 1948

YEAR	DEPRECIATION		AMORTIZATION		TOTAL	YEAR	DEPRECIATION		TOTAL
	ROAD	EQUIPMENT	ROAD	EQUIPMENT			ROAD	EQUIPMENT	
1948	\$ 3,146,000	\$ 4,847,680	\$ 33,671	\$ 833,018	\$ 8,860,369	1939	\$158,973	\$3,527,703	\$3,686,676
1947	3,060,981	4,338,252	32,821	843,142	8,275,196	1938	159,289	3,560,905	3,720,194
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

ANNUAL REPORT FOR 1948

FREIGHT COMMODITY STATISTICS 1948 AND 1947

COMMODITY	1948				1947	
	CARLOADS			TOTAL TONS (2000 LBS.)	TOTAL CARLOADS	TOTAL TONS (2000 LBS.)
	ORIGINATED	RECEIVED FROM CONNECTIONS	TOTAL			
PRODUCTS OF AGRICULTURE						
Wheat.....	63,635	1,723	65,358	3,428,517	73,907	3,793,678
Corn.....	8,414	563	8,977	461,372	10,034	493,564
Oats.....	9,442	249	9,691	401,274	13,967	568,871
Barley and rye.....	20,263	631	20,894	1,010,511	23,429	1,123,897
Flour and meal.....	13,664	1,038	14,702	542,415	16,497	613,491
Mill products.....	9,880	1,396	11,276	353,631	11,055	337,150
Apples, fresh.....	20,149	663	20,812	434,513	23,013	483,806
Other fresh fruits.....	3,041	7,481	10,522	192,599	12,618	233,718
Potatoes.....	26,875	3,875	30,750	716,547	22,779	534,726
Vegetables, fresh.....	1,040	3,412	4,452	69,253	5,725	89,199
Flaxseed.....	10,004	100	10,104	506,408	5,357	261,486
Sugar beets.....	9,803	12	9,815	403,815	9,760	409,868
Other products of agriculture.....	7,200	4,085	11,285	348,242	12,709	393,871
Total products of agriculture.....	203,410	25,228	228,638	8,869,097	240,850	9,337,325
ANIMALS AND PRODUCTS						
Cattle and calves.....	13,561	3,583	17,144	189,397	17,814	196,476
Sheep and goats.....	4,659	1,456	6,115	57,725	6,488	62,315
Hogs.....	2,704	200	2,904	30,659	3,082	32,244
Fresh meats.....	4,080	419	4,499	66,078	4,667	67,815
Poultry.....	614	182	796	12,945	1,488	23,674
Eggs.....	1,390	48	1,438	21,847	2,199	34,833
Butter.....	704	51	755	12,713	1,034	16,757
Other animals and products.....	4,587	1,707	6,294	136,789	6,647	140,689
Total animals and products.....	32,299	7,646	39,945	528,153	43,419	574,803
PRODUCTS OF MINES						
Anthracite coal.....	5	624	629	27,375	686	28,316
Bituminous coal.....	2,228	47,470*	49,698	2,358,057	55,632	2,618,944
Lignite.....	10,352	3,551	13,903	587,672	13,288	552,571
Coke.....	1,473	2,200	3,673	148,344	4,702	180,833
Iron ore.....	390,857	56,913	447,770	30,885,199	388,593	26,626,151
Other ores and concentrates.....	3,785	9,356	13,141	698,475	12,353	651,905
Gravel, sand, and stone.....	8,323	3,618	11,941	663,574	11,053	609,356
Crude petroleum.....	7,597	20,734	28,331	931,247	27,307	919,954
Asphalt.....	1,748	3,665	5,413	200,804	5,543	206,532
Salt.....	264	1,468	1,732	63,171	1,762	62,153
Other products of mines.....	4,525	4,020	8,545	421,734	7,213	360,295
Total products of mines.....	431,157	153,619	584,776	36,985,652	528,132	32,817,010
PRODUCTS OF FORESTS						
Logs, posts, poles, ties and cordwood.....	32,832	3,485	36,317	1,353,437	41,060	1,514,974
Pulpwood.....	6,883	431	7,314	298,142	7,088	293,920
Lumber, shingles, etc.....	43,324	39,611	82,935	2,805,690	78,046	2,653,527
Other products of forests.....	1,235	367	1,602	39,591	1,424	38,961
Total products of forests.....	84,274	43,894	128,168	4,496,860	127,618	4,501,382
MANUFACTURES AND MISCELLANEOUS						
Petroleum products.....	42,860	28,450	71,310	1,928,495	74,863	2,016,941
Sugar, sirup and molasses.....	1,830	1,716	3,546	151,701	4,440	187,799
Metals—pig, bar, sheet and pipe.....	2,664	14,219	16,883	635,719	14,494	551,580
Machinery and boilers.....	987	3,106	4,093	87,965	4,048	87,824
Cement, brick, lime and plaster.....	10,234	8,867	19,101	816,805	19,777	836,675
Agricultural implements, vehicles, etc.....	860	6,325	7,185	116,053	6,851	117,469
Automobiles and auto trucks.....	511	15,925	16,436	117,979	15,253	111,551
Beverages.....	1,287	2,652	3,939	107,797	4,446	121,591
Newsprint paper and printing paper.....	7,343	4,066	11,409	353,953	12,380	382,035
Canned food products.....	5,288	7,724	13,012	412,454	13,719	435,447
Scrap iron and scrap steel.....	4,208	441	4,649	190,058	2,752	117,449
Paper bags, paperboard, etc.....	3,710	6,004	9,714	309,769	8,889	277,835
Other manufactures and miscellaneous.....	42,340	53,246	95,586	2,752,027	92,874	2,655,938
Total manufactures and miscellaneous.....	124,122	152,741	276,863	7,980,775	274,786	7,900,134
Grand total carload traffic.....	875,262	383,128	1,258,390	58,860,537	1,214,805	55,130,654
Merchandise—All L. C. L. traffic.....				448,975		492,856
Grand total carload and L. C. L. traffic.....				59,309,512		55,623,510

*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 1948 AMOUNTED TO \$632,506)

ITEM	FREIGHT TRAINS		PASSENGER TRAINS		TOTAL TRANSPORTATION SERVICE	
	1948	1947	1948	1947	1948	1947
Average mileage of road operated.....	8,237.67	8,236.88	6,093.07	5,893.12	8,333.53	8,332.74
TRAIN MILES						
With steam locomotives.....	8,902,883	9,740,932	1,608,908	5,238,574	10,511,791	14,979,506
With Diesel locomotives.....	3,715,358	3,505,296	6,073,771	2,742,256	9,789,129	6,247,552
With electric locomotives.....	103,418	104,466	163,207	164,372	266,625	268,838
With rail motor cars.....	150,876	90,505	1,169,623	1,229,777	1,320,499	1,320,282
Light.....	104,312	117,956	.....	.....	104,312	117,956
Total.....	12,976,847	13,559,155	9,015,509	9,374,979	21,992,356	22,934,134
MOTIVE POWER MILES						
Locomotive miles:						
Principal.....	12,826,246	13,469,593	7,845,886	8,145,202	20,672,132	21,614,795
Helper or light.....	716,504	723,769	163,455	226,289	879,959	950,058
Train switching.....	1,060,980	1,076,892	6,594	5,118	1,067,574	1,082,010
Yard switching.....	5,635,243	5,572,988	332,246	329,543	5,967,489	5,902,531
Total.....	20,238,973	20,843,242	8,348,181	8,706,152	28,587,154	29,549,394
Rail motor cars.....	150,876	90,505	1,169,623	1,229,777	1,320,499	1,320,282
Total.....	20,389,849	20,933,747	9,517,804	9,935,929	29,907,653	30,869,676
CAR MILES						
Freight—loaded.....	498,204,407	500,479,908	635,946	707,430	498,840,353	501,187,338
Freight—empty.....	272,086,566	278,841,151	26,887	8,592	272,113,453	278,849,743
Total.....	770,290,973	779,321,059	662,833	716,022	770,953,806	780,037,081
Passenger coaches.....	652,720	715,380	19,234,039	19,789,195	19,886,759	20,504,575
Sleeping and parlor cars.....	6,448	48,113	17,295,596	18,324,471	17,302,044	18,372,584
Club, lounge, dining and observation cars.....	.....	.....	6,035,263	5,936,035	6,035,263	5,936,035
Mail, express and baggage cars, etc.....	3,601,980	4,213,942	31,488,309	31,310,066	35,090,289	35,524,008
Combination passenger cars.....	550,370	685,591	397,208	341,175	947,578	1,026,766
Business cars.....	9,811	14,901	355,427	323,430	365,238	338,331
Total.....	4,821,329	5,677,927	74,805,842	76,024,372	79,627,171	81,702,299
Caboose.....	12,247,018	12,717,420	59,631	128,206	12,306,649	12,845,626
Total.....	787,359,320	797,716,406	75,528,306	76,868,600	862,887,626	874,585,006
NET TONS—ROAD SERVICE						
Revenue.....	59,223,341	55,552,333	49,570	43,746	59,272,911	55,596,079
Non-revenue.....	3,065,424	3,196,915	1,403	1,304	3,066,827	3,198,219
Total.....	62,288,765	58,749,248	50,973	45,050	62,339,738	58,794,298
TON MILES—ROAD SERVICE						
Gross ton miles: (thousands)						
Locomotives and tenders.....	4,193,145	4,295,879	2,031,810	2,125,537	6,224,955	6,421,416
Freight cars, contents and cabooses.....	35,786,410	35,954,333	25,124	28,701	35,811,534	35,983,034
Passenger cars and contents.....	252,388	310,712	5,075,908	5,245,354	5,328,296	5,556,066
Total.....	40,231,943	40,560,924	7,132,842	7,399,592	47,364,785	47,960,516
Net ton miles: (thousands)						
Revenue.....	16,378,726	16,258,290	13,709	12,803	16,392,435	16,271,093
Non-revenue.....	935,089	995,221	428	406	935,517	995,627
Total.....	17,313,815	17,253,511	14,137	13,209	17,327,952	17,266,720
PASSENGER SERVICE						
Revenue passengers carried.....	87,825	86,876	1,612,005	1,839,149	1,699,830	1,926,025
Revenue passengers carried one mile (thousands)	3,311	3,535	539,480	626,823	542,791	630,358
TRAIN HOURS—ROAD SERVICE.....						
	821,657	863,073	257,352	269,684	1,079,009	1,132,757
FREIGHT CARS ON LINE.....						
					43,332	44,018
AVERAGES						
Train load—revenue net tons.....	1,262	1,199	.....	.....	.....	.....
Cars per train—total (excluding cabooses).....	60.21	58.40	8.37	8.19	.....	.....
Train speed—train miles per train hour.....	15.79	15.71	35.03	34.76	.....	.....
Gross ton miles per train hour.....	43,861	42,019	.....	.....	.....	.....
Freight—car load—all freight (tons).....	.....	.....	.....	.....	34.74	34.45
Percent loaded of total freight car miles.....	.....	.....	.....	.....	64.70	64.25
Freight car miles per car day.....	.....	.....	.....	.....	48.57	48.51
Net ton miles per freight car day.....	.....	.....	.....	.....	1,092	1,074
Revenue ton miles per mile of road.....	.....	.....	.....	.....	1,989,936	1,975,395
Revenue passenger miles per mile of road.....	.....	.....	.....	.....	89,083	106,965
Revenue passengers per train.....	.....	.....	.....	.....	60.21	67.24

ANNUAL REPORT FOR 1948

REVENUE FREIGHT TRAFFIC—1924 TO 1948

(EXCLUDES MOTOR VEHICLE OPERATIONS—
FREIGHT REVENUE FROM THIS TRAFFIC IN 1948 AMOUNTED TO \$632,483)

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
1948	8,334	59,272,911	16,392,435,035	\$186,275,202	1.136	277	1,263	162	182	112
1947	8,333	55,596,079	16,271,093,671	164,515,651	1.011	293	1,200	160	160	100
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

*Computations include "Light" train miles.

REVENUE PASSENGER TRAFFIC—1924 TO 1948

(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
1948	8,334	1,699,830	542,790,876	\$12,650,383	\$21,876,706	2.331	319	60.21	14.78	147	111	75
1947	8,333	1,926,025	630,358,312	13,089,369	21,686,780	2.076	327	67.24	16.47	171	115	67
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

GREAT NORTHERN RAILWAY COMPANY

EQUIPMENT OWNED

(INCLUDES EQUIPMENT OWNED BY WESTERN FRUIT EXPRESS COMPANY, A WHOLLY OWNED SUBSIDIARY)

DECEMBER 31, 1944 TO 1948

CLASS	1948	1947	1946	1945	1944
LOCOMOTIVES					
Steam locomotives.....	672	706	802	805	804
Electric locomotives.....	15	15	15	15	15
Diesel locomotives.....	156	146	117	104	80
Total locomotives.....	843	867	934	924	899
LOCOMOTIVE UNITS (Included Above)					
Electric locomotive units.....	20	20	20	18	18
Diesel locomotive units.....	276	240	188	175	124
FREIGHT-TRAIN CARS					
Box cars.....	22,052	23,207	24,143	25,182	25,545
Flat cars.....	2,725	2,866	3,155	3,279	3,062
Stock cars.....	1,859	1,868	1,873	1,879	1,883
Coal cars.....	3,418	3,419	3,421	3,396	2,896
Ore cars.....	7,842	8,066	8,249	8,328	8,628
Refrigerator cars.....	5,642	6,052	6,960	6,932	7,021
Caboose cars.....	442	433	437	433	435
Other freight-train cars.....	44	56	80	94	141
Total freight equipment.....	44,024	45,967	48,318	49,523	49,611
PASSENGER-TRAIN CARS					
Coaches.....	175	187	188	176	183
Combination passenger cars.....	21	22	25	29	31
Motor cars.....	31	32	33	33	33
Other combination cars.....	82	84	86	82	82
Sleeping cars.....	20	20	2	2	2
Dining cars.....	36	36	26	24	24
Baggage and express cars.....	374	340	345	351	328
Postal cars.....	14	14	14	14	14
Other passenger-train cars.....	19	19	24	21	15
Total passenger equipment.....	772	754	743	730	710
COMPANY SERVICE EQUIPMENT					
Officers' cars.....	14	14	13	13	14
Ballast cars.....	97	97	97	97	97
Derrick cars.....	30	30	32	33	33
Wrecking cars.....	115	108	101	104	104
Other company service equipment.....	3,176	2,927	2,584	2,480	2,237
Total company service equipment.....	3,432	3,176	2,827	2,727	2,485
HIGHWAY MOTOR VEHICLES					
Revenue.....	40	36	29	28	26
Company service.....	411	398	324	272	257
INVESTMENT IN THE ABOVE EQUIPMENT (DEC. 31)					
Great Northern Railway Company.....	\$190,451,066	\$182,367,974	\$172,396,858	\$167,400,544	\$156,455,949
Western Fruit Express Company.....	18,215,136	16,445,576	18,688,982	17,564,627	17,779,686
Total.....	\$208,666,202	\$198,813,550	\$191,085,840	\$184,965,171	\$174,235,635

ANNUAL REPORT FOR 1948

MILEAGE OWNED AND OPERATED

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

DECEMBER 31, 1948

STATE OR PROVINCE	MILEAGE OWNED—DECEMBER 31, 1948				MILEAGE OPERATED—DECEMBER 31, 1948			
	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	176.12	233.69	44.32	24.86	176.37	245.55
Minnesota	2,048.81	175.86	795.94	3,020.61	2,069.30	240.96	839.33	3,149.59
North Dakota	1,974.40	65.91	453.04	2,493.35	1,974.40	65.91	452.88	2,493.19
South Dakota	358.97	.....	49.41	408.38	364.16	.....	50.35	414.51
Iowa	78.01	.....	37.50	115.51	78.01	.....	37.50	115.51
Montana	1,821.25	122.11	536.11	2,479.47	1,846.92	145.25	643.82	2,635.99
Idaho	123.91	.....	37.93	161.84	130.10	.....	38.65	168.75
Washington	1,088.86	66.22	529.62	1,684.70	1,326.63	246.96	627.86	2,201.45
Oregon	92.97	.....	87.22	180.19	179.21	9.08	158.50	346.79
California	99.24	.....	20.66	119.90	100.47	.....	22.26	122.73
Manitoba	5.66	.....	8.79	14.45	74.72	2.44	25.42	102.58
British Columbia	140.77	7.07	28.50	176.34	147.76	7.07	29.15	183.98
Total owned or operated	7,871.22	456.37	2,760.84	11,088.43	8,336.00	742.53	3,102.09	12,180.62
Miles owned but not operated included above .....	.05	.....	.27	.32				
Proportion of jointly owned mileage belonging to other companies included above	18.99	1.13	97.78	117.90				

TRACTIVE POWER AND WEIGHT OF LOCOMOTIVES OWNED—DECEMBER 31 YEARS 1944 TO 1948

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	1948	672	43,314,579	64,456	109,237	162.56	131.85
	1947	706	44,668,628	63,270	106,841	151.33	122.27
	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
Diesel Locomotives	1948	156	16,168,715	103,646	33,015	211.63	207.29
	1947	146	14,033,935	96,123	28,746	196.89	192.25
	1946	117	10,846,350	92,704	22,230	190.00	185.56
	1945	104	10,124,599	97,352	20,779	199.80	194.78
	1944	80	7,206,827	90,085	14,414	180.18	180.18
Electric Locomotives	1948	15	1,904,600	126,973	4,664	310.93	254.12
	1947	15	1,904,600	126,973	4,664	310.93	254.12
	1946	15	1,904,600	126,973	4,664	310.93	254.12
	1945	15	1,538,390	102,559	3,929	261.93	205.12
	1944	15	1,538,390	102,559	3,929	261.93	205.12
Total Locomotives	1948	843	61,387,894	72,821	146,916	174.28	147.99
	1947	867	60,607,163	69,904	140,251	161.77	136.33
	1946	934	61,372,491	65,709	143,158	153.27	128.24
	1945	924	60,507,322	65,484	140,861	152.45	127.35
	1944	899	57,719,095	64,204	134,495	149.61	124.34

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

48.59% OF COMMON STOCK OWNED BY GREAT NORTHERN RAILWAY COMPANY

INCOME ACCOUNT, 1944 TO 1948

ITEM	1948	1947	1946	1945	1944
Average mileage of road operated.....	8,814	8,865	8,866	8,965	8,989
OPERATING INCOME					
Railway operating revenues.....	\$241,363,651	\$221,179,011	\$195,925,665	\$242,542,798	\$240,637,400
Railway operating expenses.....	167,888,010	149,996,344	139,250,672	174,150,921	145,854,303
Net revenue from railway operations.....	73,475,641	71,182,667	56,674,993	68,391,877	94,783,097
Railway tax accruals.....	35,912,047	34,407,950	25,693,903	30,248,889	57,190,637
Railway operating income.....	37,563,594	36,774,717	30,981,090	38,142,988	37,592,460
Equipment rents—net debit.....	3,161,313	3,049,481	2,573,291	1,598,413	2,373,366
Joint facility rent—net debit.....	1,664,786	1,944,328	1,416,701	2,194,786	3,144,271
Net railway operating income.....	32,737,495	31,780,908	26,991,098	34,349,789	32,074,823
OTHER INCOME					
Income from lease of road and equipment.....	5,598	201,918	68,634	212,256	193,027
Miscellaneous rent income.....	509,299	492,952	454,357	430,593	501,885
Miscellaneous nonoperating physical property.....	33,984	105,706	142,189	130,838	Dr. 89,545
Separately operated properties—Profit.....	4,371	.....	1,281	.....	.....
Dividend income.....	272,902	206,388	636,163	119,089	237,827
Income from funded securities.....	224,631	234,821	262,546	296,451	322,853
Income from unfunded securities and accounts.....	196,961	596,026	731,653	356,746	298,656
Release of premiums on funded debt.....	447	1,901	3,916	5,387	7,705
Miscellaneous income.....	40,679	43,392	33,324	48,768	41,702
Total other income.....	1,288,872	1,883,104	2,334,063	1,600,128	1,514,110
Total income.....	34,026,367	33,664,012	29,325,161	35,949,917	33,588,933
MISCELLANEOUS DEDUCTIONS FROM INCOME					
Miscellaneous rents.....	30,093	28,024	25,040	28,140	24,064
Miscellaneous tax accruals.....	82,072	84,930	71,854	68,576	59,587
Separately operated properties—Loss.....	.....	18,755	.....	4,207	13,545
Miscellaneous income charges.....	24,653	18,819	15,164	176,020	104,239
Total miscellaneous deductions.....	136,818	150,528	112,058	276,943	201,435
Income available for fixed charges.....	33,889,549	33,513,484	29,213,103	35,672,974	33,387,498
FIXED CHARGES					
Rent for leased roads and equipment.....	50,969	52,888	75,237	112,209	92,270
Interest on funded debt.....	5,689,348	5,654,141	5,788,692	7,428,309	8,468,658
Interest on unfunded debt.....	9,822	7,627	185,386	604,165	28,690
Amortization of discount on funded debt.....	57,710	56,957	61,013	122,891	150,758
Total fixed charges.....	5,807,849	5,771,613	6,110,328	8,267,574	8,740,376
Net income.....	28,081,700	27,741,871	23,102,775	27,405,400	24,647,122
Dividend appropriations of income.....	11,958,709	10,250,322	10,250,322	10,250,322	5,125,161
Income balance transferred to "Earned Surplus".....	\$16,122,991	\$ 17,491,549	\$ 12,852,453	\$ 17,155,078	\$ 19,521,961

SPOKANE, PORTLAND AND SEATTLE RAILWAY SYSTEM

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

INCOME ACCOUNT 1944 TO 1948

ITEM	1948	1947	1946	1945	1944
Average mileage of road operated.....	945	945	944	944	944
OPERATING INCOME					
Railway operating revenues.....	\$25,870,554	\$22,828,278	\$18,940,221	\$24,774,933	\$26,125,576
Railway operating expenses.....	19,874,201	17,503,078	15,878,444	20,815,795	18,123,397
Net revenue from railway operations.....	5,996,353	5,325,200	3,061,777	3,959,138	8,002,179
Railway tax accruals.....	1,988,869	2,084,330	Cr.— 201,109	1,638,385	2,009,328
Railway operating income.....	4,007,484	3,240,870	3,262,886	2,320,753	5,992,851
Equipment rents—net debit.....	1,938,305	1,522,660	1,303,483	2,044,317	2,210,428
Joint facility rent—net credit.....	120,427	114,661	155,406	184,993	153,569
Net railway operating income.....	2,189,606	1,832,871	2,114,809	461,429	3,935,992
OTHER INCOME					
Revenues from miscellaneous operations.....	8,568	8,612	8,977	8,887	8,867
Miscellaneous rent income.....	83,705	72,656	44,443	57,732	25,587
Miscellaneous nonoperating physical property.....	107,980	165,972	117,693	19,923	76,898
Income from funded securities.....	79,496	66,361	27,383	1,795	1,993
Income from unfunded securities and accounts.....	66,922	56,414	59,320	31,822	23,997
Release of premiums on funded debt.....		1,650	1,650	1,650	1,650
Delayed income credits.....					1,431,483
Total other income.....	346,671	371,665	259,466	121,809	1,570,475
Total income.....	2,536,277	2,204,536	2,374,275	583,238	5,506,467
MISCELLANEOUS DEDUCTIONS FROM INCOME					
Expenses of miscellaneous operations.....	10,698	9,094	8,504	8,246	8,301
Taxes on miscellaneous operating property.....	411	447	241	508	450
Miscellaneous rents.....	1,294	1,992	1,318	1,311	1,410
Miscellaneous tax accruals.....	23,744	21,303	18,350	19,958	19,321
Miscellaneous income charges.....	1,196	1,446	1,573	619	1,669
Total miscellaneous deductions.....	37,343	34,282	29,986	30,642	31,151
Income available for fixed charges.....	2,498,934	2,170,254	2,344,289	552,596	5,475,316
FIXED CHARGES					
Rent for leased roads and equipment.....	37,911	38,273	38,273	38,315	37,801
Interest on funded debt.....	3,015,787	3,021,950	3,019,626	3,024,408	3,065,203
Interest on unfunded debt.....	805	1,306	2,250	4,688	1,712
Amortization of discount on funded debt.....	444,618	444,618	444,618	444,618	444,619
Total fixed charges.....	3,499,121	3,506,147	3,504,767	3,512,029	3,549,335
Net income or deficit transferred to Profit and Loss	\$ 1,000,187	\$ 1,335,893	\$ 1,160,478	\$ 2,959,433	\$ 1,925,981

1. Great Northern Railway Company owns—
Securities of Spokane, Portland and Seattle Ry. Co.
2. Spokane, Portland and Seattle Railway Company owns—
Securities of:
 - Oregon Trunk Railway.....
 - Oregon Electric Railway Co.
 - Total allowing for 18.57 miles duplicated .

STOCK

BONDS

MILES OF
ROAD
OPERATED
DEC. 31,
1948

50%

50%

608.72

100%

None

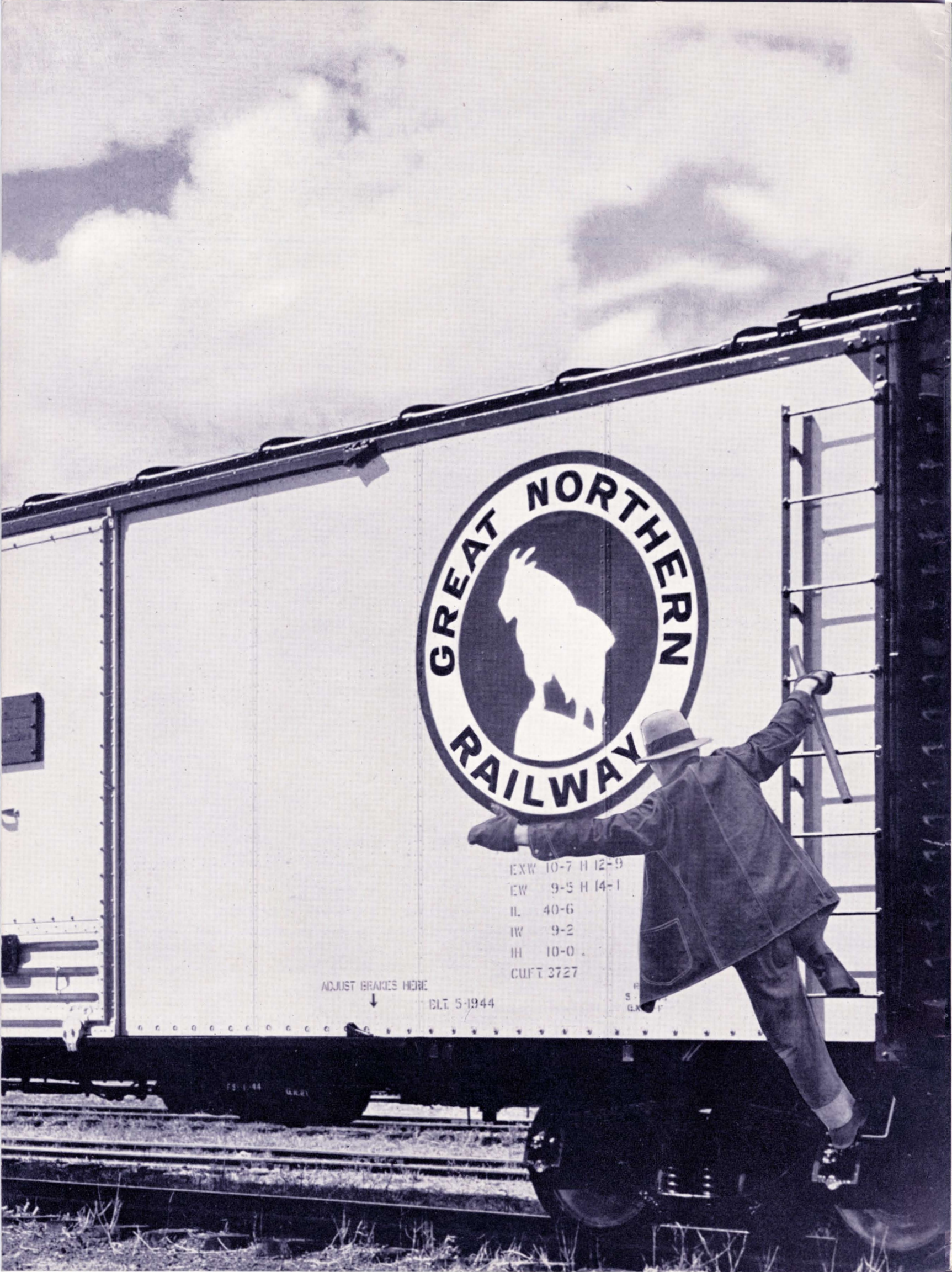
151.93

99%

Issued
98%

202.72

944.80



EXW 10-7 H 12-9
EW 9-5 H 14-1
IL 40-6
IW 9-2
IH 10-0
CUT 3727

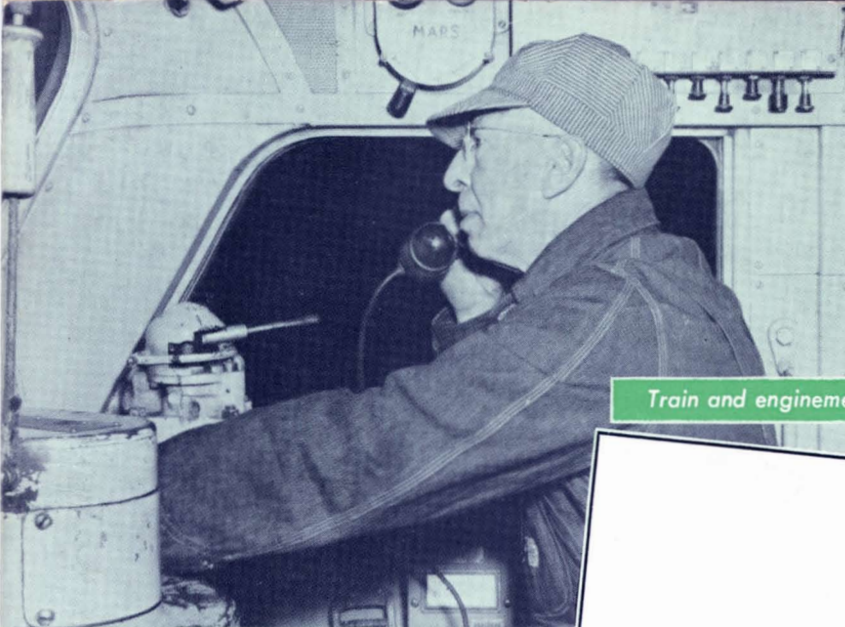
ADJUST BRAKES HERE



BILT 5-1944

FS-1-44

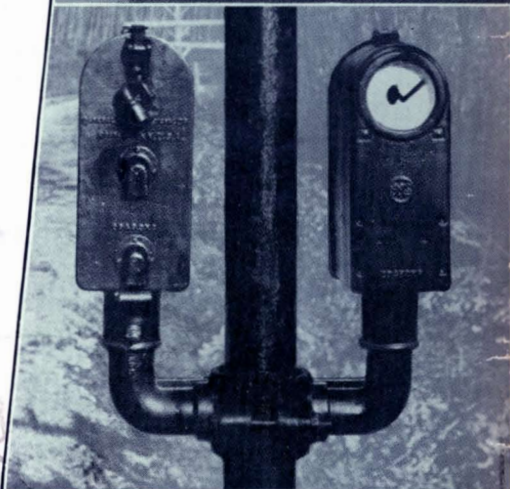
G.N.R.



Train and enginemen in telephonic communication



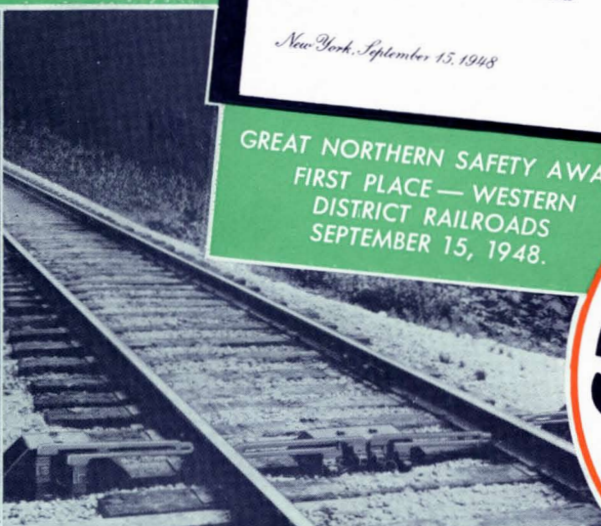
Modern color light train signals



Advance signal indicator protects track motor cars



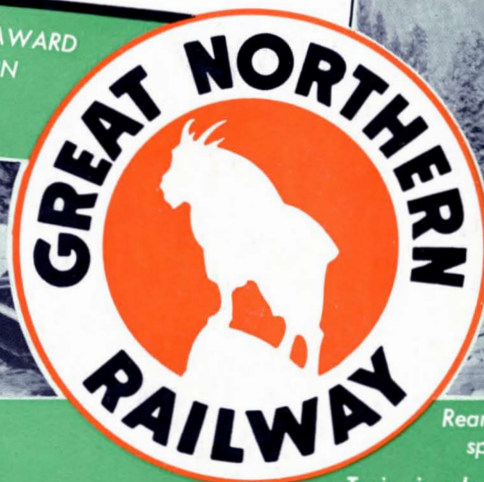
Dragging equipment detector and indicator located ahead of train



Detects hidden interior flaws in rail



GREAT NORTHERN SAFETY AWARD
FIRST PLACE — WESTERN
DISTRICT RAILROADS
SEPTEMBER 15, 1948.



Rear end red lights start oscillating when speed falls below 22 miles per hour

Train signals set at stop if slide hits detector fence

