TWENTY-FOURTH

ANNUAL REPORT

OF THE

CHICAGO, MILWAUKEE & ST. PAUL

RAILWAY COMPANY.

1887.

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OF THE

Chicago, Milwaukee and St. Paul

RAILWAY COMPANY.

MILWAUKEE:
CRAMER, AIKENS & CRAMER, PRINTERS.
1888.

INDEX.

DIRECTORS AND OFFICERS

OF THE

CHICAGO, MILWAUKEE AND ST. PAUL RAILWAY COMPANY.

DIRECTORS.

PHILIP D. ARMOUR,	CHICAGO.
FRANK S. BOND,	NEW YORK.
SELAH CHAMBERLAIN,	CLEVELAND.
HUGH T. DICKEY,	NEW YORK.
JASON C. EASTON,	LA CROSSE.
PETER GEDDES,	NEW YORK.
GEORGE C. MAGOUN,	"
JOSEPH MILBANK,	"
JOHN PLANKINTON,	MILWAUKEE.
WILLIAM ROCKEFELLER,	NEW YORK.
JAMES STILLMAN,	"
A. VAN SANTVOORD,	"
JAMES T. WOODWARD,	"

OFFICERS.

....	President,	....
FRANK S. BOND,	Vice President,	NEW YORK.
ROSWELL MILLER,	General Manager,	MILWAUKEE.
J. F. TUCKER,	Assistant General Manager,	"
J. T. CLARK,	General Superintendent,	"
P. M. MYERS,	Secretary, and Assistant to Manager,	"
J. M. McKINLAY,	Assistant Secretary and Transfer Agent,	NEW YORK.
J. M. BOKEE,	Assistant Secretary and Transfer Agent,	"
C. B. FERRY,	Assistant Secretary and Transfer Agent,	"
F. G. RANNEY,	Treasurer,	MILWAUKEE.
JOHN W. CARY,	General Counsel,	"
JOHN T. FISH,	General Solicitor,	"
J. P. WHALING,	General Auditor,	"
W. N. D. WINNE,	Assistant General Auditor,	"
E. Q. SEWALL,	Comptroller,	"
H. G. HAUGAN,	Land Commissioner,	"
W. S. MILLIGAN,	Tax Commissioner,	"
A. V. H. CARPENTER,	General Passenger and Ticket Agent,	"
A. C. BIRD,	General Freight Agent,	"
D. J. WHITTEMORE,	Chief Engineer,	"
ONWARD BATES,	Engineer and Supt. of Bridges and Buildings,	"
F. W. KIMBALL,	Manager of Construction,	"
JOHN T. CROCKER,	Purchasing Agent,	"

REPORT

OF THE

BOARD OF DIRECTORS.

THE

TWENTY-FOURTH ANNUAL REPORT

OF THE DIRECTORS OF THE

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO.,

TO THE STOCKHOLDERS,

For the Year ending December 31st, 1887.

The Vice-President and Directors of the Chicago, Milwaukee & St. Paul Railway Company submit to the Stockholders the following report as to the property of the Company, its business and operations during the year, and its financial condition at the close of the fiscal year ending December 31st, 1887.

MILES OF TRACK.

The length of railways owned and operated is as follows :

Main track owned solely by your Company....	5,661.43	
Main track owned jointly with other Companies....	8.52	
Total length of main track......		5,669.95
Second and third tracks, and connections with other roads owned solely by your Company and not included above....	65.85	

Second and third tracks, and connections with other roads owned jointly with other Companies, and not included above	2.56	
Total length of second and third tracks and connections		68.41
Tracks owned by other Companies, but used by your Company under agreements, and not included above		44.81
Yard tracks, sidings and spur tracks owned solely by your Company	1,035.54	
Yard tracks, sidings and spur tracks owned jointly with other Companies,	14.40	
Total length of yard tracks, sidings and spur tracks		1,049.94
Total miles of track		6,833.11

The main lines of railroad are located as follows:

In Illinois	316.15	miles.
" Wisconsin	1,305.05	"
" Iowa	1,573.20	"
" Minnesota	1,120.17	"
" Missouri	140.27	"
" Dakota	1,215.11	"
Total length of main track	5,669.95	"

Steel rails are laid on 3,737 miles of main track, and the remaining iron rails are being rapidly replaced with steel: 204 miles having been replaced during the year.

EXTENSIONS AND BRANCH LINES OPENED IN 1887.

Several important extensions and branch lines, under construction at the commencement of the year, were completed and opened for public use, as follows:

Roscoe to Orient, in Dakota	Opened	May,	1887.
Sioux City to Manilla, in Iowa,	"	June,	1887.
Madison to Bristol, in Dakota,	"	September,	1887.
Ottumwa, Iowa, to Kansas City, Mo.	"	December,	1887.
Merrill to Minocqua, in Wisconsin,	"	December,	1887.

The completion of these lines, with the construction of several small branches and extensions in Wisconsin and Minnesota, and the acquisition of the Chicago, Evanston & Lake Superior Railway, by lease for 999 years, and the purchase of its share capital, have added during the past year to the main track of your Company	371.95	miles.
The last Annual Report showed that the number of miles of single track, main line, at the close of 1886, was	5,298.00	"
And that the average number of miles operated during the year, was	4,977.00	"
At the close of 1887, the total number of miles of single track, main line, was	5,669.95	"
And the average number of miles operated during the year, was	5,355.00	"
Being an increase, in miles of main line owned, of	371.95	"
And in miles of main line operated, of	378.00	"

In the miles of main track reported are included 182.2 miles of branch feeding lines, constructed during 1887 and preceding years, that are not covered by any of the existing mortgages. These branches are valuable assets, being revenue-producing properties, entirely unencumbered.

With the completion of the foregoing lines all new construction was practically finished at the close of the year, and no new work has since been authorized or undertaken by the Company.

EARNINGS AND EXPENSES.

The following statement shows the gross earnings and expenses for the fiscal year ending December 31st:

EARNINGS.	1886.	1887.	INCREASE.	DECREASE.
From Freight	$17,358,294 49	$17,742,141 58	$383,847 09	
From Passengers	5,661,689 76	5,849,260 77	187,571 01	
From Mails, Express, etc.	1,698,418 92	1,774,721 63	76,302 71	
Gross Earnings	$24,718,403 17	$25,366,123 98	$647,720 81	
Total Expenses	14,560,264 10	15,326,693 80	766,429 70	
Net Earnings	$10,158,139 07	$10,039,430 18		$118,708 89
Per cent of expenses	58.90	60.42	1.52	

These figures show an increase of $647,720.81 in gross earnings, say 2.6 per cent. In number of passengers carried the increase was 12 per cent.; while the passenger revenue shows an increase of but 3.3 per cent.

In number of tons of freight transported there was an increase of 6.9 per cent.; while the revenue derived therefrom was increased but 2.2 per cent.

This loss in revenue from freight traffic is accounted for by the decrease from 1.17 cents to 1.09 cents (7%) in rate per ton per mile for freight transported. Had your Company received for its tonnage the same average rate per ton per mile as in 1886, the net revenue would have been $1,321,657 more than is reported, an amount equal to 3⅓ per cent. on the total amount of Common Stock outstanding.

During the five years, from 1882 to 1887, the rate per ton per mile has been reduced from 1.48 cents to 1.09 cents, or 26.35 per cent and during the preceding five years (1877 to 1882), from 2.08 cents to 1.48 cents, or 28.8 per cent. This makes a total reduction of 47.6 per cent. during ten years in the average rate received for freight transported over your lines.

The following is a comparative statement of earnings, expenses and statistical information as to the traffic of the Company for the years 1886 and 1887:

GROSS EARNINGS.

1886........$24,718,403 17
1887........ 25,366,123 98 Increase......$647,720 81

OPERATING EXPENSES.

1886........$14,560,264 10
1887........ 15,326,693 80 Increase......$766,429 70

NET EARNINGS.

1886........$10,158,139 07
1887........ 10,039,430 18 Decrease......$118,708 89

INTEREST ON MORTGAGE BONDS.

1886.........$6,241,092 52
1887......... 6,456,637 13 Increase......$215,544 61

TONS OF FREIGHT MOVED.

1886.............7,085,072
1887.............7,573,795 Increase..........488,723

NUMBER OF PASSENGERS CARRIED.

1886.............5,481,400
1887.............6,144,068 Increase..........662,668

MILES RUN BY FREIGHT AND PASSENGER TRAINS.

1886............20,691,015
1887............21,820,530 Increase.........1,129,515

MILEAGE OF LOADED FREIGHT CARS.

1886...........164,335,686
1887...........169,513,964 Increase........5,178,278

MILEAGE OF EMPTY FREIGHT CARS.

1886............59,411,273
1887............61,210,749 Increase........1,799,476

COST OF OPERATING ROAD PER TRAIN MILE RUN.

1886.................. .67
1887.................. .66 Decrease............ .01

GROSS EARNINGS PER MILE OF ROAD.

1886.............$4,966 53
1887............. 4,736 90 Decrease.........$229 63

OPERATING EXPENSES PER MILE OF ROAD.

1886.............$2,925 51
1887............. 2,862 13 Decrease..........$63 38

NET EARNINGS PER MILE OF ROAD.

1886.............$2,041 02
1887............. 1,874 77 Decrease.........$166 25

The average rate per ton per mile received for freights for a series of years past, has been as follows, viz:

1865.....4.11 cts.	1873.....2.50 cts.	1881.....1.70 cts.
1866.....3.76 cts.	1874.....2.38 cts.	1882.....1.48 cts.
1867.....3.94 cts.	1875.....2.10 cts.	1883.....1.39 cts.
1868.....3.49 cts.	1876.....2.04 cts.	1884.....1.29 cts.
1869.....3.10 cts.	1877.....2.08 cts.	1885.....1.28 cts.
1870.....2.82 cts.	1878.....1.80 cts.	1886.....1.17 cts.
1871.....2.54 cts.	1879.....1.72 cts.	1887.....1.09 cts.
1872.....2.43 cts.	1880.....1.76 cts.	

VALUE OF SUPPLIES AND MATERIALS, DECEMBER 31ST.

1886.........$2,048,984 69		
1887......... 2,927,171 00	Increase......	$878,186 31

AVERAGE MILES OF ROAD OPERATED DURING THE YEAR.

1886.................4,977		
1887.................5,355	Increase.............	378

STATEMENT OF INCOME ACCOUNT.

1887.			
Jan'y 1—Balance Surplus Income from 23rd Annual Report...			$8,057,733 52
Less interest accrued in 1886 and payable in Jan'y, Feb., March and April, 1887, on Funded Debt of the Company....	$3,213,377 64		
Less Old Accounts charged off......	501,036 69		
July 25—Less Fifteen per ct. credited on account of 57,761 shares of Common Stock subscribed for at par by shareholders of record June 25th, 1887, under circular letter dated June 4, 1887.............	866,415 00		4,580,829 33
Surplus Income,			$3,476,904 19

Dec. 31—Gross Earnings for 1887............	$25,366,123 98		
Less Operating expenses (including taxes)...........	15,326,693 80	10,039,430 18	
Income from other sources..........		272,824 98	
Net Revenue for the year..............			10,312,255 16
Total.......... ...			$13,789,159 35
Dec. 31—Interest accrued during the year 1887, on Funded Debt............			6,456,637 13
Balance...........			7,332,522 22
Dec. 31—Dividend No. 34 payable April 15, 1887.			
3½% on $21,555,900 Preferred Stock.	754,456 50		
2½% on $30,904,261 Common Stock..	772,606 52	1,527,063 02	
Dec. 31—Dividend No. 35 payable October 14th, 1887.			
3½% on $21,596,900 Preferred Stock.	755,891 50		
2½% on $38,982,761 Common Stock..	974,569 02	1,730,460 52	
Total Dividends....			3,257,523 54
Surplus Income....			$4,074,998 68

THE INTER-STATE LAW.

On the 5th of April, 1887, an Act of Congress, known as the Inter-State Commerce Act, became operative. This law required a re-formation of the then existing freight tariffs on all railways, and established an entirely new basis for determining the freight charges for non-competitive traffic carried by railway companies; a basis rigid and inflexible, unlike any that had ever before existed in any country. The old common law rule that rates fair and reasonable in themselves could properly be charged, was done away with, and a new rule substituted, making the low rates forced by competition the basis of rates for non-competitive traffic at intermediate stations.

Such a basis for local freight rates necessarily works unequally on different roads; but the effect on many lines has been either to force the railway companies to decline certain classes of competitive traffic that could be carried at a small profit in connection with their much larger volume of local traffic; or, to correspondingly reduce their rates for local traffic. This is practically equalizing at its own (the railway company's) cost and expense any difference in advantage of location between towns having two or more competing transportation lines and towns dependent on one line; and is the inevitable result of such a forced reduction of local rates that were fair and reasonable in themselves, in compliance with the new law. The law has, however, been generally accepted in good faith by the railway companies, and new tariffs have been put into effect in conformity with it.

Another result of such sweeping changes has been a serious disturbance of rates that for many years had been *relatively* adjusted via different routes into common territory; and the re-adjustment, *relatively*, of such rates has been very difficult for the companies to agree upon, for the reason that under the long and short haul restrictions of the law, such changes seriously affected local traffic. Because of these rate disturbances and complications during the eight months of 1887 that the new law was in force, its full effect upon the movement of traffic cannot be satisfactorily determined. It will take another year's experience to show the extent of the injury that will result to railway property and to the public, under the fourth section of the law relating to long and short haul charges, which is in direct conflict with the last paragraph of section one, requiring that rates "shall be reasonable and just." It will also take time to determine the extent of injury that will result from section five of the Act, which prohibits agreements between transportation lines for an equitable division of traffic or traffic revenue; as it is by such agreements only that reasonable and uniform rates can

be permanently secured, to prevent that "undue and unreasonable preference or advantage" in favor of individuals or localities (invariably resulting from railway wars and reductions in rates below cost of service), which the first paragraph of section three, forbidding preferences, was evidently intended to provide against, and if properly enforced will certainly prevent.

It is to be hoped that Congress in its wisdom will repeal the two objectionable sections, or so amend the law as to permit railway companies to charge rates for transportation that are in themselves reasonable and just, limited of course by the common law rule that all shippers and localities that are alike situated shall be treated alike; and also provide that the federal judiciary shall on application, after a hearing, determine when rates are unreasonable or extortionate, and when unjust discriminations are made against localities or individual shippers. Such legislation will not only fully protect the public who must use the roads, but will give to the owners of our railways the same protection, no more and no less, than is now given under existing laws to investments in other corporate properties.

LOCAL STATE LEGISLATION.

The State of Minnesota has, during the year, passed an Act regulating railroads, similar in character to the Inter-State Commerce Act, except that there is one clause which the Commissioners claim allows them to fix rates and to compel the companies to accept them. It is also claimed that the Courts have no right to determine whether such rates are reasonable or unreasonable, but are bound to enforce them as fixed by the Commissioners.

The Legislature of Missouri has also passed a law, in most of its features similar to the Inter-State Commerce Act, and enlarging the powers of their Commission. The general tendency of the railroad legislation, both in Missouri and Minnesota, is on the line of the Inter-State Commerce Law, except that in Minnesota the Commission claims the right to fix the rates. The Roads, however, deny this right, and the question is now before the Supreme Court, the railway companies insisting that rates established by the Commission are but recommendatory, and can only be enforced by the Court finding that they are reasonable and just.

There was no other important legislation during 1887 in respect to railway companies by the States in which your lines are located.

EQUIPMENT.

The following described Rolling Stock, in service December 31st, 1887, is owned by your Company, entirely free from liens of every character, other than Divisional and General Mortgage liens, viz:

Locomotives	740
Passenger Cars (1st and 2d class)	345
Sleeping Cars	11
Parlor Cars	9
Dining Cars	10
Baggage, Postal, Mail and Express Cars	233
Box Cars	14,312
Stock Cars	2,301
Flat and Coal Cars	4,551
Refrigerator Cars	349
Caboose, Wrecking, Tool Cars, &c	510

And contracts are outstanding for an early delivery of additional equipment.

SLEEPING CAR SERVICE.

In addition to the equipment above mentioned, the Pullman Palace Car Company controls and operates 40 Sleeping Cars on your line.

BRIDGES.

Your Company owns seven bridges, crossing the Mississippi and Missouri Rivers, which are altogether free from any arbi-

trary or specific charge for the traffic of your lines passing over them. Their location and description is as follows:

Over Mississippi River at Sabula, Iowa: 7 iron spans, including 1 draw-span. Total length, including approaches	8,681 feet
Over Mississippi River at La Crosse, Wis.: 10 iron spans (including 1 draw-span over the river proper and 1 draw-span over Black River) and 1 Howe Truss span. Total length, including approaches	6,393 "
Over Mississippi River at Reed's Landing, Minn.: 3 Howe Truss spans, and 1 pontoon span. Total length, including approaches	4,601 "
Over Mississippi River at Hastings, Minn.: 4 iron spans, including 1 draw-span. Total length, including approaches	2,270 "
Over Mississippi River on "Short Line" between St. Paul and Minneapolis: 8 iron spans. Total length	1,140 "
Over Mississippi River at St. Paul, Minn. (owned jointly with C., St. P., M. & O. Ry.): 2 iron spans, including 1 draw-span, and 6 Howe Truss spans (now being replaced with iron spans). Total length, including approaches	3,001 "
Over Missouri River at Kansas City, Mo.: 5 iron spans and 1,544 feet of double-track iron trestle. Total length, including approaches	7,387 "

STATIONS AND STATION BUILDINGS.

Your Company has 848 Passenger and Freight Station Agencies on its line of road; and Station Buildings for the accommodation of its traffic, as follows:

Passenger Houses	70
Freight Houses (other than Grain Elevators and Warehouses)	102
Passenger and Freight Houses (combined)	743
Total	915

ELEVATORS.

There are on the lines of railroad of your Company 1,410 Grain Elevators and Warehouses, owned by the Company and by private parties, with an aggregate capacity of..............	29,968,500 bushels.
Of these your Company owns:	
At Milwaukee, 5 Elevators, with a total capacity of......................	3,130,000 bushels.
At Minneapolis, 2 Elevators, with a total capacity of......................	1,895,000 "
And at various interior points, 156 Elevators and Warehouses, with a total capacity of......................	2,390,300 "
At Chicago, private parties have erected on the Company's tracks, 4 Elevators, having an aggregate capacity of.....	2,850,000 "
And a fifth elevator is nearly completed, with a capacity of..................	2,000,000 "
At various interior points, private parties also own 1,242 Elevators and Warehouses, having a total capacity of....	17,703,200 "
	29,968,500 bushels.

COAL PROPERTIES.

During the years 1886 and 1887 your Company has used coal for fuel purposes on its lines of railroad, as follows:

	1886. TONS.	1887. TONS.
Coal used.........................	932,967	1,009,459
Of which the mines owned by your Company produced..............	615,535	606,649
And other sources supplied..........	317,432	402,810
	932,967	1,009,459

The following is a description of the Coal Properties so owned, with their out-put in 1887; the estimated capacity of the present workings for delivering coal on cars, and the estimated quantity of coal not yet mined:

THE BRACEVILLE MINES, located at Braceville, Grundy County, Ill., comprise 3,322 acres of coal land (494 acres of which have been exhausted) with 97 miners' and other houses on the property. There are on the premises three shafts, or openings, only two of which are now operated, Shaft No. 1 having been "mined out," and closed in June, 1883. During the year 1887 Shaft No. 2 produced from 40 to 60 car-loads—say 900 tons—daily, for each working day. Shaft No. 3 was closed from February, 1886, to December, 1887, but can produce daily 700 tons. The total output of both shafts in 1887 was 260,338 tons, which can be increased, at trifling cost, to 450,000 tons for the year 1888. The quantity of coal not yet mined is estimated at 14,000,000 tons.

THE EXCELSIOR MINES, located at Oskaloosa, Mahaska County, Iowa, comprise 2,038 acres of coal land (450 acres of which have been exhausted) with 103 miners' and other houses on the property. There are on the premises three shafts, or openings, only two of which are now operated, Shaft No. 1 having been "mined out" and closed in October, 1886. Shaft No. 2 has a daily capacity of 85 car-loads—say 1,300 tons—and No. 3 a daily capacity of 50 car-loads—say 750 tons. Neither shaft was worked full time in 1887, but their total output was for that year, 330,580 tons, which can be increased at trifling cost to 500,000 tons in 1888. The quantity of coal not yet mined is estimated at 8,000,000 tons.

THE EAGLE MINE, located at Angus, Boone County, Iowa, comprises 240 acres of land with 20 miners' and other houses upon the property. The coal was exhausted and the mine abandoned in July, 1887. The machinery, tools, etc., have been removed or sold, and the land is offered for sale at $30 per acre. Its total output for the year 1887 was 13,731 tons.

The coal lands and mining properties above mentioned stand on the books of your Company as costing, interest included, $546,654.03. This cost is reduced currently as coal is taken from the mines, by a Sinking Fund charge made monthly as coal is delivered, sufficient to mark off the entire cost of the properties with all improvements, by the time the mines shall have become exhausted.

REAL ESTATE AND TERMINAL PROPERTIES.

Your Company owns very valuable Real Estate and Terminal properties at the principal cities on its lines; the most important being as follows:

At Milwaukee it owns 485 acres of ground, with 13,800 lineal feet of improved dock frontage, accessible to shipping for receiving and delivering cargo.

It has on this property 13 Freight Warehouses, aggregating 347,335 superficial feet (nearly 8 acres) of floor space; several of the buildings are under rental to other Railway Companies, and to Lake Steamer Lines. There are also on the property 5 Elevators belonging to the Company, and 89.33 miles of side-track.

A handsome Union Passenger Depot—one of the finest in the West—was also completed last year, and is used jointly with the Wisconsin Central and the Milwaukee & Northern Railway Companies.

The principal machine, wood and smith shops of the Company—a very extensive and complete plant for the construction and repair of rolling stock—are located at this point, 80 acres of ground being set apart and occupied for such use.

At Chicago the Company has two independent entrances into the city as far as the Union Passenger Station on Canal and Adams streets; one by way of its Chicago & Milwaukee Division and one by its Chicago & Evanston Line. It also owns 154 acres of land, with 6,100 lineal feet of improved dock frontage, accessible to lake steamers and sailing vessels for the receipt and delivery of freight. It has on this property 7 Freight Warehouses for its own use, aggregating 245,690 superficial feet (nearly 5.6 acres) of floor space; and the length of its yard and side-tracks is 56.20 miles.

At Kansas City the Company owns 97 acres of land usable for depot and yard purposes, with convenient Freight Buildings, and 5.06 miles of side-tracks; and it also owns one-fifth interest in the Kansas City Belt Railway, with which it has a permanent contract, providing for the running of trains to all points reached by the tracks of that Company.

At St. Paul the Company owns 70 acres of land, and 10.45 miles of side-tracks, with sufficient depot accommodations for passenger and freight traffic.

At Minneapolis the Company owns 134 acres of land, upon a portion of which are located very extensive machine, wood and blacksmith shops, for the repair of equipment. It has also 33.90 miles of side-tracks, and ample Passenger and Freight Buildings for the accommodation of its traffic.

At Council Bluffs the Company owns 61 acres of land and 9.41 miles of side-tracks; and at La Crosse it owns 103 acres of land and 15.66 miles of sidings; and at both places has ample accommodations for the handling of its freight and passenger traffic.

TITLE TO THE PROPERTY.

Your Company's ownership of its extensive system of railways, with its equipment, real estate and other properties, is by a tenure unlike that by which any correspondingly large railway property has ever before been acquired, and is very different from that of corporations that control large systems by lease of the corporate property, or by ownership of a majority interest in the original corporate organizations. It is practically an absolute ownership, in fee, without partners, subject only to mortgage liens; as in the few cases where a corporate property has been acquired under a lease, your Company is owner of the entire share capital of the lessor Company.

LAND DEPARTMENT.

I

	Acres.	Acres.
The unsold lands owned by your Company in Iowa and Minnesota aggregated January 1, 1887.....	26,156.76	
And its unsold lands in Wisconsin aggregated..................	60,079.27	
The number of acres for which applications for patents were pending in Washington, was........	5,000.00	
Total lands owned and claimed		91,236.03
The sales during the year were as follows:		
In Iowa......................	9,205.86	
In Minnesota..................	12,119.92	
In Wisconsin..................	1,855.53	
Total sales in 1887..........		23,181.31
Balance unsold Dec. 31, 1887.		68,054.72

Estimated value of unsold lands, $179,439.20.

II

At commencement of the year the amount due on contracts and mortgages, for sales of lands in Iowa and Minnesota, was.......	$394,429 95	
And for sales of land in Wisconsin.	98,734 06	
Total amount due on contracts		$493,164 01

The amounts realized from sales made during the year are as follows:		
From Iowa and Minnesota lands..	$126,936 97	
From Wisconsin lands...........	19,323 48	146,260 45
Total contracts and sales......		$639,424 46
Less collected during the year:		
On contracts prior to 1887, Iowa and Minnesota lands..........	$143,267 72	
On contracts prior to 1887, Wisconsin lands....................	14,153 40	
On new sales, Iowa and Minnesota lands......................	20,104 53	
On new sales, Wisconsin lands....	4,908 44	
Deposits made prior to January, 1887, and applied on sales closed during the year...............	17,781 29	
Total collections............		$200,215 38
Balance uncollected Dec. 31, 1887		$439,209 08

III

Cash received for lands sold during 1887..........................	$ 25,012 97
Cash received on contracts made prior to 1887	157,421 12
Cash received for miscellaneous accounts....................	1,337 73
Total cash receipts in 1887.....	$183,771 82

Estimated value of lands unsold Dec. 31, 1887		$179,439 20
Balance due on contracts Dec. 31, 1887:		
Iowa and Minnesota lands	$340,213 38	
Wisconsin lands	98,995 70	$439,209 08
Total value of unsold lands and uncollected contracts		$618,648 28

CAPITAL STOCK.

At the commencement of the year the amount of Preferred Stock outstanding was	$21,555,900 00
Which has been increased 410 shares during the year by the conversion of 41 La Crosse Division Bonds	41,000 00
Total Preferred Stock outstanding Dec. 31, 1887	$21,596,900 00

At the commencement of the year the amount of Common Stock outstanding was	$30,904,261 00
At the annual meeting in June last the shareholders authorized an increase of 100,000 shares. By circular of June 4th there was offered to the shareholders of record, June 25th, 1887, the privilege of subscribing for 66,601 shares of this increased stock, pro-rata, to the extent of 12 per cent. of their holdings: 85 per cent. of such subscriptions to be paid in cash on delivery of shares, and 15 per cent. to be credited on the subscriptions and charged against undivided earnings or surplus income. Of the shares so offered 57,761 were subscribed for, and that amount of additional Common Stock has been issued, say	5,776,100 00

There were also issued and delivered 30,000 shares of the new stock, in payment for 17,466 shares (the entire capital stock) of the Chicago, Evanston & Lake Superior R'y Company, and for $1,254,000 of the 6 per cent. first mortgage bonds of that company, say	3,000,000 00
Total Common Stock outstanding Dec. 31, 1887	$39,680,361 00

By the purchase of the Chicago, Evanston & Lake Superior securities above mentioned, your Company has secured control of a most valuable corporate property, consisting of an independent entrance into the City of Chicago to a point as far south as the Union Passenger Depot on Canal and Adams Streets, with about 16 acres of land, advantageously located for station and yard purposes, and 12 miles of double track city and suburban railway, extending from a central point in the City of Chicago to the Village of Evanston.

The remaining 12,239 shares of the 100,000 shares of Common Stock authorized, are held as unissued stock in the Treasury of the Company for use in the purchase of additional railway property, or for such other purposes as in the opinion of the Board of Directors the interests of the company may require.

The amount of capital stock outstanding at the close of the year was 215,969 shares of Preferred Stock	$21,596,900 00
And 396,803.61 shares of Common Stock	39,680,361 00
Making a total of	$61,277,261 00

of share capital; representing the absolute ownership of 5,669.95 miles of main line, single track railway, thoroughly well constructed and equipped, with more than 1100 miles additional of side and other tracks, together with coal properties worth $546,654.03; and other valuable assets not necessary for railway purposes, largely in excess of all floating liabilities.

This is an average of $10,807 per mile of main track ($3,809 in Preferred and $6,998 in Common Stock) subject to a bonded indebtedness of $21,029 per mile; making the aggregate cost of the property $31,836 per mile, represented by stock and bonds.

FUNDED DEBT.

The funded debt of the Company at date of the last report, including bonds assumed for railway property acquired by lease or purchase, was....................		$111,658,000 00
The Consolidated and Divisional Bonds issued and assumed in 1887, were as follows:		
Sixteen Consolidated Bonds, issued in exchange for 6 Oshkosh & Mississippi River R'y Co. Bonds, and 10 Equipment and Bridge Bonds cancelled......................	$ 16,000 00	
Five hundred and six Terminal Bonds, issued for additional real estate purchased, and improvements.............	506,000 00	
Thirty-two hundred and forty Chicago & Pacific Western Division Bonds, issued on road and equipment........	3,240,000 00	
Eight hundred and seventeen Wisconsin Valley Division Bonds, issued on road and equipment..................	817,000 00	
Eighteen hundred and sixty-eight Dakota & Great Southern Bonds, issued on road and equipment..............	1,868,000 00	
Ten hundred and thirty-four Chicago & Missouri River Division Bonds, issued on road and equipment.........	1,034,000 00	
Four hundred and five Hastings & Dakota Division Bonds, issued on road and equipment..................	405,000 00	
Total issued............	$7,886,000 00	

Less:—			
Thirty-five Oshkosh & Mississippi River R'y Co. Bonds..	$ 35,000 00		
Forty-one La Crosse Division Bonds, exchanged for Preferred Stock and cancelled..	41,000 00		
Eleven Dubuque Division Bonds cancelled for Sinking Fund.	11,000 00		
Twenty Wisconsin Valley Division Bonds, cancelled for Sinking Fund..............	20,000 00		
Two hundred and one Land Grant Bonds, cancelled for Sinking Fund..............	201,000 00		
Total Bonds retired and cancelled.............		$ 308,000 00	
Net increase in Funded Debt..................			$ 7,578,000 00
*Total Funded Debt.			$119,236,000 00

*NOTE.—This includes all bonds issued or liable to be issued under the several mortgages for road already constructed; and all lines under construction at commencement of the year have been practically completed.

Of the new issues of bonds your Company has unsold in its Treasury, $3,364,000.

Fifty-six thousand dollars of Wisconsin Valley Division Bonds have been deposited with the New England Trust Company, Trustee, and are held in trust as part of the Sinking Fund of the Dubuque Division mortgage.

Eighty-four thousand dollars of St. Paul Division Sterling Bonds have, at request of the holders, been exchanged for Thousand Dollar Bonds.

EQUIPMENT AND IMPROVEMENT EXPENDITURES.

For Equipment:			
For Locomotives and Cars purchased	$598,852 12		
Amount Expended in Company's Shops	231,939 37		$830,791 49
For Real Estate, Depot Grounds, etc., purchased:			
At Chicago	6,015 33		
At St. Paul	18,143 30		
Additional grounds at other points	6,578 91		30,737 54
For New Shops, Engine Houses, Freight Houses, Depots, etc		260,380 94	
Iron Bridges		44,652 85	
New Fences and Culverts		35,217 62	
Improvements and Extension of Yard Facilities at sundry points		94,184 66	
Widening Embankments, Ballasting, etc		22,278 76	
New Side Tracks, sundry points		85,511 69	
Round House, Buildings, Yard, etc., at Marion		60,796 13	
Miscellaneous Improvements		156,571 96	759,594 61
Total			$1,621,123 64

The following is a comparative statement of the cost of Coal consumed by Locomotives during the years 1886 and 1887:

	1886.	1887.
Tons of Coal used	875,091	934,226
Aggregate cost	$1,848,903 40	$1,926,439 55
Cost per ton	$2 11$\frac{1}{4}$	$2 06
Miles run, per ton	26$\frac{8}{16}$	26$\frac{1}{16}$

The following is a comparative statement of the steel rails laid in renewals during the years 1886 and 1887:

	1886.	1887.
60 lbs. per yard (tons)	20,815	18,634
67 lbs. per yard (tons)	13,394	10,873
Total	34,209	29,507

FINANCIAL.

The following condensed balance sheet shows the capital and other accounts at the close of the year:

CAPITAL ACCOUNTS.

CREDIT ITEMS.

Capital Stock, Preferred	21,596,900 00	
" " Common	39,680,361 00	
Funded debt, including $3,365,000.00 of Mortgage Bonds issued but unsold, held in the Treasury of the Company	119,236,000 00	
Total Credits		$180,513,261 00

DEBIT ITEMS.

Cost of Road and Equipment	177,374,429 79	
Cost of Coal Lands and Mining property	546,654 03	
Total Debits		177,921,083 82
Excess of Credits		$2,592,177 18

The current assets and liabilities stand as follows:

ASSETS.

Investment Account—Stock and Bonds:		
Chicago, Evanston & Lake Superior R'y Bonds	1,253,400 00	
Oshkosh & Mississippi River R'y Bonds	211,000 00	
Kansas City Belt R'y Bonds and Stock	154,838 88	
Minnesota Transfer R'y Co. Bonds and Stock	101,601 56	
St. Paul Union Depot Co. Stock	70,000 00	
Sundry other investments	1,118,307 71	2,909,148 15
Stock of Material and Fuel on hand	2,927,171 00	
Miscellaneous accounts, current balances	566,735 71	3,493,906 71
Mortgage Bonds of the Company unsold, held in the Treasury of the Company		3,365,000 00
Bills Receivable	21,200 00	
Due from Agents and Conductors	299,883 36	
Due from U. S. Government	253,090 44	
Cash, New York Office	2,021,945 67	
" Call Loans, New York	500,000 00	
" F. G. Ranney, Treasurer	194,373 67	3,290,493 14
Total Assets		$13,058,548 00

LIABILITIES.

Due on Vouchers and Pay Rolls..........	2,896,431 90	
" for Dividends not called for.........	66,610 27	
" " Interest Coupons not presented..	32,844 32	
Interest accrued but not yet payable.....	3,395,485 65	
Surplus Income Account................	4,074,998 68	
Total Liabilities.....................		10,466,370 82
Excess of Assets over Liabilities.........		$2,592,177 18

From these figures it appears that at the close of the year your Company had no floating indebtedness other than current monthly vouchers and pay rolls, and that its assets were largely in excess of all liabilities, including among its liabilities $4,074,998.68 of surplus income.

DECISION IN AN IMPORTANT SUIT.

The case of William Barnes, Trustee, *vs.* the Chicago, Milwaukee & St. Paul Railway Company, was decided by the Supreme Court of the United States, in May last. This case, during its progress, was the frequent subject of comment in the newspapers on account of the legal questions claimed to be involved. It arose out of the following facts:

William Barnes was Trustee of the so-called "Third Mortgage," given in 1858 by the La Crosse & Milwaukee Railway Company, covering the line of road from Milwaukee to La Crosse to secure two millions of dollars of bonds. In May, 1859, Barnes, as Trustee, assumed to foreclose said mortgage by a sale under the power in the mortgage, in pursuance of the statute in such case made and provided. At that sale, in virtue of a statute of the State, he became the purchaser for the benefit of the bond-holders and immediately thereafter, in connection with them, organized the Milwaukee & Minnesota Railroad Company, and transferred to the Company so organized, all the property included in the mortgage, and purchased by him at the sale. Nearly all the bond-holders surrendered their bonds to the new organi-

zation and took stock of the Company, and none of them made any objection to Barnes' proceedings. From that time the La Crosse & Milwaukee Company ceased to exist as a corporation, and the Company so formed claimed to be the owner of the property, subject to prior liens, and was so treated and made a party in all the subsequent foreclosure proceedings of the prior mortgages; and in virtue of a decision of the Supreme Court was placed in possession of the eastern division of the road as such owner, and held and operated the same until its title was extinguished by the foreclosure of prior liens and the purchase by this Company. It was the principal defendant in all of the foreclosure suits of the prior encumbrances. Afterwards, in 1878, Barnes filed a bill in the Circuit Court of the United States for the Eastern District of Wisconsin, claiming that his former foreclosure, in 1859, of said mortgage was illegal and invalid; that the Company formed by him with the assent of the bond-holders, on his first foreclosure never acquired any title to the property, and asking to have the whole of his former proceedings set aside and annulled, and that his mortgage be declared an existing and valid lien upon the property, and that he have a foreclosure thereof. To this bill our Company pleaded the former foreclosure, the formation by the purchasers, under the statute, of the Milwaukee & Minnesota Railway Company, and the transfer to it of all the mortgaged property with the assent of the bond-holders.

The Circuit Court, on the hearing in 1883, sustained the defense and dismissed the bill, from which decree Barnes appealed to the Supreme Court, and by its decision that decree was affirmed in all respects, and is a final bar to any claim under that mortgage.

IN MEMORIAM.

It is proper that formal record be made in this Annual Report of the death of Mr. Alexander Mitchell, which occurred in New York on April 19, 1887. Mr. Mitchell's official connection with your Company commenced on June 8, 1863, when he was elected a Director, the Company having at that time but 180 miles of road; and on the 30th day of June, 1865, he was chosen President of the Company. In recognition and in commemoration of his most valuable services on behalf of the Company, the minutes of the Annual Meeting of Stock-holders in June of last year show the following action:

Before proceeding with the regular order of business, the Vice-President spoke as follows:

"Mr. Alexander Mitchell was elected President of the Chicago, Milwaukee & St. Paul Railway Company in Jnne, 1865, and for twenty-two successive years he held that position and presided at the Annual meetings of the share-holders of the Company.

"During his administration the absolute ownership in upwards of 5,000 miles of railway, located in seven of the States and Territories of the Northwest, was acquired by your Company, making your corporate property among the largest of any in this country.

"At this, the first meeting of share-holders since the death of Mr. Mitchell, on the 19th of April last, it is fitting that we should place on record a proper tribute to his memory, and that in the minutes of this meeting the valuable services he has rendered to this Company should be formally recognized.

"With your permission, therefore, the Secretary will read a preamble with resolutions, adopted by the Board of Directors, which are now submitted for your consideration and such action as shall seem to you proper."

And thereupon the Secretary read the following preamble and resolution, adopted by the Board of Directors at their meeting in New York, on the 20th of April:

"ALEXANDER MITCHELL, of Milwaukee, President of this Company, departed this life in this city on the afternoon of yesterday, April 19th, after a brief illness.

"This Company is called upon to mourn the loss of its best known and most distinguished member, whose vacant place has left a chasm in its counsels, as well as in the hearts of all who have ever been associated with him. He was from an early period of its history a Director, and has been for many years the President of this Company. He had known it in its infancy, had witnessed its early struggles and had watched its growth from weakness to strength until it had reached a vast and comprehensive system. During all this period his far-reaching sagacity aided to outline its policy. His sound judgment directed its councils, and his energy and perseverance contributed in a great measure to secure to them their practical results; but it was not alone to this Company that his mind and character have given direction; in the city where he resided, and in his adopted State, and in the councils of the Nation, the same clear, discriminating judgment and strong traits of character were equally felt; so that his influence wherever he was known, was supreme, and to his fellow-citizens he was a tower of strength.

"In private life, kind, courteous and large-hearted, true in all his relations with others, and of unblemished integrity, he was beloved by all who came within the circle of his friends and associates. The Directors, many of whom have long been associated with him in this Board, especially mourn the death of the President, upon whose wise judgment they have been accustomed to rely in the conduct of the affairs and in the management of the vast interests of this Company.

"*Resolved*, That we tender to the family of the deceased our profound sympathy in the great loss they have sustained."

And on motion duly seconded, it was

"*Resolved*, That the preamble and resolution be and are hereby adopted as the action of the share-holders of this Company, and that they be recorded as a part of the proceedings of this meeting."

The attention of shareholders is specially called to the annexed report of Roswell Miller, General Manager, for details as to the management and operation of their road during the year. To Mr. Miller and to the officers and employes of the Company much credit is due for the manner in which they have discharged their respective duties.

By order of the Board of Directors.

FRANK S. BOND,

Vice-President.

March, 1888.

REPORT

OF THE

GENERAL MANAGER.

MILWAUKEE, MARCH, 1888.

MR. FRANK S. BOND,

Vice President,

DEAR SIR:

The following tables give in detail the Earnings, Operating Expenses, etc., of this Company for the year 1887.

Very Respectfully,

ROSWELL MILLER,

General Manager.

COMPARATIVE STATEMENT

OF

EARNINGS AND EXPENSES

FOR THE YEARS 1886 AND 1887.

EARNINGS.

	1886.	1887.	Increase.
From Freight............	17,358,294 49	17,742,141 58	383,847 09
From Passengers........	5,661,689 76	5,849,260 77	187,571 01
From Mails, Express, Etc.	1,698,418 92	1,774,721 63	76,302 71
Gross Earnings......	$24,718,403 17	$25,366,123 98	$647,720 81

EXPENSES.

	1886.	1887.
Repairs of Track......................	1,824,999 11	2,006,428 33
Renewal of Track......................	287,252 42	240,053 50
Trackage..................................	65,359 62	89,108 78
Repairs of Bridges.....................	253,430 62	354,170 35
Repairs of Fences..............	93,707 60	103.837 46
Repairs of Buildings..................	182,577 47	167,413 08
Repairs of Locomotives..............	937,220 16	947,519 35
Repairs of Cars.........................	1,310,797 00	1,305,872 39
Repairs of Tools and Machinery..	79,858 36	88,923 11
Carried forward..............	$5,035,202 36	$5,303,326 35

	1886.	1887.
Brought forward..............	5,035,202 36	5,303,326 35
Management and General Offices...	494,852 47	519,422 78
Foreign Agency and Advertising..	212,782 31	216,354 39
Station Service........................	2,252,732 72	2,385,108 45
Conductors, Bag'e and Brakemen..	1,148,861 44	1,238,277 93
Engineers, Firemen and Wipers...	1,485,206 78	1,593,155 50
Train and Station Supplies.........	393,475 23	463,735 07
Fuel Consumed........................	1,962,681 25	2,031,803 43
Oil and Waste..........................	161,557 34	158,766 06
Personal Injuries.......................	137,155 30	123,918 24
Damage to Property	42,339 82	60,782 22
Loss and Damage of Fr't and B'ge,	16,862 42	26,041 64
Legal Expenses........................	76,025 56	99,126 25
New York Office Expenses	27,216 90	27,842 85
Taxes..	759,350 44	767,022 08
Insurance............	57,333 94	50,106 75
Miscellaneous Expenses............	156,017 32	154,516 11
Stock Yard Expenses	15,515 61	14,696 08
Expenses of Elevators.	58,513 85	58,175 03
Mileage of Cars	66,581 04	34,516 59
Total Expenses.......	$14,560,264 10	$15,326,693 80

RECAPITULATION.

	1886.	1887.	Increase.	Decrease.
Gross Earnings...........	24,718,403 17	26,366,123 98	647,720 81	
Total Expenses.............	14,560,264 10	15,326,693 80	766,429 70	
Net Earnings	$10,158,139 07	$10,039,430 18		$118,708 89

Statement of Earnings Monthly, for the Year 1887.

	FREIGHT.	PASSENGERS.	MAILS, EXPRESS, ETC.	TOTAL.
January	1,027,511 16	336,575 05	126,153 13	1,490,239 34
February	1,118,309 59	287,458 44	119,204 46	1,524,972 49
March	1,639,781 22	444,964 94	127,940 59	2,212,686 75
April	1,379,670 00	465,428 05	134,563 27	1,979,661 32
May	1,242,795 71	472,056 24	151,860 98	1,866,712 93
June	1,459,586 16	523,094 97	136,518 03	2,119,199 16
July	1,128,624 78	577,077 06	140,753 79	1,846,455 63
August	1,268,179 14	582,025 34	157,691 98	2,007,896 46
September	1,575,747 56	635,744 68	148,131 41	2,359,623 65
October	2,070,502 52	578,562 31	151,624 46	2,800,689 29
November	1,968,822 06	513,090 69	158,305 41	2,640,218 16
December	1,862,611 68	433,183 00	221,974 12	2,517,768 80
Total	$17,742,141 58	$5,849,260 77	$1,774,721 63	$25,366,123 98

Detail of Earnings for the Year 1887.

From	Freight	17,742,141 58
"	Passengers	5,849,260 77
"	Mail Service	729,304 87
"	Express Service	399,521 52
"	News Service	13,646 54
"	Rents	32,668 21
"	Telegraph	21,453 22
"	Extra Baggage	88,180 34
"	Sleeping Cars	86,299 86
"	Parlor Cars	13,985 30
"	Stock Yards	80,510 50
"	Milk	99,117 17
"	Elevators	210,034 10
	Total	$25,366,123 98

Mileage and Revenue of Freight for the Year 1887.

	EASTWARD.	WESTWARD.	TOTAL.
No. Tons Freight carried	4,052,172	3,521,623	7,573,795
No. Tons Freight carried one mile	913,469,837	715,914,664	1,629,384,501
Total Freight Earnings	$9,236,052 62	$8,506,088 96	$17,742,141 58
Rate per Ton per mile	1.01 cents.	1.19 cents.	1.09 cents.

Mileage and Revenue of Passengers for the Year 1887.

	EASTWARD.	WESTWARD.	TOTAL.
No. Passengers carried	3,158,977	2,985,091	6,144,068
No. Passengers carried one mile	106,933,858	123,510,715	230,444,573
Total Passenger Earnings	$2,854,933 21	$2,994,327 56	$5,849,260 77
Rate per Passenger per mile	2.67 cents.	2.42 cents.	2.54 cents.

Statement of Commodities Transported

DURING THE YEARS 1886 AND 1887.

Commodity.	1886. Tons.	1886. Per Cent.	1887. Tons.	1887. Per Cent.
Flour	320,425	4.52	383,630	5.06
Mill Feed	73,751	1.04	84,212	1.11
Wheat	878,850	12.41	946,428	12.50
Barley	294,170	4.15	266,278	3.52
Oats	149,010	2.09	169,766	2.24
Corn	185,500	2.62	172,218	2.27
Flax Seed	122,700	1.73	82,249	1.09
Other Cereals	53,810	.76	80,410	1.06
Hay	66,100	.93	93,639	1.24
Provisions	83,250	1.18	101,437	1.34
Dairy Product	13,669	.19	28,239	.37
Salt	56,098	.79	53,582	.71
Lime, Cement and Plaster	108,302	1.53	112,526	1.49
Brick and Stone	275,900	3.89	354,699	4.68
Merchant, Pig and R. R. Iron	196,525	2.77	219,334	2.90
Agricultural Implements	74,963	1.06	183,434	2.42
Coal	675,520	9.54	868,589	11.47
Live Stock	362,050	5.11	366,089	4 83
Lumber	912,850	12.89	1,001,782	13.22
Merchandise	709,500	10.02	630,614	8.33
Miscellaneous	1,472,129	20.78	1,374,640	18.15
Totals	7,085,072	100.00	7,573,795	100.00

Detail of Equipment and Improvement Expenditures for the Year 1887.

Additional Equipment	830,791 49
Real Estate, Chicago	6,015 33
Real Estate, St. Paul	18,143 30
Real Estate, Sundry Points	6,578 91
Round House, Shops, etc., Milwaukee	34,825 66
New Shop Office, Milwaukee	6,798 85
Coal Chutes, etc., Milwaukee	14,228 31
Round House, Boiler House, etc., Madison	3,798 87
Round House and other Buildings, Watertown	4,215 99
Shops, Crossing Gates, etc., Minneapolis	16,567 21
New Depot, Racine	980 28
Depot, Round House, etc., Mason City	3,011 07
Shops, Austin	28,458 53
Depot, Wauwatosa	3,625 02
Depot, National Avenue, Milwaukee	6,810 60
Depot, Round House, etc., North McGregor	11,642 53
Round House, Tomah	11,196 09
Depots, Warehouses, Coal Sheds, Water Tanks, etc., at Sundry Points	114,221 93
Round House, Buildings, Yards, etc., at Marion	60,796 13
Iron Bridges, Sundry Points	44,652 85
New Fences	10,417 36
New Culverts	24,800 26
Yard Improvements, Chicago	8,686 94
Yard Improvements, Milwaukee	40,746 85
Yard Improvements, North Milwaukee	17,612 23
Yard Improvements, La Crosse	5,006 57
Yard Improvements, Faribault	14,129 23
Yard Improvements, Sundry Points	8,002 84
Widening Embankments, Ballasting, etc	22,278 76
New Side Tracks, Sundry Points	85,511 69
Miscellaneous Improvements	156,571 96
Total	$1,621,123 64

VALUE OF FUEL AND SUPPLIES.

ON HAND DECEMBER 31ST, 1887.

Coal	40,746	Tons,	89,227 60
Wood	36,596	Cords,	95,997 83
Ties	1,621,267	Number,	694,732 85
Steel and Iron Rails	32,322	Tons,	872,307 12
Oil	161,421	Gallons,	33,545 42
Waste	105,983	Pounds,	8,013 90
Splices, Bolts and Spikes	2,112,675	Pounds,	50,349 82
Iron (worked and unworked)	7,813,647	Pounds,	170,990 79
Copper and Brass	698,800	Pounds,	70,383 42
Lumber and Timber	15,936,924	Feet,	288,122 89
Piles	108,295	Feet,	11,894 87
Posts	27,247	Number,	4,058 93
Engine and Car Wheels	2,538	Number,	18,710 64
Engine and Car Wheels (on axles)	2,730	Pairs,	62,681 19
Engine and Car Axles	252,822	Pounds,	7,098 14
Tires	166,099	Pounds,	8,662 32
Steel and Steel Springs	618,984	Pounds,	34,200 10
Engine, Car and Road Castings	3,845,881	Pounds,	68,229 61
Paints and Oils			16,597 93
Stationery Supplies			31,080 39
Other Supplies			290,285 24
Total			$2,927,171 00

SUMMARY.

No. of miles run by Passenger trains		6,690,804
No. of miles run by Freight trains		*15,129,726
No. of miles run by Wood and Gravel trains		1,400,339
Total No. of miles run		23,220,869
No. of tons of Freight carried one mile		1,629,384,501
No. of Passengers carried one mile		230,444,573
Earnings per mile run, on Freight		$1 17
Earnings per mile run, on Passenger		87
Expenses per mile run, including all expenditures		66
Percentage of Expenses to Earnings, including all expenditures		60.42%
Amount received per ton per mile		1.09 cts.
Amount received per Passenger per mile		2.54 cts.
Cost of maintaining Track and Bridges per mile run		11.58 cts.
Cost of repairs of Locomotives, per mile run	4.08 cts.	
Cost of Engineers, Firemen and Wipers, per mile run	6.86 cts.	
Cost of Oil and Waste, per mile run	.68 cts.	
Cost of Fuel, per mile run	8.75 cts.	20.37 cts.
Length of road, December 31st, 1887		5,670 miles.
Average No. of miles in operation during the year		5,355 miles.
‡Gross Earnings per mile of road operated		$4,736 90
‡Net Earnings per mile of road operated		1,874 77

*Includes switching.

‡In arriving at these results, the average number of miles in operation for the entire year were used, viz: 5355 miles.

Statement of Bonds, January 1st, 1888.

DESCRIPTION OF BONDS.	RATE OF INTEREST.	INTEREST PAYABLE.	DATE.	YEAR PAYABLE	AMOUNT.
Consolidated Mortgage Bonds....................................	7 per cent.	Jan. and July.	1875	1905	$11,486,000 00
Terminal Bonds..	5 "	" "	1884	1914	4,809,000 00
Income Sinking Fund Convertible Bonds....................	5 "	" "	1886	1916	2,000,000 00
First Mortgage La Crosse Division Bonds	7 "	" "	1863	1893	5,223,000 00
" " Iowa & Minnesota Division Bonds.........	7 "	" "	1867	1897	3,198,000 00
" " Prairie du Chien " "	8 "	Feb. and Aug.	1868	1898	3,674,000 00
Second " " " " " "	7.3 "	" "	1868	1898	1,241,000 00
First " Chicago & Milwaukee " "	7 "	Jan. and July.	1873	1903	2,393,000 00
" " St. Paul (or River) " "	7 "	" "	1872	1902	3,178,000 00
" " " " " " Sterling	7 "	" "	1872	1902	626,500 00
" " Iowa & Dakota " "	7 "	" "	1869	1899	541,000 00
" " " " Div. Extension "	7 "	" "	1878	1908	3,505,000 00
" " Hastings & Dakota Division "	7 "	" "	1872	1902	89,000 00
" " " " Div. Exten. "	7 "	" "	1880	1910	5,680,000 00
" " " " " " "	5 "	" "	1880	1910	990,000 00
" " Southwestern Division "	6 "	" "	1879	1909	4,000,000 00
" " La Crosse & Davenport Div. "	5 "	" "	1879	1919	2,500,000 00
" " Chicago & Pacific Division "	6 "	" "	1880	1910	3,000,000 00
" " Chicago & Pacific Western Div."	5 "	" "	1881	1921	25,340,000 00
" " Southern Minnesota Division "	6 "	" "	1880	1910	7,432,000 00
" " Mineral Point " "	5 "	" "	1880	1910	2,840,000 00
" " Dubuque " "	6 "	" "	1880	1920	6,565,000 00
" " Wisconsin Valley " "	6 "	" "	1880	1920	2,466,000 00
" " Wisconsin & Minnesota " "	5 "	" "	1881	1921	4,755,000 00
" " Chicago & Lake Superior Div."	5 "	" "	1881	1921	1,360,000 00
" " Chicago Missouri River Div. "	5 "	" "	1886	1926	3,083,000 00
Land Grant Income Bonds..	7 "	" "	1880	1890	1,236,000 00
Real Estate Mortgage Bonds.....................................	5 "	Mar. and Sept.	1884	1894	225,000 00
" " " "	5 "	April and Oct.	1885	1890	50,000 00
Minnesota Central R. R. Bonds..................................	7 "	Jan. and July.	1864	1894	123,000 00
Milwaukee & Western R. R. Bonds.............................	7 "	" "	1861	1891	215,000 00
Wisconsin Valley R. R. Bonds....................................	7 "	" "	1879	1909	1,106,500 00
Fargo & Southern R'y Bonds—First Mortgage..............	6 "	" "	1883	1924	1,250,000 00
Fargo & Southern R'y Bonds—Income.........................	6 "	April and Oct.	1885	1895	200,000 00
Dakota & Great Southern R'y Bonds...........................	5 "	Jan. and July.	1886	1916	2,856,000 00
Total..					$119,236,000 00

Dr. General Account, December 31st, 1887. Cr.

Cost of Road and Equipment..		$177,374,429 79	Capital Stock, Preferred.......	$21,596,900 00	
Coal Lands....................	$546,654 03		" " Common........	39,680,361 00	$61,277,261 00
Bonds, Stock, etc., of other companies..................	2,909,148 15		Funded Debt..................		119,236,000 00
Balances due from Agents, Conductors, etc.................	299,883 36		Unpaid Vouchers and Pay Rolls.	2,896,431 90	
United States Government.....	253,090 44		Dividends Unclaimed..........	66,610 27	
Miscellaneous Accounts, "Current Balances"..............	566,735 71		Interest Coupons not presented	32,844 32	
Stock of Material and Fuel on hand........................	2,927,171 00		Interest accrued, not yet payable.........................	3,395,485 65	6,391,372 14
Bills Receivable...............	21,200 00	7,523,882 69	Income Account...............		4,074,998 68
Mortgage Bonds of the Company unsold and held in its Treasury....................	3,365,000 00				
Cash on hand, Milwaukee and New York....	2,716,319 34	6,081,319 34			
		$190,979,631 82			$190,979,631 82

JAMES P. WHALING, *General Auditor.*