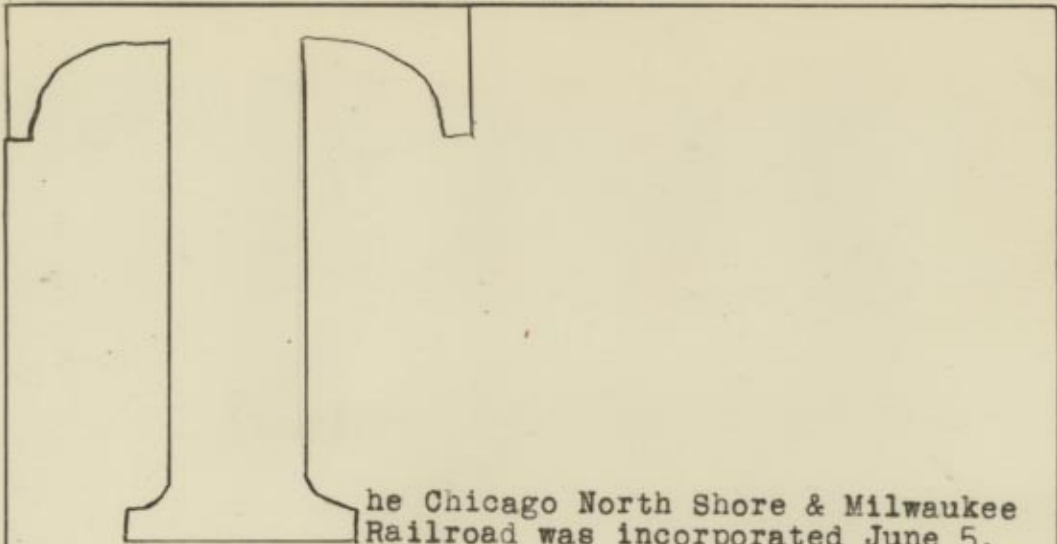


CHAPTER X II



he Chicago North Shore & Milwaukee Railroad was incorporated June 5, 1916, by

Incorporators

Archie F. Hooper	7200 Ellis Ave., Chgo
John Moran	11951 Princeton Ave., Chgo
Frank Stava	3904 W. Twenty-fourth St. Chgo
E. L. White	6620 St. Lawrence Ave., Chgo
W. D. Johnston	1923 Sherman Ave., Evanston
R. E. Simond	6026 Kenwood Ave., Chgo
Keith Richardson	74 Seventh Ave., La Grange, Ill.

who constituted the first Board of Directors, and each subscribed for 1 share of the Company's capital stock of \$100 par value, except Mr. Hooper who subscribed for 994 shares. Mr. Richardson, one of the directors mentioned in Article of Incorporation, resigned and transferred his interest in one share of the corporation to H. A. Pillman.

At the First Meeting of the Incorporators, held July 12, 1916, By-Laws were adopted, the Board of Directors was authorized to issue capital stock of the Corporation to the amount of \$100,000; Directors approved execution of trust deed to Continental Illinois Trust & Savings Bank, being a First Mortgage for \$10,000,000 on the Company's properties. The First Mortgage Gold Bonds were dated July 1, 1916, due July 1, 1936, interest at 5% payable semi-annually on the first day of July and January in each year.

First Meeting of Incorporators

At this meeting of the stockholders, on July 12, 1916, the issuance of \$3,400,000 First Mortgage Bonds was authorized.

First Mortgage Bonds

A General Mortgage of \$1,500,000 was approved at the meeting. The bonds were dated

General Mortgage Bonds

August 1, 1916, interest rate to be decided upon before issuance of bonds. The bonds matured August 1, 1936. An immediate issue of \$1,180,000 of these General Mortgage Bonds was authorized.

An issue of \$600,000. par value Collateral Gold Notes, Central Trust Company of Illinois, Trustee, dated August 1, 1916, was authorized. These notes matured-\$266,000. August 1, 1917, \$67,000 August 1, 1918 and \$267,000 August 1, 1919.

Collateral
Gold
Notes

John Moran's resignation as a Director was accepted at Stockholders' meeting July 17, 1916, and the vacancy was filled by the election of W.C. Johnson as a Director.

Directors

At the Stockholders' meeting on August 15, 1916, resignations and elections were as follows:

W.O. Johnson resigned - E.A. Shedd elected
R.E. Simond resigned - Britton I. Budd elected
W.D. Johnston resigned - John R. Thompson elected
E.L. White resigned - R. Floyd Clinch elected

At a second meeting of the Incorporators on July 12, 1916, attended by each of the Incorporators, the Directors were authorized to accept the offer of Frank A. Vath and Charles White to sell the properties and franchises of the Chicago & Milwaukee Electric Railroad Company to the Chicago North Shore and Milwaukee Railroad; to acquire from the North Shore Racine & Milwaukee Railroad the old Chicago & Milwaukee Electric Railroad Company's railroad and properties, and in payment of the purchase price thereof, to assume on behalf of the Chicago North Shore and Milwaukee Railroad the payment of an outstanding, unsecured promissory note of North Shore Racine & Milwaukee Railroad, dated June 1, 1916, and payable six months thereafter, in amount of \$964,000, with interest at 5%, and to take the railroad property of the North Shore Racine & Milwaukee Railroad subject to liens and claims as stated in the "acceptance" of the Railroad, as follows

2d Meeting
of
Incorporators

Purchase
of
North Shore
Racine &
Milwaukee
RR Properties

" (a) All taxes, assessments and governmental license fees that may be unpaid upon or against said property

- (b) All claims against the Receivers of the Chicago and Milwaukee Electric Railroad Company, a Wisconsin Corporation, or any one of them, for personal injuries or other wrongful acts that have occurred or which shall occur during and in connection with the Receivership of said last mentioned corporation prior to such transfer and sale; and of ^{the} payment of all unpaid indebtedness, if any, legally contracted or incurred by any of the receivers prior to such transfer and sale, and which, within six months after the first publication of notice, as provided in the decrees of sale as entered in the District Court of the United States for the Eastern District of Illinois, for the presentation of such claims, shall be duly presented to Charles B. Morrison, Special Master of the United States, and be duly allowed by said special Master, without objection, or established by the final order, judgment or decree of said Court, to the extent and so far as the same are not paid, satisfied and discharged out of the funds available for such purpose in the hands of the receiver in said cause.
- (c) Receivers' Certificates dated May 11, 1908 with interest at six per cent, from May 11, 1916, for \$961,000.
- (d) Receivers' Certificates, dated July 21, 1911, with interest at six per cent, from July 1, 1916, for \$75,000.
- (e) The rights, liens and claims, if any, of the General Electric Company, the Ketler-Elliott Erection Company, the Commercial & Savings Bank, and the Filer & Stowell Company, to any of the property herein mentioned or to any lien thereon, or to any of the proceeds thereof, or to compensation for the use and value thereof, to the extent and so far as the same are hereafter allowed and ordered to be paid by the final order, judgment or decree of the United States District Court for the Eastern District of Wisconsin, in the cause entitled Investment Registry, Limited, complainant, vs Chicago & Milwaukee Electric Railroad Company, A Wisconsin

Corporation, et al., defendants, consolidated cause in equity No. 80, Civil Docket C. C.; and upon the cross bill therein filed by Western Trust & Savings Bank and Willoughby Walling, as Trustees, under the deed of trust, dated January 1, 1905, made by the Chicago & Milwaukee Electric Railroad Company under and pursuant to the terms of said decree of sale, and not paid, satisfied and discharged out of the funds available for said purpose in the hands of the receiver in said Cause."

At stockholders' meeting of August 15, 1916, Directors' resignations were accepted and elections approved as follows:

Directors

H. A. Pillman resigned	Samuel Insull elected
Archie F. Hooper resigned	H. L. Stuart elected
Frank Stava resigned	H. S. Osler elected

The capitalization of the Chicago North Shore and Milwaukee Railroad, at September 11, 1916, was as follows -

Capitalization

Capital Stock

The capital stock is in the nominal sum of \$100,000 which will be made the basis of an authorized issue of 170,000 Participation Certificates with no face value expressed.

Funded Debt

First Mortgage 5% Gold Bonds due July 1, 1936
(this issue)

<u>Authorized</u>	<u>Outstanding in hands of Public</u>
\$10,000,000.	\$3,620,000

*5½% Collateral Gold Notes
 due serially
 August 1, 1917-1919
 (secured by deposit of
 \$480,000 General Mortgage
 5% Gold Bonds) \$600,000 \$400,000

General Mortgage 5% Gold Bonds
 due August 1, 1936 \$1,500,000 \$460,000

*The remaining \$200,000 Notes were issued and canceled."

The Directors elected by the stockholders on August 15, 1916 were -

Directors

Britton I. Budd E. A. Shedd
 R. Floyd Clinch H. L. Stuart
 H. S. Osler John R. Thompson
 Samuel Insull

The Executive Committee elected by the Board of Directors on October 16, 1916 was composed of -

Executive Committee

R. Floyd Clinch Samuel Insull
 H. L. Stuart

The Officers at December 31, 1917 were -

Officers

Samuel Insull - Chairman, Board of Directors
 Britton I. Budd - President
 R. Floyd Clinch - Vice President
 W. V. Griffin - Secretary and Treasurer
 C.E. Thompson - Assistant to President
 E. J. Doyle - Assistant Secretary
 W. F. Holtz - Assistant Treasurer
 Ralph R. Bradley - General Counsel

The first annual report to stockholders by Samuel Insull, Chairman, was made December 31, 1917, for the period of July 26, 1916 to December 31, 1917. Net Income was \$345,469.18 for that period. Balance sheet at December 31, 1917 follows.

First Annual Report to Stockholders

Balance Sheet - December 31, 1917

Assets

Road and Equipment as Per Appraisal	
Dated May 1, 1916, and Additional	
Construction Since July 26, 1916.....	\$12,963,023.58
Discount and Expense on Funded	
Debt, Subject to Amortization.....	116,621.52
Funds in Hands of Trustees.....	10,000.00
Inventories.....	\$ 219,351.67
Accounts Receivable.....	84,722.39
Cash.....	<u>377,675.20</u>
Unadjusted Accounts.....	681,749.26
	31,290.34
	<u>\$13,802,684.70</u>

Liabilities and Capital

Capital Stock.....	\$	100,000.00
Equity of Participation Shareholders		
in Road and Equipment.....		7,151,827.00
Funded Debt:		
First Mortgage 5%		
Gold Bonds.....	\$5,000,000.00	
Less: Pledged as		
Collateral.....	<u>940,000.00</u>	
	\$4,060,000.00	
General Mortgage 5%		
Gold Bonds.....	460,000.00	
Equipment 6% Gold		
Notes.....	153,000.00	
Serial 6% Gold Notes.....	<u>885,000.00</u>	5,558,000.00
Liabilities Assumed,		
Expressed at Nominal Value..		2.00
Protective Committee.....		1,693.42
Current and Accrued Liabilities:		
Loans and Notes Payable.....	\$154,872.10	
Accounts Payable.....	375,449.67	
Liberty Loan Subscription	7,857.37	
Accrued Interest and Taxes.....	<u>92,396.65</u>	630,575.79
Unredeemed Tickets.....		15,117.31
Surplus.....		<u>345,469.18</u>
		<u>\$13,802,684.70</u>