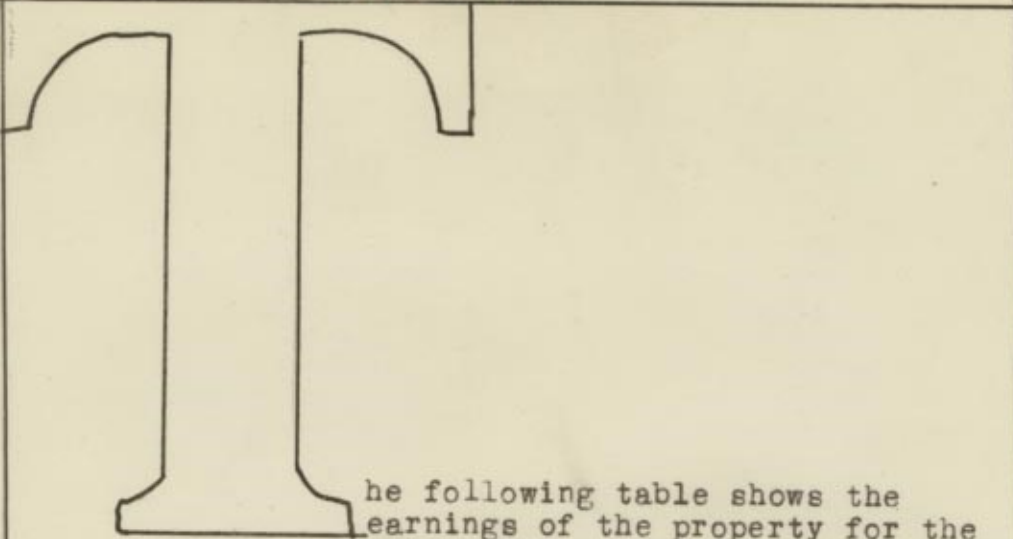


CHAPTER XXX



The following table shows the earnings of the property for the years 1932 - 1935 inclusive:

	Operating Revenues and other Incomes	Operating Expenses, Taxes Receivers Interest and other Charges	Deficit
1932...	\$4,053,165.05	\$4,609,821.33	\$556,656.28
1933...	3,903,899.66	4,106,456.44	202,556.78
1934...	3,865,196.49	4,079,363.92	214,167.43
1935...	3,832,521.75	4,059,941.89	227,420.14

Earnings Table

In 1935 the primary problem of this property was the decrease in operating revenues, as will be noted by comparing 1932 and 1935 in the above table. The loss is accounted for in the interurban passenger revenue, which was \$118,359.50 less in 1935 than in 1932, and in the less than carload freight revenue which was \$144,684.93 less in 1935 than in 1932.

The decrease in interurban passenger revenue was caused by the reduction in the basic rates of fare forced upon the Receivers by competing steam railroad carriers. These basic rates are hereinafter referred to. The effect of these non-compensatory low rates is made apparent when consideration is given to the fact that the Company carried in the year 1935, 1,388,274 more interurban passengers than it did in the year 1932, and despite this large increase in the number of passengers carried, the total revenue received from such carriage was \$118,359.50 less than that received in 1932.

Effect of Rate Reduction

In an endeavor to meet this situation, ~~XXXXXXX~~, through operating economies, the Receivers were enabled to decrease the operating expenses for the year 1935 in the amount of \$549,879.44, as against such expense for the year 1932.

Economies

The decrease in less than carload freight revenue in 1935 was caused by the unregulated competition of motor trucks operating over the public highways.

Motor Trucks

Total revenue from Railway operation and other income for the year amounted to \$3,832,521.75 compared with \$3,865,196.49 in 1934, a decrease of \$32,674.74. Operating expenses, taxes and other deductions for the year were \$4,059,941.89 compared with \$4,079,363.92 in 1934, a decrease of \$19,422.03. As a result, the Receivers' operations in 1935, after including taxes, interest and other charges, and non-operating income show a deficit of \$227,420.14 compared with a deficit of \$214,167.43 in 1934.

1935
Deficit

The total interurban passenger revenue for 1935 was \$2,318,756.39 compared with \$2,414,644.93 in 1934, a decrease of \$95,888.54.

In 1934 the Company derived a substantial amount of long haul business on account of a second year of "A Century of Progress Exposition" held in Chicago. While there was a substantial increase in the normal interurban passenger revenue during 1935, this increase was not sufficient to offset the revenue secured in 1934 due to "A Century of Progress Exposition".

"A Century
of Progress
Exposition"
Effect in
Traffic

The number of interurban passengers carried during 1935 was 7,765,722 compared with 7,730,717 in 1934, an increase of 35,005 or 45/100%. City and motor bus passengers carried in 1935 were 3,636,685 as compared with 3,403,030 in 1934, an increase of 233,655 or 6.87%.

Freight revenue for the year 1935 was \$682,281.92 compared with \$643,458.25 in 1934 an increase of \$38,823.67 or 6%. Interstate highway motor carriers were in 1935 placed under the jurisdiction of the Interstate Commerce Commission and required to conduct their business under regulations similar in principal to those governing the operations of this Company and other rail carriers.

Increased
Freight
Revenue

No additional Receivers' Certificates were issued during the year, and at the close of 1935, \$251,300 principal amount were outstanding.

Receivers'
Certificates

Total revenue from railway operation and other income for 1936, amounted to \$4,269,646.03, compared with \$3,832,521.75 the previous year, an increase of \$437,124.28 or 11.41%. Operating expenses, taxes and other deductions for 1936 were \$4,231,971.94, compared with \$4,059,941.89 for 1935, an increase of \$172,030.05, or 4.24%. The Receivers' operations for the year, after including taxes, interest and other charges, and non-operating income, show a net income of \$37,674.09, compared with a deficit of \$227,420.14 in 1935 - an improvement in Receivers' net income of \$265,094.23.

Increased
Earnings

Total Interurban passenger revenue for 1936 was \$2,543,242.82, compared with \$2,318,756.39 an increase of \$224,486.43 or 9.68% over the year 1935.

The number of interurban passengers carried during the year 1936, was 8,340,814 - compared with 7,765,722 in 1935, an increase of 575,092 or 7.41%. City passengers carried in 1936 totalled 4,211,434 - as compared with 3,636,685 in 1935, and increase of 574,749 or 15.80%.

Freight revenue for the year 1936 was \$831,867.49, compared with \$682,281.92 in 1935, an increase of \$149,585.57, or 21.92%.

Operating expenses for 1936 included retirement reserves in amount of \$220,007., compared with \$214,307. for 1935.

On March 1, 1932, wages of employes were decreased 10%. Effective as of January 1, 1936, restoration of 2½% was made. On January 19, 1937, the Receivers executed a new contract with Division 900 of the Amalgamated Association of Street and Electric Railway and Motor Coach Employes of America covering the period to June 1, 1938, under which the remaining amount of the reduction is to be restored by July 1, 1937. This is accomplished through an increase of two and one-half per cent made retro-active to October 1, 1936, and a further increase of 2½% January 1, 1937. The remaining amount of the reduction will be restored on July 1, 1937.

Salary and
Wage
Restoration

On November 24, 1936, a three-car train collided with an eight-car Chicago Rapid Transit train near Granville Station of the Rapid Transit Company, causing death and injuries to a number of persons. The cost of settling claims arising out of this accident in excess of \$25,000. is covered by insurance.

Granville
Station
Accident

Under the "Unemployment Insurance" provisions of the Federal Social Security Act, approximately \$19,000 was included in "Taxes," representing 1% of the total amount of wages payable for the year 1936.

Unemployment
Insurance

Receivers' Certificates in the principal amount of \$136,300. were paid during the year 1936, leaving a balance of \$115,000. unpaid as of December 31, 1936.

Receivers'
Certificates