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Passenger revenue for the year 1928 showed a decrease compared with 1927, a condition common to practically all rail carriers in the country, due to the general business situation. This, however, was more than offset by a substantial increase in freight traffic, so that the gross revenue of the Company was the largest in its history, amounting to \$7,967,186.11, compared with \$7,829,591.61 in 1927, an increase of \$137,594.50 for 1928.

Increased
Net Income

The gross income available for return on the investment was \$2,129,234.49, an increase of \$334,829.87 over 1927. Net income was \$781,721.15, an increase over 1927 of \$285,676.88.

A service, which has been developed almost entirely since the opening of the Skokie Valley Route in June 1926, is carload freight. This business showed an increase of approximately 50% for the year, with indications pointing to a steady increase in the future, because of the ability of the Company to give shippers a fast and reliable service.

Carload
Freight

The business in less than carload freight also showed a substantial increase. A large part of that traffic was what is known as "Ferry Truck" business established in 1927. A door-to-door pickup and delivery service is handled in Chicago and Milwaukee. Goods are loaded in a special steel trailer at the warehouse of the shipper and are not touched by hand until unloaded at the door of the consignee. The convenient overnight service which the Company offers makes a strong appeal to shippers where the time element is an important factor.

Ferry
Truck



Flatcar and trailer equipment placed in service in the Merchandise Despatch Department of the North Shore Line. The top picture shows the flatcar with two trailers on wheels mounted and securely locked in place for transit. The bottom picture shows the flatcar and the interlocking devices which make it possible to transport the trailers without removing the wheels.

A source of considerable revenue is the news stands and other public conveniences, maintained and operated by the Company in various stations. They produced a gross revenue of \$593,863.41 for the year, and yielded a net income of \$59,601.98.

Concessions

During the year, non-interest bearing notes, due July 1, 1928, to the amount of \$2,465,200 were converted into 6% non-cumulative preferred stock, pursuant to the terms of the agreement under which the Notes were issued.

Notes
Converted
into 6%
Preferred
Stock

A total of \$93,300. First and Refunding Mortgage 6% Gold Bonds and \$59,000. First and Refunding 5% Gold Bonds were acquired through the operation of the Sinking Fund. Equipment Trust Certificates to the amount of \$251,000. were retired during the year.

Sinking Fund
Bonds
Acquired

In an opinion of the Supreme Court of Illinois, handed down at the June term of court, in the case of the City of Chicago vs the Chicago North Shore and Milwaukee Railroad Company, the right of the Company to operate into Chicago over the tracks of the Chicago Rapid Transit Company without an ordinance from the City, was finally and definitely established.

Operation
Over
Northwestern
El. RR Co

An extension to the Waukegan City Lines on North Avenue from Glen Flora Avenue to Greenwood Avenue, a distance of one-half mile, was completed during 1928. This extension was built under a street railway franchise granted the Company by the City of Waukegan, which also includes the right to lay tracks on Water Street and County Street in the downtown district.

Extension
Franchises

An interurban franchise was granted the Company giving the right to operate in Belvidere Street and Utica Street, which route, provided better operating conditions into the Waukegan Terminal.

For the greater convenience of customers two additional stations were opened in Chicago, during 1928, one at the Belmont Avenue Station of the Chicago Rapid Transit Lines and the other at Madison Street and Wabash Avenue on the Loop.

Belmont Ave.
Station
Madison &
Wabash Ave.

Extension of City Lines in Waukegan
on North Avenue from Glen Flora
to Greenwood Ave (Waukegan) was
completed in 1928 under ordinance
granted the CUSUM RR Co February
13, 1928; which includes the right to
lay tracks on Water St and County
St in the downtown district
which work was completed May 10
or June 10 1931.

(Work was done some time after November 1930, as
authority to change certain material (in con-
nection with the work) was granted by the City Nov. 3, 1930

The sale of interline tickets was maintained throughout the year and has become an important feature of North Shore Line service. The Company has benefited materially from the sale of through tickets over steam railroads.

Interline
Tickets
Increase
Traffic

During 1928 the "Better Business Campaign" enlisting the active support of all employees in securing new business was made a permanent part of the Traffic Department.

"Better
Business
Campaign"

For the second consecutive year the North Shore Line was awarded the Silver Cup Speed Trophy at the convention of the American Electric Railway Association. The award was made on the basis that this line had during the year maintained the fastest schedule of any electric interurban railroad in the United States.

Speed
Trophy



Speed Trophy awarded to the North Shore Line for the second successive year at the 1928 A. E. R. A. Convention.



For greater protection at grade crossings over its tracks, the North Shore Line installed a new type of automatic electrically-operated safety gate at crossings between Niles Center and Racine.

On the Skokie Valley Route the safety gates were installed at Main Street, Niles Center Road, Glenview Road, Willow Road, Dundee Road, Deerfield Road and Deerpath Avenue. Other cities to receive additional protection were Fort Sheridan, Lake Bluff, North Chicago, Waukegan, Zion, Kenosha and Racine.

This gate furnishes as nearly perfect grade crossing protection as human ingenuity had ^{then} devised. The approaching train itself operates the gates by closing an electric track circuit, so arranged that warning is given by both bells and lights at least 35 seconds before the fastest train reaches the crossing. In the practical tests made, the circuit was completed by approaching trains when 2,200 feet away from the crossing.

Should a careless driver fail to heed the warning signals and run into a lowered gate, the mechanism is such that the gate will swing around parallel with the road. Springs in the gate posts automatically return the lowered arms to normal upright position.



(1) The gate when not in operation



(2) relay box



(3) Interior of Gate Post



(4) Gate being swung aside by automobile failing to stop



Diners and parlor observation car placed in service year 1928. (1) Exterior view of parlor-observation car. (2) Interior view of parlor-observation car, showing revolving easy chairs. (3) Exterior view of one of the diners. (4) Interior view of diner.



Double grade crossing over the North Shore Line tracks at Kinzie Avenue and Osborne Road, Racine, is one of the finest construction jobs of this kind ever done. Cost approximately \$6,000. Practically all the construction work was done by the Maintenance of Way forces under Supervisor Louis Homan. The track was raised 14 inches to eliminate the double bump caused by the fact that the two tracks were banked for the curve on the same level. The northbound track was raised 14 inches.



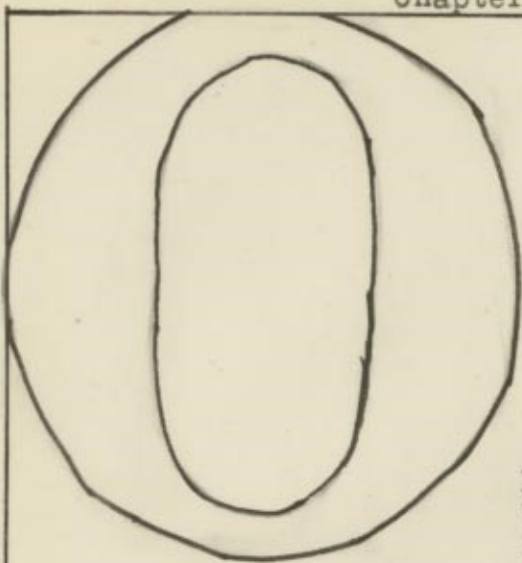
The largest motor coach movement ever handled by the North Shore Line Motor Coach Department, was in transporting the Zion Choir and Orchestra to Milwaukee and return on February 27, 1928.

The combined choir and orchestra numbered more than 450 trained musicians with their instruments, robes and music. Sixteen parlor Motor coaches were necessary to carry the crowd.



Double-truck safety cars, put in city service in Milwaukee and Waukegan by the North Shore Line, in 1928. These cars are designed for either one-man or two-men operation. They are 51 feet in length and have a seating capacity of 56 persons. The doors and treadles operate automatically by air, assuring a maximum in safety as the cars cannot be moved while the doors are open. A new feature is automatic lights similar to those in use on automobiles which warn vehicle drivers in the rear when the cars are slowing down to a stop.

Chapter XXIV



perating revenues for 1929 were larger than for any previous year.

Increased
Net Income

Total revenue from railway operation was \$8,020,762.28 compared with \$7,967,186.11 for the year 1928, an increase of \$53,576.17, while operating expenses were \$5,913,692.01 compared with \$5,928,424.54 in 1928, a reduction of \$14,732.53. The net revenue from railway operation was \$2,107,070.27 compared with \$2,038,761.57 in 1928, an increase of \$68,308.70. Gross income available for return on the investment was \$2,168,323.50, an increase over 1928 of \$39,089.01.

The gross revenue derived from the operation of news stands and other public conveniences in stations amounted to \$521,738.08 and yielded a net income of \$60,628.38 for 1929.

First and Refunding Mortgage 5½% Gold Bonds amounting to \$2,722,000 were issued.

Bonds
Issued

A total of 10,000 shares of 7% cumulative Prior Lien Stock was issued of which number 9,300 shares had been sold by the end of 1929. This stock was sold almost entirely by employees of the Company among customers regularly using the service.

Stock
Issue

North Shore Line service was extended to air travel during the year through arrangements with three air transportation companies. Fast passenger trains from Milwaukee made convenient connections in Chicago with the Stout Air Lines operating daily airplane service to Detroit, Cleveland and other eastern cities, also with the Universal Air Lines System to St. Louis and Kansas City, and with the Embry-Riddle Company to Indianapolis and Cincinnati.

Connections
with Air
Transporta-
tion
Companies



One of the planes used in the rail-air service of the North Shore Line and the Universal Air Lines System. This is a tri-motored Fokker plane, which accommodates 14 passengers.

"From Milwaukee to Detroit in 5½ Hours!"



A graphic illustration of how in 1929 the rail-air service of the the North Shore Line and the Stout Air Lines cut the travel time between Milwaukee and Detroit to 5½ hours and brought Eastern cities closer to other North Shore communities. (1) North Shore Line Limited left Milwaukee at noon, received passengers at Racine, Kenosha and Waukegan and arrived in Chicago at 2:11 P.M. Central Standard Time (2) Marigold Motor Coach transported passengers from Roosevelt Road Station, Chicago, direct to plane at Municipal Airport (3) Passengers immediately boarded "Miss North Shore" and left for Detroit at 3:00 P.M., Central Time (4) Plane arrived at Ford Field, Detroit, at 6:30 P.M., Eastern Standard Time (5:30 Central Time) which was exactly 5½ hours after travelers boarded North Shore Limited at Milwaukee Terminal.

Through rail-air tickets with the three air service companies were on sale at our stations in Milwaukee, Racine and Kenosha. While the business developed through these rail-airline connections was not great at the time, it was another step in the way of broadening our service to customers.

An increased sale was enjoyed in 1929 in interline tickets with steam railroads, also in the business which came to the Company from foreign lines. ~~This~~ Convenience to customers ~~in~~ being able to purchase through railroad and Pullman tickets at our stations to any part of the United States, Canada and Mexico was appreciated by travelers and resulted in a considerable amount of new business for the railroad.

Interline
and
Foreign
Railroad
Business

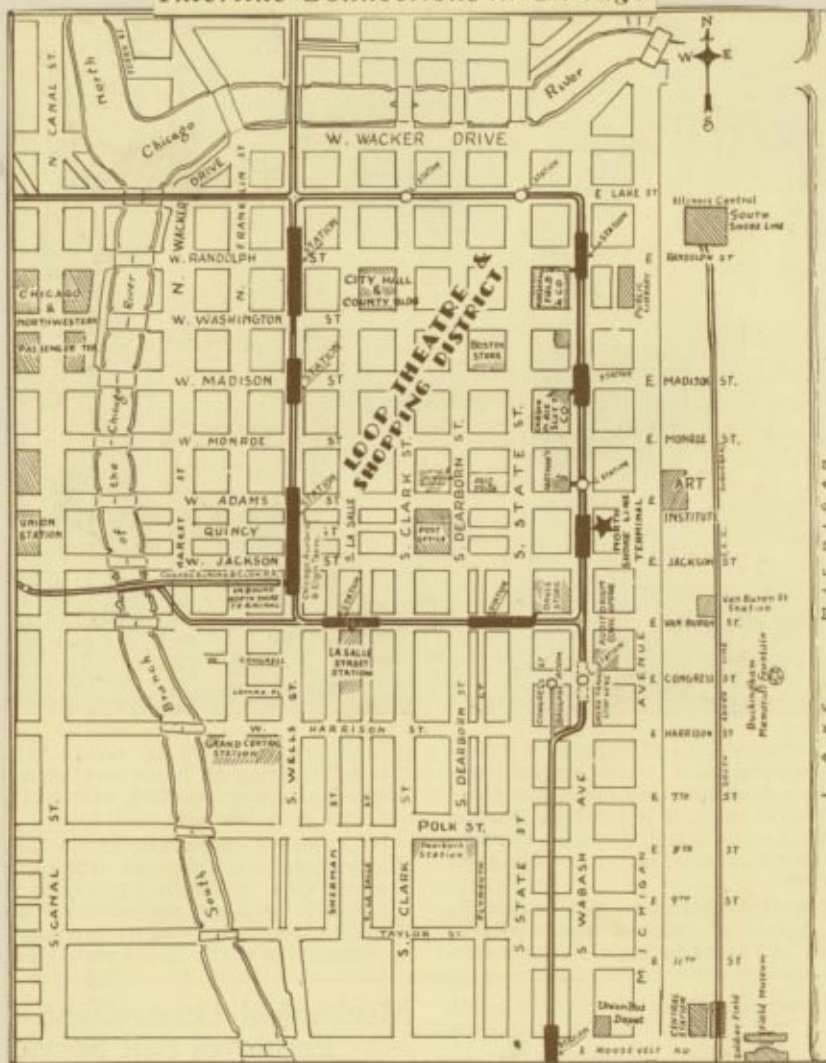
Twelve new industries employing several hundreds of workers, located on the railroad during 1929, which resulted in a substantial increase in ~~our~~ carload freight business and also in ~~our~~ less than carload and passenger traffic. The increase in carload tonnage was about 15% over the previous year, with an approximate 12% increase in revenue.

Increased
Traffic

Several of the manufacturing concerns located on the railroad and also others in the coal, lumber, building and material supplies business all of which brought to the railroad a desirable class of business.

Industrial
Development

Less than carload through rates were established to practically all points in the United States giving shippers the benefit of the same rates as apply to other carriers in the territory. This increased materially the less than carload business.



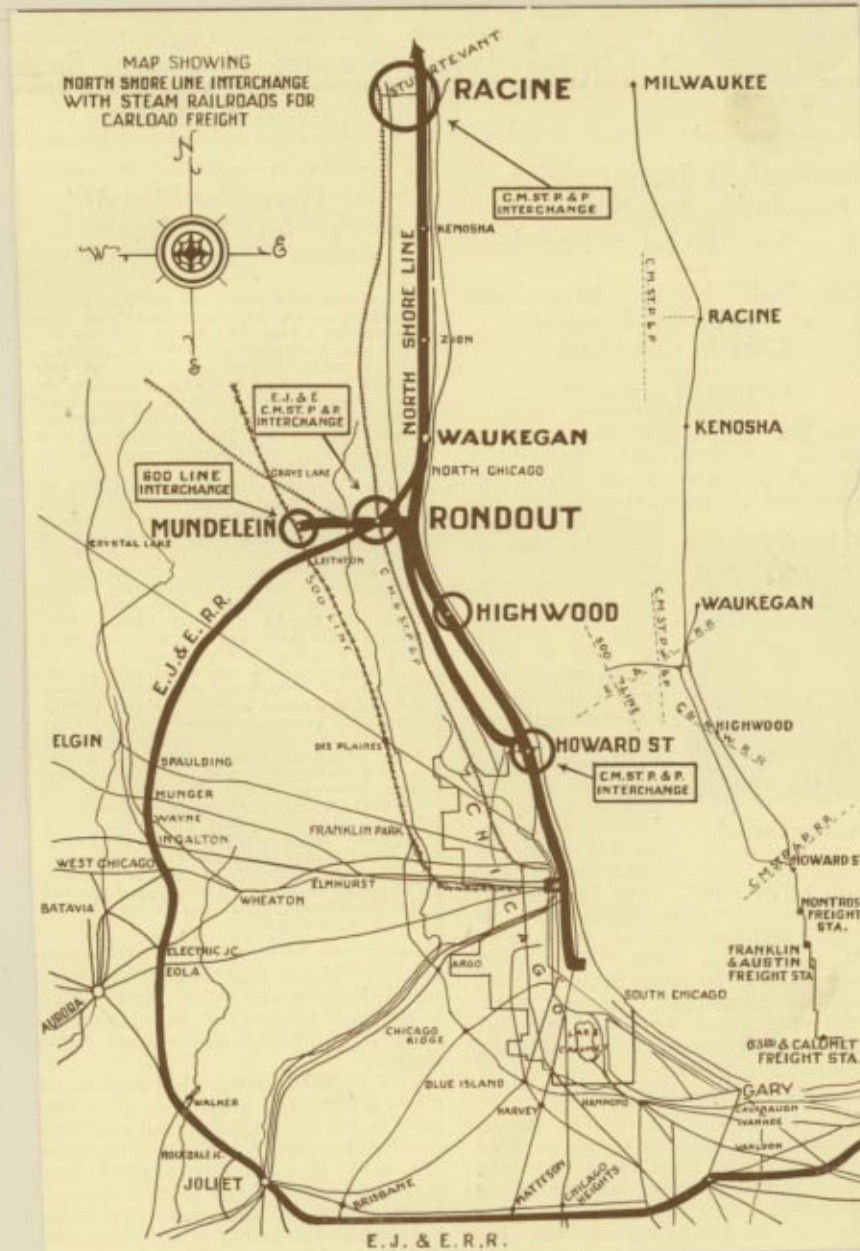
MADISON and WELLS - Chicago and North Western Station three blocks west.

QUINCY and WELLS - Union Station
(Pennsylvania Lines, Chicago & Alton;
Burlington; Chicago, Milwaukee, St. Paul
& Pacific) three blocks west. Reached
directly by transferring to Rapid Transit
trains for Canal Street Station and
using subway entrance.
Grand Central Station (Baltimore &
Ohio; Chicago Great Western; Pere
Marquette; Soo Line) three blocks south.

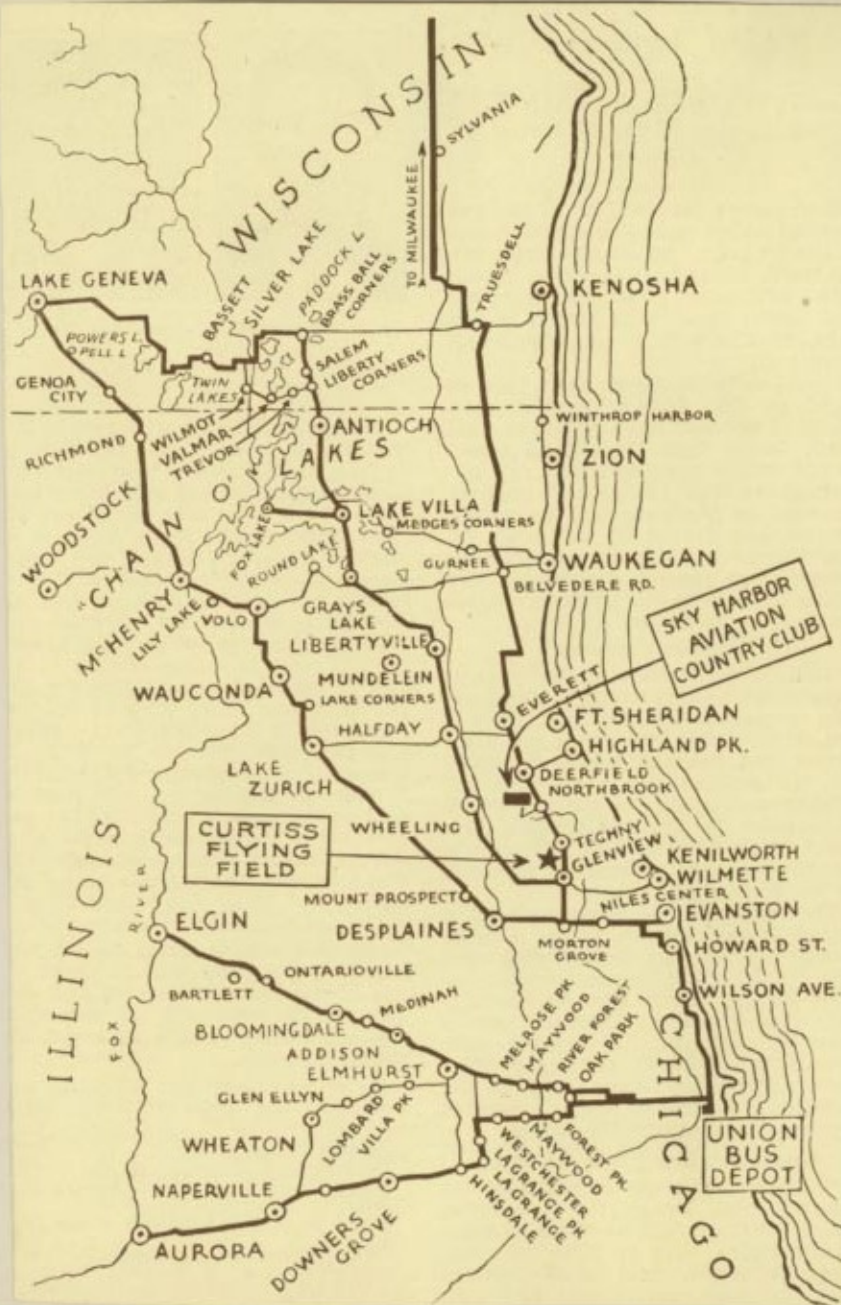
VAN BUREN and DEARBORN - Dearborn Station
(Chicago & Eastern Illinois; Erie;
Chicago & Western Indiana; Grand Trunk;
Monon; Santa Fe and Wabash) two blocks
south.

ROOSEVELT ROAD - Central Station (Big Four; Illinois Central; Michigan Central; Chesapeake & Ohio) two blocks east.

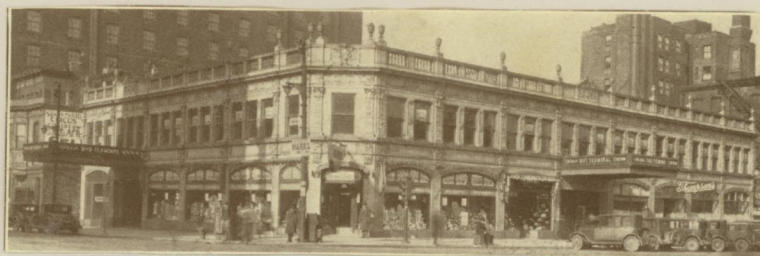
At Quincy and Wells, the inbound station of the "North Shore Line" is the Wells Street Terminal of the Chicago Aurora and Elgin Railroad, reached by overhead bridge at the south end of the elevated platform. The Van Buren Street Station of the South Shore Line is three blocks east of our State and Van Buren Street stop.



Map showing the various points where the North Shore Line interchanges carload freight with steam railroads for intermediate hauls on through shipments.



The extensive territory served by the Metropolitan Motor Coach Company and the Western Motor Coach Company—the Marigold Lines—in the Chicago Metropolitan Area is shown in the above this map. There are also two new Marigold routes direct from the Chicago Loop to the Chain O'Lakes region and to Lake Geneva and Lake Delavan. Connections with the North Shore Line also are made by Marigold coaches at various stations. Note especially the locations of the two new airports in the Skokie Valley—Sky Harbor Aviation Country Club and Curtiss Flying Field. Sky Harbor is quickly and conveniently reached by taking the North Shore Line to Highland Park or Briergate and transferring to Marigold coaches on the Highland Park-Northbrook route. Curtiss Field is reached by taking the North Shore Line to Wilmette or Niles Center and transferring to Marigold coaches—operating between these two suburbs.



The Union Motor Coach Terminal, the largest station in the world devoted exclusively to motor coach transportation has been opened at Roosevelt Road and Wabash Avenue, in the heart of the Chicago downtown business district.

At this central station are motor coaches of 24 companies serving all points in the United States. The terminal is conveniently located for North Shore Line customers, being only half a block east of the Roosevelt Road Station.



In 1929 extensive improvements were made at the Chicago Loop station at 223 South Wabash Avenue.

New entrance and terra cotta front add greatly to the attractiveness and convenience of the station. The large window to the north of the old entrance was torn out, being replaced by a smaller window on the north and a large entrance in the center with three doors.

A steel and glass canopy has been erected over the new entrance, extending to the curb.

Overhead bridge leading from the second floor of the station to the "L" platform has been enclosed in glass.

Three Neon tube signs announcing in large red letters "North Shore Line Station" have been installed over the entrance, one each facing north and south in Wabash Avenue and the other being located on the station platform.

The interior of the station has been redecorated, and everything possible has been done to make this a convenient and ideal place to board trains for north shore suburbs, the beautiful Skokie Valley, the Lake County countryside and any of the many thriving cities along the lake shore as far north as Milwaukee.

To increase facilities for handling the steadily growing business at Howard Street, the north city limits of Chicago, the Company built a new passenger station, which was opened to the public in January 1930. It has five display windows on Howard Street and contains soda fountain, lunch room, magazine stands, telephone booths and other public conveniences.

Howard
Street
Station

Howard Street Station



North Shore Line station at Howard Street. The station is located on the north side of street, directly across from the "L" station. Rapidly increasing business at this point made it necessary to provide separate quarters for North Shore Line passengers. The above picture shows the entrance to the station.

A new stop was established on the Loop at Clark and Lake Streets for the convenience of customers boarding trains on the north side of the Loop. Considerable and increasing traffic had been developed at this station. Customers may board trains on the Loop at four convenient points.

"Loop"
Stops

Revenue from railway operation was \$6,672,508.37 compared with \$8,020,762.28 for the year 1929, a decrease of \$1,348,253.91. Operating expenses were \$5,638,471.20 compared with \$5,913,692.01 last year, a reduction of \$275,220.81. Net revenue from railway operation was \$1,034,037.17 compared with \$2,107,070.27 in 1929, a decrease of \$1,073,033.10. Gross Income available for return on the investment was \$2,173,885.87 an increase of \$5,562.37.

Increased
Gross Income

The decrease in revenue from railway operation was due to the general business depression during the year which affected the rail carriers as well as other branches of industry. The decrease in revenue was partially compensated for by a reduction in the operating expenses.

General
Business
Depression

The Company disposed of its Skokie Valley Realty Association holdings at a substantial profit. With certain investments which were sold, a profit of \$901,162.16 was realized.

Skokie
Valley
Realty
Ass'n.



An aerial view of one of the many suburban residential communities along the North Shore Line. It shows the growing Community of Niles Center, which has developed

Niles Center

rapidly since the Skokie Valley Route was placed in service. The straight line running from the lower right to the upper left of the picture is the "North Shore Line" right-of-way. Dempster Street Station which also is a terminal point for the Rapid Transit Lines and the Marigold Motor Coach Lines, is located in the heart of this new suburban residential area.

Surplus at the end of 1930, was \$1,033,326.93 as compared with \$1,018,981.02 December 31, 1929.

Surplus
1930

On February 23, 1930, a serious grade crossing wreck occurred at our Washington Road crossing Kenosha, Wisconsin. The accident was caused by a motorist, who disregarding crossing signals, drove directly in the path of a passenger train.

Kenosha
Accident

While the Company was not responsible for the accident, and was exonerated by a Coroner's jury, it was decided to make settlements to avoid costly litigation.

To provide for refunding the \$2,500,000 three-year 6% Gold Notes maturing February 1, 1930, the Company sold \$2,500,000 short term 6% Gold Notes maturing January 1, 1931.

\$2,500,000
Short Term
Notes Issue

Equipment Trust Certificates Series "G" in the amount of \$700,000 were sold during 1930 to help finance the purchase of twenty-five new steel motor cars.

\$700,000
Equipment
Trust
Note Issue

An issue of \$2,500,000 Twenty-Five year Income Debentures dated December 31, 1930, was sold to provide funds to pay the \$2,500,000 short term 6% Gold Notes, maturing January 1, 1931.

To gain the utmost speed consistent with safety and comfort, a still faster service was started between Chicago and Milwaukee. Four "flyers" operating over the Skokie Valley Route now cover the distance between the Loop district of Chicago and the business district of Milwaukee in 1 hour and 50 minutes. These trains are composed of new all-steel cars with most improved facilities for comfort and safety. Three "flyers" carry parlor-observation cars

High Speed

A new station was established during the latter part of 1930 at Kinzie and Wells Street, Chicago.

Kinzie-
Wells St.
Station



Comfortable City Cars in use in Waukegan and Milwaukee



Due to the unfavorable economic conditions of 1931, the revenue from railway operation was \$1,491,115.03 less than that for the year 1930. Gross income available for return on the investment decreased \$1,538,250.19 as compared with the return for 1930. Operating expenses were reduced by \$767,416.67. Many economies were made, including a reduction of 7½ to 15 percent in salaries of officers and members of the clerical and supervisory forces. Surplus at December 31, 1931 was \$226,971.72, a decrease of \$806,355.21.

Decreased
Revenue

Salary
Reductions

Serial Notes in the aggregate amount of \$62,500 were issued as part payment for the purchase of automatic crossing gates.

\$62,500
Serial
Note Issue

A faster train service between Chicago and Milwaukee won the Company the "Electric Traction" speed trophy for the third year in competition with other electric carriers.

Electric
Traction
"Speed Trophy"

A new high record for maintenance of schedules was established for 1931 when 98.5% of the total of 96,972 trains operated reached their destinations on time.

To attract more off-the-line passengers, a number of additional parking spaces near our stations were opened.

Parking
Spaces

The weekly "two purpose" commutation ticket, which in addition to providing the owner with six round trip fares, permitted of the purchase of substantial additional tickets at 2¢

Two-Purpose
Commutation
Ticket

a mile had become popular.

A door-to-door canvass of homes in all suburban communities served, was made by employees to advertise the new ticket.

Fifteen new industries were located along the Company's lines during 1931. Nine of these actually started operations, and the remainder did early in 1932.

New
Industries
Located

In 1932 there was a further decline in both passenger and freight business and a corresponding decrease in revenues. As a result earnings were reduced to the extent that the Company was unable to meet its financial obligations.

Decreased
Earnings

Total revenue from railway operation was \$1,327,857 less than in 1931. Operations for the year resulted in a deficit of \$377,963, compared with gross income available for return on the investment of \$635,636 in 1931.

This unfavorable showing was made altho operating expenses were reduced \$789,369.

Many economies were made including a further reduction in salaries, wages and personnel, resulting in a decrease in payroll of \$621,588, compared with 1931.

Economies

On September 30, 1932 the American Brake Shoe and Foundry Company, to which the Company was indebted for materials furnished, filed a bill of complaint in the District Court of the United States for the Northern District of Illinois, Eastern Division, alleging the inability of the Company to meet its matured and maturing indebtedness, and requesting the appointment of Receivers to take charge of the assets of the Company and operate the property. The Company admitted the allegations made in the bill of complaint and the Court ~~thereupon~~ appointed Colonel Albert A. Sprague and Mr. Britton I. Budd, as Co-Receivers. They immediately took charge of the property and operated it under direction of the Court.

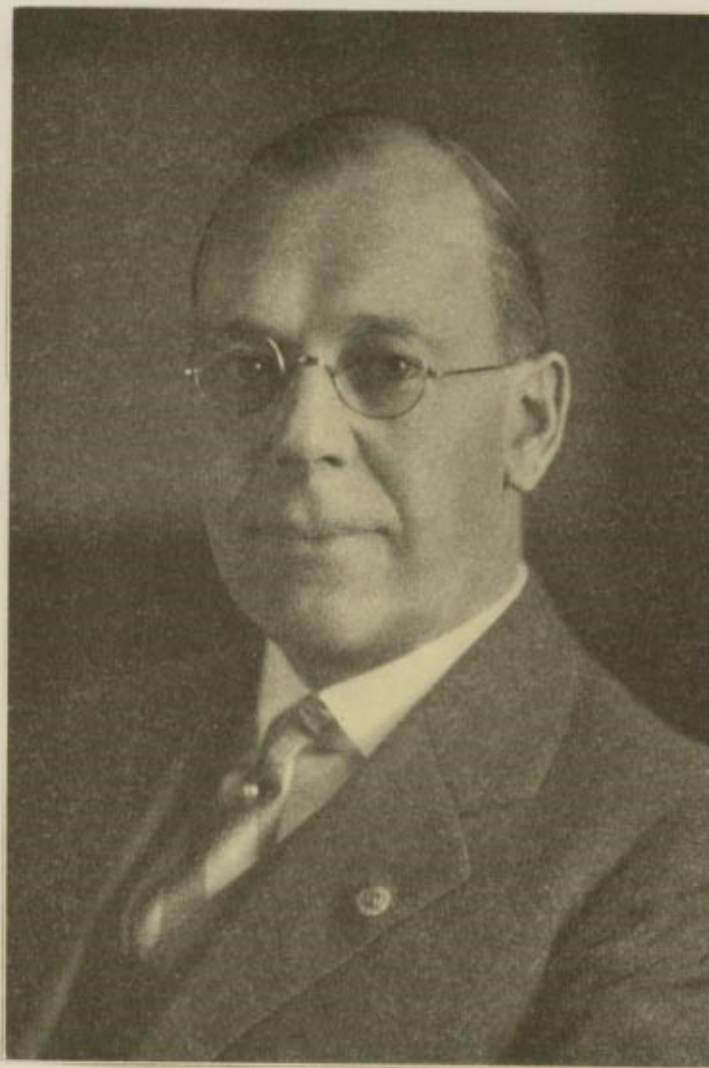
Receivers
Appointed

In order to meet interest payments and other maturing obligations, the Company, on February 20, 1932, obtained a loan from the Reconstruction Finance Corporation. The proceeds, \$1,150,000, were received on June 29, 1932. As security for the loan the Company pledged \$2,056,000 of its First and Refunding Mortgage 5½% Gold Bonds.

Reconstruction
Finance
Corporation
Loan

To provide for refunding the \$2,000,000 Three-Year 6% Gold Notes, maturing April 1, 1932, the Company, in accordance with a plan submitted to and accepted by the holders of the notes, secured authority to issue in exchange, 80% of the principal amount, or \$1,600,000 in Three-Year 7% Income Gold Notes and to pay 20% of the principal amount, or \$400,000 in cash.

\$1,600,000
Three-Year
7% Note Issue



COLONEL ALBERT A. SPRAGUE
Receiver

The general business and industrial depression continued during 1933, although the rate of decline in both the passenger and freight business was less severe than in recent years.

The number of interurban passengers carried in 1933 compared with 1932 shows an increase of 149,275, or 2.39%. The revenue from this class of service was slightly less than 1932, due to reduction in rates made necessary to meet the competition of other railroads in the territory.

The total revenue from railway operation was \$160,651 less than in 1932. Operating expenses and taxes were reduced by \$505,391 as compared with 1932. As a result, operations for the year, after including taxes and non-operating income, showed a deficit of \$21,838 as compared with the deficit of \$377,963 in 1932. This improved showing was made possible through the economies effected during the year as reflected in the operating expenses. Operating expenses for the year include retirement reserves of \$214,535, compared with \$203,356 in 1932.

The following table shows the reduction in earnings, ~~of the Company~~ for the past five years due to the most severe industrial depression in our history.

Rate Reduction and Lowered Earnings

1932 Revenue

Table of Earnings 1929 - 1933

1929	Operating Revenue and Other Income	Operating Expenses and Taxes	Amount Available for Interest Charges
1929...	\$8,462,101.92	\$6,293,778.42	\$2,168,323.50
1930...	8,102,949.13	5,929,063.26	2,173,885.87
1931...	5,802,466.39	5,166,830.71	635,635.68
1932...	4,053,165.05	4,431,128.33	377,963.28
1933...	3,903,899.66	3,925,737.40	21,837.74

Receivers' Certificates bearing interest not to exceed 6% a year, payable within three (3) years after date of issue, were authorized to be issued in the aggregate principal amount up to but not exceeding \$600,000. Issue of \$600,000 Receivers' Certificates

The Receivers' Certificates were authorized for the purpose of procuring funds for the discharge of tax and real estate mortgage obligations, equipment obligations, for the reimbursement of moneys actually expended by the Receivers for capital expenditures, for the lawful refunding of obligations of said Receivers, and for necessary expenses incurred by the Receivers in operating, conserving, and repairing the railroad properties and conducting business during the receivership.

At the close of 1933, \$103,000. principal amount of Receivers' Certificates had been sold.

Expenditures for additions and betterments to the property amounted to \$104,778. Of this amount \$40,000. covered a payment to the State of Wisconsin as the Company's share of the cost of grade separation of State Highway 38 at Horlicksville Road Crossing, Racine County, and State Highway 43 at Burlington Road Crossing, Kenosha County.

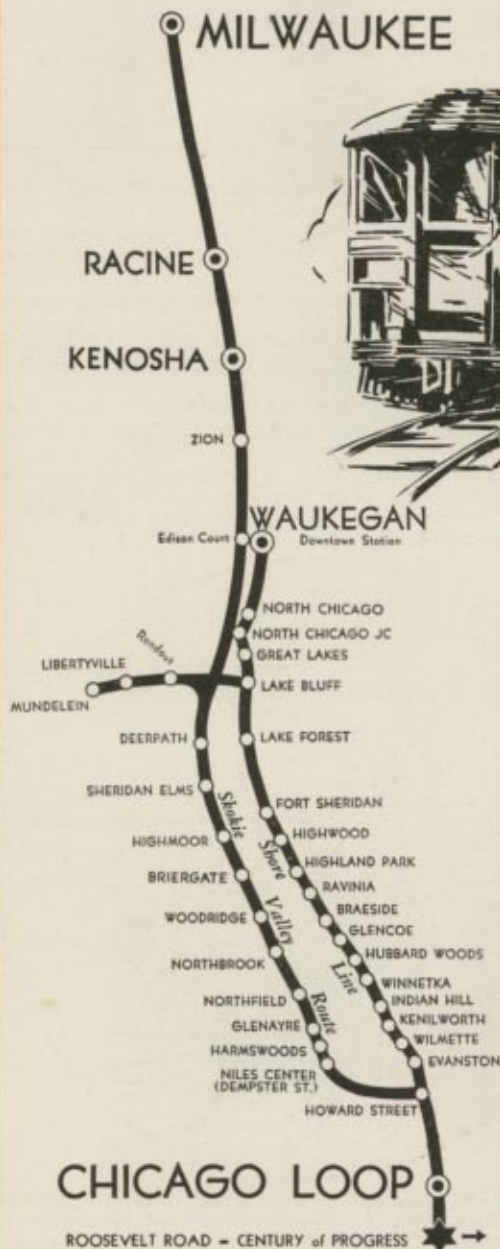
Grade
Separation in
Wisconsin

The following sheets illustrate some publicity used to attract travelers to the Century of Progress in Chicago in 1933.

DIRECT TO THE GATES OF THE 1933

CENTURY OF PROGRESS

WORLD'S FAIR GROUNDS



MILWAUKEE, Racine, Kenosha, Waukegan, Mundelein, Libertyville, Skokie Valley, North Shore Suburbs; through the residential districts of Chicago's North Side; over the congestion of the famous Loop and direct to the Roosevelt Road Gateway to A Century of Progress—the 1933 World's Fair Route of the North Shore Line.

CONVENIENT! When you go North Shore Line to Chicago you can easily make fullest use of the city-wide transportation facilities of the Rapid Transit Lines—the "L." In Chicago all stations are on the "L"—at any one of these you can transfer direct to "L" trains bound for different parts of the city. If you are visiting relatives or friends, the "L" will take you *there!*

FREQUENT! In addition to the hourly service between Milwaukee, Racine, Kenosha, Waukegan and Chicago, there are four trains every hour between the Loop and Waukegan via North Shore suburbs. Trains over the Skokie Valley Route to Libertyville and Mundelein are just as handy.

FAST! For the past six years the North Shore Line has ranked among the three fastest electric interurbans—four times it has been named *America's Fastest!*

CHICAGO — JUNE 1 — NOVEMBER 1, 1933

Page Seventeen

39 years of NORTH SHORE LINE Progress!.....

IT is 1894. A company of builders, fired with the enthusiasm and desire for expansion which followed in the wake of the World's Columbian Exposition of '93, is establishing the little Bluff City Electric Railway—great-grandfather of the famous North Shore Line of today.

These pioneers in the adaptation of electric power to transportation plan modest plans. The Bluff City will link the communities of Waukegan and Lake Bluff. But back in the minds of these men is the dream that some day steel will be extended to Evanston, 19 miles to the south—possibly even northward to Kenosha, 16 miles away in Wisconsin.

Their dreams become actualities sooner than they hope. Rail is laid to Highland Park and the Bluff City dignifies itself by taking the name North Shore Interurban. Rapid development of the beautiful home country of the North Shore makes it necessary to go on to Evanston. That goal is reached but ambitions soar and, under the title Chicago and Milwaukee Electric Railway, the old Bluff City triumphantly enters Kenosha, then Racine and ultimately Milwaukee!

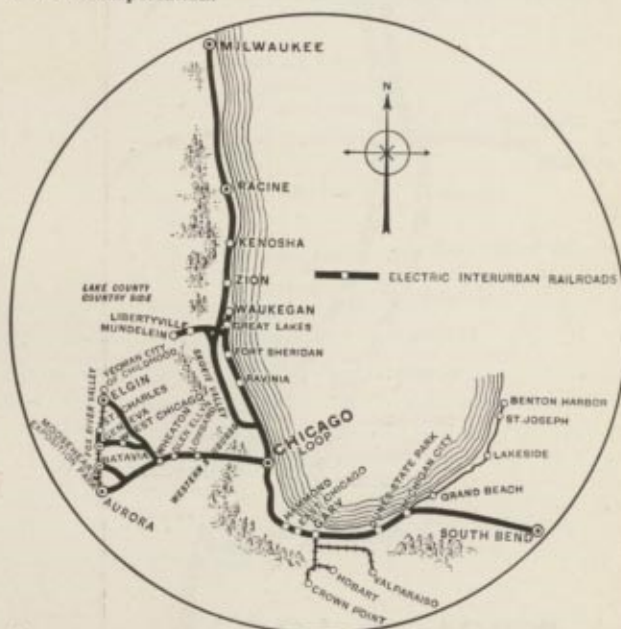
In 1919 the career of this lusty electric infant is climaxed. It becomes a full-fledged electric interurban railroad with dining car service and trains start operation between Chicago and Milwaukee!

Since those early times down to the present, progress has been continuous. Now hourly trains over the famous Skokie Valley Route bring together the Chicago Loop, Waukegan, Kenosha, Racine and Milwaukee. Four trains every hour serve Waukegan, Lake Bluff, Highland Park, Evanston and other North Shore suburbs. High-speed trains make the Skokie Valley, Libertyville and Mundelein only an hour's ride from Chicago.

Now the North Shore Line numbers many notable achievements among its "features"

- It was the first to win the Charles A. Coffin award "for distinguished contribution to the development of electric transportation, for convenience of the public and the benefit of the industry."
- First to offer the public de luxe parlor-dining service.
- First interurban line to establish interline ticketing arrangements with steam railroads by which the customer is able to buy tickets, check baggage, etc., from any North Shore Line station to any point in the United States or Canada.

- First and only interurban to sell Pullman tickets.
- First to provide its customers with the luxury of an individual easy-chair seat—at no extra cost.
- First to introduce the popular small-investment weekly ticket for commuters.
- First and only transportation line to offer limited service *every hour* between Chicago and Waukegan, Kenosha, Racine and Milwaukee.
- First to hook up with air transport companies in giving complete air-rail service.
- Only line which offers the unexcelled convenience in reaching all parts of Chicago through direct platform connections with the Rapid Transit Lines—the "L."
- Only interurban that receives and discharges customers at five inbound—and four outbound—stations in the heart of the Chicago Loop.
- A pioneer in the modernization of the electric interurban railway industry, the North Shore Line has earned a reputation as "The Road of Service" by its unceasing efforts to provide the best in 1933 transportation.



America's First and Finest—the three electric interurbans serving Chicagoland! The North Shore Line—South Shore Line and the Chicago Aurora and Elgin. A glance at the map shows the important territories served by each.

TRAVEL BY TRAIN TO THE WORLD'S FAIR

Page Eighteen

Total revenue for the year 1934 from railway operation and other income was \$3,865,196.49 compared with \$3,903,899.66 for the year 1933, a decrease of \$38,703.17. Operating expenses and taxes for the year were \$3,890,427.46 compared with \$3,925,737.40 in 1933, a decrease of \$35,309.94. As a result operations for the year, after including taxes and non-operating income, showed a deficit of \$25,230.97 compared with a deficit of \$21,837.74 in 1933.

Decreased
Earnings

City and motor bus passengers carried in 1934 were 3,403,030 as compared with 3,116,878 the previous year, an increase of 286,152, or 9.18%. The number of interurban passengers carried in 1934 was 7,730,717, compared with 6,509,462 in 1933, an increase of 1,221,255 or 18.76%. Due to the drastic reduction made in passenger rates, the revenue from this class of business was \$15,749.86 less than for 1933.

The basic rate of 3.6¢ a mile was reduced to 2¢ a mile on December 1, 1933, with a further reduction of 10% or to 1.8 cents a mile when a round trip ticket is purchased, to meet the experimental rates placed in effect by competing steam railroads.

Rate
Reduction

Carload freight revenue for the year 1934 was \$358,533.24 compared with \$327,440.17 in 1933, an increase of \$31,093.07 or 9.50%. Less than carload freight revenue for the year 1934 was \$284,925.01 compared with \$335,781.53 in 1933, a decrease of \$50,856.52 or 15.15%. The loss in this less than carload business was due to the

Carload
Freight

unregulated competition of motor trucks operating on the public highways.

Operating expenses for 1934 included Retirement Reserves in the amount of \$217,746., as compared with \$214,535. for the year 1933.

The following table shows the earnings of the Company for the past three years:

	Operating Revenues and Other Income	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

Three-Years'
Earnings Table

No interest payments on the First Mortgage Bonds and the First and Refunding Mortgage Bonds were made.

Bond Interest
Not Paid

As stated in the annual report for the year 1933, Receivers' Certificates bearing interest not to exceed 6% per annum, payable within three years after date of issue, were authorized to be issued in the aggregate principal amount up to but not exceeding \$600,000; the Certificates to be issued in conformity with an order of the District Court of the United States for the Northern District of Illinois, Eastern Division, duly entered on October 10, 1933, and approved by the Illinois Commerce Commission under order dated October 18, 1933.

During 1934, Receivers' Certificates in the amount of \$148,300. were issued, and at the close of the year, \$251,300. principal amount of Receivers' Certificates were outstanding.

Receivers'
Certificates

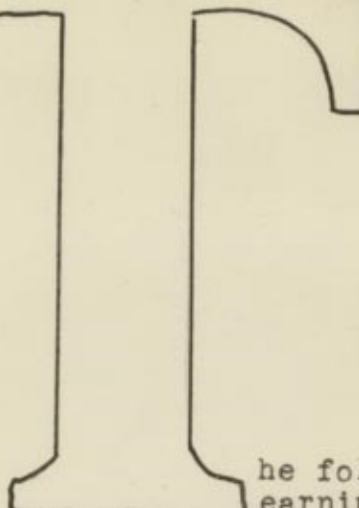
Expenditures for additions and betterments to the property amounted to \$53,448.80. Of this amount \$42,475.67 covered the installation of automatic crossing gates, replacing manual operation, thereby effecting a substantial saving in the expense of operation.

Crossing
Gates

On October 3, 1934, attorneys representing three bondholders owning an aggregate of \$4,000 of such securities, filed a petition in the District Court of the United States, Northern District of Illinois, Eastern Division, asking a reorganization of the Company under Section 77A and 77B of the Bankruptcy Act. The Company filed its answer contesting this petition on the ground that it did not comply with the Bankruptcy Act and, therefore, should be dismissed.

77-A and 77-B
Bankruptcy
Petition
Successfully
Contested

CHAPTER XXX



he 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, ~~XXXXXX~~, 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 employees 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 Employees 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