

ross income for the year 1927 after deducting operating expenses and taxes was \$1,794,405. a decrease of \$19,886. from the previous year. The net income was \$496,044. compared with \$731,427, in 1926, a decrease of \$235,383.

Earnings

The decrease in the net income was due to the increased fixed charges under a full year's operation of the Skokie Valley Route. In the previous year the interest charges on the capital invested in the new railroad were not charged against operation until the opening of the line in June 1926.

Development along the new line progressed rapidly. Dealers in coal and building materials, foreseeing the future of the territory and appreciating the advantages of favorable locations established yards with switch track connections. Twelve such yards, representing an investment of approximately \$450,000, and the use of five miles of storage tracks and sidings were put into operation.

Yards and
Switch
Tracks

Along the entire 23 miles of road new municipalities were created or corporate limits of old-established towns and villages were extended. Practically the entire territory adjacent to the railroad was then within the corporate limits of cities and villages.

Municipalities
Created

This suburban area, brought by the new line within a few minutes ride of the business center of Chicago has thousands of acres of highly desirable home sites, capable, when fully settled, of housing a large population.

Arrangements were made with the steam railroads for the interchange of cars, a profitable carload freight business was developed.

Carload
Freight
Business



One of three 700-horsepower electric locomotives in daily use along the North Shore Line, which has been instrumental in building up the carload freight service.

During the year 1927, the Company sold \$2,500,000, Three-Year 5½% Gold Notes to retire floating indebtedness and reimburse the treasury for expenditures made for additions and betterments.

3 Year
5½% Gold
Notes

New equipment was partially financed by issuance of Equipment Trust Certificates to the amount of \$804,000, par value.

First and Refunding Mortgage 6% Gold Bonds to the amount of \$156,400, and First and Refunding Mortgage 5½% Gold Bonds to the amount of \$92,300 were acquired through the operation of the sinking fund.

Bonds
purchased
for
Sinking
Fund

At the beginning of 1927, passenger rates were on the basis of 3¢ a mile, but authority was granted to increase interstate rates to 3.6¢ a mile in March 1927. The intrastate rates remained at 3¢ a mile, but on a further application to the Interstate Commerce Commission an order was issued December 12, 1927, directing the Company to increase its intrastate rates to 3.6¢ a mile to end the discrimination against the interstate passenger.

Rates of
Fare

With the idea of still further improving public relations through employees, cash prizes were offered employees who submitted the best suggestions on how to improve the service, increase the business of the Company and effect economies in operation. A total of 810 suggestions were submitted, for which 115 cash prizes aggregating \$600. were awarded. The plan increased the interest of the employees in their work and in the Company.

Improvement
Suggestion
Prizes

It is an interesting comparative fact that at the time the present management assumed operation of the North Shore Line, in 1916, the road and equipment had a valuation of \$12,251,997. In the intervening period to the end of 1925, a total of \$22,089,374. additional was raised from investors and spent for right of way track improvement, stations, cars and other equipment, bringing the value of the road and equipment, as of the end of the year, up to the large sum of \$34,341,371.

Value of
Road and
Equipment
December 31,
1925

A total of 18,299,160 passengers, or an increase of 1,057,975, as compared with 1924, was carried. The main line railroad carried 9,814,594 revenue passengers, an increase of 354,480 over 1924. It transported 536,095 tons of merchandise, as compared with 333,888 in 1924, an increase of 202,207 tons. Its express and milk departments showed healthy increases.

Increase in
Passengers,
in Merchandise
Express and
in Milk Car-
ried

The larger electrically operated railroad service provided the public is seen in the fact that North Shore Line trains operated 10,989,774 car miles, an increase of 1,107,975 miles over the previous year. This did not include car mileage of city lines.

On the Milwaukee city line, 2,787,742 revenue passengers were carried, an increase of 175,625.

Milwaukee
City Line

In Waukegan, where the Company operates both the street railway and supplemental motor coach service, 4,663,321 passengers were carried, an increase of 352,494.

Waukegan



Viaducts were used to tell the public "Where to go and how to get there". The result is shown above, taken at Church Street, Evanston. Girder signs have been painted at - Illinois Avenue, Lake Forest; Highland Avenue Highland Park; Moraine Road, Highland Park; Wisconsin Avenue, Lake Forest; and Lake Bluff subway.

This order was made effective January 15, 1928.

The increase in interstate passenger rates placed the Company in a position to participate in through interline passenger traffic with steam railroads. As a result arrangements were perfected for travelers to purchase tickets at our stations for any part of the United States, Canada and Mexico, over any railroad they wished to travel.

Interline
Tickets

Passenger traffic on the Main Line showed a substantial increase over the previous year, notwithstanding the less favorable business conditions and the fact that in the last four months the railroad had keen motor coach competition between Chicago and Milwaukee.

Passenger
Traffic
Increase

The Company carried on its Main Line a total of 10,865,823 revenue passengers, in 1927, compared with 10,714,458 in 1926, a gain of 151,365.

The total number of passengers carried on all rail and motor coach lines was 19,161,925, compared with 19,461,426 in 1926. There was a decrease of 299,501 passengers on the Milwaukee and Waukegan City Lines, and the motor coaches during the latter months of the year, due to general slackening in industrial activities and considerable unemployment among city workers.

Early in 1927 an arrangement was made with connecting steam railroads to move carload freight to or from stations on our line to any point in the United States, Canada and Mexico, at the same freight rates as applied to steam railroads. Our ability to protect industries on our line in this respect opened the way for further industrial development.

Freight
Rates

The freight merchandise despatch business amounted to 843,000 tons, an increase of 186,000 tons over the year 1926. The increase was all in carload freight, a branch of service which operation of the new Skokie Valley Route had opened to the Company.

Increased
Merchandise
Despatch
and Freight
Revenue

Previous to the building of the Skokie Valley Line the Company's facilities for handling carload freight and for exchanging cars with steam railroads, were extremely limited, as franchise restrictions and limitations prohibited the hauling of freight cars south of Highland Park.



Carload of washers handled by North Shore Line.

When the right of way was being acquired through the Skokie Valley the Company saw the necessity of having some control over the development that was certain to follow the building of the railroad. The Company was able to make arrangements with private interests which acquired title to lands adjacent to station sites, through which profits from the sale of such lands would accrue to the Company over a period of years as the lands were sold and the territory developed.

Lands
Adjacent to
Stations
Acquired

This arrangement was made without the investment of any funds of the Company in land other than that required for railroad purposes. The profits accruing to the Company up to December 31, 1927, amounted to \$333,597.

As the Skokie Valley territory developed and the land held by the Skokie Valley Realty Association, (an organization formed by the private interests above mentioned) was sold, a considerable revenue was obtained by the Company from this source, which helped materially in carrying interest charges during the early years of operation.

Skokie Vall
Realty
Association

Although the Company has no financial investment in land adjacent to its railroad property, it is vitally interested in controlling the character of the colonization and development under way, because its business of the future is dependent in large measure upon those factors.

Concessions operated by the Company for the convenience of passengers in various stations produced a gross revenue for the year of \$586,351.. compared with \$545,453 the previous year, an increase of \$40,898. The net income from this source was \$68,934. for 1927.

Concessions
1927
Earnings



Banquet of the North Shore Line Public Speaking Clubs, held in the Hotel Racine, the evening of April 26, 1927. Everyone wore a paper festival cap and had a gay time. General Manager John F. Egolf is "dolloed up" in a Chinese mandarin hat. Luke Grant, Publicity Manager, is seen in the lower left corner and his hat proves that he is scotch in fancy.