

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.

Reconstructio
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 Issu



COLONEL ALBERT A. SPRAGUE
Receiver