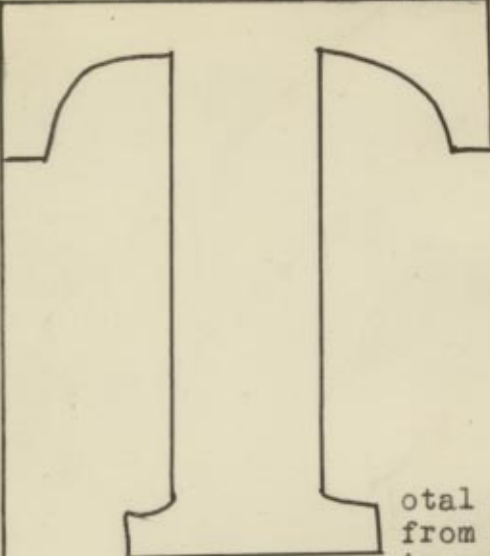


CHAPTER XXIX

	<p>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.</p>
<p>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.</p>	<p>Decreased Earnings</p>
<p>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.</p>	<p>Rate Reduction</p>
<p>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</p>	<p>Carload Freight</p>

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.

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77-A and 77-B  
Bankruptcy  
Petition  
Successfully  
Contested