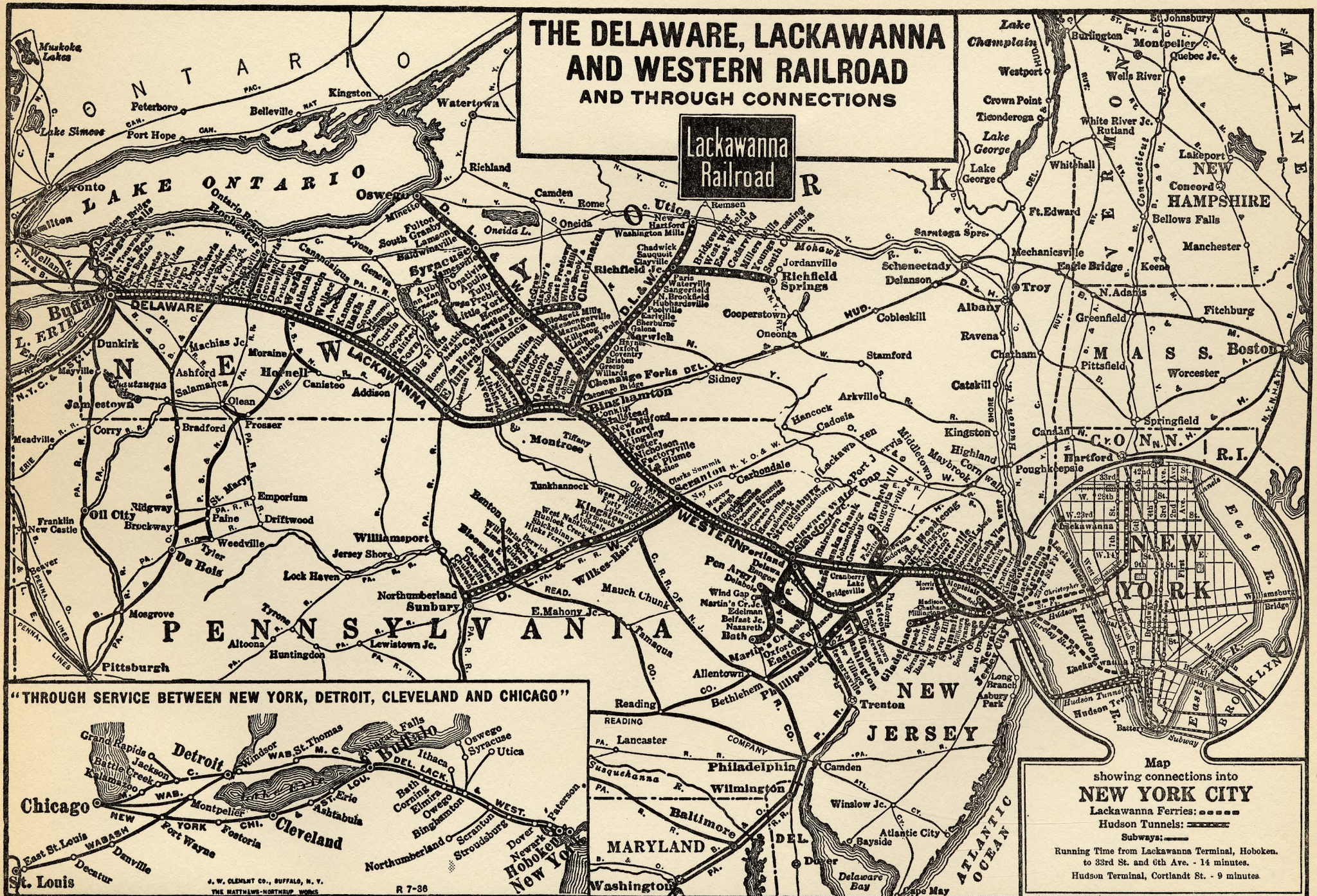
1943

ANNUAL REPORT

OF

The Delaware, Lackawanna and Western Railroad Company

FOR THE YEAR ENDED DECEMBER 31, 1943

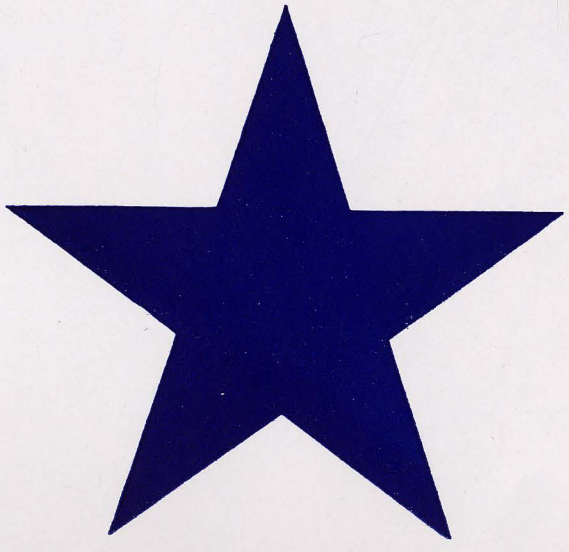

THE DELAWARE, LACKAWANNA AND WESTERN RAILROAD
AND THROUGH CONNECTIONS
Lackawanna Railroad
ONTARIO
LAKE ONTARIO
PENNSYLVANIA
NEW YORK
NEW JERSEY
MARYLAND
DELAWARE
MASS.
CONN.
R.I.
VERMONT
NEW HAMPSHIRE
MAINE
Buffalo
Oswego
Utica
Syracuse
Richfield Springs
Binghamton
Scranton
Elmira
Ithaca
Corning
Hornell
Salamanca
Jamestown
Dunkirk
Buffalo
Rochester
Albany
Troy
Schenectady
Saratoga Spgs.
Boston
Worcester
Springfield
Hartford
Poughkeepsie
Kingston
Catskill
Pittsfield
Greenfield
Fitchburg
Manchester
Concord
Bellows Falls
Lakeport
Burlington
Montpelier
St. Johnsbury
Quebec Jc.
Wells River
White River Jc.
Rutland
Whitehall
Ft. Edward
Lake George
Lake Champlain
Westport
Crown Point
Ticonderoga
Mechanicsville
Eagle Bridge
Keene
N. Adams
Cobleskill
Cooperstown
Oneonta
Sidney
Stamford
Arkville
Delhi
Hancock
Cadosia
Carbondale
Scranton
Tunkhannock
Montrose
Williamsport
Lock Haven
Sunbury
Northumberland
Mauch Chunk
E. Mahony Jc.
Tamaqua
Allentown
Bethlehem
Phillipsburg
Easton
Reading
Lancaster
Philadelphia
Camden
Trenton
Wilmington
Baltimore
Washington
Winslow Jc.
Atlantic City
Bayside
Dover
Delaware Bay
Cape May
ATLANTIC OCEAN
Long Branch
Asbury Park
Jersey City
Hoboken
Newark
Paterson
Dover
Stroudsburg
Scranton
Binghamton
Owego
Elmira
Corning
Bath
Ithaca
Oswego
Syracuse
Utica
Rochester
Buffalo
Niagara Falls
Detroit
Windsor
Grand Rapids
Battle Creek
Kalamazoo
Jackson
Chicago
Montpelier
Cleveland
Ashtabula
Fostoria
Fort Wayne
Danville
Decatur
East St. Louis
St. Louis
Pittsburgh
Altoona
Huntingdon
Lewistown Jc.
Tyrone
Mosgrove
Du Bois
Oil City
Franklin
New Castle
Brockway
Ridgway
Emporium
Driftwood
Weedville
Paine
St. Marys
Meadville
Corry
Bradford
Prosser
Olean
Salamanca
Ashford
Chautauqua
Mayville
Dunkirk
Machias Jc.
Moraine
Hornell
Canisteo
Addison
Waverly
Ithaca
Owego
Cortland
Homer
Tully
Apulia
Onondaga
Auburn
Geneva
Canandaigua
Rochester
Lyons
Fulton
Pulaski
Oneida
Rome
Camden
Remsen
Utica
Richland
Watertown
Kingston
Belleville
Peterboro
Port Hope
Lake Simcoe
Toronto
Hamilton
Niagara Falls
Muskoka Lakes
Lackawanna
Scranton
Carbondale
Port Jervis
Middletown
Maybrook
Highland
Corning
Wallkill
Montclair
Orange
Newark
Jersey City
Hoboken
New York
Brooklyn
Hudson Tunnels
Hudson Terminal
Cortlandt St.
Battery
Subway
Lackawanna Ferries
Hudson Tunnels
Subways
Running Time from Lackawanna Terminal, Hoboken, to 33rd St. and 6th Ave. - 14 minutes.
Hudson Terminal, Cortlandt St. - 9 minutes.
Map showing connections into
NEW YORK CITY
"THROUGH SERVICE BETWEEN NEW YORK, DETROIT, CLEVELAND AND CHICAGO"
J. W. CLEMENT CO., BUFFALO, N. Y.
THE MATTHEWS-NORTHRUP WORKS
R 7-36

Employees Serving Their Country



"That these honored dead . shall not have died in vain."

A. LINCOLN



1519

We Must Not Fail Them!

1943

ANNUAL REPORT

OF

The Delaware, Lackawanna and Western Railroad Company

FOR THE YEAR ENDED DECEMBER 31, 1943

THE DELAWARE, LACKAWANNA AND WESTERN RAILROAD COMPANY

DECEMBER, 31, 1943

BOARD OF MANAGERS:

M. Hartley Dodge	*Arthur A. Houghton, Jr.
Roy C. Gasser	Willard F. Place
Paul Moore	Robert W. Lea
Roy E. Tomlinson	Wm. White
J. M. Davis (Deceased March 2, 1944)	Henry M. Reed
Arthur G. Hoffman	Robert G. Fuller

Lewis G. Harriman

*Mr. Houghton is in active service as an officer in the United States Army Air Forces.

EXECUTIVE COMMITTEE:

Willard F. Place	J. M. Davis (Deceased March 2, 1944)
Roy C. Gasser	Wm. White

Robert G. Fuller

OFFICERS:

President,	Wm. White,	New York, N. Y.
Assistant to President,	E. B. Moffatt,	" "
Vice-President, in Charge of Operation and Maintenance,	G. J. Ray,	" "
Vice-President, in Charge of Traffic,	C. F. Farmer,	" "
Vice-President and General Counsel,	Douglas Swift,	" "
Secretary and Treasurer,	J. G. Enderlin,	" "
Comptroller,	P. D. Jonas,	" "
General Superintendent	P. M. Shoemaker,	" "
Chief Engineer,	G. A. Phillips,	Hoboken, N. J.
Chief of Motive Power,	F. T. James,	Scranton, Pa.
Freight Traffic Manager—Sales and Service,	H. C. Schmidt,	New York, N. Y.
Freight Traffic Manager—Rates and Divisions,	J. S. Sikora,	" "
Passenger Traffic Manager,	W. H. Dominick,	" "

New York, March 17, 1944.

To The Stockholders of

The Delaware, Lackawanna and Western Railroad Company:

On behalf of the Board of Managers, the President of your Company submits herein a report of operations for the year 1943 and of the state of its affairs at the close thereof.

The outstanding feature of railroad operations in 1943 was the demonstrated ability of the railroads to successfully transport a vast volume of freight and passenger traffic which exceeded all previous records. In 1918, the peak year of World War I, your Company handled 5¾ billion ton-miles of freight and 605 million passenger-miles. In 1943 it handled nearly 6¾ billion ton-miles of freight and over 626 million passenger-miles. In the latter year it owned 47 per cent fewer locomotives, 40 per cent fewer freight cars, and 14 per cent fewer passenger cars than in 1918; but each locomotive per mile in 1943 handled 92 per cent more tons and each freight car each day handled 58 per cent more ton-miles than in 1918. Locomotives have greater tractive power and freight cars have larger carrying capacity now than in 1918, and these factors of larger capacity and greater utilization each day, plus the heavier loading of cars by shippers and the prompt loading and unloading of cars by shippers and consignees, provide the answer as to how the railroads have been able to transport the record volume of freight and passengers without serious congestion and car shortages.

The principal items of the income account in comparison with 1942 were as follows:

	1943	1942	Increase or Decrease Amount	Per Cent
Operating Revenues	$81,380,395	$72,544,985	$8,835,410	12.18
Operating Expenses	56,009,062	48,464,633	7,544,429	15.57
Net Revenue	$25,371,333	$24,080,352	$1,290,981	5.36
Operating Ratio	68.82%	66.81%	2.01%	
Taxes	12,728,834	12,034,943	693,891	5.77
Equipment and Joint Facility Rents	1,461,219	396,593	1,064,626	268.44
Net Railway Operating Income	$11,181,280	$11,648,816	$ 467,536*	4.01
Other Income, chiefly dividends and interest on securities owned	881,196	918,594	37,398*	4.07
Gross Income, available for Interest and Rentals	$12,062,476	$12,567,410	$ 504,934*	4.02
Interest and Leased Line Rentals	7,373,717	7,417,925	44,208*	.60
Net Income	$ 4,688,759	$ 5,149,485	$ 460,726*	8.95

* Decrease

The reduction in net railway operating income of 4.01 per cent follows the national trend; Class I railroads of the United States as a whole showed a reduction of 8.3 per cent. Generally this decrease resulted from:

1. Increased operating expenses due to higher labor costs resulting from wage agreements which were made retroactive to the early part of 1943 and to increased overtime due to manpower shortage.

2. Increased cost of fuel and other materials.

3. Higher taxes.

4. Action of the Interstate Commerce Commission in setting aside on May 15, 1943, increases in commutation fares and freight rates which had been effective since February 10, 1942, and March 18, 1942, respectively.

5. Change in the Accounting Classification effective January 1, 1943, charging the loss on non-depreciable property retired and not replaced to Operating Expenses instead of to Profit and Loss Accounts.

By referring to page 29 of this report you will find an interesting comparison between gross revenues in 1943 and 1929 because they were almost alike. In the latter year, earnings per share of common stock were $7.90 while in 1943 they were $2.78. The decrease in earnings is not because of operating expenses, as it will be noted that expenses were also about the same in both years, despite three general wage increases in the interim and changes in accounting prescribed by the Interstate Commerce Commission which require increased charges to operating expenses, such as depreciation of road property and the loss on non-depreciable property retired. The reason for much lower earnings in 1943 than in 1929 was principally taxes, which were $6,092,938 higher and equipment rentals which were $1,554,964 higher. Higher taxes require no explanation, and the reason for equipment rentals being so much higher is due to the volume of oil moving in privately owned tank cars requiring mileage payments for the use thereof and the increased number of foreign cars on line for which a per diem rate was paid, with fewer Company owned cars off line due to decreased ownership. In this connection it is pertinent to call attention to the fact that in 1929 anthracite revenue was $20,183,000, while in 1943 it was $9,981,000, a decrease of more than 50 per cent.

It will be noted also on page 11 that freight revenue per net ton-mile in 1943 was 0.98 cents, which is the first time that freight revenues have been less than 1 cent per net ton-mile since 1918.

RATES AND FARES

In the annual report for 1942 your attention was directed to the fact that the Office of Price Administration and the Department of Agriculture had filed petitions with the Interstate Commerce Commission in December, 1942, requesting the removal of increases in freight rates and passenger fares authorized by the Commission early in 1942 as a partial offset to continuing increases in operating costs—principally wages. The increased freight rates had averaged about 4.7% on all freight traffic. As a result of that petition the Interstate Commerce Commission on April 6, 1943, by a vote of 6 to 5, ordered the railroads to suspend most of the freight rate increase from May 15, 1943 to December 31, 1943 and to revoke entirely the increase in commutation fares. In the latter part of 1943 the Interstate Commerce Commission continued the suspension of the freight rate increases to June 30, 1944. Because of additional increases in wages explained later in this report, it is hoped that the Interstate Commerce Commission will withdraw the suspension of freight rates and permit them to be restored.

WAGES

As stated in the annual report for 1942, labor organizations in less than one year after receiving increased wages had again requested increased wages for employes in non-operating groups of 20 cents per hour with a minimum of 70 cents, and in engine and train service groups of 30 cents per hour with a minimum increase of $3.00 per day. Both these requests were submitted to National Railway Labor Panels. The Labor Panel investigating the non-operating dispute made its report on May 24, recommending an increase of 8 cents per hour retroactive to February 1, 1943. The Economic Stabilization Director by order dated June 22, 1943 disapproved the recommendation.

On August 7, 1943 representatives of the railroads and the non-operating employes signed an agreement to increase rates of pay by 8 cents an hour subject to existing requirements of law. This agreement not having received government approval, the President appointed a Special Emergency Board to reconsider the claims of non-operating employes. This Board on November 4 recommended a graduated scale of increases ranging from 10 cents an hour for the lowest hourly rated employes to 4 cents an hour for the highest hourly rated employes retroactive to February 1, 1943. The Economic Stabilization Director in an opinion dated November 8 stated that he would not disapprove these recommendations, but representatives of the non-operating employes announced that they were unsatisfactory and unacceptable. After an unsuccessful effort on the part of the non-operating employes to have Congress enact a law legalizing the agreement of August 7 that provided 8 cents an hour increase, these employes on December 21 issued a strike call for December 30.

The Labor Panel investigating the demands of engine, train and yard service groups recommended on September 25 an increase of 32 cents per minimum basic day, or 4 cents per hour, retroactive to April 1, 1943. The Economic Stabilization Director on October 16 announced that he would not disapprove this recommendation, and the railroads thereupon put the increased rate into effect. Representatives of the operating group notified the railroads that these increases were not satisfactory and issued a strike call to become effective over a period of days beginning December 30.

The President of the United States called into joint conference the railroad management committees and heads of labor organizations, and asked all parties to the wage dispute to accept his services as an arbitrator. The management committees and the representatives of engineers and trainmen accepted the President's offer, and he announced an award to the engineers and trainmen providing for a further increase of 5 cents per hour from December 27, 1943, plus a week's vacation with pay. The 5 cents per hour increase was awarded in lieu of expenses away from home terminal and in lieu of overtime after 40 hours per week, although these matters were not involved in the original request of the operating groups nor were they the subject of negotiation prior to the award by the President. The heads of other labor organizations did not agree to accept the services of the President as arbitrator, and to avoid a threatened interruption of vital transportation service in war time the President, acting through the Secretary of War, took possession and control of the railroads as of seven P. M. December 27, 1943. Then started a series of conferences between representatives of labor, management and government looking to a settlement of the long drawn-out wage negotiations. On January 14, 1944, representatives of the conductors, firemen and switchmen entered into an agreement whereby they accepted the same increases as previously awarded to the engineers and trainmen. Thus the final agreement with the operating groups provided for an increase of 4 cents per hour from April 1, 1943, and in addition an increase of 5 cents per hour from December 27, 1943, plus a week's vacation with pay. On January 18, 1944, the non-operating groups agreed to a basis of settlement which was approved by the Economic Stabilization Director. By this agreement, the graduated scale of increases ranging from 10 cents an hour for the lowest paid to 4 cents an hour for the highest paid non-operating groups was made effective retroactive to February 1, 1943; and in addition an increase of from 1 cent to 5 cents an hour was made effective December 27, 1943. Thus all non-operating employes received an increase of 9 cents per hour or more from December 27, 1943, after they had indicated their willingness and had entered into an agreement in August, 1943, to accept an increase of 8 cents an hour.

The wage controversy having been brought to an end and the danger of interrupted transportation service having passed, the Secretary of War by order dated January 18, 1944, relinquished possession, operation and control of the railroads as of 12 o'clock midnight of that day.

These wage increases cost your Company in 1943 the sum of $2,246,494 and are expected to cost in the full year 1944 the sum of $3,896,400.

REVENUES

The additional revenues in 1943 from freight and passenger rate increases that had been granted in the early part of 1942 amounted to $2,150,367, as compared with $2,953,964 during 1942, a reduction of $803,597. This reduction was due to suspension of the increase in commutation fares and freight rates on May 15, 1943.

Freight revenue amounted to $62,774,426, an increase of $6,290,046 or 11.14 per cent. Included in this figure is anthracite coal revenue which decreased 14.30 per cent. Demand for anthracite increased over the requirements of 1942, but due to strikes and loss of manpower less anthracite was sent to market than in 1942, the year of recent peak anthracite production. Total freight revenue represented the movement of 34,941,061 tons of revenue freight, an increase over 1942 of 12.59 per cent, an average distance of 183.92 miles per ton, producing 6,426,286,642 ton-miles, an increase of 22.86 per cent.

Passenger revenue was $11,246,843, an increase of $2,023,368 or 21.94 per cent. Passenger miles, other than commutation, were the highest in the history of the Company. The large increase in passenger traffic as compared with 1942 was handled with an increase of only 1 per cent in train miles.

All other operating revenues, including mail, express, ferry and other services, aggregated $7,359,125, an increase of $521,996, or 7.63 per cent.

OPERATING EXPENSES

Maintenance of way and structures expense was $8,454,748, an increase over the previous year of $1,382,082, or 19.54 per cent, and absorbed 10.39 cents of each dollar of revenue. During the year 10,474 tons of new rail were laid in replacement compared with 8,620 tons in the previous year; 144,770 cross ties compared with 224,356, and 140,000 tons of ballast compared with 175,000. Due to restrictions imposed by the War Production Board new rail and track fastenings were not available in quantities required.

Maintenance of equipment expense aggregated $11,773,220, an increase of $883,059, or 8.11 per cent, and absorbed 14.47 cents of each dollar of revenue. That locomotives and cars have been well maintained to be available for maximum service is shown by the fact that only a normal number of locomotives was undergoing or awaiting repairs, and but 2.9 per cent of freight cars and 1.6 per cent of passenger cars were unserviceable at the end of the year. However, due to intensified use of all equipment the wear and tear thereon is greater than in former years and will require replacement at an earlier date than would occur under more normal use. Unfortunately tax laws do not permit the setting up of tax-free reserves for the purpose of providing funds for taking care of deferred maintenance of road and equipment when manpower and materials will be available.

Transportation expenses totaled $32,150,519, an increase over the previous year of $4,960,824, or 18.25 per cent, and absorbed 39.50 cents of each dollar of revenue. In the movement of traffic, new trainload records were established, the gross tonnage being 2986 per train, and the net tonnage of revenue freight 1435. Special attention is directed to page 11 showing comparative operating results and statistics.

TAXES

Railway tax accruals aggregated $12,728,834, an increase of $693,891, or 5.77 per cent, and absorbed 15.64 cents of each dollar of revenue. Of this amount, $5,963,185 was levied by states and local taxing agencies and the remaining $6,765,649 by the Federal Government, of which $2,154,519 represented payroll taxes for unemployment insurance and retirement and $4,400,986 income taxes. Taxes for the year were equivalent to $7.54 per share of outstanding stock.

In the last annual report you were informed of an action brought by the Attorney General of New Jersey against the State Treasurer in the Chancery Court to have the Tax Settlement Act held unconstitutional. This Act provided for the payment in installments by New Jersey railroads of unpaid back taxes amounting in the case of your Company to $7,236,147, without penalties. The Chancery Court in a decision rendered on July 20, 1943, held the Act unconstitutional. An appeal was thereupon taken by the State Treasurer to the Court of Errors and Appeals, the highest court in the state. The appeal was argued before that court on February 1, 1944, and its decision is now being awaited. If the court affirms the decision of the lower court holding the Act unconstitutional, your Company will be obligated to pay, in addition to the amounts already tendered, the remaining unpaid taxes assessed against it for the years from 1934 to 1940, inclusive, and interest penalties which together total $10,645,238. On the other hand, if the Act is held constitutional your Company will be relieved from paying the enormous interest penalties and will be permitted to pay the remainder of the taxes in installments over the next seven years.

ADDITIONS AND BETTERMENTS

The total charges for additions and betterments to equipment aggregated $136,812 against which there were credits for equipment retired of $1,462,690, resulting in a net decrease for the year of $1,325,878. Additions and betterments to buildings, tracks and other fixed property totaled $2,437,671, and credits for retirements were $1,352,098, making a net increase in investment in fixed property of $1,085,573.

Feed water heaters were applied to eight locomotives; "AB" brake equipment was applied to 229 freight cars in replacement of present "K" type to comply with Association of American Railroads interchange requirements. Other improvements included additions to counterweight system for car cradle and dumping pan on southerly coal dumper at coal pier No. 5, Jersey City, N. J.; new sand drying equipment at sand plant and extension of engine house stalls and pits to provide for housing longer locomotives, at Port Morris, N. J.; addition of color light train signals from Moscow through East End interlocker,

Scranton, Pa., replacing lower quadrant semaphore signals; change of alignment around "Paradise Cut" requiring 57,103 cu. yds. of excavation for new main track roadway construction, to eliminate a hazardous condition due to rocks falling on tracks in cut at Mount Pocono, Pa.; installation of water line from pump house at Susquehanna River to water tank, East Binghamton, N. Y., to provide adequate water supply for locomotives; addition to eastbound and westbound passing sidings at Owego, N. Y.; and increasing length of four enginehouse stalls and pits to provide for housing longer locomotives, at Syracuse, N. Y.

The location of 36 new industries, including government projects, at various points served by the Company was accomplished during the year.

FINANCIAL

Your Company paid off the following debts during the year:

Back taxes due the State of New Jersey	$1,200,000
Equipment trust obligations	700,000
Equipment purchase contracts	320,805
Grade crossing eliminations	34,118
Total	$2,254,923

In addition to these items of debt $919,601 was spent from current funds for additions and betterments and $238,456 was invested in securities of lessor companies having a par value of $307,450, resulting in an annual saving in rental of $16,017.

Following the decision of the United States Circuit Court of Appeals on April 2, 1942, holding that your Company was not obligated to pay Federal income taxes assessed against three of its lessor companies, and the bringing of suits against your Company by several of the lessor companies as a result of this decision, to which reference was made in the 1942 annual report, negotiations were started between your Company and several of the lessor companies for a solution of the problems arising out of such decision and litigation, which would eliminate future income taxes of the lessor companies, reduce the fixed charges of your Company to a point where they can reasonably be expected to be met by future earnings, and at the same time accord fair and just treatment to the stockholders of the leased lines.

Substantial progress has been made in these negotiations. At the present time an agreement for the merger of The New York, Lackawanna and Western Railway Company into your Company has been executed by the directors of the two Companies, has been submitted to the Interstate Commerce Commission for its approval, and a hearing thereon held by the Commission on February 9, 1944. An agreement has been executed by the directors of The Valley Railroad Company and your Company, providing for the purchase of the stock of The Valley Railroad Company by your Company at a price of $79 per share, and upon the completion of the purchase of such stock in an amount specified in the agreement, for the sale by The Valley Railroad Company of its entire assets to your Company and the dissolution of The Valley Railroad Company. This agreement has been submitted to the Interstate Commerce Commission for its approval and a hearing thereon held on March 16, 1944. Agreements of merger have also been reached in principle with the directors of The Morris and Essex Railroad Company, The Lackawanna Railroad Company of New Jersey and Utica, Chenango and Susquehanna Valley Railway Company. These agreements are now being reduced to writing and it is expected that they will be executed within a short time. All of these agreements will, of course, be submitted to the stockholders of both the lessor companies and your Company for approval and adoption, and will not become effective unless and until so approved and adopted.

The provisions of the several merger agreements will vary in detail, but generally speaking they will provide for the merger of the lessor company into your Company and the exchange of your Company's bonds secured by a mortgage on the lessor company's property, and in some cases by additional security, for the stock of the lessor company. The bonds will carry interest, part of which will be fixed and part contingent upon earnings, the aggregate of which will be equivalent to the present rental interest payable to the stockholders under the existing lease, except that in some cases part of the rental interest will be represented by payments into a special sinking fund for the retirement of securities issued to the stockholders of

lessor companies. One of the important features of each of the merger agreements will be a provision for the payment of a substantial part of the net earnings of your Company into sinking funds, which will be devoted to the retirement of system securities in certain proportions. The several agreements will be submitted to you for your approval and adoption at a special meeting or meetings to be called in accordance with the By-Laws.

That a greater reduction of debt and fixed charges was not accomplished in 1943 is due to the uncertainty of the outcome of litigation affecting the constitutionality of the Tax Settlement Act in New Jersey, for if this Act is held unconstitutional by the highest court in that State your Company will become liable for back taxes and penalties amounting to $10,645,238. However, should the Tax Settlement Act be held constitutional and the Company not liable for the penalties, and should the several merger agreements with lessor companies be approved by stockholders of the lessor companies and your Company, a long step forward in the reduction of fixed charges will be possible; and as the paramount problem of the Company is to reduce fixed charges, it is hoped that when these several merger agreements are submitted to you approval will be forthcoming from all stockholders.

At the request of the War Department, your Company during the year accepted the sponsorship of a Railway Shop Battalion, Transportation Corps, for which it furnished officer personnel. After this battalion had completed its training at the Army Service Forces Unit Training Center in Louisiana, the commanding officer of the Training Center rated it the highest of any unit that had completed its training at that Center.

There are now 1,519 employes of your Company in the armed services of the Nation. The loss of these trained and experienced employes has been felt, and their replacement by new employes has been difficult. At the present time the most serious situation confronting the railroad is shortage of manpower. It is being reflected in the slowing up of movement, and with a further threat that in 1944 a large number of additional experienced employes will be taken by the Selective Service System. Efforts are being made to recruit employes for railroad service and to secure deferment of experienced personnel necessary to the operation of the railroads, and in view of the importance of railroad transportation to the war effort, it is hoped that these steps will be successful.

It is with deep sorrow that we record the death on March 2, 1944, of Mr. John M. Davis, who served this Company so faithfully as its President from July 1, 1925, to December 31, 1940, as Chairman of the Board of Managers during the years 1941 and 1942, and as a member of the Board of Managers and Executive Committee till the time of his death. Mr. Davis served as President during the difficult depression years of the 1930s, and it was during his regime that the suburban passenger train service was converted from steam to electric operation. His passing removes from the Board of Managers one whose wide experience and valued counsel in railroad affairs will be greatly missed by those who remain.

The Board of Managers desires to record its appreciation of the loyal service and efficient cooperation of the Company's officers and employes in the difficult conduct of its affairs during this war period; and to its furloughed employes in the armed forces they express their gratitude for the sacrifices and hardships endured in the prosecution of the war.

By order of the Board of Managers.

WM. WHITE,
President.

THE DELAWARE, LACKAWANNA AND WESTERN RAILROAD COMPANY

INCOME ACCOUNT FOR THE YEARS ENDED DECEMBER 31ST, 1943 AND 1942

	1943	1942	Increase or Decrease	
			Amount	Per Cent
Revenues:				
Transportation of Anthracite Coal	$9,981,077.04	$11,646,744.28	$1,665,667.24*	14.30
Transportation of Bituminous Coal	4,012,478.55	3,668,425.69	344,052.86	9.38
Transportation of Merchandise	48,780,870.47	41,169,209.94	7,611,660.53	18.49
Transportation of Passengers	11,246,843.29	9,223,475.55	2,023,367.74	21.94
Transportation of Mail	881,252.68	880,445.37	807.31	.09
Transportation of Express	967,687.29	772,917.39	194,769.90	25.20
Transportation of Milk	768,163.51	653,847.66	114,315.85	17.48
Other Revenue from Transportation	1,785,925.48	2,097,590.98	311,665.50*	14.86
Incidental Revenue	2,956,096.27	2,432,327.89	523,768.38	21.53
Total Revenues	$81,380,394.58	$72,544,984.75	$8,835,409.83	12.18
Expenses:				
Maintenance of Way and Structures	$8,454,747.76	$7,072,666.25	$1,382,081.51	19.54
Maintenance of Equipment	11,773,220.12	10,890,161.29	883,058.83	8.11
Traffic Expenses	1,385,784.78	1,295,160.46	90,624.32	7.00
Transportation Expenses	32,150,518.75	27,189,694.83	4,960,823.92	18.25
Miscellaneous Operations	327,282.00	272,445.60	54,836.40	20.13
General Expenses	1,917,508.12	1,744,504.85	173,003.27	9.92
Total Expenses.....68.82%	$56,009,061.53	$48,464,633.28	$7,544,428.25	15.57
Net Revenue from Railway Operations.31.18%	$25,371,333.05	$24,080,351.47	$1,290,981.58	5.36
Less Railway Tax Accruals	12,728,833.79	12,034,942.48	693,891.31	5.77
Railway Operating Income	$12,642,499.26	$12,045,408.99	$597,090.27	4.96
Equipment Rents—Net Dr.	1,549,055.06	497,493.37	1,051,561.69	211.37
Joint Facility Rents—Net Cr.	87,835.63	100,900.61	13,064.98*	12.95
Net Railway Operating Income	$11,181,279.83	$11,648,816.23	$467,536.40*	4.01
Other Income:				
Income from Lease of Road and Equipment	$152,757.91	$37,090.54	$115,667.37	311.85
Miscellaneous Rent Income	247,259.27	230,300.09	16,959.18	7.36
Miscellaneous Non-Operating Physical Property	129,684.67	145,333.94	15,649.27*	10.77
Dividend Income	113,323.92	313,511.97	200,188.05*	63.85
Income from Funded Securities	352,734.44	349,983.22	2,751.22	.79
Income from Unfunded Securities and Accounts	60,228.20	1,641.48	58,586.72	3569.14
Income from Sinking and Other Reserve Funds	7,722.50	7,722.50	—	—
Miscellaneous Income	3,846.48	5,147.75	1,301.27*	25.28
Total Other Income	$1,067,557.39	$1,090,731.49	$23,174.10*	2.12
Gross Income	$12,248,837.22	$12,739,547.72	$490,710.50*	3.85
Miscellaneous Deductions from Income:				
Miscellaneous Tax Accruals	$53,193.21	$56,136.75	$2,943.54*	5.24
Miscellaneous Income Charges	133,168.39	116,000.94	17,167.45	14.80
Total Miscellaneous Deductions	$186,361.60	$172,137.69	$14,223.91	8.26
Income available for Fixed Charges	$12,062,475.62	$12,567,410.03	$504,934.41*	4.02
Fixed Charges:				
Rent for Leased Roads and Equipment—Page 21	$6,987,781.42	$6,964,950.42	$22,831.00	.33
Interest on Funded Debt	172,019.57	154,001.67	18,017.90	11.70
Interest on Unfunded Debt	213,915.81	298,973.19	85,057.38*	28.45
Total Fixed Charges	$7,373,716.80	$7,417,925.28	$44,208.48*	.60
Net Income	$4,688,758.82	$5,149,484.75	$460,725.93*	8.95

* Decrease.

OPERATING REVENUES FOR THE YEARS ENDED DECEMBER 31ST, 1943 AND 1942

	1943	1942	Increase or Decrease	
			Amount	Per Cent
TRANSPORTATION—RAIL LINE:				
Freight	$62,774,426.06	$56,484,379.91	$6,290,046.15	11.14
Passenger	11,246,843.29	9,223,475.55	2,023,367.74	21.94
Baggage	5,975.50	4,815.51	1,159.99	24.09
Mail	881,252.68	880,445.37	807.31	.09
Express	967,687.29	772,917.39	194,769.90	25.20
Other Passenger-Train	89,687.95	87,210.33	2,477.62	2.84
Milk	768,163.51	653,847.66	114,315.85	17.48
Switching	870,830.08	905,555.33	34,725.25*	3.83
Water Transfers—Freight	31,111.15	25,309.56	5,801.59	22.92
Water Transfers—Passenger	214,692.41	257,617.27	42,924.86*	16.66
Water Transfers—Vehicles and Live Stock	549,503.45	763,073.77	213,570.32*	27.99
Water Transfers—Other	24,124.94	54,009.21	29,884.27*	55.33
Total Rail-Line Transportation Revenue	$78,424,298.31	$70,112,656.86	$8,311,641.45	11.85
INCIDENTAL:				
Dining and Buffet	$382,883.24	$283,942.44	$98,940.80	34.85
Station, Train and Boat Privileges	157,306.59	136,673.68	20,632.91	15.10
Parcel Room	9,601.10	7,461.30	2,139.80	28.68
Storage—Freight	732,979.00	583,541.16	149,437.84	25.61
Storage—Baggage	1,206.50	877.73	328.77	37.46
Demurrage	247,933.76	183,045.14	64,888.62	35.45
Telegraph and Telephone	7,394.48	6,885.37	509.11	7.39
Rents of Buildings and Other Property	537,758.54	492,776.71	44,981.83	9.13
Miscellaneous	879,033.06	737,124.36	141,908.70	19.25
Total Incidental Operating Revenues	$2,956,096.27	$2,432,327.89	$523,768.38	21.53
Total Railway Operating Revenues	$81,380,394.58	$72,544,984.75	$8,835,409.83	12.18

* Decrease.

OPERATING RESULTS AND STATISTICS
FOR THE YEARS ENDED DECEMBER 31ST, 1943 AND 1942

	1943	1942	PER CENT OF INCREASE OR DECREASE
LOCOMOTIVE MILES:			
Freight-Train Locomotives	6,927,969	5,922,566	16.98
Passenger-Train Locomotives	3,033,431	2,998,224	1.17
Switching Locomotives	4,362,104	4,363,594	D .03
Total Revenue Locomotive Miles	14,323,504	13,284,384	7.82
TRAIN MILES:			
Freight Trains	4,785,850	4,434,349	7.93
Passenger Trains—Steam	2,424,753	2,382,363	1.78
Passenger Trains—Electric	1,881,431	1,879,292	.11
Mail, Express and Milk Trains	239,595	285,967	D 16.22
Total Revenue Train Miles	9,331,629	8,981,971	3.89
CAR MILES:			
Loaded Freight Cars	210,016,546	182,756,735	14.92
Empty Freight Cars	108,456,807	90,843,911	19.39
Caboose Cars	4,980,717	4,589,577	8.52
Other Cars—Passenger Cars	710,722	917,437	D 22.53
Total Freight Train Car Miles	324,164,792	279,107,660	16.14
Passenger Cars—Steam	9,133,852	8,287,643	10.21
Passenger Cars—Electric	9,178,084	8,830,177	3.94
Sleeping, Parlor and Observation Cars	2,915,907	2,924,122	D .28
Other Passenger Train Cars	11,876,965	11,565,478	2.69
Other Cars—Freight Cars	19,364	26,516	D 26.97
Total Revenue Passenger Train Car Miles	33,124,172	31,633,936	4.71
Tons of Revenue Freight	34,941,061	31,033,112	12.59
Tons of Company Freight	2,274,192	2,208,494	2.97
Ton Miles of Revenue Freight	6,426,286,642	5,230,587,556	22.86
Ton Miles of Company Freight	291,699,558	292,082,847	D .13
Ton Miles, All Freight	6,717,986,200	5,522,670,403	21.64
Gross Ton Miles (Cars and Contents), All Freight	14,288,849,000	12,031,230,000	18.76
Average Revenue per Ton Mile (Cents)	.98	1.08	D 9.26
Average Distance Hauled per Ton (Miles)	183.92	168.55	9.12
Average Net Tons per Revenue Train Mile	1,435.23	1,257.61	14.12
Average Tons per Loaded Car Mile	31.99	30.22	5.86
Average Number of Cars in Each Freight Train	67.73	62.94	7.61
Average Gross Tons (Cars and Contents) per Revenue Locomotive Mile	2,062.49	2,031.42	1.53
Average Gross Tons (Cars and Contents) per Revenue Train Mile	2,985.64	2,713.19	10.04
Revenue Passengers	25,497,710	22,971,580	11.00
Revenue Passenger Miles	626,611,614	537,827,930	16.51
Average Revenue per Passenger Mile (Cents)	1.79	1.71	4.68
Average Distance Hauled per Passenger (Miles)	24.58	23.41	5.00
Average Number of Cars in Each Passenger Train	7.29	6.96	4.74
Average Passengers per Train Mile	146	126	15.87
Average Passengers per Car Mile	30	27	11.11

D—Decrease.

GENERAL BALANCE SHEET DECEMBER 31ST, 1943 AND 1942

ASSETS

	1943	1942	INCREASE	DECREASE
INVESTMENTS:				
Road Property	$54,769,626.15	$54,886,002.28	.....	$116,376.13
Equipment Property	81,696,942,82	83,022,821.19	.....	1,325,878.37
Improvements on Leased Property	15,819,941.20	14,268,412.07	$1,551,529.13	.....
Acquisition Adjustment—Cr.	5,569.40	.....	.....	5,569.40
Donations and Grants—Cr.	2,018,237.43	363,354.96	.....	1,654,882.47
Deposits in lieu of Mortgaged Property Sold	10,566.55	10,566.55	.....	.....
Miscellaneous Physical Property	2,397,845.09	2,404,027.09	.....	6,182.00
Total	$152,671,114.98	$154,228,474.22	.....	.....
Investments in Affiliated Companies: (Page 22)				
Stocks	$9,768,129.20	$9,728,617.25	39,511.95	.....
Bonds	4,262,776.17	4,240,193.67	22,582.50	.....
Unsecured Notes	5,235,480.68	5,235,480.68	.....	.....
Investment Advances	3,910,710.66	4,020,053.25	.....	109,342.59
Total	$23,177,096.71	$23,224,344.85	.....	.....
Other Investments: (Page 23)				
Stocks	$2,213,582.33	$2,198,386.28	15,196.05	.....
Bonds	11,805,718.75	11,649,553.75	156,165.00	.....
Other Secured Obligations	32,132.15	34,358.17	.....	2,226.02
Unsecured Notes	583,911.73	584,736.73	.....	825.00
Investment Advances	15,012,861.77	15,370,624.75	.....	357,762.98
Total	$29,648,206.73	$29,837,659.68	.....	.....
Total Investments	$205,496,418.42	$207,290,478.75	.....	.....
CURRENT ASSETS:				
Cash	$12,034,321.01	$6,546,942.31	5,487,378.70	.....
Temporary Cash Investments	9,538,000.00	4,206,280.00	5,331,720.00	.....
Special Deposits	6,083,850.74	2,922,832.33	3,161,018.41	.....
Loans and Bills Receivable	0	430.02	.....	430.02
Net Balance Receivable from Agents and Conductors	2,702,067.87	3,293,302.03	.....	591,234.16
Miscellaneous Accounts Receivable	4,009,100.24	2,881,222.68	1,127,877.56	.....
Material and Supplies	4,563,564.28	3,912,375.60	651,188.68	.....
Interest and Dividends Receivable	119,317.74	54,368.79	64,948.95	.....
Other Current Assets	32,105.40	29,351.16	2,754.24	.....
Total Current Assets	$39,082,327.28	$23,847,104.92	.....	.....
DEFERRED ASSETS:				
Working Fund Advances	$23,865.18	$23,705.57	159.61	.....
Insurance and Other Funds	189,073.13	189,073.13	.....	.....
Other Deferred Assets	208,516.40	246,266.81	.....	37,750.41
Total Deferred Assets	$421,454.71	$459,045.51	.....	.....
UNADJUSTED DEBITS:				
Rents and Insurance Premiums Paid in Advance	$83,727.98	$153,459.44	.....	69,731.46
Other Unadjusted Debits	4,330,852.34	5,634,822.92	.....	1,303,970.58
Total Unadjusted Debits	$4,414,580.32	$5,788,282.36	.....	.....
Grand Total	$249,414,780.73	$237,384,911.54	$12,029,869.19	.....

NOTES:

The Company is contingently liable as guarantor of the payment at maturity of $85,033,000 principal amount of bonds of leased lines. Details of the interest assumed on such bonds, as well as other guaranteed rentals, are shown on pages 22 and 23.

The question of the constitutionality of the Tax Settlement Act of July 22, 1941, as amended May 21, 1942, is pending in the Court of Errors and Appeals of the State of New Jersey. If the Act is held unconstitutional, penalties for which the Company has made no provision in its accounts at December 31, 1943, would amount to $6,545,762.55.

GENERAL BALANCE SHEET DECEMBER 31ST, 1943 AND 1942
LIABILITIES

	1943	1942	INCREASE	DECREASE
CAPITAL STOCK:				
Authorized (Shares $50.00 each)	$87,407,500.00	$87,407,500.00	.....	.....
Less Unissued and Nominally Issued	2,966,300.00	2,966,300.00	.....	.....
Outstanding	$84,441,200.00	$84,441,200.00	.....	.....
Premium on Capital Stock	70,720.00	70,720.00	.....	.....
Total Capital Stock	$84,511,920.00	$84,511,920.00	.....	.....
LONG TERM DEBT:				
Equipment Obligations	$5,244,426.68#	$6,265,231.28	.....	$1,020,804.60
Amounts Payable to Affiliated Companies—Open Accounts	1,081,353.55	1,107,997.62	.....	26,644.07
Total Long Term Debt	$6,325,780.23	$7,373,228.90	.....	.....
CURRENT LIABILITIES:				
Traffic and Car Service Balances—Cr.	$2,541,720.55	$1,941,701.61	$600,018.94	.....
Audited Accounts and Wages Payable	4,878,929.28	2,655,141.78	2,223,787.50	.....
Miscellaneous Accounts Payable	665,091.67	680,464.40	.....	15,372.73
Unmatured Interest Accrued	69,427.50	78,390.20	.....	8,962.70
Unmatured Rents Accrued	1,857,856.73	1,815,450.43	42,406.30	.....
Accrued Tax Liability	7,202,509.30	6,866,931.54	335,577.76	.....
Other Current Liabilities	3,728,087.55*	871,144.40	2,856,943.15	.....
Total Current Liabilities	$20,943,622.58	$14,909,224.36	.....	.....
DEFERRED LIABILITIES:				
Deferred Payments, Grade Crossing Eliminations	$1,548,305.54	$1,514,187.55	34,117.99	.....
Equipment of Leased Lines	12,283,784.18	12,283,784.18	.....	.....
New Jersey State Taxes	2,652,246.37	3,852,246.37	.....	1,200,000.00
Other Deferred Liabilities	111,005.00	71,008.71	39,996.29	.....
Total Deferred Liabilities	$16,595,341.09	$17,721,226.81	.....	.....
UNADJUSTED CREDITS:				
Insurance and Casualty Reserves	$1,031,893.23	$1,031,893.23	.....	.....
Accrued Amortization of Defense Projects—Road	31,331.14	6,942.37	24,388.77	.....
Accrued Depreciation—Road	668,007.60	284,965.42	383,042.18	.....
Accrued Depreciation—Equipment	48,561,894.73	47,003,216.40	1,558,678.33	.....
Accrued Amortization of Defense Projects—Equipment	758,128.75	286,957.70	471,171.05	.....
Accrued Depreciation—Road—Lessor Companies	1,242,409.92	602,581.66	639,828.26	.....
Accrued Depreciation—Leased Ferry Boats	1,119,656.27	1,119,656.27	.....	.....
Other Unadjusted Credits	2,207,284.80	1,791,761.31	415,523.49	.....
Total Unadjusted Credits	$55,620,606.44	$52,127,974.36	.....	.....
SURPLUS:				
Unearned Surplus:				
Paid-in Surplus	$335,368.27	$335,368.27	.....	.....
Other Unearned Surplus	57,576.70	57,576.70	.....	.....
Total Unearned Surplus	$392,944.97	$392,944.97	.....	.....
Appropriated Surplus	6,068,053.69	6,206,694.43	.....	138,640.74
Earned Surplus	58,956,511.73	54,141,697.71	4,814,814.02	.....
Total Surplus	$65,417,510.39	$60,741,337.11	.....	.....
Grand Total	$249,414,780.73	$237,384,911.54	$12,029,869.19	.....

Includes $992,290.72 maturing within one year.
* Includes $3,358,330.25 rents enjoined—matured.

STATEMENT OF EARNED SURPLUS

FOR YEAR ENDED DECEMBER 31ST, 1943

	Debits	Credits
Credit Balance, January 1st, 1943	.....	$54,534,642.68
Miscellaneous Credits	.....	140,465.17
Credit Balance Transferred from Income	.....	4,688,758.82
Miscellaneous Debits	$407,354.94	.....
Credit Balance, December 31st, 1943	58,956,511.73	.....
	$59,363,866.67	$59,363,866.67

COMPARATIVE STATEMENT OF FREIGHT TRAFFIC MOVEMENT

FOR THE YEARS 1943 AND 1942

Commodity	1943 (Tons)	1942 (Tons)	Increase (Tons)	Decrease (Tons)
Products of Agriculture	2,072,239	1,707,802	364,437	.....
Products of Animals	744,276	768,170	.....	23,894
Products of Mines	18,368,435	16,476,996	1,891,439	.....
Products of Forests	557,405	604,521	.....	47,116
Manufactures and Miscellaneous	13,198,706	11,475,623	1,723,083	.....
Total Tonnage	34,941,061	31,033,112	3,907,949	.....

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

67 BROAD STREET
NEW YORK 4

ACCOUNTANTS' CERTIFICATE

THE DELAWARE, LACKAWANNA AND
WESTERN RAILROAD COMPANY:

We have examined the balance sheet of The Delaware, Lackawanna and Western Railroad Company as of December 31, 1943, and the related statements of income and of earned surplus for the year ended that date, have reviewed the accounting procedures of the Company and have examined its accounting records (which consistently have been kept in accordance with the classification of accounts prescribed by the Interstate Commerce Commission) and other evidence in support of such financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all auditing procedures we considered necessary, which procedures were applied by tests to the extent we deemed appropriate in view of the system of internal control. Such examination included the verification by inspection or by confirmation from depositaries of cash and securities owned at December 31, 1943.

The Company has entered into agreements with certain of its railroad lines presently leased and forming a part of its system providing for mergers or the purchase of shares of capital stock outstanding, and intends to enter into similar agreements with other of its leased lines. The effect upon the accounts should such agreements be consummated cannot be determined at this time.

In our opinion, the accompanying balance sheet and related statements of income and of earned surplus fairly present the financial condition of the Company at December 31, 1943 (on the basis of ledger values of the investments in affiliated and other companies) and the results of its operations for the year ended that date, in conformity with principles of accounting prescribed by the Interstate Commerce Commission applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

New York, February 23, 1944.

TAX ACCRUALS FOR YEARS 1915 TO 1943, INCLUSIVE

Calendar Year	Total Tax Accruals	Taxes per Dollar of Gross Revenue	Taxes per Dollar of Revenue after Operating Expenses
		Cents	Cents
1915	$2,115,333.84	4.72	12.42
1916	2,517,882.68	4.88	12.82
1917	3,584,917.49	6.27	18.35
1918	3,922,872.54	5.71	20.85
1919	5,159,802.72	7.18	32.74
1920	4,539,785.14	5.45	47.79
1921	4,979,439.57	5.80	28.01
1922	4,894,466.10	6.56	44.72
1923	5,995,697.51	6.80	32.02
1924	6,900,101.85	7.96	31.02
1925	6,832,652.72	8.17	32.16
1926	7,671,403.68	8.64	29.03
1927	7,457,093.11	8.81	30.43
1928	6,392,638.37	7.88	27.60
1929	6,635,895.83	8.12	27.62
1930	6,081,111.71	8.73	35.67
1931	5,234,483.48	8.92	41.76
1932	5,216,791.03	11.23	55.54
1933	4,715,876.23	10.88	55.08
1934	4,292,969.72	9.63	47.25
1935	3,805,004.73	8.51	49.07
1936	4,016,989.78	8.08	38.10
1937	5,061,295.05	10.09	46.45
1938	5,124,180.31	11.60	62.75
1939	5,140,501.51	10.19	43.13
1940	5,348,324.03	10.31	42.89
1941	7,161,631.51	11.72	40.28
1942	12,034,942.48	16.59	49.98
1943	$12,728,833.79	15.64	50.17

TONS OF NEW RAIL LAID IN REPLACEMENT AND TONS OF ROCK BALLAST APPLIED DURING THE LAST TWENTY-FOUR YEARS

Year	Tonnage 131 lbs. to Yard	Tonnage 130 lbs. to Yard	Tonnage 118 lbs. to Yard	Tonnage 105 lbs. to Yard	Tonnage 80 lbs. to Yard	Total Tonnage All Weights	Total Tonnage Rock Ballast
1920	.....	.....	.....	16,297	2,944	19,241	117,676
1921	.....	.....	.....	19,572	1,283	20,855	178,733
1922	.....	.....	.....	11,604	1,245	12,849	134,133
1923	.....	.....	.....	14,199	2,308	16,507	71,661
1924	.....	.....	9,515	6,232	620	16,367	135,542
1925	.....	7,378	4,501	880	36	12,795	114,088
1926	.....	13,541	26	3,634	723	17,924	145,857
1927	.....	13,623	44	3,298	400	17,365	145,820
1928	.....	15,398	7	5,113	5	20,523	71,802
1929	.....	16,134	.....	1,931	869	18,934	116,040
1930	.....	10,870	.....	2,904	50	13,824	89,230
1931	.....	8,951	3	1,678	602	11,234	61,222
1932	.....	7,720	2	508	.....	8,230	107,204
1933	.....	6,582	.....	2,126	.....	8,708	141,204
1934	12,606	89	.....	47	1	12,743	149,951
1935	8,136	24	.....	38	13	8,211	115,000
1936	10,378	.....	.....	9	6	10,393	151,398
1937	11,876	.....	.....	.....	.....	11,876	140,136
1938	1,807	.....	.....	.....	.....	1,807	150,000
1939	6,468	1	.....	.....	.....	6,469	128,000
1940	5,274	.....	.....	.....	.....	5,274	150,000
1941	6,573	.....	.....	.....	.....	6,573	172,000
1942	8,620	.....	.....	.....	.....	8,620	175,000
1943	10,474	.....	.....	.....	.....	10,474	140,000

STATEMENT OF WELFARE EXPENDITURES FOR THE YEAR ENDED DECEMBER 31ST, 1943

Unemployment Insurance	$1,034,396.12
Pensions	1,206,629.81
Group Insurance	35,228.54
Moses Taylor Hospital	26,555.75
Railroad Y. M. C. A.'s	17,141.76
Total	$2,319,951.98

PENSIONS

The Pension System was inaugurated June 1st, 1902. A statement by calendar years follows:

Calendar Year	Amount	Calendar Year	Amount	Calendar Year	Amount
1902	$6,360.94	1916	$134,969.98	1930	$499,609.64
1903	16,202.85	1917	154,009.42	1931	556,702.53
1904	24,619.09	1918	153,577.12	1932	579,161.18
1905	31,681.05	1919	160,958.05	1933	602,284.34
1906	45,196.13	1920	187,299.98	1934	646,703.24
1907	51,412.95	1921	213,625.49	1935	623,070.77
1908	57,620.24	1922	223,587.23	1936	650,030.59
1909	71,322.42	1923	245,071.48	1937	958,107.32
1910	80,580.15	1924	260,213.20	1938	686,832.58
1911	85,092.24	1925	302,040.85	1939	738,135.85
1912	93,521.50	1926	347,161.36	1940	805,937.59
1913	103,607.95	1927	369,641.42	1941	868,658.96
1914	111,089.68	1928	401,543.04	1942	960,248.37
1915	122,828.46	1929	447,995.51	1943	*1,206,629.81
					$14,884,942.55

* Includes $1,120,122.72 paid as taxes to U. S. Treasury for benefit of railroad pension fund for employes.

GROUP INSURANCE

Pursuant to the Group Insurance Plan effective February 1st, 1922, your Company paid $35,228.54 as its proportion of the premium for 1943.

The number of beneficiaries and the insurance carried at the close of the year, together with other important facts, follow:

Insured December 31st, 1943	9,348
Total Insurance December 31st, 1943	$17,494,500
Deaths during 1943	184
Insurance Company paid account of death claims during 1943	$298,500
Premiums paid by employees	$283,655.59
Premiums paid by Company	$35,228.54
Number of Death Claims—February 1st, 1922, to December 31st, 1943	4,049
Number of Disability Benefits	222
Amount paid account of death claims February 1st, 1922, to December 31st, 1943	$7,306,000
Amount paid account of permanent disability claims	$433,350

MILES OF ROAD OPERATED DECEMBER 31ST, 1943

		Miles of Road
Delaware, Lackawanna & Western R. R.	New Jersey State Line to New York State Line	111.31
" " "	Scranton, Pa., to Northumberland, Pa.	79.64
" " "	Portland, Pa., to Bath and Branches	35.54
" " "	Plymouth to Newport Center, Pa.	6.69
Chester R.R.	Chester Jct. to Succasunna, N. J.	3.62
Erie & Central New York R.R.	Cortland Jct. to Cincinnatus, N. Y.	18.31
Newark & Bloomfield R.R.	Newark Jct. to Montclair, N. J.	4.20
Passaic & Delaware R.R.	Summit to Bernardsville, N. J.	14.11
Sussex R.R.	Netcong to Branchville, N. J.	21.39
Syracuse, Binghamton & New York R.R.	Binghamton to Syracuse, N. Y.	80.97
Morris & Essex R.R.	Hudson River to Phillipsburg, N. J.	125.26
Morris & Essex Extension R.R.	Paterson Jct. to Paterson, N. J.	1.92
Passaic & Delaware Extension R.R.	Bernardsville to Gladstone, N. J.	7.41
Warren R.R.	Hampton Jct. to Delaware River	18.82
Lackawanna R.R. Co. of N. J.	Hopatcong to Delaware River	27.44
Valley R.R.	Penna. State Line to Binghamton, N. Y.	11.10
Cayuga & Susquehanna R.R.	Susquehanna River to Ithaca, N. Y.	34.24
New York, Lackawanna & Western Ry.	Binghamton to Buffalo, N. Y.	214.44
Greene R.R.	Chenango Forks to Greene, N. Y.	8.10
Utica, Chenango & Susquehanna Valley Ry.	Greene to Utica to Richfield Springs, N. Y.	97.39
Oswego & Syracuse R.R.	Syracuse to Oswego, N. Y.	34.98
		956.88

TRACKAGE RIGHTS

New York, Ontario & Western R.R.	Mines in Pa. to Jct. with D., L. & W. in Pa.	7.98
New York Central R.R.	In City of Utica, N. Y.	.06
New York, Ontario & Western R.R.	In City of Utica, N. Y.	.21
New York, Susquehanna & Western R.R.	Mines in Pa. to Jct. with D., L. & W. in Pa.	5.51
Pennsylvania R.R.	Northumberland, Pa., to Sunbury, Pa.	1.90
Central R.R. of N. J.	Lake Junction, N. J., to Hopatcong, N. J.	.83
	Grand total	973.37

MILES OPERATED DECEMBER 31ST, 1943

	Miles of Road	Second Main Track	Miles of All Other Main Track	Yard Tracks and Sidings	Total
Pennsylvania	254.95	138.90	61.46	251.96	707.27
New Jersey	225.00	145.48	61.13	262.68	694.29
New York	493.42	240.63	.....	362.87	1,096.92
	973.37	525.01	122.59	877.51	2,498.48

EQUIPMENT DECEMBER 31ST, 1943, OWNED OR LEASED

	New Units Installed During Year	Retired from Service During the Year	Number in Service Dec. 31, 1943
LOCOMOTIVES:			
Steam—Freight		9	218
Steam—Passenger		2	51
Steam—Switching			101
Diesel Electric—Switching			33
Total		11	403
FREIGHT CARS:			
Coal Cars (including Gondolas)		94	8,636
Box Cars		100	7,546
Refrigerator Cars		2	374
Covered Hopper Cars			215
Container Gondola Cars			56
Stock Cars			97
Ice Cars		2	22
Flat Cars			47
Caboose Cars		1	203
Total		199	17,196
PASSENGER CARS:			
Coaches			182
Milk Cars		1	108
Baggage and Express Cars			109
Motor Cars—Electric			141
Motor Trailers—Coach			120
Motor Trailers—Passenger and Baggage			15
Motor Trailers—Passenger and Mail			3
Motor Trailers—Club			4
Passenger and Baggage Cars			30
Passenger and Mail Car			1
Baggage and Mail Cars			16
Dining Cars			9
Buffet Lounge Cars			6
Postal Cars			5
Total		1	749
COMPANY SERVICE EQUIPMENT:			
Miscellaneous Work Equipment		5	360
Air Dump Cars			85
Locomotive Cranes		1	26
Snow Plows and Snow Flangers			21
Pile Drivers and Light Steam Derricks		1	3
Heavy Steam Derricks			7
Scale Test Cars			3
Business Cars			3
Spreaders (Dirt)			2
Work Floating Equipment	1		9
Total	1	7	519
FLOATING EQUIPMENT:			
Ferry Boats			13
Tug Boats and Steam Lighters		3	15
Barges, Lighters, Floats and Grain Boats		13	188
Total		16	216

LINES LEASED AND FORMING A PART OF THE SYSTEM OF THE DELAWARE, LACKAWANNA AND WESTERN RAILROAD COMPANY AND THE STOCKS AND BONDS OUTSTANDING DECEMBER 31ST, 1943, WITH ANNUAL RENT THEREON.

LEASED LINES	Total Securities Outstanding Par or Principal Amount (Basis for Rent)	Owned by Company		Accrued Rent—Based on Total Securities Outstanding			Income from Securities Owned by the Company	
		Par or Principal Amount	Ledger Value	Per Cent	Not Enjoined	Enjoined	Credited to Income	Not Credited to Income-Account of Enjoined Rentals
AFFILIATED COMPANIES:								
Greene Railroad Company—During Corporate Existence:								
Capital Stock	$200,000.00	$131,300.00	$55,770.08	6%	.....	$12,000.00	.....	$7,878.00
First Ref'g. Mortgage 5% Bonds, due September 1, 1974	207,000.00	207,000.00	207,000.00	5%	10,350.00	.....	10,350.00	.....
The Hoboken Ferry Company—Lease Effective January 1, 1943, Expires May 1, 1946:								
Hoboken Ferry Company First Mortgage 5% Bonds, Due May 1, 1946	3,778,000.00	1,548,000.00	914,177.42	5%	188,900.00	.....	77,073.32	.....
New York and New Jersey Ferry Company First Consolidated Mortgage 5% Bonds, Due January 1, 1946	1,000,000.00	814,000.00	795,150.75	5%	50,000.00	.....	40,700.00	.....
New York and Hoboken Ferry Company General Mortgage 5% Bonds, Due May 1, 1946	3,300,000.00	2,335,000.00	2,146,448.00	5%	165,000.00	.....	116,750.00	.....
The Newark and Bloomfield Railroad Company (Operated by Company as Lessee of The Morris and Essex Railroad Company) for 99 years from April 1, 1868—Capital Stock	1,600,000.00	1,577,400.00	1,872,521.05	6%	1,356.00∅	.....	.....	.....
The Passaic and Delaware Railroad Company—During Corporate Existence—Capital Stock	111,050.00	111,050.00	110,432.45	5%	2,776.25	2,776.25	2,772.50	2,776.25
The Sussex Railroad Company—During Corporate Existence—Capital Stock	1,638,600.00	1,578,800.00	494,939.06	2%	16,386.00	16,386.00	.....	31,576.00
Syracuse, Binghamton and New York Railroad Company—During Corporate Existence—Capital Stock	2,500,000.00	2,384,500.00	3,175,153.19	12%	.....	300,000.00	.....	284,533.00
Total Affiliated Companies	$14,334,650.00	$10,687,050.00	$9,771,592.00	....	$434,768.25	$331,162.25	$247,645.82	$326,763.25
OTHER THAN AFFILIATED COMPANIES:								
The Cayuga and Susquehanna Railroad Company—During Corporate Existence—Fixed Rental—Capital Stock	589,110.00	54,480.00	65,633.80	Fixed	54,600.00	.....	2,724.00	.....
The Lackawanna Railroad Company of New Jersey—During Corporate Existence—Capital Stock	10,750,000.00	168,200.00	168,000.00	4%	.....	430,000.00	.....	$6,728.00
The Morris and Essex Railroad Company—Leased in Perpetuity:								
Capital Stock	15,000,000.00	65,050.00	63,396.60	7¾%	.....	1,162,500.00	.....	5,041.38
Refunding Mortgage 3½% Bonds, Due December 1, 2000	35,000,000.00*	.....	.....	3½%	1,225,000.00	.....	.....	.....
Construction Mortgage Bonds:								
Series A, Due November 1, 1955, 5%	10,000,000.00*	5,000.00	2,112.50	5%	500,000.00	.....	250.00	.....
Series B, Due November 1, 1955, 4½%	15,000,000.00*	30,000.00	11,441.25	4½%	675,000.00	.....	1,350.00	.....
Series C, Due November 1, 1975, 4½%	10,000,000.00	10,000,000.00#	10,000,000.00	4½%	.....	.....	.....	.....

LINES LEASED AND FORMING A PART OF THE SYSTEM OF THE DELAWARE, LACKAWANNA AND WESTERN RAILROAD COMPANY AND THE STOCKS AND BONDS OUTSTANDING DECEMBER 31ST, 1943, WITH ANNUAL RENT THEREON.—*Continued*

LEASED LINES	Total Securities Outstanding Par or Principal Amount (Basis for Rent)	Owned by Company		Accrued Rent—Based on Total Securities Outstanding			Income from Securities Owned by the Company	
		Par or Principal Amount	Ledger Value	Per Cent	Not Enjoined	Enjoined	Credited to Income	Not Credited to Income-Account of Enjoined Rentals
OTHER THAN AFFILIATED COMPANIES—*Continued:*								
The Morris and Essex Extension Railroad Company—(Operated by Company as Lessee of The Morris and Essex Railroad Company)—During Corporate Existence—Capital Stock	$221,000.00	$105,800.00	$80,655.34	4%	$8,840.00	.....	$4,243.32	.....
The New York, Lackawanna and Western Railway Company—During Corporate Existence:								
Capital Stock	10,000,000.00	168,000.00	120,136.50	5%	.....	500,000.00	.....	$8,400.00
Refunding Mortgage Bonds:								
Series A, Due May 1, 1973, 4%	13,639,000.00*	117,000.00	83,472.50	4%	545,560.00	.....	283.42	.....
Series B, Due May 1, 1973, 4½%	10,000,000.00*	96,000.00	72,692.50	4½%	450,000.00	.....	399.35	.....
Amortization of Bond Discount and Expenses	.....	.....	.....	....	13,424.92	.....	.....	.....
The Oswego and Syracuse Railroad Company—During Corporate Existence:								
Capital Stock	1,320,400.00	210,700.00	283,271.26	9%	59,418.00	59,418.00	9,481.50	9,481.50
Refunding Mortgage 5% Bonds, Due March 1, 1974	1,193,000.00	1,193,000.00	1,193,000.00	5%	59,650.00	.....	59,650.00	.....
The Passaic and Delaware Extension Railroad Company (Operated by Company as Lessee of The Passaic and Delaware Railroad Company)—During Corporate Existence—Capital Stock	100,000.00	9,500.00	5,230.70	4%	4,000.00	.....	380.00	.....
Utica, Chenango and Susquehanna Valley Railway Company — During Corporate Existence — Capital Stock	4,000,000.00	296,100.00	270,255.75	6%	.....	240,000.00	.....	17,766.00
The Valley Railroad Company—During Corporate Existence:								
Capital Stock	750,000.00	51,600.00	31,913.25	5%	18,750.00	18,750.00	.....	2,080.00
Refunding Mortgage 5% Bonds, Due September 1, 1974	443,000.00	443,000.00	443,000.00	5%	22,150.00	.....	22,150.00	.....
the Warren Railroad Company—During Corporate Existence:								
Capital Stock	1,800,000.00	186,100.00	193,163.34	7%	.....	126,000.00	.....	13,027.00
Refunding Mortgage 3½% Bonds, Due August 1, 2000	1,394,000.00*	.....	.....	3½%	48,790.00	.....	.....	.....
Total—Other Than Affiliated Companies	$141,199,510.00	$13,199,530.00	$13,087,375.29	....	$3,685,182.92	$2,536,668.00	$100,911.59	$62,523.88
TOTAL	$155,534,160.00	$23,886,580.00	$22,858,967.29	....	$4,119,951.17	$2,867,830.25	$348,557.41	$389,287.13

*The Company is guarantor of the payment at maturity of $85,033,000.00 principal amount of these Bonds.
#The Company owns the entire issue of these securities. No rent for leased roads or income from such securities is included in the accounts.
ØBased on Capital Stock outstanding in hands of public.

INVESTMENTS IN AFFILIATED COMPANIES, AT LEDGER VALUE, DECEMBER 31ST, 1943 AND 1942, AND INCOME THEREFROM

	Investment at Ledger Value December 31st		Income for the Years Ended December 31st	
	1943	1942	1943	1942
LEASED LINES:				
Stocks and Bonds (Basis for Rent)—From Page 20	$9,771,592.00	$9,704,497.55	$247,645.82	$416,960.67
The Chester Railroad Company:				
2,010 Shares Stock	100.00	100.00	.....	.....
Erie and Central New York Railroad Company:				
2,500 Shares Stock	69,000.00	69,000.00	.....	.....
Advances	47,087.75	47,087.75	.....	.....
5% Note, Due June 20, 1922	1,888.70	1,888.70	.....	.....
Greene Railroad Company:				
Advances	66,180.37	66,180.37	.....	.....
The Hoboken Ferry Company:				
Advances	739,221.24	799,977.84	.....	.....
New York and Hoboken Ferry Company:				
33,000 Shares Stock	3,000,000.00	3,000,000.00	.....	.....
5% Note, Due June 20, 1922	1,275,232.53	1,275,232.53	.....	.....
The Newark and Bloomfield Railroad Company:				
Advances	985,592.28	985,935.95	.....	.....
The Passaic and Delaware Railroad Company:				
Advances	646,119.27	648,043.73	.....	.....
5% Note, Due June 20, 1922	19,722.23	19,722.23	.....	.....
The Sussex Railroad Company:				
Advances	48,393.27	48,393.27	.....	.....
5% Note, Due June 20, 1922	27,003.27	27,003.27	.....	.....
Syracuse, Binghamton and New York Railroad Company:				
4% Note, Due January 4, 1944	1,462,516.26	1,462,516.26	.....	.....
OTHER THAN LEASED LINES:				
Frontier Electric Railway Company:				
Advances	14,456.18	10,899.37	.....	.....
125 Shares Stock	12,500.00	12,500.00	.....	.....
5% Note, Due June 20, 1922	234,098.26	234,098.26	.....	.....
Harlem Transfer Company:				
2,000 Shares Stock	487,500.00	487,500.00	35,000.00	22,500.00
First Mortgage, 4½%, 1905	200,000.00	200,000.00	9,000.00	9,000.00
The Hopatcong Railroad Company:				
100 Shares Stock	.....	5,000.00	.....	.....
Advances	.....	227.22	.....	.....
Hotel Advertising Company, Inc.:				
50 Shares Stock	500.00	500.00	.....	.....
The Hudson Realty Company:				
10 Shares Stock	1,000.00	1,000.00	.....	.....
5% Note, Due July 20, 1931	2,120,931.87	2,120,931.87	.....	.....
Keystone Mining Company:				
3,000 Shares Stock	351,313.37	351,313.37	20,000.00	.....
Lackawanna Terminal Warehouses, Inc.:				
3 Shares Stock	1,000.00	1,000.00	.....	.....
Lawroy Land Company:				
100 Shares Stock	10,000.00	10,000.00	.....	.....
Advances	77,640.51	75,555.50	.....	.....
5% Note, Due July 20, 1931	94,087.56	94,087.56	.....	.....
Nokomis Water Company:				
396.5 Shares Stock	25,000.00	25,000.00	158.60	158.60
The Railroad Credit Corporation:				
Advances	144,793.68	213,182.53	.....	.....
Railway Express Agency, Inc.:				
14 Shares Stock	1,400.00	1,400.00	.....	.....
Advances	294,573.94	272,151.58	13,794.44	12,673.32
Shelocta Coal Company:				
1,000 Shares Stock	100,000.00	100,000.00	.....	.....
Advances	846,652.17	852,418.14	.....	.....
Total	$23,177,096.71	$23,224,344.85	$325,598.86	$461,292.59

OTHER INVESTMENTS, AT LEDGER VALUE DECEMBER 31ST, 1943 AND 1942, AND INCOME THEREFROM

	Investment at Ledger Value December 31st		Income for the Years Ended December 31st	
	1943	1942	1943	1942
LEASED LINES:				
Stocks and Bonds (Basis for Rent)—From Page 21	$13,087,375.29	$12,916,014.24	$100,911.59	$123,808.03
The Lackawanna Railroad Company of New Jersey:				
Advances	190,448.54	190,526.03	.....	.....
5% Note, Due June 20, 1922	543,309.94	543,309.94	.....	.....
The Morris and Essex Railroad Company:				
Advances	3,790,211.05	4,220,032.63	.....	.....
The Morris and Essex Extension Railroad Company:				
Advances	118,854.07	122,508.07	.....	.....
The New York, Lackawanna and Western Railway Company:				
Advances	7,694,364.73	7,630,463.03	.....	.....
The Oswego and Syracuse Railroad Company:				
Advances	16',719.67	170,384.93	.....	.....
The Passaic and Delaware Extension Railroad Company:				
Advances	184,594.04	186,952.04	.....	.....
5% Note, Due June 20, 1922	4.50	4.50	.....	.....
Utica, Chenango and Susquehanna Valley Railway Company:				
Advances	498,866.72	482,517.84	.....	.....
5% Note, Due June 20, 1922	40,164.04	40,164.04	.....	.....
The Valley Railroad Company:				
Advances	2,102,465.42	2,088,990.79	.....	.....
the Warren Railroad Company:				
Advances	271,337.53	278,249.39	.....	.....
5% Note, Due June 20, 1922	157.38	157.38	.....	.....
OTHER THAN LEASED LINES:				
The Lehigh and Hudson River Railway Company:				
9,641 Shares Stock	931,307.00	931,307.00	38,564.00	77,128.00
Orange Valley Bank, Orange, N. J.:				
19.04 Shares 6% Preferred Stock	618.79	618.79	.....	.....
E. F. Drew & Company, Inc.:				
4% Note, Due November 1, 1946	.....	720.00	14.40	34.20
American Bowling & Billiard Corporation:				
5% Note, Due June 30, 1946	275.87	380.87	.....	28.96
Purchase Money Mortgages	19,775.86	22,001.88	969.51	1,232.37
Participation Certificates—Banks	9,363.79	9,363.79	.....	.....
Miscellaneous	2,992.50	2,992.50	.....	.....
Total	$29,648,206.73	$29,837,659.68	$140,459.50	$202,231.56

COMPARISON OF EXPENSES—12 MONTHS ENDED DECEMBER 31ST, 1943 AND 1942

OPERATING EXPENSES	1943	1942	INCREASE	DECREASE
I. MAINTENANCE OF WAY AND STRUCTURES				
Superintendence	$275,924.49	$225,330.28	$50,594.21	
Roadway Maintenance	469,776.58	376,201.14	93,575.44	
Tunnels and Subways	23,016.90	19,746.97	3,269.93	
Bridges, Trestles and Culverts	149,383.73	133,568.71	15,815.02	
Ties	488,347.22	463,789.71	24,557.51	
Rails	351,837.48	270,542.63	81,294.85	
Other Track Material	624,541.35	646,445.67		$21,904.32
Ballast	196,819.91	104,777.96	92,041.95	
Track Laying and Surfacing	2,279,390.45	1,551,907.16	727,483.29	
Fences, Snowsheds, and Signs	21,673.76	14,935.93	6,737.83	
Station and Office Buildings	422,779.42	352,409.10	70,370.32	
Roadway Buildings	27,827.97	11,330.39	16,497.58	
Water Stations	60,505.70	64,459.31		3,953.61
Fuel Stations	43,910.89	28,401.44	15,509.45	
Shops and Enginehouses	252,590.57	181,873.83	70,716.74	
Wharves and Docks	189,032.20	174,891.22	14,140.98	
Coal and Ore Wharves	50,749.11	56,474.91		5,725.80
Telegraph and Telephone Lines	73,870.06	60,531.77	13,338.29	
Signals and Interlockers	376,023.52	387,410.30		11,386.78
Power Plants	4,618.16	6,630.19		2,012.03
Power Transmission Systems	70,833.28	57,857.24	12,976.04	
Miscellaneous Structures	3,917.00	2,658.26	1,258.74	
Road Property—Depreciation	1,342,598.82	1,510,134.85		167,536.03
Roadway Machines	59,663.53	49,147.50	10,516.03	
Dismantling Retired Road Property	10,561.69	0	10,561.69	
Road—Amortization of Defense Projects	24,388.77	6,942.37	17,446.40	
Small Tools and Supplies	93,903.45	90,055.02	3,848.43	
Removing Snow, Ice and Sand	143,253.58	151,272.96		8,019.38
Public Improvements—Maintenance	60,211.56	31,715.34	28,496.22	
Injuries to Persons	27,253.29	28,511.09		1,257.80
Insurance	51,661.06	31,887.63	19,773.43	
Stationery and Printing	6,752.50	5,464.91	1,287.59	
Other Expenses	244,974.60	46,679.70	198,294.90	
Maintaining Joint Tracks, Yards and Other Facilities—Dr	24,703.05	20,316.07	4,386.98	
Maintaining Joint Tracks, Yards and Other Facilities—Cr	*92,547.89*	*91,635.31*	*912.58*	
TOTAL	$8,454,747.76	$7,072,666.25	$1,382,081.51	

COMPARISON OF EXPENSES—12 MONTHS ENDED DECEMBER 31ST, 1943 AND 1942—*Continued*

OPERATING EXPENSES	1943	1942	INCREASE	DECREASE
II. MAINTENANCE OF EQUIPMENT				
Superintendence	$218,617.81	$223,265.93	.....	$4,648.12
Shop Machinery	149,102.75	148,502.25	$600.50	.....
Power Plant Machinery	52,340.51	54,509.19	.....	2,168.68
Shop and Power Plant Machinery—Depreciation	157,875.87	192,210.62	.....	34,334.75
Dismantling Retired Shop and Power-Plant Machinery	263.47	.....	263.47	.....
Steam Locomotives—Repairs	3,688,478.35	3,290,783.39	397,694.96	.....
Other Locomotives—Repairs	95,494.49	75,824.86	19,669.63	.....
Freight Train Cars—Repairs	2,418,069.16	2,354,419.83	63,649.33	.....
Passenger Train Cars—Repairs	770,336.25	702,201.82	68,134.43	.....
Floating Equipment—Repairs	818,381.31	878,837.03	.....	60,455.72
Work Equipment—Repairs	176,969.96	139,574.59	37,395.37	.....
Miscellaneous Equipment—Repairs	6,553.89	4,989.34	1,564.55	.....
Dismantling Retired Equipment	2,640.27	866.30	1,773.97	.....
Equipment Depreciation:				
(a) Steam Locomotives	602,994.40	642,124.11	.....	39,129.71
(b) Other Locomotives	92,174.52	92,329.70	.....	155.18
(c) Freight Train Cars	964,942.51	969,235.52	.....	4,293.01
(d) Passenger Train Cars	369,055.21	376,183.40	.....	7,128.19
(e) Motor Equipment of Cars	95,339.16	95,339.16	.....	.....
(f) Floating Equipment	202,503.06	214,202.83	.....	11,699.77
(g) Work Equipment	59,971.48	57,710.10	2,261.38	.....
(h) Miscellaneous Equipment	5,392.37	5,392.38	.....	.01
Equipment—Amortization of Defense Projects.				
(a) Freight Train Cars	371,721.28	218,985.78	152,735.50	.....
(b) Floating Equipment	96,772.12	66,409.96	30,362.16	.....
(c) Work Equipment	2,677.65	1,561.96	1,115.69	.....
Injuries to Persons	29,069.19	27,136.02	1,933.17	.....
Insurance	38,160.67	28,189.30	9,971.37	.....
Stationery and Printing	7,658.18	6,811.52	846.66	.....
Other Expenses	270,708.88	14,294.52	256,414.36	.....
Joint Maintenance of Equipment Expenses—Dr.	8,955.35	8,269.88	685.47	.....
TOTAL	$11,773,220.12	$10,890,161.29	$883,058.83	.....
III. TRAFFIC				
Superintendence	$366,003.11	$356,034.19	$9,968.92	.....
Outside Agencies	777,682.77	773,904.08	3,778.69	.....
Advertising	73,403.39	32,246.26	41,157.13	.....
Traffic Associations	33,815.97	38,147.33	.....	$4,331.36
Fast Freight Lines	21,022.23	22,958.49	.....	1,936.26
Industrial and Immigration Bureaus	14,371.04	14,394.38	.....	23.34
Insurance	263.92	271.61	.....	7.69
Stationery and Printing	54,985.83	55,960.90	.....	975.07
Other Expenses	44,236.52	1,243.22	42,993.30	.....
TOTAL	$1,385,784.78	$1,295,160.46	$90,624.32	.....

COMPARISON OF EXPENSES—12 MONTHS ENDED DECEMBER 31ST, 1943 AND 1942—*Continued*

OPERATING EXPENSES	1943	1942	INCREASE	DECREASE
IV. TRANSPORTATION—RAIL LINE				
Superintendence	$455,459.46	$425,532.97	$29,926.49	
Dispatching Trains	142,967.14	134,860.60	8,106.54	
Station Employees:				
(a) Agents, Clerks and Attendants	2,228,300.63	2,214,295.72	14,004.91	
(b) Labor at Stations	2,807,803.30	2,511,692.55	296,110.75	
Weighing, Inspection and Demurrage Bureaus	50,163.08	50,989.56		$826.48
Coal and Ore Wharves	397,887.04	269,512.79	128,374.25	
Station Supplies and Expenses	811,338.75	774,137.97	37,200.78	
Yardmasters and Yard Clerks	843,256.55	828,128.10	15,128.45	
Yard Conductors and Brakemen	2,117,403.67	2,092,263.49	25,140.18	
Yard Switch and Signal Tenders	172,439.88	168,991.11	3,448.77	
Yard Enginemen	1,019,142.50	1,038,010.70		18,868.20
Yard Motormen	459,310.41	431,135.97	28,174.44	
Yard Switching Fuel	977,834.86	916,561.59	61,273.27	
Yard Switching Power Produced	135.26	94.07	41.19	
Yard Switching Power Purchased	2,405.25	1,547.10	858.15	
Water for Yard Locomotives	52,260.19	45,244.04	7,016.15	
Lubricants for Yard Locomotives	47,094.89	40,052.84	7,042.05	
Other Supplies for Yard Locomotives	12,440.70	10,202.79	2,237.91	
Enginehouse Expenses—Yard	372,646.78	332,424.68	40,222.10	
Yard Supplies and Expenses	40,643.20	40,931.78		288.58
Operating Joint Yards and Terminals—Dr.	54,495.83	52,013.45	2,482.38	
Operating Joint Yards and Terminals—Cr.	*79,350.84*	*83,657.59*		*4,306.75*
Train Enginemen	2,484,626.39	1,903,939.82	580,686.57	
Train Motormen	187,991.39	181,763.51	6,227.88	
Train Fuel	5,174,774.82	3,818,715.62	1,356,059.20	
Train Power Produced	30,162.19	30,166.25		4.06
Train Power Purchased	544,962.36	516,594.05	28,368.31	
Water for Train Locomotives	204,595.73	163,367.55	41,228.18	
Lubricants for Train Locomotives	154,507.55	120,413.86	34,093.69	
Other Supplies for Train Locomotives	50,108.31	39,493.70	10,614.61	
Enginehouse Expenses—Train	788,044.42	658,293.78	129,750.64	
Trainmen	2,942,264.82	2,432,573.40	509,691.42	
Train Supplies and Expenses:				
(a) Cleaning Cars	221,888.76	233,961.36		12,072.60
(b) Heating Cars	36,437.62	33,643.55	2,794.07	
(c) Lighting Cars	19,278.93	21,870.80		2,591.87
(d) Lubricating Cars	145,023.40	117,145.22	27,878.18	
(e) Icing and Watering Cars	11,706.40	21,516.65		9,810.25
(f) Y. M. C. A.	4,273.26	3,525.33	747.93	
(g) Detouring Trains	5,501.07	719.53	4,781.54	
(h) Train Supplies	67,597.28	47,696.61	19,900.67	
(i) Other Expenses	199,676.95	180,331.27	19,345.68	
Signal and Interlocker Operation	543,106.18	560,692.91		17,586.73
Crossing Protection	361,713.38	369,427.10		7,713.72
Drawbridge Operation	65,191.43	64,492.11	699.32	
Telegraph and Telephone Operation	64,777.64	64,300.83	476.81	

COMPARISON OF EXPENSES—12 MONTHS ENDED DECEMBER 31ST, 1943 AND 1942—*Continued*

OPERATING EXPENSES	1943	1942	INCREASE	DECREASE
IV. TRANSPORTATION—RAIL LINE—*Continued*				
Operating Floating Equipment:				
(a) Superintendence	$112,947.61	$115,513.38	.....	$2,565.77
(b) Wages of Crews	1,139,995.54	1,165,286.96	.....	25,291.42
(c) Fuel	312,258.19	293,835.66	$18,422.53	.....
(d) Lubrication	8,778.99	9,142.31	.....	363.32
(e) Other Supplies and Departmental Expenses	69,176.68	81,512.71	.....	12,336.03
(f) Other Expenses	28,119.54	42,561.84	.....	14,442.30
(g) Elevation and Longshore Labor	955,154.28	816,056.74	139,097.54	.....
Stationery and Printing	116,681.24	102,111.13	14,570.11	.....
Other Expenses	1,219,122.67	28,420.64	1,190,702.03	.....
Operating Joint Tracks and Facilities—Dr.	26,622.20	24,960.45	1,661.75	.....
Operating Joint Tracks and Facilities—Cr.	*75,753.28*	*72,346.07*	*3,407.21*	.....
Insurance	34,034.60	30,823.38	3,211.22	.....
Clearing Wrecks	59,915.22	28,577.21	31,338.01	.....
Damage to Property	25,282.67	40,520.90	.....	15,238.23
Damage to Live Stock on Right-of-Way	2,015.60	2,009.96	5.64	.....
Loss and Damage—Freight	392,582.66	338,671.63	53,911.03	.....
Loss and Damage—Baggage	3,451.15	595.58	2,855.57	.....
Injuries to Persons	425,844.38	261,829.33	164,015.05	.....
TOTAL	$32,150,518.75	$27,189,694.83	$4,960,823.92	.....
VI. MISCELLANEOUS OPERATIONS				
Dining and Buffet Service	$327,282.00	$272,445.60	$54,836.40	.....
TOTAL	$327,282.00	$272,445.60	$54,836.40	.....
VII. GENERAL				
Salaries and Expenses of General Officers	$165,826.85	$187,650.49	.....	$21,823.64
Salaries and Expenses of Clerks and Attendants	1,053,682.91	1,002,289.43	$51,393.48	.....
General Office Supplies and Expenses	90,508.11	89,918.94	589.17	.....
Law Expenses	251,740.74	204,686.53	47,054.21	.....
Insurance	263.87	264.02	.....	.15
Pensions	121,724.97	105,810.68	15,914.29	.....
Stationery and Printing	58,022.11	41,989.95	16,032.16	.....
Valuation Expenses	14,905.38	14,953.36	.....	47.98
Other Expenses	173,483.44	108,671.02	64,812.42	.....
General Joint Facilities—Cr.	*12,650.26*	*11,729.57*	*920.69*	.....
TOTAL	$1,917,508.12	$1,744,504.85	$173,003.27	.....
TOTAL OPERATING EXPENSES	$56,009,061.53	$48,464,633.28	$7,544,428.25	.....

STATEMENT OF OPERATIONS FOR THE YEARS SHOWN BELOW

Year	Gross Revenues	Operating Expenses	Taxes	Equipment and Joint Facility Rents–Net	Net Railway Operating Income	Additional Income–Net	Income Available for Interest on Funded Debt and Rent for Leased Roads and Equipment	Interest on Funded Debt	Rent for Leased Roads and Equipment	Net Income	Earnings Per Share $50 Par
1924...	$ 86,727,183.91	$ 64,485,908.79	$ 6,900,101.85	Cr.$ 584,788.48	$ 15,925,961.75	$ 5,064,667.21	$ 20,990,628.96	$ 5,856.00	$ 6,315,905.03	$ 14,668,867.93	$ 8.69
1925...	83,635,056.45	62,390,609.66	6,832,652.72	Cr. 522,204.29	14,933,998.36	6,035,575.32	20,969,573.68	5,856.00	6,533,523.14	14,430,194.54	8.54
1926...	88,804,744.97	62,377,489.33	7,671,403.68	Cr. 576,057.77	19,331,909.73	5,580,453.01	24,912,362.74	5,856.00	6,993,306.09	17,913,200.65	10.61
1927...	84,685,830.62	60,183,060.54	7,457,093.11	Cr. 352,422.22	17,398,099.19	5,277,765.23	22,675,864.42	5,856.00	6,962,236.20	15,707,772.22	9.30
1928...	81,135,180.72	57,975,286.84	6,392,638.37	Cr. 351,969.83	17,119,225.34	2,977,383.19	20,096,608.53	5,856.00	6,961,210.93	13,129,541.60	7.77
1929...	81,743,221.97	57,719,910.18	6,635,895.83	Cr. 121,171.22	17,508,587.18	2,907,654.51	20,416,241.69	5,832.84	7,070,278.71	13,340,130.14	7.90
1930...	69,661,490.26	52,612,852.66	6,081,111.71	Cr. 192,397.32	11,159,923.21	2,588,809.11	13,748,732.32	2,640.00	7,663,517.45	6,082,574.87	3.60
1931...	58,674,837.97	46,140,666.22	5,234,483.48	Dr. 58,484.43	7,241,203.84	1,535,737.89	8,776,941.73	2,640.00	7,683,611.34	1,090,690.39	.65
1932...	46,447,856.42	37,055,579.39	5,216,791.03	Dr. 163,531.70	4,011,954.30	1,147,615.45	5,159,569.75	1,770.00	7,700,247.15	D 2,542,447.40	D 1.51
1933...	43,339,278.82	34,777,127.07	4,715,876.23	Dr. 365,975.43	3,480,300.09	1,235,612.72	4,715,912.81	900.00	7,708,875.15	D 2,993,862.34	D 1.77
1934...	44,592,529.70	35,506,790.68	4,292,969.72	Dr. 288,589.41	4,504,179.89	1,130,334.38	5,634,514.27	900.00	7,606,227,09	D 1,972,612.82	D 1.17
1935...	44,722,233.11	36,968,499.33	3,805,004.73	Dr. 361,120.72	3,587,608.33	1,023,415.50	4,611,023.83	33,288.77	7,510,039.91	D 2,932,304.85	D 1.74
1936...	49,728,115.95	39,184,541.43	4,016,989.78	Dr. 164,066.77	6,362,517.97	1,187,855.22	7,550,373.19	175,592.45	7,507,628.11	D 132,847.37	D .08
1937...	50,175,003.90	39,279,811.41	5,061,295.05	Dr. 204,996.00	5,628,901.44	1,184,314.33	6,813,215.77	171,293.36	7,578,694.84	D 936,772.43	D .55
1938...	44,188,480.96	36,022,909.71	5,124,180.31	Dr. 531,769.92	2,509,621.02	1,150,115.07	3,659,736.09	162,359.99	7,452,330.05	D 3,954,953.95	D 2.34
1939...	50,454,438.28	38,535,006.89	5,140,501.51	Dr. 750,241.57	6,028,688.31	1,181,259.63	7,209,947.94	220,440.36	7,498,492.37	D 508,984.79	D .30
1940...	51,891,975.22	39,814,991.82	5,348,324.03	Dr. 383,035.10	6,345,624.27	1,202,947.79	7,548,572.06	260,039.46	7,083,255.42	205,277.18	.12
1941...	61,111,360.69	43,331,770.87	7,161,631.51	Dr. 492,160.83	10,125,797.48	852,754.05	10,978,551.53	223,598.22	7,083,255.42	3,671,697.89	2.17
1942...	72,544,984.75	48,464,633.28	12,034,942.48	Dr. 396,592.76	11,648,816.23	619,620.61	12,268,436.84	154,001.67	6,964,950.42	5,149,484.75	3.05
1943...	81,380,394.58	56,009,061.53	12,728,833.79	Dr. 1,461,219.43	11,181,279.83	667,279.98	11,848,559.81	172,019.57	6,987,781.42	4,688,758.82	2.78

Total Recorded Investment in Railroad Property to December 31, 1943—$313,569,723.81.

D—Denotes Deficit.