

1938

EIGHTY-FIFTH REPORT

Lehigh Valley Railroad Company

For the Year Ended December 31, 1938

1938

EIGHTY-FIFTH REPORT

Lehigh Valley Railroad Company

For the Year Ended December 31, 1938

Lehigh Valley Railroad Company

Board of Directors

BRANDON BARRINGER	JASPER N. HAINES
ARTHUR F. BAYFIELD	THOMAS H. McINNERNEY
COLBY M. CHESTER	EFFINGHAM B. MORRIS, JR.
MORRIS L. CLOTHIER	NORMAN B. PITCAIRN
ALAN C. DODSON	ERNEST G. SMITH
ARTHUR C. DORRANCE	JOHN R. SPROUL
DUNCAN J. KERR, Ex-Officio	

Officers

D. J. KERR.....	PRESIDENT
JOHN DUFFY.....	VICE PRESIDENT
R. W. BARRETT.....	VICE PRESIDENT AND GENERAL COUNSEL
H. R. GERMAN.....	SECRETARY AND TREASURER
A. F. BAYFIELD.....	COMPTROLLER

EIGHTY-FIFTH REPORT

Bethlehem, Pa., February 21, 1939.

To the Stockholders of the Lehigh Valley Railroad Company:

The Board of Directors submits herewith its report for the year ended December 31, 1938:

INCOME

Total Operating Revenues.....	\$41,230,143.18
Total Operating Expenses	31,514,202.25
Net Operating Revenue.....	<u>\$ 9,715,940.93</u>
Railway Tax Accruals	\$3,514,746.53
Equipment Rents—Net	2,113,186.33
Joint Facility Rents—Net.....	181,559.21
	<u>5,809,492.07</u>
Net Railway Operating Income.....	\$ 3,906,448.86
Other Income	879,178.14
Total Income	<u>\$ 4,785,627.00</u>
Deductions from Income.....	8,066,240.11
Net Income—Deficit.....	<u>\$ 3,280,613.11</u>

PROFIT AND LOSS

Balance, December 31, 1937.....	\$29,058,619.33
Transferred from Income.....	3,280,613.11
Tracks and Structures Retired.....	2,055,032.08
Miscellaneous (see page 6).....	9,008,062.86
Balance, December 31, 1938.....	<u>\$14,714,911.28</u>

Gross Revenue for 1938 was \$41,230,143., a decrease of 15% compared with 1937. While some increases in freight and passenger rates were permitted by the Interstate Commerce Commission during the year, these were offset by the lower traffic volume which developed in the Fall of 1937 and continued throughout the year.

Operating Expenses in 1938 were \$31,514,202., a decrease of 15% compared with 1937. Total taxes in 1938 amounted to \$4,061,985., compared with \$3,383,676. in 1937.

The operating ratio was 76.43% in 1938, compared with 76.47% in 1937. Higher wages granted in 1937, with the Social Security tax of 3% and the Retirement tax of 2 $\frac{3}{4}$ % have added greatly to the payroll taxes paid to the Government.

LEHIGH VALLEY RAILROAD COMPANY

In March the Interstate Commerce Commission authorized an increase of 11¢ a gross ton on anthracite coal, increases of 10% in the rates on a number of commodities and a 5% increase on others. No increases were permitted on bituminous coal or iron ore. The decision, in so far as freight other than coal is concerned, required that previous increases authorized during 1937 be taken into account and considered as part of this increase. As a result of these eliminations, the actual increase was far below the increase of 15% the railroads had asked. Furthermore, the Public Utility Commission of Pennsylvania refused to authorize the increase in anthracite rates on that traffic moving wholly within Pennsylvania. Not until February 10, 1939, was this increase permitted, and then only by means of direct orders of the Interstate Commerce Commission under the powers given it where the action of a State Commission constitutes discrimination against interstate rates. In July eastern railroads were permitted to increase passenger coach fares from 2¢ to 2½¢ per mile.

Under the provisions of the Railroad Retirement Act, which became effective on January 1, 1937, your Company must pay to the Internal Revenue Department 2¾% of salary and wage payments up to \$300.00 per month per employe. This amounted to \$520,039.00 in 1938. In addition, your Company paid \$12,122.08 to retired officers and employes during the year, who were entitled to pension allowances in excess of the maximum allowed by the Railroad Retirement Board. At the close of the year 1,275 employes were receiving pensions under the provisions of the Act.

Under the unemployment provisions of the Social Security Act, your Company paid taxes of 3% of payrolls in 1938, which amounted to \$572,570.00.

Equipment Trust "V" Notes 1934, held by Reconstruction Finance Corporation, have been reduced from the original amount of \$5,100,000., to \$4,012,000., as of December 31, 1938. Likewise, Public Works Administration Equipment Repair Notes (owned by the R. F. C.) issued in 1934 and 1936 in the total amount of \$2,000,000., were reduced to \$1,111,000. On April 30, 1938, the Company borrowed \$778,000., from the R. F. C. for the purpose of applying cast steel trucks to its cars.

At the close of the year your Company had on deposit with the Railroad Credit Corporation under the Marshalling and Distributing Plan, \$334,913.26.

The United States Circuit Court of Appeals decided against the railroads in their protest against New Jersey State taxes for 1932-1933. A petition for a writ of certiorari has been filed with the United States Supreme Court. Testimony in the tax cases for 1934, 1935 and 1936 has been concluded in the United States District Court at Trenton, N. J., but no decision has been handed down. Excessive railroad taxation, particularly in New Jersey, is one of the most serious burdens imposed on your Company.

The Mixed Claims Commission has not reached a conclusion with

LEHIGH VALLEY RAILROAD COMPANY

respect to your Company's claim against the German Government as a result of the Black Tom explosion in 1916.

Early in the year it became evident that your Company, because of decreased volume of traffic and increased burden of taxes, would not be able to avoid receivership unless a substantial reduction was secured, temporarily, at least, in its interest obligations. From 1932 to 1935, the Company borrowed over \$15,000,000. which was used largely for taxes and to pay interest on outstanding bonds. These loans have been reduced to \$7,900,000. In addition, \$7,878,000. was borrowed from the R. F. C. for the purchase and repair of equipment and that total has been reduced to \$5,901,000.

The Management of the Company, realizing that no important railroad reorganizations have been effected, and that those which have been undertaken have resulted in enormous costs, with resultant losses in principal to bondholders and stockholders, felt that every effort should be made to save the property by some other means. Accordingly, conferences were held with representatives of insurance companies, savings banks, etc., holding large amounts of securities of your Company and, as a result, an arrangement was entered into, known as Lehigh Valley Railroad Company Plan and Agreement, dated August 25, 1938, providing that 75% of the amount of each of the five semi-annual interest installments on \$72,336,000. General Consolidated Mortgage Bonds, due May 1, 2003, falling due November 1, 1938 to November 1, 1940, inclusive, shall be extended without interest for a period of five years from its maturity. The amount of interest to be postponed for the five-year period under this Plan amounts to \$5,844,235.

The Plan also provides for the extension for periods of ten years from their present maturity dates the principal of the following bonds:

Pennsylvania and New York Canal and Railroad Company Consolidated Mortgage Bonds (\$8,500,000. now outstanding) due April 1, 1939 to April 1, 1949.

The Lehigh Valley Rail Way Company First Mortgage Bonds (\$15,000,000. now outstanding) due July 1, 1940 to July 1, 1950.

Lehigh Valley Terminal Railway Company First Mortgage Bonds (\$10,000,000. now outstanding) due October 1, 1941 to October 1, 1951.

Bank and Reconstruction Finance Corporation loans are also to be extended to November 1, 1943.

Copies of the Plan and Agreement were mailed to all known holders of the bonds affected. The response and cooperation generally from bondholders to the Plan, which was the first of this kind to be undertaken by a railroad management in an effort to avoid receivership, has been most encouraging.

As soon as assents to the Plan were received from owners of a sufficient number of bonds, application was made to the Interstate Commerce Commission for approval of the Plan, which will be declared operative following receipt of such approval.

LEHIGH VALLEY RAILROAD COMPANY

Since the close of the year The Lehigh Valley Coal Company has submitted a plan to the holders of its Five-Year 6% Gold Notes, referred to in the last annual report as having been extended for a period of five years to January 1, 1943, which Notes are guaranteed by your Company and to the holders of Coal Company's outstanding bonds. The Coal Company Notes guaranteed by your Company are of two classes, Class A (outstanding in the hands of the public in the principal amount of \$1,953,000.) and Class B (owned by your Company in the principal amount of \$2,164,500.). The Coal Company's Plan provides for the postponement until January 1, 1943 of 75% of the interest due on Class A Notes on July 1, 1939. It also provides for the suspension until December 1, 1940 of sinking fund payments in respect of all of the 6% Notes. In so far as the Class B Notes are concerned, owned by your Company, the Plan provides for the postponement of the payment of interest from January 1, 1939 to January 1, 1943, inclusive, and that at the end of that time the interest on these Notes will be reduced from 6% to 5% per annum and paid, together with the principal, on February 1, 1943 by \$2,660,500 principal amount of the Coal Company's First and Refunding Mortgage Sinking Fund 5% Bonds, Series of 1932, maturing on February 1, 1954. It is expected that this Plan, when approved by the holders of these securities will enable the Coal Company to avoid receivership.

As a result of an offer received for the Hazleton Water Company, one of your Company's subsidiaries, which furnished water for industrial as well as domestic consumption in the vicinity of Hazleton, Pa., this property has been sold and the proceeds used in part to reduce loans.

To comply with the suggestion of the I. C. C. the book value of the capital stock of Coxe Brothers & Company, Inc., all of which is owned by your Company, was written down from \$8,440,000. to \$1,000,000. The capital stock of the New York and Middle Coal Field Railroad and Coal Company was reduced from \$1,500,000. to \$60,000., and the name changed to Middle Coal Company. Reduction in book value of these subsidiaries in both cases was charged to Profit and Loss.

During 1938 your Company acquired thirteen Diesel-electric switching locomotives from the Electro-Motive Corporation, which replaced twenty-one steam engines. At the end of the year twenty-three Diesel type locomotives were in switching service on your railroad.

Fifty-nine new industries to be served by your railroad were located during the year. Of these fifty-seven are on Lehigh Valley sidings and nearly two miles of track was installed in this connection. Included in the new industries are nine tenants in the Starrett-Lehigh Building in New York City. In addition seven tenants increased their space in that building.

The Philadelphia General Office of your Company was transferred to Bethlehem, Pa., the change resulting in substantial savings and through consolidation with forces at Bethlehem has provided greater efficiency.

LEHIGH VALLEY RAILROAD COMPANY

Messrs. George T. Slade and James F. Bell resigned as Directors. Messrs. Brandon Barringer of Philadelphia, Ernest G. Smith of Wilkes-Barre, and Jasper N. Haines and Arthur F. Bayfield of Bethlehem, were elected to fill vacancies on the Board.

The loyal and efficient service rendered by officers and employes is appreciated and acknowledged with the thanks of the management.

For the Board of Directors,

D. J. KERR,

President.

LEHIGH VALLEY RAILROAD COMPANY

GENERAL BALANCE SHEET

ASSETS		
INVESTMENTS:		
In road..... (See Note below)	\$39,437,134.22	
In equipment	56,764,792.19	
		\$96,201,926.41
Improvements on leased railway property		2,302,945.33
Miscellaneous physical property.....		137,248.29
Investments in affiliated companies:		
Stocks	\$76,011,246.70	
Bonds	20,116,131.00	
Notes	150,000.00	
Advances	9,635,644.75	
		105,913,022.45
Other investments:		
Stocks	\$572,439.12	
Bonds	64,857.00	
Notes	2,159,533.75	
Miscellaneous	524,573.34	
		3,321,403.21
Total investments.....		\$207,876,545.69
CURRENT ASSETS:		
Cash	\$2,836,237.95	
Special deposits	419,663.08	
Loans and bills receivable.....	4,521.74	
Traffic and car-service balances receivable	1,148,464.31	
Net balance receivable from agents and conductors	775,980.82	
Miscellaneous accounts receivable.....	1,363,008.16	
Material and supplies.....	2,556,145.91	
Interest and dividends receivable.....	73,889.59	
Rents receivable	43,021.48	
Other current assets	67,431.24	
Total current assets.....		9,288,364.28
DEFERRED ASSETS:		
Working fund advances.....	\$116,120.41	
Insurance and other funds.....	159,766.21	
Other deferred assets.....	195,829.16	
Total deferred assets.....		471,715.78
UNADJUSTED DEBITS:		
Rents and insurance premiums paid in advance	\$28,784.55	
Other unadjusted debits.....	2,174,096.22	
Total unadjusted debits.....		2,202,880.77
TOTAL ASSETS		\$219,839,506.52
CONTINGENT ASSET:		
Additional Black Tom Claim not included above		\$2,703,239.48

NOTE:—The item Investment in Road represents only road property of Lehigh Valley Railroad Company proper (Phillipsburg, N. J., to Wilkes-Barre, Pa.). The total road and equipment investment of the system, including transportation subsidiaries, owned by your Company, is \$248,902,408.66.

LEHIGH VALLEY RAILROAD COMPANY

DECEMBER 31, 1938

LIABILITIES

STOCK:		
Common stock.....	\$60,501,700.00	
Preferred stock	25,900.00	
Total stock outstanding.....		\$60,527,600.00
Grants in aid of construction.....		6,129.71
LONG-TERM DEBT:		
Funded debt	\$117,936,000.00	
Less—Funded debt held in treasury or pledged	28,000,000.00	
	89,936,000.00	
Equip. Trust Certificates Series V.....	4,012,000.00	
Public Works Administration Loan (R. F. C.).....	1,111,000.00	
Reconstruction Finance Corp. Loan.....	778,000.00	
Non-negotiable Debt to Affiliated Com- panies	849,034.53	
Total long-term debt outstanding.....		96,686,034.53
CURRENT LIABILITIES:		
Loans and bills payable.....	\$7,900,000.02	
Traffic and car-service balances payable	471,670.49	
Audited accounts and wages payable.....	2,514,627.64	
Miscellaneous accounts payable.....	401,318.66	
Interest matured unpaid.....	418,444.83	
Dividends matured unpaid.....	28,767.30	
Unmatured interest accrued.....	296,936.03	
Unmatured rents accrued.....	503,366.66	
Other current liabilities.....	355,008.02	
Total current liabilities.....		12,890,139.65
DEFERRED LIABILITIES:		
Liability for provident funds.....	\$3,264.47	
Other deferred liabilities.....	3,843,147.24	
Total deferred liabilities.....		3,846,411.71
UNADJUSTED CREDITS:		
Tax liability	\$3,975,663.84	
Insurance and casualty reserve.....	75,000.00	
Accrued depreciation—Equipment	24,712,389.71	
Accrued depreciation—Miscellaneous physical property	49,639.82	
Other unadjusted credits.....	2,178,637.78	
Total unadjusted credits.....		30,991,331.15
CORPORATE SURPLUS:		
Additions to property through income and surplus	176,948.49	
Profit	14,714,911.28	
Total corporate surplus.....		14,891,859.77
TOTAL LIABILITIES		\$219,839,506.52
CONTINGENT LIABILITIES:		
Lehigh Valley Coal Co. 6% Notes due 1-1-43		\$1,953,000.00
New Jersey State taxes—not accrued.....		\$2,874,914.74

LEHIGH VALLEY RAILROAD COMPANY

INCOME STATEMENT

For the Years Ended December 31, 1938 and 1937

	1938	1937	INCREASE OR Decrease
AVERAGE MILES OF ROAD OPERATED.....	1,298.63	1,318.58	19.95
OPERATING REVENUES:			
Anthracite coal freight revenue.....	\$13,575,396.38	\$15,141,484.94	\$1,566,088.56
Bituminous coal freight revenue.....	987,472.04	1,278,510.60	291,038.56
Merchandise freight revenue.....	21,866,879.76	26,480,969.91	4,614,090.15
Passenger revenue	2,187,218.23	2,621,860.91	434,642.68
Mail revenue	288,588.15	321,292.51	32,704.36
Express revenue	256,913.95	375,059.95	118,146.00
All other revenues	2,067,674.67	2,399,670.50	331,995.83
Total Operating Revenues.....	\$41,230,143.18	\$48,618,849.32	\$7,388,706.14
OPERATING EXPENSES:			
Maintenance of way and structures..	\$2,288,356.45	\$3,214,304.62	\$925,948.17
Maintenance of equipment.....	8,070,910.40	9,648,120.31	1,577,209.91
Traffic expenses	1,331,442.70	1,355,389.96	23,947.26
Transportation expenses	18,190,874.82	21,115,463.63	2,924,588.81
Miscellaneous operations	216,915.23	253,451.04	36,535.81
General expenses	1,417,802.78	1,595,099.03	177,296.25
Transportation for investment—Cr.	2,100.13	2,631.13	531.00
Total Operating Expenses.....	\$31,514,202.25	\$37,179,197.46	\$5,664,995.21
NET OPERATING REVENUE.....	\$9,715,940.93	\$11,439,651.86	\$1,723,710.93
DEDUCTIONS FROM REVENUE:			
Railway tax accruals	\$3,514,746.53	\$2,701,704.27	\$813,042.26
Equipment rents—net	2,113,186.33	2,384,294.00	271,107.67
Joint facility rents—net	181,559.21	108,199.35	73,359.86
NET RAILWAY OPERATING INCOME	\$3,906,448.86	\$6,245,454.24	\$2,339,005.38
OTHER INCOME:			
Misc. non-operating physical property	\$31,657.92	\$33,982.85	\$2,324.93
Separately operated properties-profit	62,909.64	85,834.87	22,925.23
Dividend income	75,770.74	161,164.74	85,394.00
Income from funded securities.....	485,313.51	545,304.77	59,991.26
Income from unfunded securities and accounts	38,182.95	53,431.14	15,248.19
Miscellaneous income	185,343.38	179,595.29	5,748.09
Total Other Income	\$879,178.14	\$1,059,313.66	\$180,135.52
Total Income	\$4,785,627.00	\$7,304,767.90	\$2,519,140.90
DEDUCTIONS FROM INCOME:			
Rent for leased roads.....	\$2,653,755.16	\$2,665,510.15	\$11,754.99
Miscellaneous rents	294,433.98	305,206.30	10,772.32
Miscellaneous tax accruals.....	241,782.73	243,622.68	1,839.95
Separately operated properties-loss	1,534.76	.....	1,534.76
Interest on funded debt.....	4,382,329.34	4,404,786.58	22,457.24
Interest on unfunded debt.....	185,511.19	142,004.49	43,506.70
Miscellaneous income charges.....	306,892.95	442,191.05	135,298.10
Total Deductions from Income.....	\$8,066,240.11	\$8,203,321.25	\$137,081.14
Net Income	\$3,280,613.11	\$898,553.35	\$2,382,059.76

LEHIGH VALLEY RAILROAD COMPANY

Statement of Funded Debt, December 31, 1938

DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	IN TREASURY OR PLEDGED	IN HANDS OF PUBLIC	INTEREST		
					RATE	PAYABLE	ACCRUED DURING YEAR
LEHIGH VALLEY RAILROAD COMPANY:							
First Mortgage Bonds	May 15, 1868	June 1, 1948	.....	\$5,000,000	4%	June and Dec.	\$200,000.00
Consolidated Mortgage Bonds	Nov. 13, 1873	Perpetual	.....	10,062,000	6%	June and Dec.	603,720.00
		Perpetual	.....	2,538,000	4½%	June and Dec.	114,210.00
*General Consolidated Mortgage Bonds	Sept. 30, 1903	May 1, 2003	{ \$1,000,000	39,639,000	4%	May and Nov.	1,585,560.00
			{ 24,400,000	20,697,000	4½%	May and Nov.	931,365.00
				12,000,000	5%	May and Nov.	600,000.00
Equipment Trust Certificates Series V	Dec. 14, 1934	Various amounts semi-annually to Feb. 1, 1951	.....	4,012,000	4%	Feb. and Aug.	167,093.32
Registered Serial Collateral Notes	Various	\$111,000 semi-annually to Aug. 1, 1943	.....	1,111,000	4%	Feb. and Aug.	47,400.00
Manufacturers Trust Co., New York, Loan Reconstruction Finance Corporation, Loan CONSOLIDATED REAL ESTATE COMPANY: First Mortgage Bonds	Mar. 1, 1937 Apr. 30, 1938	Mar. 1, 1940 Apr. 30, 1941	.....	778,000	3% 4%	Monthly Apr. and Oct.	112,191.73 20,789.29
Total Funded Debt and Interest	Feb. 1, 1906	Feb. 1, 1956	2,600,000	.....	4%	Feb. and Aug.	.....
			\$28,000,000	\$95,837,000	.....	.....	\$4,382,329.34

* Amount of authorized issue, \$150,000,000.
† Excludes interest on securities pledged.
‡ Refinanced October 10, 1938.

Guaranties and Rentals, December 31, 1938

FIRST MORTGAGE GUARANTIES	DATE OF ISSUE	DATE OF MATURITY	IN TREASURY OR PLEDGED	IN HANDS OF PUBLIC	GUARANTIES AND RENTALS		
					RATE	PAYABLE	ACCRUED DURING YEAR
Penna. & N. Y. Canal & R. R. Co., Consol.	Nov. 13, 1888	April 1, 1939	.....	\$4,000,000	5%	Apr. and Oct.	\$200,000.00
Lehigh Valley Terminal Ry. Co.	Oct. 1, 1891	Oct. 1, 1941	.....	1,500,000	4½%	Apr. and Oct.	67,500.00
Greenville & Hudson Ry. Co.	April 1, 1897	April 1, 1997	1,000	3,000,000	4%	Apr. and Oct.	120,000.00
Irvington R. R. Co.	Feb. 1, 1906	Feb. 1, 1956	350,000	9,999,000	5%	Apr. and Oct.	500,000.00
The Lehigh Valley Rail Way Co.	June 23, 1890	July 1, 1940	125,000	.....	5%	Apr. and Oct.	17,500.00
Lehigh-Bflo. Term. Ry. Corp'n.	Nov. 1, 1916	Nov. 1, 1966	.....	15,000,000	4%	Feb. and Aug.	5,000.00
Middlesex Valley Railroad Co.	Aug. 26, 1892	Nov. 1, 1942	5,000,000	.....	4½%	Jan. and July	675,000.00
Rochester Southern R. R. Co.	Nov. 1, 1895	Nov. 1, 1945	420,000	180,000	4½%	May and Nov.	225,000.00
Seneca County Ry.	Feb. 1, 1903	Feb. 1, 1983	425,000	.....	5%	May and Nov.	30,000.00
The Lehigh & Lake Erie R. R. Co.	Mar. 1, 1907	Mar. 1, 1957	500,000	.....	5%	May and Nov.	21,250.00
Lehigh Valley Harbor Terminal Ry. Co.	Feb. 1, 1924	Feb. 1, 1954	.....	3,000,000	5%	Feb. and Aug.	25,000.00
Lehigh & New York R. R. Co.	Aug. 24, 1895	Sept. 1, 1945	.....	10,000,000	4½%	Mar. and Sept.	135,000.00
Total			.....	2,000,000	5%	Feb. and Aug.	500,000.00
			\$6,821,000	\$48,679,000	.....	Mar. and Sept.	80,000.00
RENTALS—LINES NOT OWNED:							
State Line and Sullivan Railroad Co.	.....	.....	.....	.....	.....	.....	\$2,601,250.00
Raritan Terminal and Transportation Co.	.....	.....	.....	.....	.....	.....	\$20,000.00
New York Central Railroad Co. (R. W. & O. Yard)	.....	.....	.....	.....	.....	.....	2,000.00
Taxes charged as Rentals	.....	.....	.....	.....	.....	.....	17,201.76
Total Interest and Rentals	.....	.....	.....	.....	.....	.....	13,303.40
							\$2,653,755.16

* Includes interest on securities in treasury or pledged.

LEHIGH VALLEY RAILROAD COMPANY

Operating Statistics for the Years Ended December 31, 1938 and 1937

	1938	1937	INCREASE OR Decrease	PER CENT.
TRAIN AND LOCOMOTIVE MILEAGE				
Revenue freight train miles—locomotive.....	3,373,515	4,239,550	866,035	20.43
Revenue passenger train miles—locomotive..	1,379,138	1,662,205	283,067	17.03
Revenue milk and express train miles—locomotive	626,269	646,883	20,614	3.19
Total revenue service train miles—locomotive	5,378,922	6,548,638	1,169,716	17.86
Revenue freight train miles—motor.....	9,416	20,972	11,556	55.10
Revenue passenger train miles—motor.....	539,979	631,184	91,205	14.45
Total revenue service train miles—motor	549,395	652,156	102,761	15.76
Total revenue service train miles.....	5,928,317	7,200,794	1,272,477	17.67
Helping and light freight locomotive miles....	883,632	1,005,357	121,725	12.11
Helping and light passenger locomotive miles	209,521	220,035	10,514	4.78
Helping and light passenger motor miles.....	871	2,264	1,393	61.53
Total revenue service locomotive miles, excluding switching and motor.....	6,472,075	7,774,030	1,301,955	16.75
Switching locomotive miles.....	3,746,934	4,365,924	618,990	14.18
Switching motor miles.....	5,502	5,940	438	7.37
Total revenue service locomotive miles, excluding motor	10,219,009	12,139,954	1,920,945	15.82
Non-revenue service locomotive miles.....	165,799	196,766	30,967	15.74
Non-revenue service motor miles.....	13,444	9,443	4,001	42.37
Per cent. helping and light of revenue service locomotive miles, excluding switching and motor.....	16.89	15.76	1.13	7.17
CAR MILEAGE				
Freight car mileage—loaded	133,772,549	161,989,379	28,216,830	17.42
Freight car mileage—empty	71,683,758	79,185,789	7,502,031	9.47
Freight car mileage—caboose	3,518,910	4,379,265	860,355	19.65
Total freight car miles.....	208,975,217	245,554,433	36,579,216	14.90
Average number of all freight cars per train	61.77	57.63	4.14	7.18
Per cent. loaded of total car miles.....	64.01	65.97	1.96	2.97
Passenger car miles—including Pullman.....	9,676,949	11,461,956	1,785,007	15.57
Baggage, dining, mail, express and milk car miles	11,021,919	12,153,345	1,131,426	9.31
Total passenger car miles.....	20,698,868	23,615,301	2,916,433	12.35
Average number of passenger train cars per passenger train	8.13	8.03	.10	1.25
GROSS TON MILES AND TRAIN HOURS				
Gross ton miles excluding locomotives (thousands)	8,341,547	9,979,726	1,638,179	16.42
Total freight train hours (thousands).....	184,502	241,721	57,219	23.67
Gross tons per train.....	2,491	2,380	111	4.66
Gross ton miles per train hour.....	45,211	41,286	3,925	9.51

LEHIGH VALLEY RAILROAD COMPANY

Traffic Statistics for the Years Ended December 31, 1938 and 1937

	1938	1937	INCREASE OR Decrease	PER CENT.
Average miles of road operated....	1,298.63	1,318.58	19.95	1.51
FREIGHT TRAFFIC				
Tons of revenue freight carried....	19,005,655	23,604,007	4,598,352	19.48
Ton miles revenue freight.....	3,441,957,673	4,281,076,244	839,118,571	19.60
Miles per revenue ton.....	181.10	181.37	.27	.15
Freight revenue	\$36,429,748.18	\$42,900,965.45	\$6,471,217.27	15.08
Revenue per ton	\$1.92	\$1.82	\$.10	5.49
Revenue per ton mile—cents.....	1.058	1.002	.056	5.59
Tons of rev. freight per revenue freight train	1,017.45	1,004.82	12.63	1.26
Average number of tons of all freight in each loaded car.....	26.43	27.10	.67	2.47
PASSENGER TRAFFIC				
Revenue passengers carried.....	968,173	1,169,964	201,791	17.25
Revenue passengers carried one mile	106,306,095	132,387,278	26,081,183	19.70
Average distance carried—miles..	109.80	113.15	3.35	2.96
Revenue from passengers.....	\$2,187,218.23	\$2,621,860.91	\$434,642.68	16.58
Revenue per passenger.....	\$2.26	\$2.24	.02	.89
Revenue per passenger mile—cts.	2.06	1.98	.08	4.04
Passenger service train revenue....	\$3,466,394.49	\$4,131,955.68	\$665,561.19	16.11
Average revenue passengers per car	11	12	1	8.33
Average revenue passengers per train (including mixed).....	55	58	3	5.17
REVENUES AND EXPENSES				
Operating revenues	\$41,230,143.18	\$48,618,849.32	\$7,388,706.14	15.20
Operating expenses	\$31,514,202.25	\$37,179,197.46	\$5,664,995.21	15.24
Net operating revenue.....	\$9,715,940.93	\$11,439,651.86	\$1,723,710.93	15.07
Operating Ratio	76.43 %	76.47 %	.04 %	.05

LEHIGH VALLEY RAILROAD COMPANY

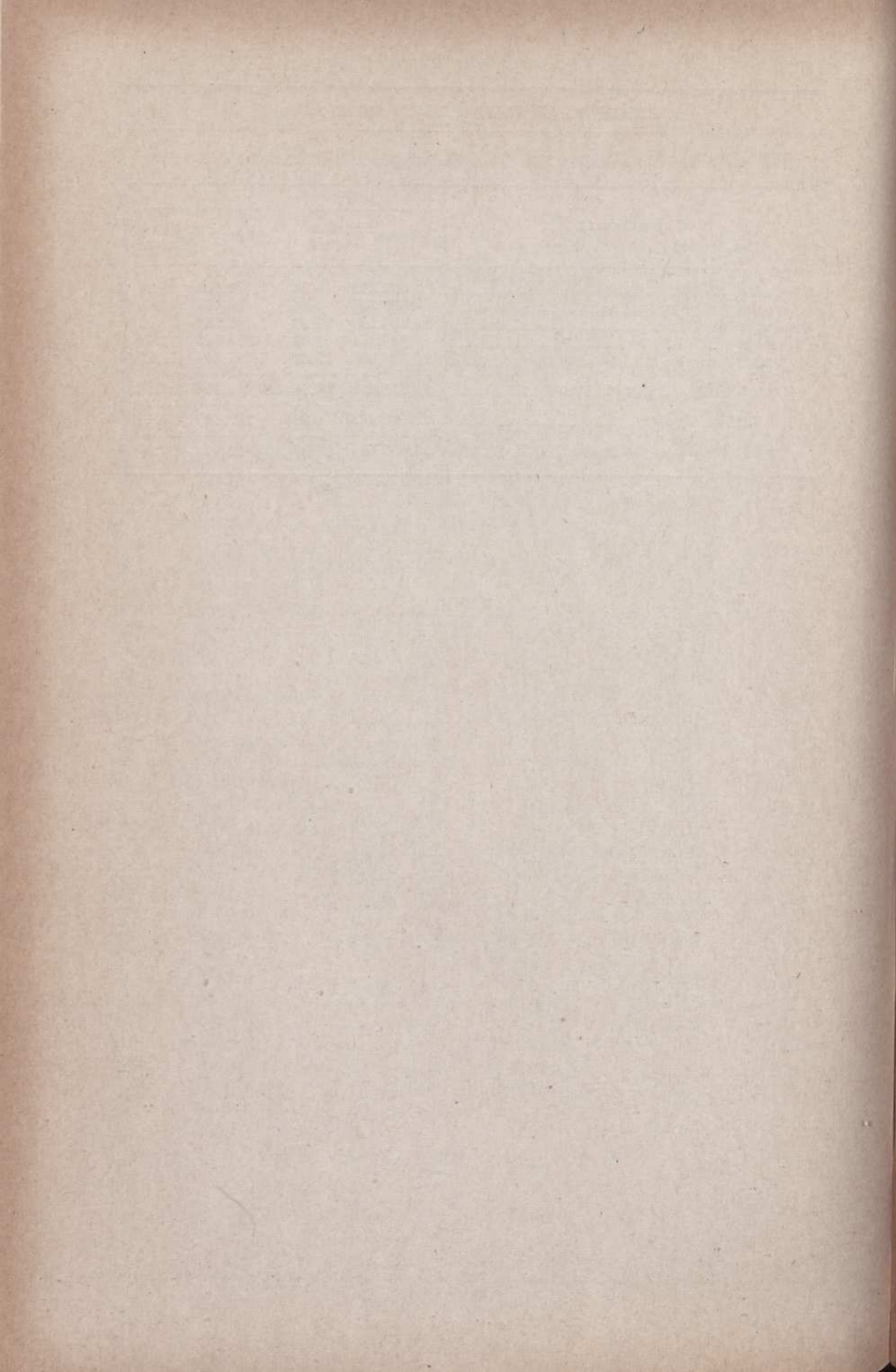
Additions and Betterments, Entire System, Year Ended December 31, 1938

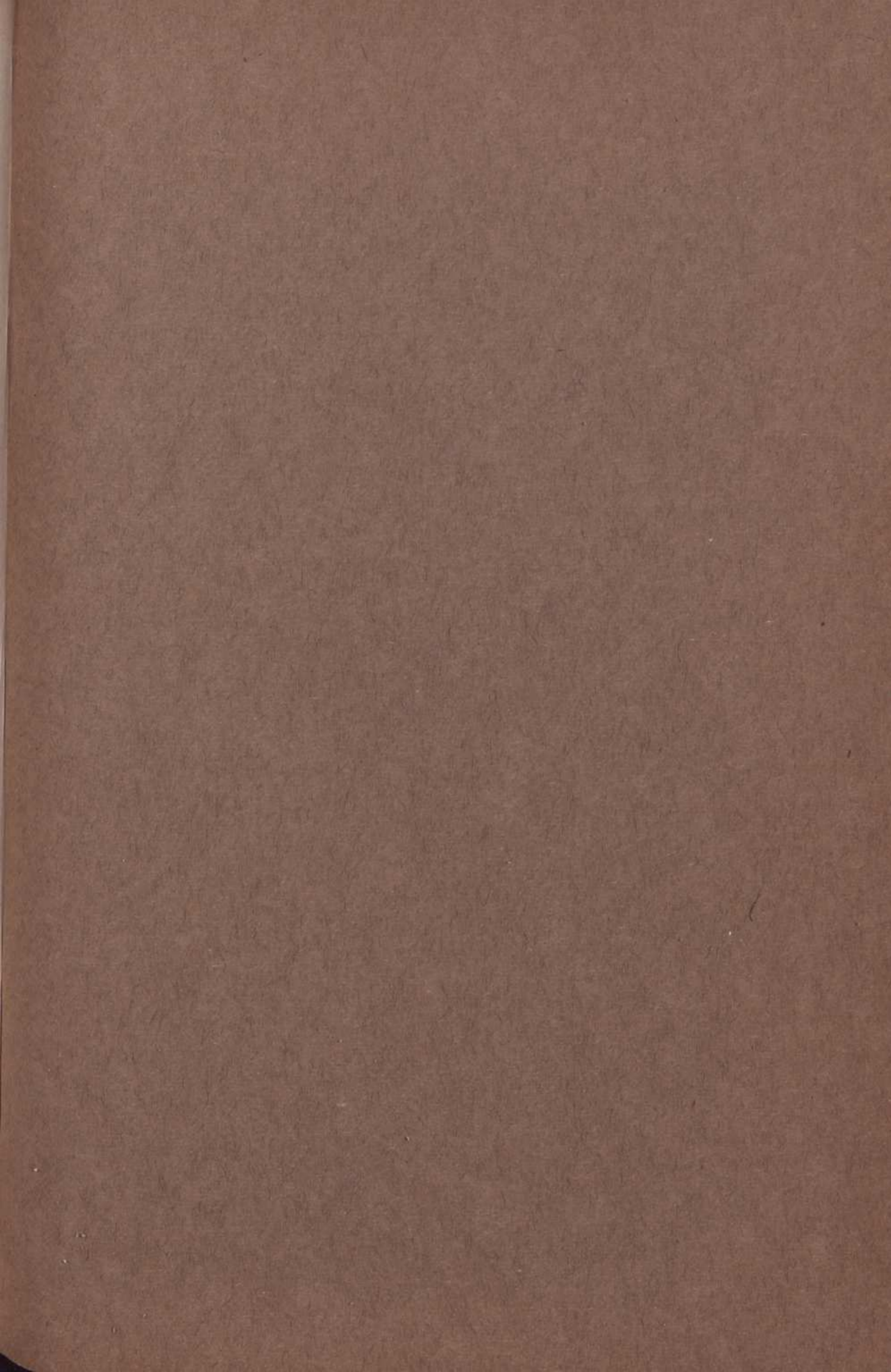
	EXPENDITURES AND CHARGES	RETIREMENTS	NET AMOUNT
Engineering	\$13,654.63	\$38,569.08	\$24,914.45
Land for transportation purposes.....	17,775.81	180,568.26	162,792.45
Other Right-of-Way—Expenditures	77.53	2,257.47	2,179.94
Grading	164,454.77	370,434.95	205,980.18
Bridges, trestles and culverts.....	14,788.30	430,143.39	415,355.09
Ties	2,443.15	252,695.21	250,252.06
Rails	9,631.28	265,257.02	255,625.74
Other track material.....	48,242.01	91,522.76	43,280.75
Ballast	22,960.49	54,825.91	31,865.42
Track laying and surfacing.....	16,913.53	153,665.43	136,751.90
Fences, snowsheds and signs.....	84.28	24,473.30	24,557.58
Station and office buildings.....	19,828.11	242,280.83	222,452.72
Roadway buildings	4,350.34	15,944.61	20,294.95
Water stations	3,016.70	24,770.61	21,753.91
Fuel stations	9,423.10	406.42	9,016.68
Shops and engine houses.....	16,328.26	34,094.81	17,766.55
Wharves and docks	42,893.23	70,683.34	27,790.11
Coal and ore wharves.....	1,023.21	2,256.75	3,279.96
Telegraph and telephone lines.....	719.13	16,791.88	16,072.75
Signals and interlockers.....	3,179.95	23,892.21	27,072.16
Power transmission systems	845.85	20,571.01	19,725.16
Miscellaneous structures	530.00	837.42	307.42
Roadway machines	73,091.46	3,389.78	69,701.68
Public improvements—construction	74,791.32	3,922.42	70,868.90
Shop machinery	1,547.24	159,826.08	158,278.84
Power plant machinery	2,630.54	607.97	3,238.51
Steam locomotives	43,876.13	1,791,563.93	1,747,687.80
Other locomotives	1,051,847.59	.....	1,051,847.59
Freight train cars.....	38,877.35	880,729.61	841,852.26
Passenger train cars	8,012.52	460,934.39	452,921.87
Floating equipment	1,794.25	229,751.84	227,957.59
Work equipment	14,195.17	118,825.57	104,630.40
Miscellaneous equipment	41,120.40	8,221.01	32,899.39
General expenditures	16,855.41	1,774.32	18,629.73
Total	\$1,725,555.58	\$5,976,489.59	\$4,250,934.01

LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1938 and 1937

COMMODITIES	1938		1937	
	TONS	PER CENT.	TONS	PER CENT.
Products of Agriculture	1,627,422	8.56	1,572,804	6.66
Animals and Products.....	463,398	2.44	430,454	1.82
Products of Mines.....	11,105,131	58.43	13,792,761	58.43
Products of Forests.....	250,156	1.32	350,521	1.49
Manufactures and Miscellaneous.....	5,307,883	27.93	7,117,810	30.16
Grand Total, Carload Traffic.....	18,753,990	98.68	23,264,350	98.56
All L.C.L. Freight.....	251,665	1.32	339,657	1.44
Grand Total Carload and L.C.L. Traffic	19,005,655	100.00	23,604,007	100.00





1938