

subscriptions to new capital stock. It will be recalled that in 1906 the company decided to issue \$93,000,000 additional common stock, and all of this stock has now been paid for and is outstanding. This makes a total of \$248,000,000 stock outstanding of the Northern Pacific.

The following table compares the results of operation in 1908 and 1909:

	1909.	1908.
Average mileage operated	5,671	5,633
Freight revenue	\$47,073,305	\$46,423,836
Passenger revenue	17,330,608	18,133,239
Total operating revenue	68,460,747	68,220,677
Maintenance of way	7,847,050	8,762,297
Maintenance of equipment	7,845,689	8,572,717
Traffic ..	919,199	807,849
Transportation ..	20,305,621	20,659,119
Total operating expenses	38,020,005	39,840,684
Taxes ..	2,547,835	2,717,486
Operating income	28,322,267	26,303,433
Gross corporate income	32,019,905	30,417,577
Net corporate income	21,639,350	19,893,068
Dividends ..	14,105,000	10,850,000
App. for insurance fund		2,784,950
Surplus ..	7,534,350	6,258,118

MILWAUKEE TO TAP STATE'S RICHEST TIMBER SECTION.

The race among transcontinental railroads for the rich timber lands of Jefferson, Clallam and Chehalis counties, among the most extensive and valuable in the state, is becoming interesting. It is known that for some months engineering parties for the Harriman lines, Northern Pacific, and Chicago, Milwaukee & St. Paul, have been in the field surveying routes, but the first definite announcement of plans has come from the C., M. & St. P.

Word comes from the East that the Milwaukee contemplates building a branch line from Snoqualmie Pass to Everett; large car ferries from Everett to Port Ludlow, and a rail line from Port Ludlow to Port Angeles along the strait of Juan de Fuca.

The line from Snoqualmie Pass to Everett has been surveyed and much right-of-way, it is said, has been secured. Representatives of the Milwaukee road are busily at work in the Olympic Peninsula negotiating with owners of right-of-way between Port Ludlow and Port Angeles along the line surveyed a year ago by the Milwaukee.

The move of the Milwaukee road is strategic. The line from Snoqualmie Pass to Everett is direct. The distance by water from Everett to Port Ludlow, which is situated at the foot of Hood Canal, is but twenty-one miles. The distance from Port Ludlow to Port Angeles along the route surveyed is approximately sixty miles. Cars can be loaded at Port Angeles, taken to port Ludlow, ferried to Everett and sent on to the East hours ahead of the time required to handle them around the south end of Puget Sound, the outlet from the peninsula planned by the competing routes.

Port Angeles possesses the first safe and commodious harbor along the Straits, reached from the ocean. That the Milwaukee road is planning to use it as a port of entry for Oriental business is shown by the preparations for a terminal at Port Angeles. Large terminal facilities have already been acquired by the Milwaukee at Port Angeles and the road has invested heavily in timber lands which extend to the corporate limits of Port Angeles. The road is also believed to have its eye on some of the immense water power of the Elwha River near Port Angeles.

While the rail and ferry route will give the Milwaukee the control of the business of the northern end of the peninsula, the road is reaching out for the control of the business of the entire peninsula. The Grays Harbor line from Seattle will be extended northward along the Pacific Coast to the Soleduck River in the northern part of the peninsula, whence it will be extended up the valley of that river through the mountains past Lake Crescent and into Port Angeles, completing a belt line around the entire peninsula. Right-of-way for this extension has been secured almost as far as Lake Crescent.

Plans for an extension from Everett north are also under way. Bellingham has already been sounded and the extension will reach that far at least, the supposition being that the branch will be extended to Vancouver, B. C.

ANNUAL REPORT UNION PACIFIC RAILWAY.

The report of the Union Pacific R. R. for the fiscal year ended June 30, 1909, shows that the company earned from all sources about 10 per cent. on its common stock, with a surplus from transportation operations and from other income after the payment of all dividends, of \$17,938,250. Since the close of the preceding fiscal year the remaining shares of Great Northern iron ore properties held by the Union Pacific have been sold, and \$2,933,334 realized from the operation. With the exception of 7,249 shares of Northern Securities Co. 'stubs,' the company has sold all the stock of the Northern Securities Co. of the Great Northern Ry. Co., received in the distribution of the assets of the Northern Securities Co., and the stocks subsequently acquired by subscription rights. The sum realized from these sales amounted to \$147,377,341.62, against an original cost of \$89,391,401, a total profit of \$57,985,940. In the last fiscal year the company sold all its Chicago, Milwaukee & St. Paul common stock and acquired 23,769 shares of Illinois Central stock, making its total holdings of that system 225,000 shares. Since the end of the fiscal year the Union Pacific has sold its holdings of Atchison, Topeka & Santa Fe preferred, of which no mention is made in the annual report, this item being included in the total ownership of stocks in other companies of \$135,914,017. Including bonds, the Union Pacific owns, other than its own stocks and mortgage issues and those of auxiliary companies securities to the amount of \$209,974,387. The income account shows a net gain of gross operating revenues of \$2,711,236, or 3.57 per cent., the larger part of the increase being made in the second half of the fiscal year, while the gain in revenue over expenses and taxes was \$6,334,350, expenses decreasing in the year \$3,623,113. Total gross revenue was \$78,750,461, compared with \$76,039,225 a year ago. After fixed charges and rentals there was a balance of \$23,862,007, against \$19,699,708 in the year before, and after all dividends a surplus of \$8,073,187. Income from investments in other companies was \$15,830,961, and total income other than from transportation operations was \$17,736,393, an increase of \$1,716,701 over 1908. From this surplus was deducted 4 per cent. dividends on the common stock, which was in addition to 6 per cent. included in the surplus on transportation account, leaving a total surplus on other than transportation account of \$9,865,062, a gain of \$1,664,886. The total surplus from all sources is \$17,938,250, as compared with \$12,188,752 for last year. The former figure, after payment of 4 per cent. dividends on preferred stocks and 10 per cent. on the common stock, is equal to an additional 9 per cent. earned on \$199,302,300 common stock.