

ANNUAL STATEMENT TO EMPLOYEES
OF
THE PULLMAN GROUP OF COMPANIES
FOR YEAR ENDED DECEMBER 31, 1937

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ANNUAL STATEMENT TO EMPLOYEES
OF
THE PULLMAN GROUP OF COMPANIES

PULLMAN INCORPORATED
THE PULLMAN COMPANY
PULLMAN-STANDARD CAR MANUFACTURING COMPANY
PULLMAN RAILROAD COMPANY
PULLMAN-STANDARD CAR EXPORT CORPORATION

April 6, 1938

A substantial number of employes of the Pullman group of companies are stockholders of Pullman Incorporated, the parent company, and have recently received this Corporation's annual report showing the financial results of sleeping car, carbuilding, and miscellaneous operations during the year ended December 31, 1937. There are many employes of the group of companies who are not stockholders of Pullman Incorporated, however, and therefore do not receive the annual financial report of that Corporation, although they have a direct and personal interest in the Pullman organization as a whole. It is primarily for the benefit of this employe group that the practice of publishing an annual statement by the management to employes has been initiated, but it is hoped that this statement will help to improve the understanding by all employes of the position and the problems of the Pullman group of companies.

The major lines of business carried on by the Pullman group of companies consist of the furnishing of sleeping and parlor car service on the railroads and the manufacture of railroad freight and passenger cars. In 1937 more than 32,000 persons were employed in filling the demand for Pullman products and services. The capital investment which provided the "tools" and made it possible to meet that demand represents the savings of approximately 35,000 Pullman Incorporated stockholders, most of whom own less than 100 shares apiece. The Pullman organization is thus a vast partnership, whose purpose is to furnish services and products of high quality at fair prices, in order to secure and hold the customers whose patronage is the source of employment, wages and dividends, and upon whose good-will the success of the business depends. In the constant effort to obtain and hold this patronage and good-will there has been a long and effective record of cooperation among Pullman stockholders, management and employes.

1937 OPERATIONS

Results of operations in the Pullman sleeping car and car-manufacturing businesses in 1937 were more satisfactory than in any previous year since 1930. The number of passengers traveling in Pullman cars, and the number of new freight and passenger cars built by the Pullman manufacturing companies both showed increases over 1936.

Operations of the Pullman group of companies are closely related to the trend of railroad and public purchasing power, which rises and falls with the volume of general business activity. Many of the persons who travel in Pullman cars are business men and women who naturally travel less when trade is declining. The volume of pleasure travel is also governed by economic conditions, which affect the income of the average

individual. The demand for railroad equipment depends upon railroad traffic volume and earnings, which in turn are influenced by general business conditions.

Pullman revenue, employment, wages and dividends are therefore governed in large part by conditions beyond the control of the companies. The recovery of public purchasing power in 1937 was the most important factor in the improved results of operations last year. Most of that improvement occurred during the first half of the year. During the second half-year railroad equipment buying dried up, as a result of a sharp decline in railroad earning power, which was severely restricted by increased wage, tax and other costs and by a smaller volume of traffic. The Pullman sleeping car business also was considerably less satisfactory in the closing months of the year, for reasons similar to those which have produced a critical situation for the railroads.

The unfavorable trend of revenue during the second half of 1937, in combination with a higher level of operating costs, resulted in a serious loss of earning power in the sleeping car business conducted by The Pullman Company. Nearly two-thirds of this Company's operating costs consist of wages and taxes, which cannot be quickly reduced to offset a drop in revenue. Beginning with August last year, when the wages of the Company's classified employe groups were increased 5¢ an hour, earnings in the sleeping car business declined from the preceding year, and have now approached the vanishing point. In an effort to offset the rapid rise in its operating costs, The Pullman Company has asked the Interstate Commerce Commission for authority to increase all of its sleeping and parlor car rates, fares and charges by 10%. Approval by the Commission of this increase in fares is necessary to support the current high level of operating costs. A company cannot pay out more money than it takes in for any length of time, and remain solvent, any more than can an individual person. It is earnestly hoped that The Pullman Company's request for an increase in fares will be granted in full by the Commission at an early date.

It will be noted from the table of statistics of the sleeping car business, printed on the back cover of this statement, that the average earning of the Company in 1937 was just 24 cents on each passenger carried, or \$2.10 per car per day, which indicates the narrow margin between profit and loss in this division of the business.

Manufacturing activities have necessarily been sharply curtailed as a result of the absence of orders for new cars in recent months. The Railroads need a large amount of new, efficient, revenue-producing freight and passenger equipment, but at a time such as the present, with carloadings and revenue running at depression-low levels, financial ability to purchase this equipment is lacking. Some relief has been afforded by the recent action of the Interstate Commerce Commission in allowing part of the increase in freight rates requested by the carriers, but this is sufficient to offset only a small portion of the earnings decline brought about by the shrinkage of traffic volume and the expansion of operating costs. Return of Pullman manufacturing activity therefore cannot be expected until the Railroad situation is benefited by a substantial revival of traffic volume and earnings, which is necessary to enable the roads to re-enter the equipment market on any large scale.

Because of the present unfavorable outlook for each of the major lines of business conducted by the Pullman group of companies, the comparatively favorable results of 1937 operations will probably not be duplicated in 1938.

THE INCOME ACCOUNT

The following INCOME ACCOUNT is a simplified summary of the receipts and expenditures of the Pullman group of companies in 1937:

The total amount received from the public in exchange for goods and services was		\$137,421,804
This was disposed of as follows:		
Cost of materials, supplies and services purchased from other companies and persons.....	\$57,781,288	
Taxes paid to Federal, State and Local Governments	7,510,661	
Reserve set aside for depreciation of equipment, buildings and machinery.....	<u>12,182,752</u>	<u>77,474,701</u>
Balance remaining to provide wages for Pullman employes and dividends for the use of stockholders' savings.....		\$59,947,103
Disposed of as follows:		
Wages and salaries (79.5% of the "balance remaining")	\$47,671,153	
Dividends to stockholders (17.5% of the "balance remaining")	<u>10,505,828</u>	<u>58,176,981</u>
Leaving a surplus, to be reinvested in the business, of 3.0% of the "Balance Remaining"		\$ 1,770,122

The INCOME ACCOUNT discloses that more than half of the total amount of money received by the Pullman group of companies in 1937 was spent for materials and supplies, taxes, and depreciation. These expenses are not controllable by the companies. The materials and supplies necessary to carry on the business have to be purchased at prevailing market prices. (Most of the money paid out for these goods goes to employes of other companies in the form of wages). Taxes are fixed by law, and cannot be controlled. Depreciation has to be provided for out of each year's income in order that money will be on hand to replace machinery and equipment when it becomes worn out or obsolete. This expense, like taxes, is governed by law to a considerable extent, since the Interstate Commerce Commission fixes the rates which determine how much is to be set aside for depreciation of sleeping car property and equipment.

After providing for the \$77,474,701 of uncontrollable expense of 1937 operations, there was a balance of \$59,947,103 remaining to be divided among the stockholders and the employes. *Approximately four-fifths of this balance went to Pullman employes in the form of wages and salaries; less than one-fifth went to Pullman Incorporated stockholders in the form of dividends, and a comparatively small portion (3%) of the balance was left over to be reinvested in the business.* Stated differently, this means that Pullman employes received 80 cents out of every dollar remaining from 1937 receipts after allowance for the indicated expenses not subject to control. This was four and one-half times the stockholders' share of the same dollar, which was less than 18 cents.

Salaries of the management staff of 34 executive and 173 supervisory officials of the Pullman group of companies amounted to \$1,611,638, or 3.4% of the total 1937 payroll. The margin between success and failure in business is narrow, and cannot be maintained unless a capable management is available to establish sound policies and carry them out effectively. Stockholders realize that their wages, in the form of dividends, depend largely upon good management of the business in which they have

invested their savings. The wages of employes, and employment itself, also depend upon whether or not the business is successful. Successful management is worth its cost.

Annual earnings of Pullman employes in 1937 were as high or higher than in the so-called prosperous year 1929, while the companies' earnings remained 30% less than in 1929. The general level of commodity prices and the cost of living were well below 1929 levels, however, and as a result the "real wages" of employes last year, as measured in terms of purchasing power, were considerably higher than in 1929. The amount paid out in dividends per share of stock in 1937 was larger than in 1936, but was 31% less than the amount paid out in 1929. The employes, the stockholders and the general public were all benefited by the better results obtained in the Pullman business in 1937.

TAXES

Total taxes paid by the Pullman group of companies in 1937 amounted to \$7,510,661. This was by far the largest tax bill ever incurred by these companies, and exceeded by 55% the aggregate of taxes paid in 1936. Furthermore, these were only the taxes paid directly by the companies, and do not include the additional taxes paid indirectly in the cost of materials and supplies and services purchased. The 1937 direct tax bill was equal to—

1. About \$235 for each of the 32,000 persons employed in the Pullman organization last year, or
2. Approximately 38% of the total Net Income before taxes, or
3. Nearly \$2.00 per share on the Corporation's capital stock.

The share of total 1937 income which went to Federal, State and Local governments in the form of taxes was almost three-fourths as large as the share which went to the owners of the business in the form of dividends.

Taxes under the Federal Social Security and Railroad Retirement Acts are becoming increasingly burdensome both to the companies and to their employes. In 1937 a total of \$1,946,626 was paid by the companies under these Acts. The additional sum of \$1,075,516 was deducted from the wages of employes and turned over to the Government for the same purpose. This brought the grand total of taxes paid under these new Federal laws by the Pullman group of companies and their employes in 1937 to more than \$3,000,000, which is equivalent to nearly \$100 for each Pullman wage earner. The taxes payable under these Acts will increase steadily until the maximum rates are reached in 1948. In 1937 the Federal Government collected from employers and employes approximately 1-1/5 billions of dollars in taxes under the new social security laws, but paid out only a small fraction of this sum in the form of benefits under those laws. Many hundreds of millions of dollars, which otherwise could be used in the ordinary channels of trade and production to create employment and increase public purchasing power, are thus being withdrawn from these channels and "frozen" in non-productive government investments at a time when self-multiplying private employment and purchasing power are sorely needed.

As a result of the rapid increase in taxes of all descriptions during recent years, approximately one-fifth of the entire national income is now being absorbed by the cost of Government. Every individual contributes to this tax bill either directly or indirectly. Taxation, to the extent that it is excessive and unwise, is certain to result in a reduced volume of trade, fewer jobs, a higher cost of living, lower wages, and a general business collapse which spares neither the individual employe nor the employer.

THE STOCKHOLDERS' INVESTMENT

The total amount of money taken in by the Pullman group of companies in 1937 was \$137,421,804, as shown by the Income Account. This sum was received in exchange for goods and services which could not have been provided except for the existence of certain "tools" furnished by the capital investment in the business. There had to be Pullman cars, repair shops, laundries, and a great deal of other equipment available, or the people who wanted to travel in Pullmans could not have been accommodated. There had to be factories and machinery and equipment on hand before a single freight or passenger car could be built. All of these "tools" which make it possible for the Pullman companies to furnish goods and services used and paid for by the general public, are provided by the stockholders. In 1937 there were \$170,619,439 of stockholders' savings invested in these "tools" or capital assets, which was equivalent to more than \$5,300 for every Pullman employe. Each person employed in the Pullman organization last year was thus provided with an imaginary but nevertheless indispensable "tool-kit" of substantial value. Without these "tools" there would be no employment, no wages or dividends paid by any of the Pullman companies.

In addition to the cars and factories and machines which are in plain sight and are familiar to everyone, there are the "working funds," also provided by the stockholders, which are equally essential to the operation of the business to pay for the services of employes, for supplies and materials purchased, taxes, and many other items of expense. In some cases it is necessary, in order to secure orders for new freight and passenger cars, to allow customers several years to pay for the equipment purchased. The ability to extend this credit, to meet expenses until the equipment is paid for and to make needed additions and improvements all call for substantial "working funds," which amounted to \$67,539,192 at the close of 1937, or an additional \$2,100 per employe.

The savings represented by the investment of stockholders are thus an essential part of the structure of the Pullman businesses, which could not run without tools and working funds any more than they could run without the management and employes necessary to make the tools useful. The objective of both the stockholders who furnish the tools and working funds and those who use them to earn their living is one and the same—the efficient performance of services and production of goods which can be sold to the buying public at a fair profit. The closer this objective is approached, the greater are the rewards, whether wages or dividends, for all those connected with the Pullman organization. The net profit realized by the Pullman group of companies in 1937 was at the rate of about 5% on the stockholders' investment in the business. This, however, was a better-than-average rate of return for this business. During the ten year period ended with 1937, the profits realized were at the average rate of only 2½% per annum on the money invested in the business, which is an inadequate risk-margin and return on investment from the standpoint of the stockholders. A "fair wage" on their savings is just as important to the stockholders who have invested their money in the business as it is to the employes who depend upon the business for their livelihood.

THE BALANCE SHEET

The Corporation's BALANCE SHEET is simply a statement showing what the Corporation owned on a stated date, what it owed to others on the same date, and its Net Worth after allowance for these obligations. The difference between what the Corporation owns (its ASSETS) and what it owes to others (its LIABILITIES) is its NET WORTH, and consists of the CAPITAL STOCK representing investment in the business by the stockholders, plus any SURPLUS accumulated by saving in past years when income exceeded outgo.

The following is a simplified BALANCE SHEET of Pullman Incorporated and all subsidiary companies at the close of business on December 31, 1937:

ASSETS

(which include all the "tools" and "working funds" necessary to carry on the business of the Pullman group of companies)

CASH AND SECURITIES.....\$ 47,412,414

This includes money in various banks, and securities which could be sold quickly for cash. Cash is necessary to pay wages to employes, dividends (which are "wages" to stockholders), bills for materials and supplies, taxes, and many other operating expenses.

INVENTORIES.....\$ 18,811,135

These are the materials and supplies necessary to build freight and passenger cars, and to carry on the Pullman sleeping and parlor car business.

ACCOUNTS AND NOTES RECEIVABLE.....\$ 9,082,432

This is the amount due from customers for goods and services furnished to them on open account and not yet paid for.

EQUIPMENT TRUST AND OTHER CAR ACCOUNTS.....\$ 7,573,779

These represent promissory notes of various Railroads who have purchased equipment on credit, usually secured by pledge of the cars as collateral for the debt.

RESERVE FUND ASSETS.....\$ 5,554,675

These consist entirely of U. S. Government securities held to insure the payment of obligations under the Pension plan maintained by the Corporation and its subsidiary companies for the benefit of employes, and to offset possible losses by fire.

EQUIPMENT AND PROPERTY.....\$170,619,439

This is the depreciated or present value of the sleeping cars, car shops, land, buildings, machinery and equipment used in filling the demand for Pullman products and services.

MISCELLANEOUS ASSETS.....\$ 4,598,784

Includes investments in related companies and in other securities, special deposits with various States required under Compensation Acts, etc.

TOTAL ASSETS.....\$263,652,658

LIABILITIES

(which show how the \$263,652,658 of Assets were obtained)

CURRENT ACCOUNTS PAYABLE AND PAYROLLS.....\$ 8,258,045

These are obligations to employes for services rendered during the latter part of December, and to suppliers of materials purchased on credit, etc., which were scheduled for payment soon after December 31, last year.

ACCRUED TAXES NOT YET DUE.....\$ 7,082,524

Taxes arising from the year's operations are in general not actually paid until after the year has closed. This is the amount to be turned over to Federal, State and Local governments as the various taxes on earnings and operations become due.

RESERVES.....\$ 12,300,364

The companies over a long period of years have built up reserves or savings to meet unusual losses, or contingencies which cannot be foreseen. These reserves are either held in segregated Reserve Funds or included in Working Funds, and include those reserves set aside to meet obligations that may accrue under the Corporation's Pension and Group Insurance plans.

DEFERRED CREDITS.....\$ 3,087,719

Sometimes the Corporation is paid in advance for services or goods to be delivered. These credits cannot be considered as its own until the services or goods are actually delivered, and are therefore considered a liability.

CAPITAL STOCK.....\$191,016,178

This is the stated value of the stockholders' investment in the Pullman group of companies, including capitalized earnings left in the business, and represents the source of the funds provided to establish and to extend the business.

SURPLUS.....\$ 41,907,828

This is the amount of uncanceled investment and earning which would be left over if all assets were to be sold at their stated value, all debts paid, and the amount of the stockholders' investment in Capital Stock returned to them. This Surplus is part of the Corporation's Net Worth, and is in effect a reserve which can be used if necessary to meet outside obligations.

TOTAL LIABILITIES.....\$263,652,658

ENGINEERING AND RESEARCH

A staff of engineers and research workers is constantly engaged in seeking new and improved methods of designing and building passenger cars for The Pullman Company and the Railroads, and has also been active in developing new types of freight cars.

Since the first air-conditioned railway passenger car was placed in service by The Pullman Company in 1929, a total of 4,760 Pullman cars have been equipped with this modern facility, which has served to attract many thousands of travelers to the Pullman-Rail transportation service and thus to sustain Pullman revenue and employment.

Pullman pioneered in the development and construction of lightweight passenger cars and trains by building both the first successful complete train as well as the first individual car units of the new type, and is continuing to play a major role in this field. The popularity and traffic creative value of the new Streamliner type of equipment have substantially strengthened the competitive position of the rail passenger services.

The manufacturing subsidiary is building an experimental series of new type freight cars, which it is believed will appeal to the railroads because of the saving in operating costs made possible by lighter weight and superior construction as compared with the present heavy-type cars, many of which are nearly worn out and are expensive to maintain.

All of these unceasing attempts to improve and thereby increase the sales of Pullman products and services redound to the benefit of Pullman employes, as well as to the stockholders, the general public, and everyone concerned with the activities of the Pullman organization.

ADVERTISING AND PROMOTION

Efforts of the Pullman group of companies to increase the sale of Pullman services and products through advertising and promotional campaigns were intensified in 1937. This increased effort of the Pullman organization to expand the sales of its products has a direct influence upon the volume of employment, wages and dividends. Every employe is a potential salesman, and can take part in this program by encouraging his friends and neighbors to use Pullman service whenever they travel.

EMPLOYEE RELATIONS

The Pullman companies have constantly endeavored to improve working conditions, and to protect employes and their dependents against the results of physical disability, old age, and death. A brief summary of the principal employe-benefit activities follows:

SAFETY

The Pullman group of companies have an outstanding reputation for safeguarding the health and lives of employes. Campaigns to eliminate accidents during working hours have resulted in a greatly improved safety record in all the shops, yards and offices. The Pullman Company has to its credit the extraordinary record of no accidental deaths among passengers or employes in its cars during the past 3½ years, which is a tribute to the safety and efficiency of the passenger transportation service performed by this Company and the Railroads.

GROUP INSURANCE

Approximately 30,500 employees are covered by the Pullman Group Insurance Plan, which provides liberal benefits in the case of sickness, accident or death, at a cost substantially below what the employe would have to pay as an individual. The amount of Natural Death Insurance alone outstanding under this Plan totals nearly \$65,000,000. The large amount of insurance involved, as well as sound business principles, demand that payment of this insurance be guaranteed by an insurance company of the strongest possible character. This requirement is met by the insurance company which has been retained as the underwriting agency for the Pullman Group Insurance Plan.

Since the Group Insurance Plan was started in 1928, more than \$9,500,000 have been paid to employes or their beneficiaries in benefits for disability, dismemberment or loss of life.

For the past six years, total claim payments to employes or their beneficiaries have averaged \$21,311 per week, and have been equivalent to \$1.27 for every \$1.00 of total premium or contribution paid by all employes. This excess of benefits received by employes over their premium payments is made possible only by reason of the substantial contributions by the companies to the total premium cost of the Group Insurance Plan. In addition to these contributions to the cost of benefits paid, the companies pay the entire administrative costs of the Plan, including the cost of maintaining the required legal reserves. During the depression the companies assumed the entire additional expense occasioned by four successive increases in gross premium rates imposed by the Insurance Company, thereby maintaining a level, low premium cost to employes. This substantial insurance payroll goes to employes and their families in the hour of misfortune when it is most needed. Without it there would often be financial distress. Employes' claims are paid in the shortest possible time and with a minimum of inconvenience and "red tape."

The benefits of the Plan are available, without medical examination, at the same low wholesale cost to all employes alike, regardless of age, sex, color, or physical condition. These benefits could not be purchased individually by employes at anything like the low cost afforded by the Group Plan, and a considerable number of employes would not be able to secure similar protection at any price, on account of age limitations or inability to pass the required physical examination.

Under many Group Insurance Plans, the entire insurance automatically terminates upon retirement, or at a stated age. Under the Pullman Plan, retired employes may continue their Natural Death Insurance at the low Group rate.

The low premium paid for this Group Term Insurance cannot provide for paid-up or cash surrender values, but it does provide for the specified benefits at the lowest possible wholesale group cost. As the result of recent analysis and investigation, the employing companies are convinced that the Plan could not be duplicated today, on the same sound and generous basis, at the price the companies and employes are now paying.

PENSIONS

Pensions have been granted to long-service Pullman employes for many years. The cost of these old-age benefits has been borne in large measure by the companies themselves.

Most of the retired employes of The Pullman Company and Pullman Railroad Company now receive their pensions from the Federal Government, under the Railroad Retirement Act of 1937, which are paid from taxes collected by the Government from carrier companies and their employes. The taxes now being collected from The Pullman Company for this purpose are substantially in excess of the sums formerly paid out by that Company under its Non-Contributory Pension Plan, under which pension benefits approximating \$8,500,000 were disbursed to retired employes during the period 1914-1937; furthermore, the Company continues to pay the entire excess cost of pensions over \$120 per month, which is not covered by the Railroad Retirement Act, as well as the entire cost of retirement benefits for certain employes who cannot qualify for an annuity under the Federal plan.

Pullman-Standard Car Manufacturing Company also maintains a Non-Contributory Pension Plan applicable to service with Pullman Car and Manufacturing Corporation prior to January 1, 1935, when the present Contributory Retirement Income Plan was inaugurated, under which employes may secure retirement annuities based on the joint contributions of employes and the Company.

Domestic employes of Pullman-Standard Car Export Corporation are eligible to participate in a Contributory Retirement Income Plan supported by the joint contributions of employes and the Company.

Pullman Incorporated (the holding company) maintains a Non-Contributory Pension Plan applicable to service prior to January 1, 1935, when a Contributory Retirement Income Plan became effective under which employes may acquire retirement annuities based on the joint contributions of employes and the Corporation.

There is a pension reserve of nearly 5½ millions of dollars set aside by the Pullman group of companies out of earnings to assure payment of present and future pensions accruing to eligible retired employes under Non-Contributory Plans.

PLAN FOR HOSPITAL CARE

A Plan for Hospital Care, sponsored by Hospital Service associations, under which hospital bills of employes and their dependents may be paid by them in convenient monthly installments, has found wide acceptance among groups of Pullman employes at various points. Benefits under this Plan are available on a voluntary basis, and the companies bear the cost of administration.

COLLECTIVE BARGAINING

Even before it was required by law, collective bargaining between Pullman management and employes had been practiced for many years. Many conferences between representatives of the management and representatives of the employes have been held, and have resulted in a better understanding of each other's problems. Through such mutual understanding and co-operation between Pullman management and employes, agreements upon wages and working conditions have been negotiated. The year recently closed was a notable one in these respects, and brought numerous tangible evidences of betterment in the earnings of Pullman employes and in their working conditions.

CREDIT UNIONS

There are now 32 credit unions in operation in the Pullman group of companies. These agencies provide a convenient and systematic method for their members to save part of their earnings, and grant loans to members in need of credit at rates considerably below those charged by most small-loan financing companies. The companies take no part in the management and operation of the employes' credit unions, except to provide certain working facilities.

MEDICAL SERVICE

A large medical staff is engaged in providing prompt service and attention to employes, in keeping with established policy to maintain and improve such service at all points of operation.

PUBLICATIONS FOR EMPLOYEES

Pullman employes are familiar with "The Pullman News" which is published quarterly and contains news and information about company affairs, about local employe activities, clubs, and sports, as well as personal news and events of interest to employes. This publication promotes wider knowledge and understanding of company and employe activities.

GENERAL

During the closing months of 1937 and thus far in 1938 economic conditions have taken a decided turn for the worse. The volume of business received by the Pullman group of companies has been shrinking for several months, in line with the countrywide trend. There is no way of telling how long the present depression will last, or whether it will get worse before it gives way to sustained recovery. Many problems remain to be solved before such recovery can be achieved. Judging by the record to date, the Pullman group of companies and their employes can be relied upon to meet these problems courageously and efficiently, as they have in the past.

On behalf of the management of all the companies in the Pullman group, we wish to express sincere appreciation of the continuing support and co-operation of the entire Pullman organization.

D. A. CRAWFORD,
President, PULLMAN INCORPORATED
THE PULLMAN COMPANY

C. A. LIDDLE,
President, PULLMAN-STANDARD CAR MANUFACTURING COMPANY

J. T. MORRISON,
President, PULLMAN RAILROAD COMPANY

P. G. JENKS,
President, PULLMAN-STANDARD CAR EXPORT CORPORATION

OFFICERS OF THE PULLMAN GROUP OF COMPANIES

PULLMAN INCORPORATED

PRINCIPAL OFFICE: 100 WEST TENTH STREET, WILMINGTON, DEL.

D. A. CRAWFORD..... President
 E. E. ADAMS..... Vice-President
 L. S. TAYLOR..... Vice-President
 J. F. LANE..... Secretary and Treasurer
 C. S. SWEET..... Assistant Secretary and Assistant Treasurer
 W. E. WOLFE..... Assistant Secretary and Assistant Treasurer

THE PULLMAN COMPANY

GENERAL OFFICES: PULLMAN BUILDING, CHICAGO, ILL.

EXECUTIVE DEPARTMENT AND SYSTEM SERVICES

D. A. CRAWFORD, President

E. E. ADAMS, Vice-President, Transportation Research
 CHAMP CARRY, Vice-President, Operating
 HALE HOLDEN, Jr., Vice-President, Operating
 L. M. GREENLAW, General Counsel, Law
 L. S. HUNGERFORD, Vice-President, Equipment
 G. A. KELLY, Vice-President, Public Relations
 DR. T. R. CROWDER, Director of Sanitation and Surgery
 HARRY GUILBERT, Director of Safety
 L. S. TAYLOR, Vice-President, Finance and Accounting
 E. P. BURKE, Passenger Traffic Manager
 W. L. McMENIMEN, Special Assistant, Executive Dept.
 J. F. LANE, Secretary
 A. L. BERRY, Assistant Secretary
 W. E. WOLFE, Assistant Secretary
 I. S. HOPKINS, Secretary of Pension and Group Insurance Bureaus
 H. R. LARY, Supervisor of Industrial Relations

EQUIPMENT DEPARTMENT

L. S. HUNGERFORD, Vice-President
 C. W. PFLAGER, Mechanical Superintendent
 PETER PARKE, Chief Engineer
 W. T. STEWART, Purchasing Agent

OPERATING DEPARTMENT

CHAMP CARRY, Vice-President
 HALE HOLDEN, Jr., Vice-President, Philadelphia

J. M. CARRY, Assistant to Vice-President	L. C. ARMFIELD, Commissary	
E. S. TAYLOR, Assistant to Vice-President	F. R. CALLAHAN, Superintendent of Yards	
B. H. VROMAN, Assistant to Vice-President	B. E. DEWEY, Superintendent of Car Service	
G. H. GIBNEY, Supt. of Car Service Employees	F. S. RICK, General Storekeeper	
M. B. OSBURN, Assistant General Manager, Mexico City		
R. J. RUDDY, Superintendent, Chicago, Ill.	O. W. SNODDY, Superintendent,	Philadelphia, Pa.
J. S. SEESE, Superintendent, Houston, Tex.	L. R. ARMSTRONG, Superintendent,	San Francisco, Cal.
J. BRYCE, Superintendent, Grand Central Station, New York	L. P. HANSON, Superintendent,	St. Louis, Mo.
W. A. S. BRUNSWICK, District Supt., Albany, N. Y.	H. A. HUDWALKER, District Supt.,	Louisville, Ky.
R. T. LIVELY, " Atlanta, Ga.	W. H. BUCHER, " Memphis, Tenn.	
F. H. DUDLEY, " Baltimore, Md.	W. L. ZIMPELMANN, " Miami, Fla.	
G. A. STILE, " Birmingham, Ala.	L. ST. J. SHECKLER, " Minneapolis, Minn.	
S. SARING, " South Station, Boston, Mass.	J. N. SEABURY, " Montreal, P. Q.	
W. S. MURRAY, " North Station, Boston, Mass.	T. C. OLNEY, " New Orleans, La.	
E. VAN DYNE, " Buffalo, N. Y.	G. M. ZIMMER, " Grand Cent. Sta., New York	
F. G. HELRIGEL, " Chattanooga, Tenn.	E. P. SCHWOTZER, " Penna. Sta., New York	
H. G. JONES, " Union Station, Chicago, Ill.	G. T. HINES, " Norfolk, Va.	
G. A. LANGEHENNIG, " Grand Cent. Dep., Chicago, Ill.	A. CALLAN, " Omaha, Neb.	
J. C. McCORMICK, " C. & N. W. Sta., Chicago, Ill.	W. A. HARTLEY, " Philadelphia, Pa.	
C. A. ROTH, " Cincinnati, O.	D. F. SCUDDER, " Pittsburgh, Pa.	
T. G. O'NEIL, " Cleveland, O.	L. W. SNIDER, " Portland, Ore.	
J. R. CURRIE, " Dallas, Tex.	C. MURRAY, " Richmond, Va.	
C. C. HIGHBERGER, " Denver, Colo.	J. M. CHAMBERLAIN, " Salt Lake City, Utah	
J. W. DAVIDSON, " Detroit, Mich.	J. S. GREAR, " San Antonio, Tex.	
W. S. STALLINGS, " El Paso, Tex.	W. D. HUDSON, " Savannah, Ga.	
E. TACK, " Fort Worth, Tex.	C. C. HEALEY, " St. Paul, Minn.	
J. K. BREAU, " Jacksonville, Fla.	A. M. MAYER, " Seattle, Wash.	
J. E. OLNEY, " N. Ex. Bldg., Jersey City, N. J.	F. S. WALLACE, " Tampa, Fla.	
C. M. FITZGERALD, " Kansas City, Mo.	C. T. STEWART, " Washington, D. C.	
J. P. LEACH, " Los Angeles, Cal.		
S. L. ROBERTS, Agent, Asheville, N. C.	J. S. SEGUIN, Agent, Mexico City, D. F.	
R. E. YARNALL, " Atlantic City, N. J.	E. BOSDET, " Monterrey, Mex.	
G. F. STAVRO, " Augusta, Ga.	H. O. BOOTH, " Montgomery, Ala.	
C. V. HUNT, " Charleston W. Va.	F. W. MILLSPAUGH, " Nashville, Tenn.	
F. O. FERNALD, " Charlotte, N. C.	J. C. TAULER, " Nuevo Laredo, Mex.	
C. PENDLETON, " Columbus, O.	L. GONZALEZ RUL, " Nogales, Mex.	
R. S. BLOSSOM, " Des Moines, Ia.	RAYMOND SMITH, " Ogdenville, Utah	
H. P. RODRIGUEZ, " Guadalajara, Mex.	L. V. WIKE, " Oklahoma City, Okla.	
J. L. AUSTIN, " Hoboken, N. J.	F. B. VALLETTE, " Shreveport, La.	
J. J. HEIDT, " Indianapolis, Ind.	E. D. HERRINGTON, " Spokane, Wash.	
F. A. SHEAN, (Asst.) " Erie Sta., Jersey City, N. J.	W. A. SPALDING, " Toronto, Ont.	
C. G. JACKSON, " Laredo, Tex.	R. M. GREENWELL, " Wilmington, N. C.	
L. L. BUCKLEY, " Little Rock, Ark.		

TRAFFIC DEPARTMENT

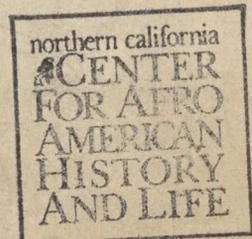
E. P. BURKE, Passenger Traffic Manager
 G. V. KURZ, General Passenger Agent
 J. J. NOLAN, Assistant General Passenger Agent
 F. A. PULLMAN, Assistant General Passenger Agent
 HOWARD LOWDER, Assistant General Passenger Agent, New York

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 L. M. BRADISH, Assistant Comptroller
 A. F. BREVILLIER, General Auditor
 G. S. SEYMOUR, Assistant General Auditor
 H. J. ENGLAND, Assistant General Auditor
 R. C. OTLEY, Assistant General Auditor
 G. B. SAILOR, Auditor Miscellaneous Accounts
 B. C. H. OLSON, Auditor of Disbursements
 A. H. BROOKS, Auditor of Receipts
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 J. E. MURPHY, Supervisor of Traffic
 H. A. BROWN, Treasurer
 R. J. LASCELLES, Assistant Treasurer
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 C. S. WILLISTON, General Solicitor
 H. S. ANDERSON, Assistant General Solicitor
 J. A. O'CONNELL, Claims Attorney
 W. J. BUTLER, Assistant General Attorney
 M. R. WENDT, Assistant General Attorney
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OFFICERS OF THE PULLMAN GROUP OF COMPANIES

PULLMAN - STANDARD CAR MANUFACTURING COMPANY

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WM. BIERMAN, Asst. to President (Pittsburgh)

J. A. KNOWLTON, Secretary

E. W. TEST, Asst. to President

RESEARCH & DEVELOPMENT

W. H. MUSSEY, Engineer of Research

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G. C. THEILE, Asst. to Comptroller

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C. L. SPENCE, Asst. Treasurer
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C. H. TURNER, Principal Engineer, Worcester, Mass.

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H. J. HALLERAN, Principal Engineer, Butler, Pa.
M. R. KEMPTON, Principal Engineer, Michigan City

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C. H. WALLE, Asst. Purchasing Agent, P. C. W.
J. A. KUMMERER, Asst. Purchasing Agent, P. C. W.

W. R. LITTLE, Asst. Purchasing Agent, Butler
G. H. BILLINGTON, Asst. Pur. Agent, Osgood Bradley
W. A. COOK, General Lumber Agent, Haskell & Barker

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J. J. TRANT, Supt. Wheel Foundries

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S. B. HAMMER, General Stationer, P. C. W.

P. J. BRAND, Director of Safety
WM. McLAREN, Director of Personnel

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H. B. REED, Superintendent

DR. R. J. DE MOTTE, Surgeon
N. A. FRASER, Auditor

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EARL H. REED, Supt. Car Dept.

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NEW ORLEANS CAR WHEEL PLANT

P. B. JAMES, District Manager

T. J. GACH, Superintendent

DICKSON CAR WHEEL PLANT (Houston, Tex.)

R. C. MEYSENBURG, District Manager

R. O'CONNOR, Auditor

J. J. TRANT, Jr., Superintendent

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NELS KUNST, Vice-President

J. H. GORMLEY, Secretary and Treasurer
W. C. MEADE, Auditor

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PRINCIPAL OFFICE: GULF BUILDING, PITTSBURGH

PIERRE G. JENKS.....President
THEODORE C. ASHENFELTER.....Vice-President
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H. M. DUDLEY.....Comptroller
WILLIAM BIERMAN.....Secretary
WILLIAM J. PETERS.....Treasurer

THE PULLMAN COMPANY

TRAFFIC AND OPERATING STATISTICS

COMPARATIVE STATEMENT FOR YEARS ENDED DECEMBER 31

ITEM	1933	1934	1935	1936	1937
CARS OWNED.....	8,478	8,473	8,027	8,004	7,763
CARS OPERATED.....	4,944	5,029	5,057	5,355	5,500
CAR MILES.....	710,747,267	737,167,857	758,554,032	825,945,721	872,598,392
REVENUE PASSENGERS:					
Berth.....	9,248,461	10,258,642	10,624,818	12,049,359	12,849,076
Seat.....	<u>4,468,077</u>	<u>4,846,707</u>	<u>4,853,890</u>	<u>5,148,377</u>	<u>4,895,492</u>
TOTAL.....	<u>13,716,538</u>	<u>15,105,349</u>	<u>15,478,708</u>	<u>17,197,736</u>	<u>17,744,568</u>
REVENUE PASSENGER MILES.....	6,141,986,577	6,891,002,293	7,146,269,648	8,354,840,293	9,170,428,451
REVENUE FROM CARS....	\$ 39,316,239	\$ 44,523,817	\$ 46,758,260	\$ 52,645,993	\$ 57,666,648
Average per Car.....	\$ 7,952.31	\$ 8,853.77	\$ 9,246.43	\$ 9,830.82	\$ 10,484.46
EXPENSES.....	\$ 39,880,665	\$ 44,124,174 ^Δ	\$ 48,405,241 ^Δ	\$ 49,191,772 ^Δ	\$ 53,447,531 ^Δ
Average per Car.....	\$ 8,066.48	\$ 8,774.29 ^Δ	\$ 9,572.12 ^Δ	\$ 9,185.80 ^Δ	\$ 9,717.38 ^Δ
NET EARNING FROM CARS.....	\$ 564,426 [*]	\$ 399,643 [⊕]	\$ 1,646,981 [*]	\$ 3,454,221 [⊕]	\$ 4,219,117 [⊕]
TRAFFIC AVERAGES:					
Average Revenue per Passenger.....	\$ 2.87	\$ 2.95	\$ 3.02	\$ 3.06	\$ 3.25
Average Net Earning per Passenger.....	\$ 0.04 [*]	\$ 0.03	\$ 0.11 [*]	\$ 0.20	\$ 0.24
Average Net Earning per Car per Day.....	\$ 0.31 [*]	\$ 0.22	\$ 0.89 [*]	\$ 1.76	\$ 2.10
Average Mileage per Car Operated.....	143,760	146,589	150,004	154,232	158,648
Average Journey per Passenger (Miles).....	448	456	462	486	517
Average Miles per Car per Day.....	394	402	411	421	435
Average Loading per Car (Passengers).....	8.64	9.35	9.42	10.12	10.51

northern california
 CENTER
 FOR AFRICAN
 AMERICAN
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*Figures in *italics* denote loss.

^ΔIncludes Pullman proportion of expense of operation of air conditioning equipment.

[⊕]After provision for Federal Taxes.