Copy. Personal.

New York 18th Mch/95

Dr. George Siemens
Deutsche Bank
Berlin Germany.

Dear Dr. Siemens.

"Great Northern Ry as a standard for the operation of the Northern Pacific"

President James J. Hill called his General Manager, who was formerly Auditor of the Road, to meet him upon his arrival in this city and at once placed in his hands various data with instructions to make an analysis of the same in order that we might know what results might be possible from the Northern Pacific RRd should its operations be conducted under the same management as those of the Great Northern Ry Co. The training of Mr. Warren both in the accounting & operating departments particularly qualifies him for this work.

I hand you herewith his report, by which you will see not only a comparison between the Great Northern & Northern Pacific Railways, but with the St Paul and North Western companies.

It appears that, had the Great Northern management been in control of the Northern Pacific RRd System during the fiscal year ending June 30th 1894

1894, it is the opinion of General Manager C. H. Warren, in whose views President James J. Hill concurs, that the net earnings from the operations of the Northern Pacific would have been say $7.000.000, without any expenditures for the removal of grades and curves which interfere ~~with~~ in its operations with the highest economy.

It also appears that if the necessary expenditures were made upon the Northern Pacific for the reduction of its grades & curves to an equality with those of the Great Northern, the managers of the latter could have produced for the Northern Pacific upon its business for the past fiscal year, net earnings from operations amounting to $8.500000.

It is estimated by Receiver Thomas F. Oakes and General Manager J. W. Kendrick, formerly Chief Engineer, that these betterments could be made at an expenditure of not exceeding $1.600.000.

I append to this letter a summary of the accompanying documents which I have prepared for your guidance.

Sincerely yours

(sd) Edward D. Adams

Copy.

Summary of comparative statements prepared March 11th 1895 by C. H. Warren, General Manager of the Great Northern Ry Co. from Official Report of the Northern Pacific R R Co. for the fiscal year ending June 30th 1894.

First Comparison.

Net earnings from operations		$4.793 119 63
Actual operating expenses =	$11.971.188 93	
Upon the basis of the cost of operating the Great Northern Ry, the Northern Pacific business would have cost only –	8.313 786 12	
A reduction of actual expenses of –		3.657 402 81
which would have made the Northern Pacific net earnings from operations.		$8.450 522 44

Copy.

Second Comparison.

Net earnings from operations		$4.793119 63
Actual operating expenses.	$11.971188 93.	
General Manager Warren of the Great Northern Ry Co estimates that it would have been plainly possible to have conducted the transportation business of the Northern Pacific RR for the fiscal year ending June 30th 1894 for the sum of	9.780888 00	
A reduction of actual expenses of:-		2.190300 93
which would have made the Northern Pacific net earnings from operations		$6.983420.56

Copy. New York 18th Mch 95.

Thomas F. Oakes.
Northern Pacific R.R. Co
St Paul.

Please telegraph me what approximate amount you estimate will be necessary to expend to enable Northern Pacific to carry as many tons per train as the Great Northern. Fifth annual report North Dakota Ry Commissioners gives Northern Pacific 145 against Great Northern 227. With funds provided what time required to effect necessary improvements? Am I correct in my impression that it is a question only of grades and curves and not a question of motive power?

(sd) Edward D. Adams.

St Paul 19 Mch/95

Edward D. Adams
35 Wall St NY city.

To reduce grades on entire main line will cost about one million six hundred thousand dollars ($1.600.000.) will save about $480.000. annually. Two working seasons required to perform entire work. Former estimate of cost decreased 20% account of lower prices of labour and material; former stated economy decreased 25% account diminution of tonnage. Add $60.000. for six consolidation engines required between Tacoma + Ellensburg, no further motive power

power necessary for freight service for years unless large increase in business (sd) J. F. Oakes.

St. Paul 20th Mch/95

Edward D. Adams.
35. Wall St. N.Y. City.
Economy due to grade reductions as per message yesterday is net. Interest upon necessary expenditures at rate of 6% per annum having been deducted.
(sd) J. F. Oakes.