

THIRTY-SIXTH

ANNUAL REPORT OF THE BOARD OF DIRECTORS

OF THE

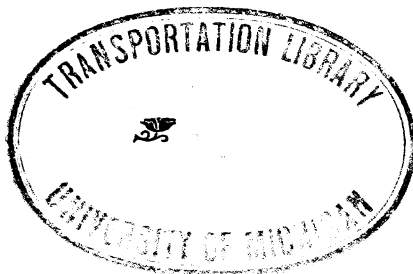
LAKE SHORE & MICHIGAN SOUTHERN

RAILWAY COMPANY

TO THE STOCKHOLDERS

FOR THE FISCAL YEAR ENDED

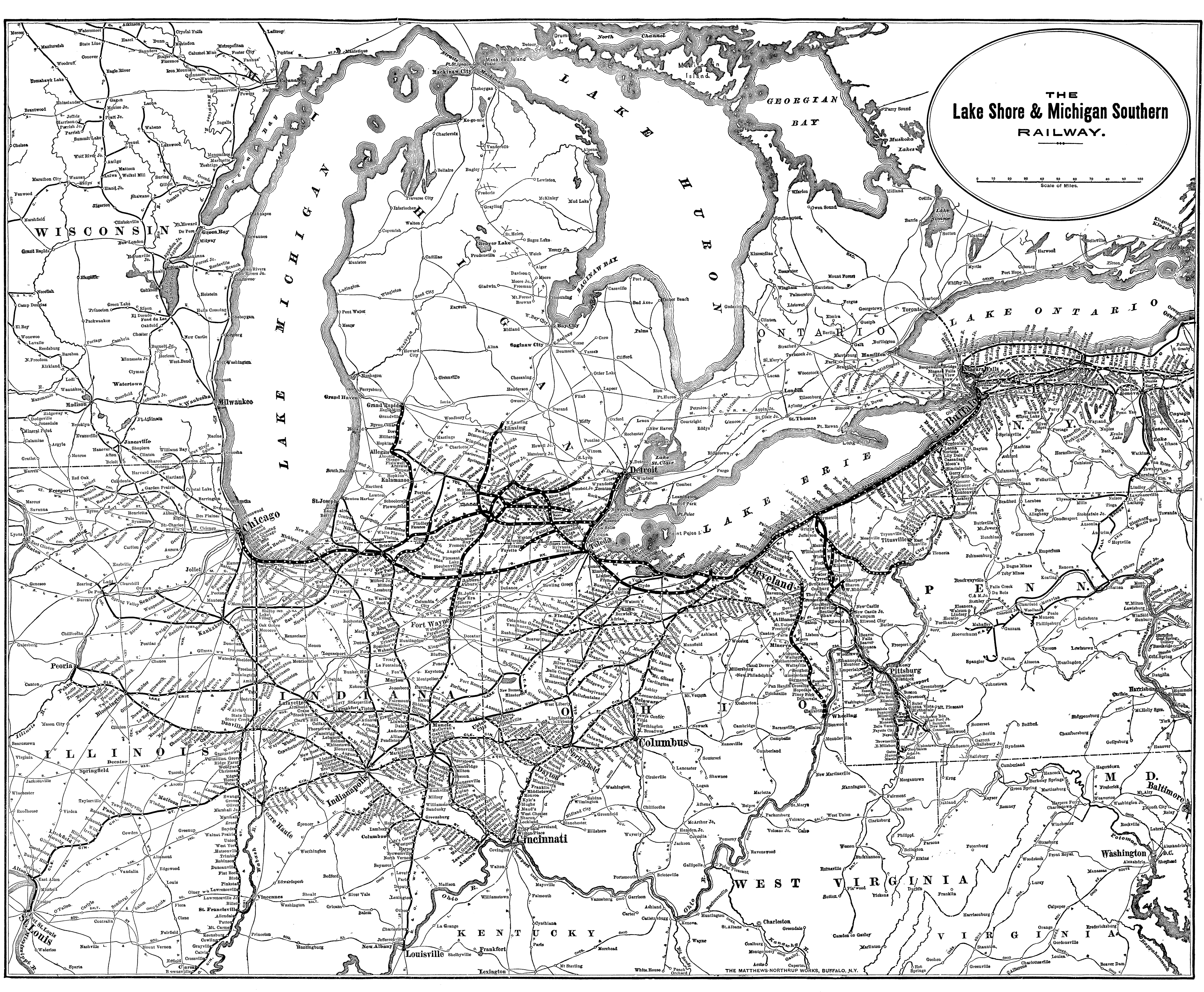
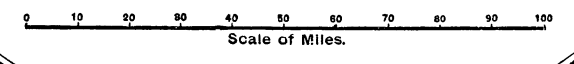
DECEMBER 31, 1905



CLEVELAND, O.

1906

THE Lake Shore & Michigan Southern RAILWAY.



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OF THE

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CLEVELAND, O.
THE G. E. SAEGER PRINTING CO.
1906

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ORGANIZATION OF THE LAKE SHORE AND MICHIGAN SOUTHERN RAILWAY COMPANY

DIRECTORS

Elected at the annual meeting of stockholders held at Cleveland, Ohio, May 3, 1905

CHAUNCEY M. DEPEW, CHAIRMAN

WILLIAM K. VANDERBILT	J. PIERPONT MORGAN
FREDERICK W. VANDERBILT	DARIUS O. MILLS
WILLIAM H. NEWMAN	W. SEWARD WEBB
SAMUEL F. BARGER	WILLIAM ROCKEFELLER
HAMILTON McK. TWOMBLY	WILLIAM K. VANDERBILT, Jr.
GEORGE F. BAKER	WILLIAM C. BROWN

EXECUTIVE COMMITTEE

CHAUNCEY M. DEPEW, *Chairman of the Board of Directors**

WILLIAM H. NEWMAN, *President**

WILLIAM K. VANDERBILT	HAMILTON McK. TWOMBLY
FREDERICK W. VANDERBILT	SAMUEL F. BARGER
WILLIAM C. BROWN	

*Members ex-officio

OFFICERS.

<i>President</i>	WILLIAM H. NEWMAN
<i>Vice President</i>	WILLIAM C. BROWN
<i>Vice President</i>	EDWARD V. W. ROSSITER
<i>Vice President</i>	JOHN CARSTENSEN
<i>Vice President</i>	GEORGE J. GRAMMER
<i>Secretary</i>	DWIGHT W. PARDEE
<i>Treasurer</i>	CHARLES F. COX
<i>Assistant Treasurer</i>	FREDERICK MIDDLEBROOK
<i>General Manager</i>	WALDO H. MARSHALL
<i>Assistant General Manager</i>	EDWARD A. HANDY
<i>General Counsel</i>	GEORGE C. GREENE
<i>General Attorney</i>	FRANK J. JEROME
<i>Auditor</i>	ROBERT H. HILL
<i>Local Treas. and Assistant Secretary</i>	RUDOLPH P. AHRENS
<i>General Superintendent</i>	DEWITT C. MOON
<i>Freight Traffic Manager</i>	BARRETT B. MITCHELL
<i>Passenger Traffic Manager</i>	WARREN J. LYNCH
<i>General Passenger and Ticket Agent</i>	ALVA J. SMITH
<i>Chief Engineer</i>	SAMUEL ROCKWELL
<i>General Superintendent Motive Power, Rolling Stock & Machinery</i> }	JOHN F. DEEMS
<i>Superintendent Motive Power</i>	HERMAN F. BALL
<i>Purchasing Agent</i>	FRANCIS H. GREENE

The annual meeting of stockholders for the election of directors is held in the city of Cleveland, Ohio, on the first Wednesday in May.

REPORT

To the Stockholders of

THE LAKE SHORE & MICHIGAN SOUTHERN RAILWAY COMPANY:

The Board of Directors submits the following report for the year ended December 31st, 1905:

The report covers the operation of the system, Chicago to Buffalo, a total of 1,520.35 miles, as follows:

	Miles.
Main line	878.63
Proprietary lines	224.13
Leased lines	417.59
Total	<u>1,520.35</u>

A statement showing in detail the miles of road and track operated will be found on page 21.

There was no change in capital stock during the year, the amount authorized and outstanding December 31st, 1905, being

\$50,000,000.00

The funded debt outstanding on December 31st, 1904, was

\$91,324,000.00

It has been increased during the year ended December 31st, 1905, as follows :

Balance of authorized issue of \$50,000,000.00 four per cent. Gold Bonds 10,000,000.00

Total funded debt December 31st, 1905, (see page 12) \$101,324,000.00

By authority of the Board of Directors there were purchased during the year 75,287 shares of stock of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company and 1,274 shares of stock of the Indiana, Illinois & Iowa Railroad Company.

The miles of road were increased during the year by the acquirement, under lease, of that portion of the Detroit, Toledo & Milwaukee Railroad extending from Dundee, Michigan, to Homer, Michigan, which is now operated as a part of the Lake Shore system.

Annual Report

SUMMARY OF FINANCIAL OPERATIONS AFFECTING INCOME

EARNINGS FROM OPERATION	1905 1520.35 miles operated	1904 1453.77 miles operated	Increase 66.58 miles	Decrease
From freight	\$26,989,655.25	\$24,185,293.60	\$2,804,361.65	
From passengers	7,675,937.80	7,239,896.00	436,041.80	
From express	1,032,057.65	920,645.95	111,411.70	
From mails	2,285,806.75	2,276,575.44	9,231.31	
From rents	540,603.04	482,054.01	58,549.03	
From miscellaneous	76,749.21	56,588.20	20,161.01	
Totals	<u>\$38,600,809.70</u>	<u>\$35,161,053.20</u>	<u>\$3,439,756.50</u>	
EXPENSES OF OPERATION	(62.76%)	(61.51%)	(1.25%)	
Maintenance of way and structures	\$ 4,369,542.49	\$ 3,281,901.23	\$1,087,641.26	
Maintenance of equipment	4,944,965.20	4,340,249.72	604,715.48	
Conducting transportation	14,292,416.19	13,482,787.97	809,628.22	
General expenses	620,790.72	522,106.65	98,684.07	
Totals	<u>\$24,227,714.60</u>	<u>\$21,627,045.57</u>	<u>\$2,600,669.03</u>	
New construction (addition betterments)	3,743,020.41	2,781,201.54	961,818.87	
New equipment, (additions)	3,360,772.98	2,776,033.79	584,739.19	
TOTAL EXPENSES	<u>\$31,331,507.99</u>	<u>\$27,184,280.90</u>	<u>\$4,147,227.09</u>	
Net earnings	<u>\$ 7,269,301.71</u>	<u>\$ 7,976,772.30</u>		<u>\$ 707,470.59</u>
OTHER INCOME				
Interest and dividends on stocks and bonds owned	3,280,164.50	2,464,257.50	815,907.00	
Interest on loans and deposits	238,498.62	106,712.19	131,786.43	
Totals	<u>3,518,663.12</u>	<u>2,570,969.69</u>	<u>\$ 947,693.43</u>	
Gross income	<u>\$10,787,964.83</u>	<u>\$10,547,741.99</u>	<u>\$ 240,222.84</u>	
FIRST CHARGES				
Interest on funded debt	\$ 3,822,776.03	\$ 3,781,417.30	\$ 41,358.73	
Rentals of leased lines	1,305,612.83	1,068,797.67	236,815.16	
Interest on loans	88,261.14	136,435.03		\$ 48,173.89
Dividends on guaranteed stock	53,350.00	53,350.00		
Taxes	1,050,000.00	1,050,000.00		
Totals	<u>\$ 6,320,000.00</u>	<u>\$ 6,090,000.00</u>	<u>\$ 230,000.00</u>	
Net income	<u>\$ 4,467,964.83</u>	<u>\$ 4,457,741.99</u>	<u>\$ 10,222.84</u>	
Dividends, 8 per cent.	3,957,320.00	3,957,320.00		
Surplus	<u>\$ 510,644.83</u>	<u>\$ 500,421.99</u>	<u>\$ 10,222.84</u>	
Surplus for year 1905				<u>\$ 510,644.83</u>
<i>Deduct:</i>				
Sundry uncollectible charges and reduction in value of assets			\$ 29,737.69	
Discount and commissions account sale of \$10,000,000.00 4% 25 year gold bonds			250,000.00	279,737.69
				<u>\$230,907.14</u>
Balance December 31, 1904				16,888,066.05
Balance of income December 31, 1905				<u>\$17,118,973.19</u>

The Lake Shore and Michigan Southern Railway Company

The gross earnings for year were \$38,600,809.70, an increase of \$3,439,756.50 as compared with last year.

The freight earnings were \$26,989,655.25, an increase of \$2,804,361.65 over last year. This increase is accounted for principally by heavy west bound movements of merchandise and by increase in ore and coal tonnage.

Passenger earnings were \$7,675,937.80, an increase of \$436,041.80.

The earnings from mail, express, rents and miscellaneous for the year amounted to \$3,935,216.65, an increase of \$199,353.05. This increase was mainly from the express business.

The operating expenses for the year amounted to \$24,227,714.60, an increase of \$2,600,669.03.

Maintenance of way and structures increased \$1,087,641.26. Almost the entire amount of the increase was due to expenditures during the year 1905 for relaying 271.95 miles of road with new and heavier rails, principally 100 pounds to the yard, and to renewing the cross ties for 333.86 miles of road.

Renewals of equipment increased \$394,894.24. This account included heavy expenditures to bring the equipment to a higher standard during the year through the replacement of old and light capacity engines and cars by new locomotives and cars of greater capacity.

Conducting transportation showed an increase of \$809,628.22, which is very evenly distributed among the items of this group, with the exception only of car mileage and hire of equipment, which show a decrease as compared with last year.

There was expended for new construction and charged against	
Income, as shown on page 6, the sum of	\$3,743,020.41
There was expended for additional equipment and charged against	
Income, as shown on page 6, the sum of	3,360,772.98
Total	\$7,103,793.39

The amount charged for new construction included heavy expenditures to increase the efficiency of present structures in connection with the four tracking of the main line to meet the demands of increased traffic. The heavy outlay for additional cars and engines has increased the facilities for handling tonnage and decreased the charges for foreign equipment.

The income from investments for the year was \$3,518,663.12, an increase of \$947,693.43, due to additional revenue from dividends on stocks owned or acquired during the year and to interest received on sundry loans, etc.

The first charges show an increase of \$230,000.00. This is due to interest on additional Gold Bonds sold during the current year and to increased payments on account of leased lines.

Annual Report

The following items show amounts expended for new equipment, in addition to the amounts charged for maintenance and renewals, also amounts expended for new structures, tracks, etc., in addition to the regular charges for maintenance.

FOR ADDITIONAL EQUIPMENT PURCHASED

Locomotives	\$1,169,376.89	
Passenger cars	99,020.75	
Freight cars	2,053,834.97	
Other rolling stock	38,540.37	\$3,360,772.98

FOR CONSTRUCTION AND BETTERMENTS

EASTERN DIVISION

BUFFALO TO COLLINWOOD:

Additional third and fourth main tracks, including right of way for same	\$ 992,450.24	
New concrete arches constructed to carry four tracks	81,394.75	
New block signal system	192,330.74	\$1,266,175.73

BUFFALO AND NOTTINGHAM:

Eliminating grade crossings		12,400.95
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WESTFIELD:

New freight station and balance on new passenger station		7,511.62
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ERIE:

Account of freight house and team tracks	45,880.34	
New interlocker at P. & E. crossing	12,699.37	
Bunk house for firemen	2,049.27	60,628.98

ASHTABULA:

Interlocker at Pennsylvania Co. crossing		32,067.61
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MISCELLANEOUS:

Various water stations, stand pipes, track tanks, cinder pits, etc.	20,163.04	
Various small buildings, track scales, extending interlockers, etc.	7,671.47	
Various passing and industrial sidings	50,929.07	78,763.58

FRANKLIN DIVISION

ASHTABULA HARBOR:

Additional ore unloaders, track scales and electric light plant	129,941.41	
Land for extension of dock property	18,250.00	148,191.41

PLYMOUTH TO MANN:

Balance account low grade line		15,082.74
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MISCELLANEOUS:

Various small buildings, track scales, etc.	876.67	
Various industrial and passing sidings	9,218.77	10,095.44

Amount forward \$1,630,918.06

The Lake Shore and Michigan Southern Railway Company

Amount brought forward \$1,630,918.06

TOLEDO DIVISION

COLLINWOOD TO TOLEDO:

Additional third and fourth main tracks, including right of way for same	\$ 39,005.93	
New block signal system and interlocking plants	111,948.88	150,954.81

COLLINWOOD:

Additions to roundhouse, new boiler room, and new Y. M. C. A. building		137,844.32
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GLENVILLE:

Land for freight house, team tracks and additional right of way		35,000.00
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CLEVELAND:

Additional story on general office building	36,829.95	
Additional story on general office annex	8,299.13	
Land at Merkle ave. for team tracks	25,854.15	
Land at Detroit street for additional right of way	15,000.80	
Eliminating grade crossing at Adams avenue, Gordon boulevard and Detroit street	14,548.55	
Various structures	7,450.36	107,982.94

BEREA:

Additional right of way		4,004.60
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ELYRIA:

Balance cost Elyria-Lorain line, coal chutes, etc.		23,919.16
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NORTH AMHERST:

New freight house		4,345.84
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HURON:

Two new track tanks		34,088.59
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FREMONT:

New water softening plant		10,252.00
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MISCELLANEOUS:

Various small structures, street gates, towers, etc.	5,983.98	
Various industrial and passing sidings	59,250.05	65,234.03

MICHIGAN DIVISION

TOLEDO:

Additional right of way and changing main tracks from Maumee river to passenger depot	99,064.06	
Account of new engine house and annex	117,563.41	
Account of new coal chute	30,666.17	
Account of new cinder pit and turn table	21,761.05	
Account of new tracks, sewers, water pipes, etc.	16,302.65	
Account of work in Middle Ground preparing for new freight houses, team tracks, etc.	11,164.53	296,521.87

Amount forward \$2,501,066.22

Annual Report

Amount brought forward \$2,501,066.22

MICHIGAN DIVISION—Continued

AIR LINE JUNCTION TO HOLLAND:		
Account of additional third and fourth main tracks and right of way for same		116,371.24
EDGERTON:		
New coaling plant	\$34,828.44	
New water station	8,607.00	
New tracks, bridges, etc., account of same	<u>63,526.50</u>	106,961.94
KENDALLVILLE:		
New block signals and extending interlocker		10,119.21
ELKHART:		
Balance cost of new roundhouse, coaling plant, water station, etc.	28,055.01	
New water plant	16,134.59	
Addition to coaling plant	13,418.51	
New wrecker storage house	<u>951.15</u>	58,559.26
GRAND RAPIDS:		
New paving and changing grade		10,217.91
MISCELLANEOUS:		
Various small structures, bridges, water stations, etc.	3,462.80	
Various industrial and passing sidings	<u>49,531.34</u>	52,994.14

WESTERN DIVISION

INDIANA HARBOR:		
New grain elevator, tracks and office building		349,119.52
INDIANA HARBOR TO SOUTH CHICAGO:		
Balance cost of additional third and fourth tracks and additional right of way for same	43,458.39	
New block signal system and interlockers	<u>30,059.56</u>	73,517.95
CHICAGO:		
Balance cost of LaSalle street station	7,139.34	
Balance cost of Clark street freight house, electric crane, team tracks, etc.	12,355.69	
Land in Chicago and Englewood for additional right of way, team tracks, freight houses, yards, etc.	<u>91,728.26</u>	111,223.29
MISHAWAKA:		
Extension of freight house, side walks, etc.		2,998.39
SOUTH BEND:		
New electric power plant for water station, tracks for gravel pit and gravel washing plant		<u>87,391.64</u>
Amount forward		<u>\$3,480,540.71</u>

The Lake Shore and Michigan Southern Railway Company

Amount brought forward \$3,480,540.71

WESTERN DIVISION—Continued

LA PORTE:		
New freight house, water station and change of line		18,511.38
WALLS:		
Balance cost of new coal chute and water station		1,217.89
OTIS:		
New highway bridge		7,628.83
PORTER:		
New freight house and tracks		3,349.15
DUNE PARK:		
New water station and boarding house		5,956.86
PINE:		
New water station and house for car repairers		4,726.86
SOUTH CHICAGO:		
New water station for drenching sand cars		3,384.39
MISCELLANEOUS:		
Various small structures	3,360.64	
Various industrial and passing sidings	59,941.99	63,302.63

DETROIT DIVISION

DETROIT:		
Eliminating grade crossings		55,166.48
MISCELLANEOUS:		
Various industrial and passing sidings		8,875.93

GENERAL

For track work, signals, etc., at various points		90,359.30
		<u>\$3,743,020.41</u>

On February 6th, 1905, Mr. George J. Grammer was appointed Vice President of this Company in charge of traffic.

On November 1st, 1905, Mr. B. B. Mitchell was appointed Freight Traffic Manager.

On December 1st, 1905, Mr. Warren J. Lynch was appointed Passenger Traffic Manager.

On November 1st, 1905, Mr. D. C. Moon was appointed General Superintendent, to succeed Mr. H. S. Storrs, deceased.

On July 15th, 1905, Mr. E. A. Handy was appointed Assistant General Manager, and on July 15th, 1905, Mr. Samuel Rockwell was appointed Chief Engineer of the Company.

W. H. NEWMAN,
President.

*Annual Report**CAPITALIZATION**Capital stock*

Number of shares issued—Common	494,665	Total par value issued and out- standing } Total par value authorized } Par value per share	\$50,000,000.00 \$50,000,000.00 \$100.00
Number of shares issued—Guaranteed ten per cent. }	5,335		
Total number of shares outstanding	500,000		
Number of shares authorized	500,000		

Funded debt

<u>Class of bond</u>	<u>Date of issue</u>	<u>Date of maturity</u>	<u>Amount of authorized issue</u>	<u>Amount issued and now outstanding</u>	<u>Rate of interest</u>	<u>Payable on the first days of</u>
Gold mortgage	1897	June 1, 1997	\$50,000,000.00	\$50,000,000.00	3½%	{ June and December
Gold bonds	1903	Sept. 1, 1928	50,000,000.00	50,000,000.00	4%	{ March and September

Bonds of other roads assumed by this company

Detroit, Monroe } & Toledo }	1876	Aug. 1, 1906	924,000.00	924,000.00	7%	{ February and August
Kalamazoo & } White Pigeon }	1890	Jan. 1, 1940	400,000.00	400,000.00	5%	{ January and July

Treasurer, Room 219, Grand Central Station, New York

Union Trust Company, New York

United States Trust Company, New York

Guaranty Trust Company, New York

{ Transfers stock
{ Pays coupon interest
{ Pays Dividends
Registers stock
{ Transfers 3½% registered bonds
{ Pays interest on 3½% registered bonds
{ Transfers 4% registered bonds
{ Pays interest on 4% registered bonds

The Lake Shore and Michigan Southern Railway Company

DETAIL OF EXPENSES

MAINTENANCE OF WAY AND STRUCTURES

ACCOUNTS	1905	1904	Increase	Decrease
Repairs roadway	\$2,322,966.42	\$1,831,115.69	\$491,850.73	
Renewals of rails	491,449.54	185,604.17	305,845.37	
Renewals of ties	604,672.56	445,011.54	159,661.02	
Repairs and renewals bridges and culverts	169,930.70	173,778.66		\$ 3,847.96
Repairs and renewals fences, road crossings, etc.	140,471.17	121,628.97	18,842.20	
Repairs and renewals buildings and fixtures	525,601.40	416,912.39	108,689.01	
Repairs and renewals docks, wharves and machinery	58,148.98	57,163.49	985.49	
Repairs and renewals telegraph	46,824.93	42,416.41	4,408.52	
Stationery and printing	9,283.99	7,822.88	1,461.11	
Other expenses	197.80	447.03		249.23
Totals	\$4,369,542.49	\$3,281,901.23	\$1,087,641.26	

MAINTENANCE OF EQUIPMENT

Superintendence	\$ 143,884.17	\$ 102,744.87	\$ 41,139.30	
Repairs locomotives	1,280,600.04	1,255,446.24	25,153.80	
Renewals locomotives	396,954.00	170,500.00	226,454.00	
Repairs passenger cars	502,937.61	383,583.69	119,353.92	
Renewals passenger cars	19,044.50	22,530.00		\$ 3,485.50
Repairs freight cars	1,237,442.62	1,307,324.40		69,881.78
Renewals freight cars	845,688.74	666,000.00	179,688.74	
Repairs work cars	80,512.33	43,481.20	37,031.13	
Renewals work cars	10,600.00	18,363.00		7,763.00
Repairs and renewals marine equipment	6,250.27	3,120.76	3,129.51	
Repairs and renewals shop machinery and tools	181,145.50	163,617.96	17,527.54	
Stationery and printing	13,157.74	12,671.20	486.54	
Other expenses	226,747.68	190,866.40	35,881.28	
Totals	\$4,944,965.20	\$4,340,249.72	\$604,715.48	

CONDUCTING TRANSPORTATION

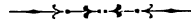
Superintendence	\$ 413,225.38	\$ 387,730.42	\$ 25,494.96	
Enginemen	1,825,677.54	1,738,236.54	87,441.00	
Roundhousemen	389,751.69	363,899.25	25,852.44	
Fuel for locomotives	2,684,073.78	2,465,602.37	218,471.41	
Water supply for locomotives	175,815.49	162,074.44	13,741.05	
Oil, tallow and waste for locomotives	102,946.81	101,622.76	1,324.05	
Other supplies for locomotives	43,455.44	43,243.78	211.66	
Train service	1,299,687.55	1,258,234.27	41,453.28	
Oil, tallow and waste for cars	81,261.49	78,011.13	3,250.36	
Train supplies and expenses	291,230.28	269,870.94	21,359.34	
Dining car expenses	26,906.82	†	26,906.82	
Switchmen, flagmen and watchmen	1,430,331.42	1,354,163.38	76,168.04	
Telegraph expenses	413,360.47	386,118.77	27,241.70	
Station service	1,819,634.35	1,791,548.92	28,085.43	
Station supplies	154,038.69	126,697.33	27,341.36	
Switching charges—Balance	729,324.30	493,927.04	235,397.26	
Car mileage—Balance	651,600.15	1,002,668.94		\$351,068.79
Hire of equipment	* 52,627.30	17,648.49		70,275.79
Loss and damage	496,435.40	371,735.29	124,700.11	
Injuries to persons	404,215.94	241,419.42	162,796.52	
Clearing wrecks	37,945.45	36,877.98	1,067.47	
Advertising	63,925.89	53,310.66	10,615.23	
Outside agencies	429,426.51	409,866.88	19,559.63	
Stock yards and elevators	4,790.37	6,787.34		1,996.97
Rents for tracks, yards and terminals	168,553.07	134,416.02	34,137.05	
Rents of buildings and other property	36,438.87	35,705.72	733.15	
Stationery and printing	152,663.81	144,437.60	8,226.21	
Restaurant expenses	3,335.69		3,335.69	
Other expenses	14,990.84	6,932.29	8,058.55	
Totals	\$14,292,416.19	\$13,482,787.97	\$809,628.22	

* Credit

† Included in various operating accounts in 1904

*Annual Report**DETAIL OF EXPENSES—Concluded*

GENERAL EXPENSES				
	1905	1904	Increase	Decrease
Salaries of general officers	\$128,705.91	\$ 96,765.33	\$ 31,940.58	
Salaries of clerks and attendants	281,374.20	252,464.60	28,909.60	
General office expenses and supplies	31,666.27	19,324.19	12,342.08	
Insurance	1,204.16	882.90	321.26	
Law expenses	62,038.94	63,027.07		988.13
Stationery and printing, (General Offices)	28,343.26	57,087.97		28,744.71
Other expenses	87,457.98	32,554.59	54,903.39	
Totals	\$620,790.72	\$522,106.65	\$98,684.07	
Total Operating Expenses	\$24,227,714.60	\$21,627,045.57	\$2,600,669.03	

*Percentage of Operating Expenses to Gross Earnings by Groups*

	1905	1904
Maintenance of way and structures	11.32	9.33
Maintenance of equipment	12.81	12.34
Conducting transportation	37.02	38.35
General expenses	1.61	1.49
Total	62.76	61.51

*The Lake Shore and Michigan Southern Railway Company**FIRST CHARGES**Interest on bonds*

Interest $3\frac{1}{2}\%$ per annum on Gold mortgage bonds	\$1,750,000.00	
Interest 4 % per annum on Gold bonds	1,988,096.03	
Interest 7 % per annum on Detroit, Monroe & Toledo mortgage bonds	64,680.00	
Interest 5 % per annum on Kalamazoo & White Pigeon mortgage bonds	20,000.00	\$3,822,776.03

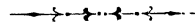
Dividend 10% guaranteed on 5,335 shares L. S. & M. S. Ry. stock		53,350.00
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Rental of leased lines		1,305,612.83
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Taxes

New York	\$ 77,197.60	
Pennsylvania	47,893.33	
Ohio	501,236.89	
Michigan	200,808.15	
Indiana	176,503.35	
Illinois	46,360.68	1,050,000.00

Interest on loans and bills payable		88,261.14
Total first charges		<u>\$6,320,000.00</u>

*DIVIDENDS*

Payable July 29th, 1905, 4% on 494,665 shares of capital stock		\$1,978,660.00
Payable Jan. 29th, 1906, 4% on 494,665 shares of capital stock		1,978,660.00
Total	<u>8%</u>	<u>\$3,957,320.00</u>

*Annual Report**CONDENSED GENERAL BALANCE SHEET, DECEMBER 31, 1905**Assets**Cost of road and equipment*

Cost of road	\$66,700,000.00	
Cost of equipment	17,300,000.00	\$84,000,000.00

Securities owned

Stocks in sundry companies	\$76,669,352.80	
Bonds of sundry companies	1,223,635.24	77,892,988.04

Other property

Real estate not used in operation of the road		438,661.50
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Advances for lessor and other companies

Jamestown & Franklin Railroad Company	\$ 472,617.15	
Lake Erie, Alliance & Wheeling Railroad Company	697,971.74	
Indiana Harbor Railroad Company	2,879,459.72	
Franklin & Clearfield Railroad Company	322,979.56	
Sundry other companies	1,674,803.56	6,047,831.73

Fuel and supplies

3,263,447.84

Current assets

Cash charged Treasurer	\$ 664,040.50	
Remittances in transit	926,766.63	
Loans and bills receivable	2,830,000.00	
Traffic balances receivable	3,214,574.93	
Station agents and conductors	582,654.40	
Sundry accounts collectible	3,226,591.20	11,444,627.66

\$183,087,556.77

*The Lake Shore and Michigan Southern Railway Company**CONDENSED GENERAL BALANCE SHEET, DECEMBER 31, 1905**Liabilities**Capital stock*

Common	\$49,466,500.00	
Guaranteed	533,500.00	\$50,000,000.00

Funded debt

Gold mortgage bonds	\$50,000,000.00	
Gold bonds	50,000,000.00	100,000,000.00

Bonds of other roads assumed by this company

Detroit, Monroe & Toledo first mortgage bonds	924,000.00	
Kalamazoo & White Pigeon first mortgage bonds	400,000.00	1,324,000.00

Total capitalization \$151,324,000.00

Current liabilities

Audited pay rolls	\$1,262,961.58	
Audited vouchers	4,816,773.73	
Loans and bills payable	3,000,000.00	
Traffic balances payable	80,300.58	
Interest and rentals accrued	992,269.72	
Taxes accrued unpaid	518,776.57	
Dividend payable January 29, 1906	1,978,660.00	
Dividends and interest unclaimed	73,405.28	
Sundry accounts payable	1,031,473.63	13,754,621.09

Accounts with lessor companies

Mahoning Coal Railroad		889,962.49
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Profit and loss

17,118,973.19

\$183,087,556.77

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STOCK AND BONDS OWNED OR ACQUIRED UNDER LEASE

<i>Stock</i>		Number of Shares	Total par value
Battle Creek & Sturgis Railway Co		825	\$ 82,500.00
Central Trunk Railway Co		238	11,900.00
Cleveland, Cincinnati, Chicago & St. Louis Railway Co		187,527	18,752,700.00
Danville & Indiana Harbor Railroad Co		12½	1,250.00
Detroit & Chicago Railroad Co		10,000	1,000,000.00
Detroit, Monroe & Toledo Railroad Co		4,141	414,100.00
Detroit, Toledo & Milwaukee Railroad Co		7,500	750,000.00
East Chicago Belt Railroad Co		1,000	100,000.00
Elkhart & Western Railroad Co		4,598	229,900.00
Franklin & Clearfield Railroad Co		5,550	555,000.00
Indiana Harbor Railroad Co (Illinois)		5,000	500,000.00
Indiana Harbor Railroad Co (Indiana)		1,250	125,000.00
Indiana, Illinois & Iowa Railroad Co		50,000	5,000,000.00
Jackson Coal Railroad Co		680	34,000.00
Jamestown & Franklin Railroad Co		11,667	583,350.00
Kalamazoo & White Pigeon Railroad Co		2,309	230,900.00
Lake Erie, Alliance & Wheeling Railroad Co	}	50,000	5,000,000.00
Lake Erie, Alliance & Wheeling Coal Co			
Lake Erie & Western Railroad Co preferred		59,300	5,930,000.00
Lake Erie & Western Railroad Co		59,400	5,940,000.00
Lake Shore & Michigan Southern Railway Co		39	3,900.00
Lansing Transit Railway Co		10	1,000.00
Lehigh Valley Railroad Co		114,000	5,700,000.00
Mahoning Coal Railroad Co preferred		7,990	399,500.00
Mahoning Coal Railroad Co		17,318	865,900.00
Mahoning State Line Railroad Co		10	500.00
Merchants Despatch Transportation Co		5,757	575,700.00
New York, Chicago & St. Louis Railroad Co 1st preferred		25,030	2,503,000.00
New York, Chicago & St. Louis Railroad Co 2nd preferred		62,750	6,275,000.00
New York, Chicago & St. Louis Railroad Co		62,400	6,240,000.00
Northern Central Michigan Railroad Co		5,985	598,500.00
Pittsburgh & Lake Erie Railroad Co		100,002	5,000,100.00
Reading Company 1st preferred		121,300	6,065,000.00
Reading Company 2nd preferred		285,300	14,265,000.00
Reading Company		200,050	10,002,500.00
Silver Creek & Dunkirk Railroad Co		850	85,000.00
Sturgis, Goshen & St. Louis Railroad Co		3,000	300,000.00
Swan Creek Railway Co		400	40,000.00
Taylor Street Warehouse Co		100	10,000.00
Terminal Railway Co of Buffalo		5,000	500,000.00
Total par value stocks			\$104,671,200.00

Bonds

		Total amount held
Elkhart & Western Railroad Co First mortgage		\$ 200,000.00
Jamestown & Franklin Railroad Co First mortgage		298,000.00
Jamestown & Franklin Railroad Co Second mortgage		500,000.00
Pittsburgh, Chartiers & Youghiogheny Railroad Co First mortgage		29,000.00
Terminal Railway of Buffalo First mortgage		500,000.00
Total par value bonds		\$ 1,527,000.00
Grand total par value stocks and bonds		\$106,198,200.00
The above securities are carried on the books of the company at a total value of		\$ 77,892,988.04

The Lake Shore and Michigan Southern Railway Company

TRAFFIC STATISTICS

FREIGHT CARRIED AND TON MILEAGE

	1905	1904	Increase	Decrease
Tons of freight earning revenue	32,314,514	26,846,891	5,467,623	
Tons of company freight	2,866,560	2,207,404	659,156	
Total number of tons carried	35,181,074	29,054,295	6,126,779	
Tons carried one mile (revenue freight)	5,099,918,804	4,592,721,348	507,197,456	
Tons of company freight carried one mile	282,920,839	227,590,316	55,330,523	
Total number of tons carried one mile	5,382,839,643	4,820,311,664	562,527,979	

DESCRIPTION OF FREIGHT MOVED

	1905	1904	Increase	Decrease
PRODUCTS OF AGRICULTURE				
	Tons	Tons	Tons	Tons
Grain	1,886,214	1,567,950	318,264	
Flour	450,450	531,673		72,223
Other mill products	342,153	319,475	22,678	
Hay	180,376	201,025		20,649
Tobacco	14,593	17,848		3,255
Cotton	38,958	52,091		13,133
Fruits and vegetables	264,318	294,397		30,079
Other articles	120,564	107,220	13,344	
PRODUCTS OF ANIMALS				
Live stock	523,375	493,896	29,479	
Dressed meats	129,509	178,420		48,911
Other packing house products	95,709	137,909		42,200
Poultry, game and fish	60,671	48,788	11,883	
Wool	11,618	17,620		6,002
Hides and leather	47,630	51,940		4,310
Dairy products	55,016	45,509	9,516	
Other articles	53,775	68,943		15,168
PRODUCTS OF MINES				
Anthracite coal	1,217,820	1,341,659		123,839
Bituminous coal	6,970,313	6,466,437	503,876	
Coke	1,034,859	652,697	382,162	
Ores	4,919,489	3,054,926	1,864,563	
Stone, sand and other like articles	4,795,173	3,438,174	1,356,999	
Other articles	129,082	83,946	45,136	
PRODUCTS OF FOREST				
Lumber	691,242	624,343	66,899	
Other articles	173,915	147,238	26,677	
MANUFACTURES				
Petroleum and other oils	572,427	505,113	67,314	
Sugar	117,171	41,446	75,725	
Naval stores	4,090	1,553	2,537	
Iron, pig and bloom	710,134	480,257	229,877	
Iron and steel rails	234,001	124,332	109,669	
Other castings and machinery	811,218	717,249	93,969	
Bar and sheet metal	1,129,709	856,584	273,125	
Cement, brick and lime	898,602	717,952	180,650	
Agricultural implements	106,302	79,951	26,351	
Wagons, carriages, tools, etc.	83,981	56,339	27,642	
Wines, liquors and beers	106,007	92,863	13,144	
Household goods and furniture	62,158	54,722	7,436	
Other articles	1,982,931	1,214,370	768,561	
MISCELLANEOUS				
Other commodities not previously mentioned	1,279,961	1,960,045		680,084
TOTAL	32,314,514	26,846,891	5,467,623	

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TRAFFIC STATISTICS—Continued

PASSENGERS CARRIED AND TICKET MILEAGE

	1905	1904	Increase	Decrease
Interline passengers	859,955	849,202	10,753	
Local passengers	5,685,661	5,327,067	358,594	
Total number of passengers carried	6,545,616	6,176,269	369,347	
Passengers carried one mile	369,901,000	348,397,149	21,503,851	
TRAIN MILEAGE				
Freight trains	7,891,449	7,442,642	448,807	
Passenger trains, exclusive of straight mail and express trains	6,627,805	6,162,632	465,173	
Mail and express trains exclusive	529,219	514,427	14,792	
Mixed trains	339,877	364,782		24,905
Work trains	512,666	386,580	126,086	
Total train mileage	15,901,016	14,871,063	1,029,953	
ENGINE MILEAGE				
Freight engines	10,531,247	9,603,092	928,155	
Passenger engines	7,587,790	7,257,773	330,017	
Switching engines	6,468,379	6,266,903	201,476	
Work engines	1,154,072	746,561	407,511	
Total engine mileage	25,741,488	23,874,329	1,867,159	
CAR MILEAGE				
Loaded freight cars	256,535,775	242,882,329	13,653,446	
Empty freight cars (including caboose car mileage)	98,810,236	98,991,504		181,268
Total	355,346,011	341,873,833	13,472,178	
Passenger cars	47,645,025	44,576,847	3,068,178	
Work cars	8,599,502	6,924,294	1,675,208	
Total car mileage	411,590,538	393,374,974	18,215,564	
Miles of road, including trackage, operated in freight service	1,520.35	1,453.77	66.58	
Miles of road, including trackage, operated in passenger service	1,520.35	1,453.77	66.58	
FREIGHT RESULTS				
Earnings from transportation	\$26,536,365.35	\$23,965,774.13	\$2,570,591.22	
“ from miscellaneous sources	453,289.90	219,519.47	233,770.43	
Total freight earnings	\$26,989,655.25	\$24,185,293.60	\$2,804,361.65	
Earnings per ton	cts. 82.1	cts. 89.3		cts. 7.2
Earnings per ton per mile	cts. 0.520	cts. 0.522		cts. 0.002
Earnings per train mile	\$3.22	\$3.07	\$0.15	
Earnings per mile of road operated in freight service—trackage included	\$17,752.26	\$16,636.26	\$1,116.00	
Density of freight traffic (<i>i. e.</i> tons carried one mile per mile of road)	3,540,527	3,315,732	224,795	
Average number of tons of revenue-earning freight carried per train mile	619.6	588.3	31.3	
Average number of tons of all freight (including company's) carried per train mile	653.9	617.4	36.5	

*The Lake Shore and Michigan Southern Railway Company**TRAFFIC STATISTICS—Concluded*

FREIGHT RESULTS—Concluded

	1905	1904	Increase	Decrease
Average number of revenue tons per loaded } car mile }	19.9	18.9	1.0	
Average number of all tons per loaded car } mile }	21.0	19.8	1.2	
Average number of miles one ton carried	153.0	165.9		12.9
Average number of loaded cars per train mile	31.2	31.1	.1	
Average number of empty cars per train mile	12.0	12.7		.7
Average number of freight cars per train mile	43.2	43.8		.6

PASSENGER RESULTS

Earnings from passengers	\$7,527,458.55	\$7,095,790.23	\$431,668.32	
Other passenger train earnings	144,385.90	140,080.65	4,305.25	
From miscellaneous sources	4,093.35	4,025.12	68.23	
Total passenger earnings	\$7,675,937.80	\$7,239,896.00	\$436,041.80	
Earnings from mail and express	\$3,317,864.40	\$3,197,221.39	\$120,643.01	
Earnings per passenger	\$1.15.00	\$1.14.89	\$0.00.11	
Earnings per passenger per mile	cts. 2.035	cts. 2.037		cts. 0.002
Earnings per train mile excluding mail and } express }	\$1.10	\$1.11		\$0.01
Earnings per train mile, including mail and } express }	\$1.47	\$1.48		\$0.01
Earnings per mile of road operated in pas- } senger service, trackage included; includ- } ing mail and express }	\$7,231.10	\$7,179.35	\$51.75	
Density of passenger traffic (<i>i. e.</i> passengers } carried one mile per mile of road) }	243,300	239,651	3,649	
Average number of passenger cars per train } mile }	6.36	6.33	.03	
Average number of passengers per train mile	53.09	53.37		.28
Average number of miles one passenger carried	56.51	56.41	.10	

TABLE OF TRACKS ACCORDING TO STATES

STATE	Miles	Second Track	Third Track	Fourth Track	Sidings	Total
New York	69.50	67.84	43.65	9.06	94.73	284.78
Pennsylvania	102.49	43.96	38.75	24.15	74.10	283.45
Ohio	469.75	262.06	45.96	39.06	510.21	1,327.04
Michigan	606.10				129.24	735.34
Indiana	258.49	153.17	5.11	5.11	186.56	608.47
Illinois	14.02	7.63	0.54	0.52	72.98	95.69
	<u>1,520.35</u>	<u>534.66</u>	<u>134.01</u>	<u>77.90</u>	<u>1,067.85</u>	<u>3,334.77</u>

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TABLE OF TRACKS

MAIN LINE	Miles	Second Track	Third Track	Fourth Track	Sidings	Total
Buffalo to Toledo, via Norwalk	295.92	215.27	122.99	67.08	383.55	1,084.81
Toledo to Chicago, via Adrian	244.12	96.48	5.65	5.63	298.46	650.34
<i>Total main line</i>	540.04	311.75	128.64	72.71	682.01	1,735.15
BRANCHES						
Ashtabula to Ohio-Penn. State Line	30.72	4.67			9.65	45.04
Ashtabula to Ashtabula Harbor	2.33				42.54	44.87
Elyria Jct. to Millbury Jct., via Sandusky	73.24	73.19			62.89	209.32
Sandusky Jct. to Old Pier Depot	3.88				3.56	7.44
Air Line Jct. to Elkhart, via Air Line	131.10	131.87	5.37	5.19	60.10	333.63
Air Line Jct. to Ohio-Michigan State Line	7.61	2.27			6.92	16.80
Monroe to Lenawee Junction	29.45				5.60	35.05
Lenawee Junction to Jackson	42.16				6.48	48.64
Plymouth to Mann—low grade line	18.10				8.18	26.28
<i>Total branches</i>	338.59	212.00	5.37	5.19	205.92	767.07
<i>Total main line and branches</i>	878.63	523.75	134.01	77.90	887.93	2,502.22
PROPRIETARY LINES (OWNED WHOLLY BY THIS COMPANY)						
Central Trunk Railroad Ohio-Penn. State Line to Jamestown	5.26				.08	5.34
Detroit, Monroe & Toledo Railroad	54.76				29.48	84.24
Ohio-Michigan State Line to Detroit						
Detroit & Chicago Railroad	25.56				2.70	28.26
Grosvenor to Fayette						
Northern Central Michigan Railroad	61.36				9.72	71.08
Jonesville to North Lansing						
Sturgis, Goshen & St. Louis Railroad	28.93				2.65	31.58
Goshen to Sturgis						
Elkhart & Western Railroad	11.72				8.89	20.61
Elkhart to Mishawaka						
Kalamazoo & White Pigeon Railroad	36.54				8.55	45.09
White Pigeon to Kalamazoo						
<i>Total proprietary lines</i>	224.13				62.07	286.20
LEASED LINES						
Jamestown & Franklin Railroad	50.91				24.38	75.29
Jamestown to Oil City						
Mahoning Coal Railroad	38.31	10.91			25.66	74.88
Andover to Youngstown						
Branch to Keel Ridge	0.73				0.19	0.92
Sharon Branch	8.31				9.50	17.81
Mann to Brookfield—low grade line	24.51				11.00	35.51
Jackson Coal Railroad, at Branch, Pa.					4.10	4.10
Detroit, Toledo & Milwaukee Railroad	66.58				7.26	73.84
Dundee to Homer						
Detroit, Hillsdale & South Western R. R.	64.76				4.61	69.37
Ypsilanti to Bankers						
Fort Wayne & Jackson Railroad	97.83				16.80	114.63
Jackson to Ft. Wayne						
Kalamazoo, Allegan & Grand Rapids R. R.	58.45				13.72	72.17
Kalamazoo to Grand Rapids						
Battle Creek & Sturgis Railroad	7.20				0.63	7.83
Sturgis to Findley						
<i>Total leased lines</i>	417.59	10.91			117.85	546.35
<i>Total main line, proprietary and leased lines</i>	1,520.35	534.66	134.01	77.90	1,067.85	3,334.77

*The Lake Shore and Michigan Southern Railway Company**EQUIPMENT OWNED*

LOCOMOTIVES

	1905	1904
Passenger locomotives	171	152
Freight locomotives	334	310
Switching locomotives	234	200
Total,	<u>739</u>	<u>662</u>
Average miles run per locomotive in service	46,381	44,708

COST PER MILE RUN

	Cents	Cents
Repairs and renewals	11.07	8.38
Enginemen	7.46	7.57
Round-house labor	1.57	1.55
Fuel	10.70	10.42
Water supply*	.68	.68
Lubricating oil and waste	.25	.29
Other supplies	.34	.34
Total cents	<u>32.07</u>	<u>29.23</u>
Miles run per ton of coal	15.23	15.67

FUEL CONSUMED

Coal—number of tons	1,690,048	1,523,317
Average price per ton	\$1.63	\$1.63
Total cost	\$2,755,116.55	\$2,487,098.00

CARS IN PASSENGER SERVICE

Passenger cars	216	219
Smoking cars	47	47
Combination cars	45	42
Emigrant cars	4	5
Baggage cars	115	105
Postal cars	52	45
Dining and buffet cars	23	23
Horse cars	6	3
Officers' and pay cars	11	9
Total,	<u>519</u>	<u>498</u>

Total seating capacity of revenue passenger cars	18,842	18,800
Cost of repairs (excluding renewals) per passenger car mile	cts. 1.056	cts. 0.865

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EQUIPMENT OWNED—Concluded

CARS IN FREIGHT SERVICE

	1905	1904
Box cars	12,472	12,476
Stock cars	509	557
Flat cars	2,745	2,604
Gondola cars, drop bottom	6,262	6,579
Gondola cars, hopper bottom, steel	5,000	2,500
Coal and ore cars, side dump	184	1,014
Coke Cars	766	
Caboose cars	360	334
Total,	<u>28,298</u>	<u>26,064</u>
Total capacity of freight cars (tons)	986,388	860,352
Average capacity of freight cars (tons)	35.30	33.44
Cost of repairs (excluding renewals) per freight car mile	cts. 0.356	cts. 0.392

CARS IN COMPANY'S SERVICE

Ballast cars, steel	80	264
Ballast cars, wood	184	
Gravel dump cars		22
Derrick cars	19	18
Steam shovels	9	9
Pile drivers	4	4
Snow Plows	16	17
Tool and other work cars	640	458
Total,	<u>952</u>	<u>792</u>
Total cars, all classes	<u>29,769</u>	<u>27,354</u>

FLOATING EQUIPMENT

Tugs	1	1
Dredges	1	1
Scows	2	2
Total.	<u>4</u>	<u>4</u>