

FORTY-FIRST

ANNUAL REPORT OF THE BOARD OF DIRECTORS

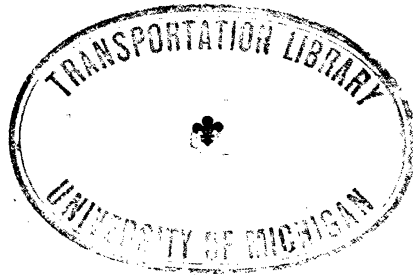
OF

**THE LAKE SHORE AND MICHIGAN SOUTHERN
RAILWAY COMPANY**

TO THE STOCKHOLDERS

FOR THE YEAR ENDED

DECEMBER 31 1910

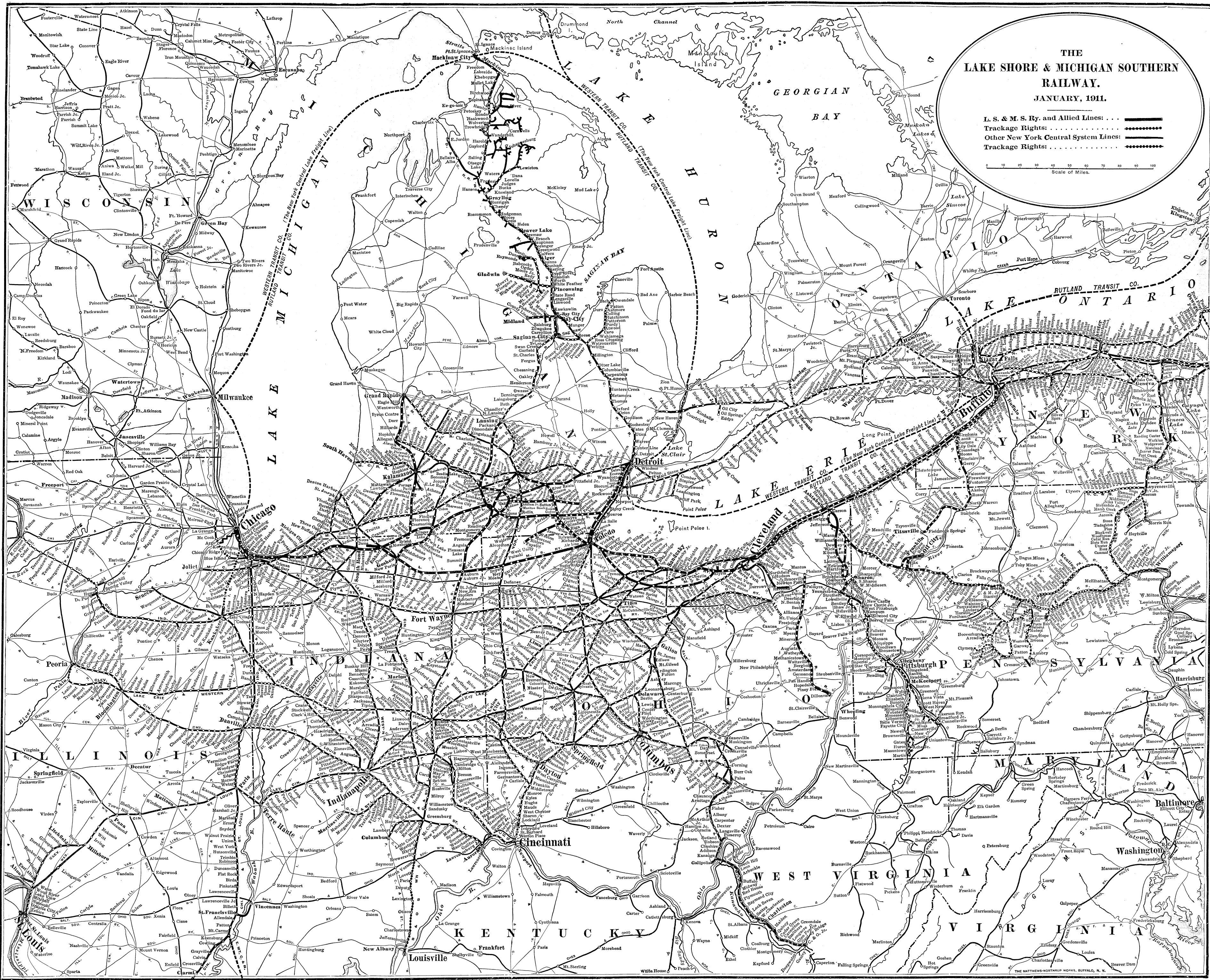
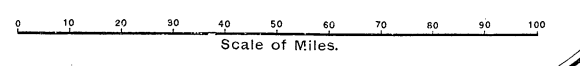


**CLEVELAND
OHIO**

THE
LAKE SHORE & MICHIGAN SOUTHERN
RAILWAY.

JANUARY, 1911.

L. S. & M. S. Ry. and Allied Lines: . . .
Trackage Rights: . . .
Other New York Central System Lines: . . .
Trackage Rights: . . .



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OF

THE LAKE SHORE AND MICHIGAN SOUTHERN
RAILWAY COMPANY

TO THE STOCKHOLDERS

FOR THE YEAR ENDED

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CLEVELAND
OHIO

ORGANIZATION OF
THE LAKE SHORE AND MICHIGAN SOUTHERN RAILWAY COMPANY

DECEMBER 31, 1910

DIRECTORS

J. PIERPONT MORGAN JAMES STILLMAN GEORGE F. BAKER W. SEWARD WEBB	} Term Expires May 1911	WILLIAM K. VANDERBILT LEWIS CASS LEDYARD WILLIAM ROCKEFELLER MARVIN HUGHITT	} Term Expires May 1912
FREDERICK W. VANDERBILT WILLIAM K. VANDERBILT, JR. CHAUNCEY M. DEPEW WILLIAM H. NEWMAN WILLIAM C. BROWN			
} Term Expires May 1913			

EXECUTIVE COMMITTEE

CHAUNCEY M. DEPEW, *Chairman of the Board of Directors**
 WILLIAM C. BROWN, *President**

WILLIAM K. VANDERBILT	LEWIS CASS LEDYARD
FREDERICK W. VANDERBILT	GEORGE F. BAKER
WILLIAM ROCKEFELLER	J. PIERPONT MORGAN
WILLIAM H. NEWMAN	

*Members ex-officio

OFFICERS

President	WILLIAM C. BROWN	New York
Assistant to President	WILLIAM K. VANDERBILT, JR.	New York
Vice President	JOHN CARSTENSEN	New York
Vice President	CHARLES E. SCHAFF	Chicago
Vice President	ALBERT H. HARRIS	New York
Vice President	CHARLES F. DALY	New York
Secretary	DWIGHT W. PARDEE	New York
Treasurer	CHARLES F. COX	New York
Local Treasurer	RUDOLPH P. AHRENS	Cleveland
General Auditor	RICHARD M. HUDDLESTON	Chicago
Auditor	GEORGE M. GLAZIER	Cleveland
General Attorney	FRANK J. JEROME	Cleveland
General Attorneys	GLENNON, CARY, WALKER & HOWE	Chicago
General Solicitor	CLYDE BROWN	New York
General Land and Tax Agent	HERBERT D. HOWE	Chicago
General Manager	DEWITT C. MOON	Cleveland
General Superintendent	JOHN J. BERNET	Cleveland
General Sup't Freight Transportation	HERBERT J. MERRICK	Chicago
Chief Engineer	SAMUEL ROCKWELL	Cleveland
General Superintendent M P R S & M	JOHN F. DEEMS	New York
Superintendent Motive Power	DONALD R. MACBAIN	Cleveland
General Purchasing Agent	FRANCIS H. GREENE	New York
Purchasing Agent	GEORGE R. INGERSOLL	Cleveland
Freight Traffic Manager	GEORGE H. INGALLS	Chicago
General Freight Agent	GEORGE B. WHEELER	Cleveland
General Coal and Ore Agent	HARRY BROMLEY	Cleveland
Passenger Traffic Manager	WARREN J. LYNCH	Chicago
General Passenger Agent	LESTER A. ROBISON	Cleveland

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 AND MICHIGAN SOUTHERN RAILWAY COMPANY :

The Board of Directors herewith submits its report for the year ended December 31, 1910, with statements showing the results for the year and the financial condition of the company.

The mileage embraced in the operation of the road is as follows :

	Miles
Main line and branches	871'03
Proprietary lines	289'32
Leased lines	414'73
Trackage rights	87'83
Total road operated	1,662'91

A statement, showing in detail the miles of road and track operated, will be found upon another page.

There was no change in capital stock during the year, the amount authorized and outstanding December 31, 1910, being \$50,000,000.00.

The funded debt outstanding on December 31, 1909, was \$150,400,000 00

It has been increased during the year by the issue and sale of twenty-five year four per cent gold bonds of 1906, out of a remaining unissued balance of \$15,000,000.00 \$9,280,000 00

There has also been placed upon the general books of the company its pro-rata liability in connection with the certificates issued under the New York Central Lines equipment trust agreements of 1907 and 1910

	19,585,005 97	28,865,005 97
Total		\$179,265,005 97

It has been decreased during the year by the retirement of three year five per cent gold notes issued by the company February 1, 1907, aggregating \$15,000,000 00

Also by the payment on November 1 of the company's pro-rata of the third installment on the equipment trust certificates of 1907

	447,226 18	15,447,226 18
Total funded debt December 31, 1910		\$163,817,779 79

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SUMMARY OF FINANCIAL OPERATIONS AFFECTING INCOME

OPERATING INCOME	1910	1909	Increase	Decrease
RAIL OPERATIONS	1,662'91 miles operated	1,662'79 miles operated	'12 miles	
Revenues	\$49,420,210 99	\$45,110,997 15	\$4,309,213 84	
Expenses	34,920,932 90	28,023,661 04	6,897,271 86	
NET REVENUE FROM RAIL OPERATIONS	\$14,499,278 09	\$17,087,336 11		\$2,588,058 02
Percentage of expenses to revenues	(70.66%)	(62.12%)	(8.54%)	
OUTSIDE OPERATIONS				
Revenues	\$559,376 73	\$422,399 56	\$136,977 17	
Expenses	609,092 28	501,306 73	107,785 55	
NET DEFICIT FROM OUTSIDE OPERATIONS	\$49,715 55	\$78,907 17		\$29,191 62
NET REVENUE FROM ALL OPERATIONS	\$14,449,562 54	\$17,008,428 94		\$2,558,866 40
TAXES ACCRUED	1,720,182 33	1,458,905 00	\$261,277 33	
OPERATING INCOME	\$12,729,380 21	\$15,549,523 94		\$2,820,143 73
OTHER INCOME				
Hire of equipment	\$383,818 19	\$*272,621 06	\$656,439 25	
Joint facilities rents	350,446 54	381,596 15		\$31,149 61
Miscellaneous rents	70,209 43	43,070 37	27,139 06	
Dividends on stocks owned or controlled	7,755,013 50	4,550,205 62	3,204,807 88	
Interest on funded debt owned	164,946 87	231,310 00		66,363 13
Interest on other securities, loans and accounts	1,005,914 11	1,268,721 45		262,807 34
Miscellaneous income	721,738 05	11,983 69	709,754 36	
TOTAL OTHER INCOME	\$10,452,086 69	\$6,214,266 22	\$4,237,820 47	
GROSS CORPORATE INCOME	\$23,181,466 90	\$21,763,790 16	\$1,417,676 74	
*Debit				
DEDUCTIONS FROM GROSS CORPORATE INCOME				
Rentals of leased lines	\$2,268,573 56	\$1,858,691 23	\$409,882 33	
Joint facilities rents	336,967 81	277,237 45	59,730 36	
Miscellaneous rents	8,122 88	5,051 46	3,071 42	
Interest on bonded debt	5,454,783 05	5,920,000 00		\$465,216 95
Interest on equipment trust certificates	542,595 54	309,331 46	233,264 08	
Other interest	410,222 83	75,181 93	335,040 90	
Dividend on guaranteed stock	96,030 00	64,020 00	32,010 00	
Other deductions	277,135 80	336,728 52		59,592 72
TOTAL DEDUCTIONS FROM GROSS CORPORATE INCOME	\$9,394,431 47	\$8,846,242 05	\$548,189 42	
NET CORPORATE INCOME	\$13,787,035 43	\$12,917,548 11	\$869,487 32	
DIVIDENDS, (18% 1910, 12% 1909)	8,903,970 00	5,935,980 00	2,967,990 00	
SURPLUS FOR THE YEAR	\$4,883,065 43	\$6,981,568 11		\$2,098,502 68
Additional equipment		1,263,186 28		1,263,186 28
1910 installments on 1907 and 1910 trust equipment	1,365,297 22		\$1,365,297 22	
BALANCE TO CREDIT OF PROFIT AND LOSS	\$3,517,768 21	\$5,718,381 83		\$2,200,613 62
Amount to credit of profit and loss, December 31, 1909				\$27,166,038 10
Balance to credit of profit and loss for the year 1910				3,517,768 21
				\$30,683,806 31
Add:				
Profit from sale of Jamestown, Franklin and Clearfield Railroad Company bonds			\$1,430,000 00	
Profit from sale of Hocking Valley Railway Company stock			177,300 00	1,607,300 00
				\$32,291,106 31
Deduct:				
Discount on \$9,280,000.00 gold bonds of 1906			\$741,321 25	
Discount, commission and expenses on account of New York Central Lines equipment trust certificates of 1910			299,565 71	
Commission and expenses on one year franc notes			11,920 40	
Initial payment of ten per cent on New York Central Lines equipment trust of 1910, credited to appropriated surplus			1,481,957 25	
Net loss in adjustment of sundry accounts			35,122 65	2,569,887 26
Balance to credit of profit and loss, December 31, 1910				\$29,721,219 05

The Lake Shore and Michigan Southern Railway Company

The operating revenues for the year were \$49,420,210.99, an increase of \$4,309,213.84 as compared with the previous year.

Revenue derived from transportation of freight amounted to \$32,646,535.52, an increase of \$2,911,258.90 due to the greater tonnage handled; the principal increases being in bituminous coal, ores and other minerals and manufactured products.

Passenger revenue was \$11,130,124.78, an increase of \$975,904.61 due to a larger number of both interline and local passengers carried.

The revenue from transportation of mails was \$2,124,214.11, an increase of \$27.41.

Revenue from express traffic was \$1,649,342.83, an increase of \$147,320.75.

Other passenger train revenue, including excess baggage and milk, amounted to \$689,425.30, an increase of \$51,501.09.

Switching and other transportation revenue amounted to \$679,648.33, an increase of \$75,466.34 due principally to larger receipts from switching service.

Other than transportation revenues were \$500,920.12, an increase of \$147,734.74 due mainly to larger collections of car demurrage and additional revenue derived from the rental of buildings and other property.

Operating expenses for the year amounted to \$34,920,932.90, an increase of \$6,897,271.86.

Operating expenses and increases therein by groups were:

		Increase
Maintenance of way and structures	\$7,549,661 40	\$2,081,298 22
Maintenance of equipment	7,873,217 06	1,061,666 40
Traffic expenses	1,153,165 10	51,568 63
Transportation expenses	17,442,857 80	3,527,900 82
General expenses	902,031 54	174,837 79

In maintenance of way and structures there were included large expenditures for ballasting 315 miles of main line track with stone, changing traffic from left-hand to right-hand running and general repairs and renewals of bridge structures, buildings and fixtures. There was also a large increase in maintenance of roadway and track expenses due to additional main track built. Maintenance of way employees were granted an increase in wages in the early part of the year which added \$297,761.00 to maintenance expenses.

Increases in maintenance of equipment expenses during the year were largely attributable to the following causes: advances in rates of pay granted to shopmen, aggregating \$151,979.47; higher prices paid for materials purchased, representing an increased cost of \$203,700.00; heavy charges in repairs due to equipping a large number of locomotives with improved devices, such as stokers, superheaters, etc. The remaining increases are principally due to additional mileage of equipment in service during the year.

Increased traffic expenses were principally due to large expense in printing tariffs.

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Transportation expenses show an increase in all items affected by the movement of traffic, which is partially attributed to the substantial gain in freight and passenger business. Demands made upon the company by switchmen and trainmen for an increase in wages were submitted to arbitration and were followed by an award resulting in increased wages to enginemen, conductors and other trainmen, yardmen, station forces and telegraph operators, and creating an additional charge to transportation expenses within the year, through said increased rates of pay, of \$644,467.27. The strike of bituminous coal miners in the Illinois fields during the greater part of the year forced the company to obtain fuel coal from other fields at a considerably advanced cost, which partially explains the large increase in the fuel for locomotive items.

In general expenses are included the payments made by the company during the year to aged and disabled employees who have been retired under the pension plan effective January 1, 1910, and the payment of a large premium due to placing fire insurance on practically all of the company's buildings and passenger equipment, effective January 1, 1910, it having been the policy in prior years to insure only a very small portion of the company's property.

Outside operations show a decreased loss for the year of \$29,191.62, principally due to the company's commercial ice supply plants having been operated at a gain through the reduced price at which ice was obtained.

Taxes accrued amounted to \$1,720,182.33, an increase of \$261,277.33. Of this amount \$137,739.75 is due to the income tax of one per cent imposed by the federal government, the balance being distributed to all states in which the company operates.

Other income for the year was \$10,452,086.69, an increase of \$4,237,820.47 as compared with the previous year, due to additional amounts received by the company for use of its equipment on foreign lines, larger revenue received from dividends on stock owned and increase in miscellaneous income.

Deductions from gross corporate income were \$9,394,431.47, an increase of \$548,189.42 as compared with the previous year. This is attributable to the following causes:

Rental of Jamestown, Franklin and Clearfield Railroad increased \$209,062.71, due to payment of interest for the full year on \$11,000,000.00 bonds issued by that company as compared with a half year's interest paid in 1909; rental of the Mahoning Coal Railroad increased \$200,819.62, due to the larger volume of traffic handled over that road; a total increase of \$409,882.33 in rental of leased lines.

Joint facilities and miscellaneous rents increased \$62,801.78.

Interest on equipment trust certificates increased \$233,264.08, through the participation of the company in the trust certificates of 1910 issued during the year.

Other interest increased \$335,040.90, principally attributable to interest accrued on one year franc notes issued by the company March 17, 1910.

The Lake Shore and Michigan Southern Railway Company

Interest on bonded debt decreased \$465,216.95, largely due to the retirement of three year gold notes.

Other deductions decreased \$59,592.72, due to reduction of the company's proportion of deficit of Indiana Harbor Belt Railroad Company.

From the net corporate income of the company for the year of \$13,787,035.43, three dividends aggregating 18 per cent, amounting to \$8,903,970.00 were paid, leaving a surplus for the year of \$4,883,065.43, from which there was deducted installments for the year 1910 on trust equipment certificates of 1907 and 1910, amounting to \$1,365,297.22. In 1909 the sum of \$1,263,186.28 was deducted from income for additional equipment.

The work of changing the main line between Buffalo and Chicago from left to right hand running, which commenced in 1909, was completed on December 27, 1910, at a total expense to the company of approximately \$1,150,000.00.

The company issued as of March 17, 1910, its notes payable March 15, 1911, to the extent of 44,000,000 francs, equivalent to \$8,502,415.46.

To obtain the locomotives and cars necessary for immediate requirements, The Lake Shore and Michigan Southern Railway Company, together with The New York Central and Hudson River Railroad Company, The Michigan Central Railroad Company, The Cleveland, Cincinnati, Chicago and St. Louis Railway Company, and the Chicago, Indiana and Southern Railroad Company, has become a party to an equipment trust agreement and lease dated January 1, 1910, known as "New York Central Lines Equipment Trust of 1910." This agreement provides for an issue of \$30,000,000 of equipment trust certificates, bearing interest at four and a half per cent per annum, being ninety per cent of the total cost of the equipment to be furnished under the terms of said agreement. These certificates are to be paid off in fifteen annual installments of \$2,000,000 each, the first installment being payable January 1, 1911. The cost of the equipment to be leased under the terms of the agreement by this company, will be \$15,301,184.00, and its pro-rata liability for certificates representing ninety per cent of the cost is \$13,771,065.60. Full particulars as to the character of the equipment acquired will be found upon another page.

During the year the company acquired by purchase 40,271 shares of stock of the Kanawha and Michigan Railway Company, 60,001 shares of stock of The Pittsburgh and Lake Erie Railroad Company, all of the outstanding capital stock of The Toledo and Ohio Central Railway Company, being 37,014 shares of preferred stock and 58,463 shares of common stock, and \$80,000.00 of The Toledo and Ohio Central Railway Company, St. Mary's Division, first preference income bonds.

The company sold during the year 11,540 shares of stock of the Hocking Valley Railway Company and \$11,000,000.00 of Jamestown, Franklin and Clearfield Railroad Company first mortgage bonds.

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Cost of road and equipment on December 31, 1909, was		\$101,322,482 58
It has been increased during the year as follows :		
Expenditures for additions and betterments to the property as shown in detail elsewhere	\$6,371,015 98	
To show upon the company's books the cost of the equipment acquired under the New York Central Lines' Equipment Trusts of 1907 and 1910, viz.—		
Equipment trust of 1907	• 5,739,402 67	
Equipment trust of 1910	14,766,060 11	26,876,478 76
		<u>\$128,198,961 34</u>
Amount credited to equipment replacement fund	\$1,373,738 59	
To which fund there was charged the cost of additional equipment acquired consisting of 2 locomotives, 2 steel buffet cars, 132 caboose cars, 3 snow plows, 1 wrecking crane, 2 steam shovels and other miscellaneous equipment	386,914 08	986,824 51
Cost of road and equipment, December 31, 1910		<u>\$127,212,136 83</u>

The Board records the death, on January 3, 1910, of Mr. Darius O. Mills, and on January 11, 1910, of Mr. Hamilton McK. Twombly, both directors of the company.

To fill these vacancies Messrs. James Stillman and Marvin Hughitt were elected directors.

The Board also records the death, on December 11, 1910, of Mr. Edward V. W. Rossiter, who had been a vice-president of the company since July 1, 1904.

The following appointments were made during the year :

- January 1, Richard M. Huddleston, General Auditor; George M. Glazier, Auditor; Leroy V. Porter, Assistant Auditor; William A. Terry and James Webster, Assistant Freight Traffic Managers.
- January 5, Frank H. Wilson, Assistant General Superintendent.
- January 15, Wallace W. Ryder, General Superintendent of Telegraph.
- February 1, John W. Daly, Assistant Passenger Traffic Manager and Lester A. Robison, General Passenger Agent.
- April 18, Herbert J. Merrick, General Superintendent Freight Transportation, and Orin C. Smith, Superintendent Car Service.
- May 16, Donald R. MacBain, Superintendent Motive Power.
- June 1, Roscoe B. Kendig, General Mechanical Engineer.
- July 15, William K. Vanderbilt, Jr., Assistant to President, and Samuel H. West, Assistant General Attorney, Cleveland district.
- October 1, Edgar Freeman, Assistant Treasurer.
- October 31, Joseph F. Farrell, General Tie Agent.

Appreciative acknowledgment is made of the faithful, efficient performance of duty by employees in every department of the service during the year.

WILLIAM C. BROWN,
President.

The Lake Shore and Michigan Southern Railway Company

DETAIL OF OPERATING REVENUES

TRANSPORTATION				
	1910	1909	Increase	Decrease
Freight	\$32,646,535 52	\$29,735,276 62	\$2,911,258 90	
Passenger	11,130,124 78	10,154,220 17	975,904 61	
Excess baggage	158,062 28	157,266 37	795 91	
Mail	2,124,214 11	2,124,186 70	27 41	
Express	1,649,342 83	1,502,022 08	147,320 75	
Milk (on passenger train)	46,096 09	39,552 16	6,543 93	
Other passenger train	485,266 93	441,105 68	44,161 25	
Switching	623,497 91	552,882 57	70,615 34	
Special service train	19,635 57	15,878 99	3,756 58	
Miscellaneous transportation	36,514 85	35,420 43	1,094 42	
Totals	<u>\$48,919,290 87</u>	<u>\$44,757,811 77</u>	<u>\$4,161,479 10</u>	
OTHER THAN TRANSPORTATION				
Station and train privileges	\$18,054 92	\$14,214 79	\$3,840 13	
Parcel room receipts	50,892 20	37,025 50	13,866 70	
Storage—freight	24,254 62	17,226 08	7,028 54	
Storage—baggage	6,035 90	6,076 00		\$40 10
Car service	135,292 09	78,664 30	56,627 79	
Telegraph and telephone service	743 00	902 30		159 30
Rents of buildings and other property	271,978 67	210,439 07	61,539 60	
Miscellaneous	30,055 83	18,370 70	11,685 13	
Joint facilities revenue—Dr.	52,200 20	37,618 54		14,581 66
Joint facilities revenue—Cr.	15,813 09	7,885 18	7,927 91	
Totals	<u>\$500,920 12</u>	<u>\$353,185 38</u>	<u>\$147,734 74</u>	
Total operating revenues	<u>\$49,420,210 99</u>	<u>\$45,110,997 15</u>	<u>\$4,309,213 84</u>	

EXPENSES IN DETAIL (Rail operations)

MAINTENANCE OF WAY AND STRUCTURES				
	1910	1909	Increase	Decrease
Superintendence	\$240,621 21	\$232,411 93	\$8,209 28	
Ballast	600,960 85	451,113 05	149,847 80	
Ties	1,004,848 54	975,183 23	29,665 31	
Rails	208,150 33	213,142 42		\$4,992 09
Other track material	369,607 37	238,954 87	130,652 50	
Roadway and track	2,579,379 87	1,956,856 27	622,523 60	
Removal of snow, sand and ice	236,961 47	129,235 99	107,725 48	
Tunnels	1,019 90	1,007 15	12 75	
Bridges, trestles and culverts	321,773 85	224,122 54	97,651 31	
Over and under grade crossings	10,515 01	12,009 55		1,494 54
Grade crossings, fences, cattle guards and signs	148,943 72	114,719 12	34,224 60	
Snow and sand fences and snowsheds	617 08	834 14		217 06
Signals and interlocking plants	787,384 94	401,442 19	385,942 75	
Telegraph and telephone lines	86,393 38	29,493 54	56,899 84	
Buildings, fixtures and grounds	719,643 51	433,771 85	285,871 66	
Docks and wharves	30,610 77	31,122 16		511 39
Roadway tools and supplies	168,228 69	98,355 04	69,873 65	
Injuries to persons	41,226 40	21,660 50	19,565 90	
Stationery and printing	28,035 26	19,439 33	8,595 93	
Other expenses	1,380 86	272 03	1,108 83	
Maintaining joint tracks, yards and other facilities—Dr.	179,130 23	96,071 30	83,058 93	
Maintaining joint tracks, yards and other facilities—Cr.	215,771 84	212,855 02		2,916 82
Totals	<u>\$7,549,661 40</u>	<u>\$5,468,363 18</u>	<u>\$2,081,298 22</u>	

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EXPENSES IN DETAIL (Rail operations)—continued

MAINTENANCE OF EQUIPMENT

	1910	1909	Increase	Decrease
Superintendence	\$221,342 65	\$195,812 80	\$25,529 85	
Steam locomotives—repairs	2,305,191 72	1,692,191 03	613,000 69	
Steam locomotives—renewals	362,680 56	349,819 03	12,861 53	
Passenger-train cars—repairs	659,810 67	503,638 06	156,172 61	
Passenger-train cars—renewals	133,189 06	103,222 71	29,966 35	
Freight-train cars—repairs	3,197,528 67	3,101,198 35	96,330 32	
Freight-train cars—renewals	441,106 56	422,483 04	18,623 52	
Floating equipment—repairs		* 2,972 07	2,972 07	
Work equipment—repairs	158,464 29	115,619 69	42,844 60	
Work equipment—renewals	45,099 91	52,559 04		\$7,459 13
Shop machinery and tools	286,392 08	206,936 72	79,455 36	
Injuries to persons	28,279 22	38,850 84		10,571 62
Stationery and printing	28,776 38	25,639 30	3,137 08	
Other expenses	341 74	57 07	284 67	
Maintaining joint equipment at terminals—Dr.	12,449 68	14,383 57		1,933 89
Maintaining joint equipment at terminals—Cr.	7,436 13	7,888 52	452 39	
Totals	\$7,873,217 06	\$6,811,550 66	\$1,061,666 40	

TRAFFIC EXPENSES

Superintendence	\$235,737 12	\$210,063 85	\$25,673 27	
Outside agencies	201,941 15	197,225 63	4,715 52	
Advertising	144,116 75	152,808 18		\$8,691 43
Traffic associations	30,242 80	29,806 72	436 08	
Fast freight lines	384,169 23	402,334 61		18,165 38
Industrial and immigration bureaus	5,118 51	3,501 11	1,617 40	
Stationery and printing	151,771 54	103,770 80	48,000 74	
Other expenses	68 00	2,085 57		2,017 57
Totals	\$1,153,165 10	\$1,101,596 47	\$51,568 63	

TRANSPORTATION EXPENSES

Superintendence	\$456,812 21	\$380,239 15	\$76,573 06	
Dispatching trains	204,017 77	179,844 76	24,173 01	
Station employees	2,776,840 19	2,392,816 26	384,023 93	
Weighing and car-service associations	50,260 45	51,871 68		\$1,611 23
Coal and ore docks	* 16 26	* 59 96	43 70	
Station supplies and expenses	172,733 40	154,495 23	18,238 17	
Yardmasters and their clerks	407,009 31	314,433 74	92,575 57	
Yard conductors and brakemen	1,377,290 44	1,007,730 35	369,560 09	
Yard switch and signal tenders	159,094 73	125,482 83	33,611 90	
Yard supplies and expenses	32,017 74	27,637 44	4,380 30	
Yard enginemen	903,326 76	666,129 58	237,197 18	
Enginehouse expenses—yard	273,451 21	203,928 23	69,522 98	
Fuel for yard locomotives	758,096 91	568,566 98	189,529 93	
Water for yard locomotives	61,372 54	42,914 70	18,457 84	
Lubricants for yard locomotives	15,757 76	12,945 25	2,812 51	
Other supplies for yard locomotives	26,065 90	18,332 07	7,733 83	
Operating joint yards and terminals—Dr.	263,702 26	209,113 74	54,588 52	
Operating joint yards and terminals—Cr.	472,508 69	434,921 75		37,586 94
Road enginemen	1,839,589 38	1,480,244 28	359,345 10	
Enginehouse expenses—road	471,402 75	379,542 88	91,859 87	
Fuel for road locomotives	3,175,228 92	2,515,616 27	659,612 65	
Water for road locomotives	216,178 93	186,170 69	30,008 24	
Lubricants for road locomotives	70,849 16	63,150 85	7,698 31	
Other supplies for road locomotives	54,813 98	46,575 23	8,238 75	
Carried forward	\$13,293,387 75	\$10,592,800 48		

*Credits

The Lake Shore and Michigan Southern Railway Company

EXPENSES IN DETAIL (Rail operations)—concluded

	1910	1909	Increase	Decrease
Brought forward	\$13,293,387 75	\$10,592,800 48		
Road trainmen	1,933,055 75	1,496,065 59	\$436,990 16	
Train supplies and expenses	578,039 43	455,049 05	122,990 38	
Interlocker, block and other signal—operation	246,551 06	174,220 30	72,330 76	
Crossing flagmen and gatemen	143,448 45	127,713 14	15,735 31	
Drawbridge operation	20,091 74	17,138 03	2,953 71	
Clearing wrecks	101,363 31	54,821 22	46,542 09	
Telegraph and telephone—operation	42,616 59	96,383 09		\$53,766 50
Stationery and printing	170,151 73	173,762 47		3,610 74
Other expenses	4,582 28	8,116 67		3,534 39
Loss and damage—freight	411,016 60	499,541 21		88,524 61
Loss and damage—baggage	4,173 02	2,850 66	1,322 36	
Damage to property	66,933 49	26,880 11	40,053 38	
Damage to stock on right of way	5,222 49	6,374 37		1,151 88
Injuries to persons	423,813 33	221,211 50	202,601 83	
Operating joint tracks and facilities—Dr.	70,960 04	70,046 36	913 68	
Operating joint tracks and facilities—Cr.	72,549 26	108,017 27	35,468 01	
Totals	\$17,442,857 80	\$13,914,956 98	\$3,527,900 82	

GENERAL EXPENSES

Salaries and expenses of general officers	\$117,136 86	\$100,031 16	\$17,105 70	
Salaries and expenses of clerks and attendants	407,103 64	358,924 57	48,179 07	
General office supplies and expenses	67,244 64	38,016 01	29,228 63	
Law expenses	124,259 22	128,222 50		\$3,963 28
Insurance	34,625 71	4,187 86	30,437 85	
Pensions	75,793 15	25,684 74	50,108 41	
Stationery and printing	35,580 79	49,468 86		13,888 07
Other expenses	36,451 64	17,852 90	18,598 74	
General administration joint tracks, yards and terminals—Dr.	3,838 00	4,857 53		1,019 53
General administration joint tracks, yards and terminals—Cr.	2 11	52 38	50 27	
Totals	\$902,031 54	\$727,193 75	\$174,837 79	
Total operating expenses	\$34,920,932 90	\$28,023,661 04	\$6,897,271 86	

Percentage of expenses (Rail operations) to operating revenues by groups

	1910	1909
Maintenance of way and structures	15·27	12·12
Maintenance of equipment	15·93	15·10
Traffic expenses	2·33	2·44
Transportation expenses	35·30	30·85
General expenses	1·83	1·61
Totals	70·66	62·12

*Annual Report**OUTSIDE OPERATIONS*

	1910	1909	Increase	Decrease
DINING CAR SERVICE				
Revenue	\$482,548 54	\$361,227 58	\$121,320 96	
Expenses	544,319 48	427,475 81	116,843 67	
Net deficit	<u>\$61,770 94</u>	<u>\$66,248 23</u>		<u>\$4,477 29</u>
RESTAURANTS				
Revenue	\$28,028 14	\$20,337 59	\$7,690 55	
Expenses	26,747 43	20,719 50	6,027 93	
Net revenue	<u>\$1,280 71</u>	<u>\$*381 91</u>	<u>\$1,662 62</u>	
COMMERCIAL ICE SUPPLY PLANTS				
Revenue	\$48,800 05	\$40,834 39	\$7,965 66	
Expenses	38,025 37	53,111 42		\$15,086 05
Net revenue	<u>\$10,774 68</u>	<u>\$*12,277 03</u>	<u>\$23,051 71</u>	
Total net deficit	<u>\$49,715 55</u>	<u>\$78,907 17</u>		<u>\$29,191 62</u>
*Deficit				

TAXES ACCRUED

	1910	1909	Increase	Decrease
ON CAPITAL STOCK				
New York	\$9,260 94	\$6,728 21	\$2,532 73	
Pennsylvania	28,617 34	16,375 00	12,242 34	
ON GROSS EARNINGS				
New York	1,720 92	1,769 00		\$48 08
Pennsylvania	1,680 15	105 17	1,574 98	
Ohio	107,482 44	127,270 33		19,787 89
ON REAL ESTATE				
New York	81,892 71	76,915 43	4,977 28	
Pennsylvania	6,048 35	4,890 88	1,157 47	
Ohio	554,967 14	525,863 87	29,103 27	
Indiana	306,031 34	284,707 77	21,323 57	
Michigan	399,689 95	336,578 84	63,111 11	
Illinois	65,413 99	63,601 59	1,812 40	
ON BONDED DEBT (Pennsylvania)	18,000 00	12,500 00	5,500 00	
RAILROAD COMMISSIONERS' ASSESSMENTS (Ohio)	1,637 31	1,598 91	38 40	
ON NET INCOME (United States)	137,739 75		137,739 75	
Totals	<u>\$1,720,182 33</u>	<u>\$1,458,905 00</u>	<u>\$261,277 33</u>	

*The Lake Shore and Michigan Southern Railway Company***DEDUCTIONS FROM INCOME***Rentals of leased lines*

ERIE AND KALAMAZOO RAILROAD		
Dividend at 10% on 6,000 shares of capital stock (\$50.00 per share)		\$30,000 00
DETROIT, HILLSDALE AND SOUTHWESTERN RAILROAD		
Organization expenses	\$500 00	
Dividend at 4% on 13,500 shares of capital stock	54,000 00	54,500 00
FORT WAYNE AND JACKSON RAILROAD		
Organization expenses	\$1,500 00	
Dividend at 5½% on 22,914, 1/10% shares of capital stock	126,027 88	127,527 88
KALAMAZOO, ALLEGAN AND GRAND RAPIDS RAILROAD		
Interest at 5% on \$840,000 First Mortgage bonds	\$42,000 00	
Dividend at 6% on 6,100 shares of capital stock	36,600 00	78,600 00
STURGIS, GOSHEN AND ST. LOUIS RAILWAY		
Interest at 3% on \$322,000 First Mortgage bonds		9,660 00
BATTLE CREEK AND STURGIS RAILWAY		
Interest at 3% on \$79,000 First Mortgage bonds		2,370 00
JAMESTOWN, FRANKLIN AND CLEARFIELD RAILROAD		
Interest at 4% on \$11,000,000 Gold Mortgage bonds	\$440,000 00	
Dividend at 5% on 30,000 shares of capital stock	150,000 00	590,000 00
MAHONING COAL RAILROAD		
40% of gross earnings of \$3,439,789.20 for year ended December 31, 1910		1,375,915 68
		\$2,268,573 56
Joint facilities rents		336,967 81
Miscellaneous rents		8,122 88
<i>Interest on bonded debt</i>		
Interest 3½% per annum on Gold mortgage bonds of 1897	\$1,750,000 00	
Interest 4% per annum on Gold bonds of 1903	2,000,000 00	
Interest 4% per annum on Gold bonds of 1906	1,622,283 05	
Interest 5% per annum on Kalamazoo and White Pigeon mortgage bonds	20,000 00	
Interest 5% per annum on Gold notes of 1907	62,500 00	5,454,783 05
<i>Interest on equipment trust certificates</i>		
Interest 5% per annum on certificates of 1907	\$286,970 14	
Interest 4½% per annum on certificates of 1910	255,625 40	542,595 54
<i>Other deductions</i>		
Indiana Harbor Belt Railroad Co., proportion of deficit from operation for year 1910		277,135 80
Dividends 18% on 5,335 shares L S & M S R'y Co guaranteed stock		96,030 00
Interest on loans and bills payable		410,222 83
Total deductions from income		\$9,394,431 47

DIVIDENDS

Payable March 30, 1910, 6% on 494,665 shares of capital stock	\$2,967,990 00
Payable July 29, 1910, 6% on 494,665 shares of capital stock	2,967,990 00
Payable Jan. 29, 1911, 6% on 494,665 shares of capital stock	2,967,990 00
Total	<u>\$8,903,970 00</u>

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DETAIL OF EXPENDITURES FOR IMPROVEMENTS TO PROPERTY

EXPENDITURES DURING THE YEAR FOR ADDITIONS AND IMPROVEMENTS TO THE PROPERTY CHARGED TO CAPITAL ACCOUNT

ROADWAY AND BRIDGES:

Buffalo to Chicago, change in running	\$335,425 20	
Dunkirk to State Line, additional main tracks	172,614 90	
North East to Erie, additional main tracks	107,984 07	
Ashtabula to Willoughby, additional main tracks	428,257 69	
Berea to Shawville, additional main tracks and elimination of curve	62,023 10	
Elyria Junction to Vermillion, additional main tracks	105,373 84	
Sandusky Pier to Bay Bridge, additional main tracks	157,537 88	
Danbury to Port Clinton, additional main tracks	96,427 06	
Rocky Ridge to Graytown, additional main tracks	18,678 77	
Holland to Stryker, additional main tracks	598,666 42	
Stryker to Mina, additional main tracks	25,837 09	
Mina coal chute to Edgerton, additional main tracks	96,468 81	
Millersburg to Elkhart, additional main tracks	241,723 47	
Elkhart to Osceola, additional main tracks	97,596 13	
Lydick to Rolling Prairie, additional main tracks	23,102 04	
LaPorte to Durham, additional main tracks	129,153 00	
Gulf to Carson, additional main tracks	61,196 36	
Carson to Andover, additional main tracks	265,894 60	
Grand Crossing to Englewood, track elevation	806,152 76	
Entire Line, telephone dispatching circuits	16,785 92	
Westfield, track troughs, pumps, pipe line, etc.	87,411 39	
Nottingham, steel plate girder bridge over Cut Road	31,391 38	
Nottingham, new bridge over Neff Road	15,788 36	
Cleveland, west bound track Lake Avenue to West Park	83,176 08	
Elyria, separation of grades and extension of four tracks	15,268 06	
Vermillion, renew bridge to carry four tracks	17,087 12	
Port Clinton, separation of grades and extension of four tracks	62,722 75	
Corunna, increase water supply at track tanks	13,219 21	
Lydick, separation of grades	37,004 60	
Chicago, additional yard facilities and power house, Root Street	121,209 70	
West Detroit, additional yard facilities	18,665 54	
Additional yard facilities, new signals and various other improvements	121,157 42	
Renewing various bridges and culverts	35,066 60	
Miscellaneous passing and industrial sidings	123,193 12	\$4,629,260 44

STATIONS AND OTHER STRUCTURES:

Wesleyville, coaling plant, tracks, pits, etc.	\$105,599 63	
Ashtabula, pump at roundhouse, pipe line, etc.	39,815 70	
Ashtabula Harbor, dock improvements	1,081,812 56	
Nottingham, new intake pipe from Lake Erie	14,344 80	
Cleveland, new passenger and freight house, East 105th Street	38,842 01	
Cleveland, new freight house, Wason Street	38,534 38	
Cleveland, new building for handling express business	22,855 65	
Air Line Junction, stacking yard and track in connection with creosoting plant	55,305 42	
Elkhart, locomotive and car repair shop	71,633 14	
Elkhart, locomotive crane in shop	27,925 78	
Gary, new freight house	19,921 63	
Chicago, new freight house, Clark Street	43,622 28	
Additions and improvements to various water stations	31,346 46	
Additions and improvements to various shops, engine houses and other structures	111,919 00	1,703,478 44

LAND AT VARIOUS PLACES:

Total

38,277 10
\$6,371,015 98

*The Lake Shore and Michigan Southern Railway Company***NEW YORK CENTRAL LINES EQUIPMENT TRUSTS**

The following statements show the character of the equipment acquired under the terms of the New York Central Lines Equipment Trust Agreements and Leases of 1907 and 1910, together with the total amount of certificates issued and the amounts now outstanding:

EQUIPMENT TRUST OF 1907

Road	Loco- motives	Passenger cars	Freight cars	Company service cars	Certificates issued for 90% of value bearing interest at 5%.	Certificates redeemed	Balance certificates outstanding December 31, 1910
N Y C & H R R R	447	88	4,000		\$11,904,901 78	\$2,380,980 36	\$9,523,921 42
L S & M S Ry	125	25	4,000	200	6,708,392 73	1,341,678 54	5,366,714 19
C I & S R R	2	8	3,400	150	3,779,976 60	755,995 32	3,023,981 28
M C R R	5	15	3,500	200	3,906,381 73	781,276 35	3,125,105 38
C C C & St L Ry	112	17	1,525	100	3,700,347 16	740,069 43	2,960,277 73
Totals	691	153	16,425	650	\$30,000,000 00	\$6,000,000 00	\$24,000,000 00

EQUIPMENT TRUST OF 1910

Road	Locomotives	Passenger cars	Freight cars	Company service cars	Certificates issued for 90% of value bearing interest at 4½%.
N Y C & H R R R	127	30	4,000		\$6,509,466 30
L S & M S Ry	100	60	12,500	250	13,771,065 60
C I & S R R	31	2	1,000		1,638,607 50
M C R R	87	34	3,300		5,086,473 30
C C C & St L Ry	80	6	1,600		2,994,387 30
Totals	425	132	22,400	250	\$30,000,000 00

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CONDENSED GENERAL BALANCE SHEET, DECEMBER 31, 1910

Assets

Property investment

Road and equipment			
Investment to June 30, 1907			
Road	\$66,960,000 00		
Equipment	24,800,000 00	\$91,760,000 00	
Investment since June 30, 1907			
Road	\$13,759,186 68		
Equipment	459,944 85		
Trust equipment	22,219,829 81		
	\$36,438,961 34		
Less equipment replacement fund	986,824 51	35,452,136 83	
Securities			
Securities of proprietary, affiliated and controlled companies—unpledged		6,976,221 87	
Other investments			
Miscellaneous investments			
Physical property		192,488 50	\$134,380,847 20

Working assets

Cash			
Treasurer	\$2,853,026 15		
Local treasurer	734,919 64		
Local treasurer's cash in transit	100,000 00		
Station agents' remittances in transit	536,335 78		
Lincoln National Bank for payment of interest	66,057 50	\$4,290,339 07	
Securities issued or assumed—held in treasury			
Lake Shore and Michigan Southern Ry Co stock		6,741 50	
Marketable securities		97,632,374 05	
Loans and bills receivable			
Lake Erie and Western Railroad Co	\$952,915 88		
Jamestown, Franklin and Clearfield R R Co	1,143,000 00		
Michigan Central R R Co	4,500,000 00		
Sundry bills receivable	31,084 29	6,627,000 17	
Traffic and car service balances due from other companies		2,663,283 04	
Net balance due from agents and conductors		971,022 23	
Miscellaneous accounts receivable		6,823,730 23	
Materials and supplies		4,250,202 82	
Other working assets		184,644 74	123,449,337 85

Accrued income not due

Unmatured interest, dividends and rents receivable			1,049,689 52
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Deferred debit items

Advances			
Temporary advances to proprietary, affiliated and controlled companies			
Cleveland Short Line Ry Co	\$5,534,941 68		
Lake Erie and Pittsburg Ry Co	3,557,157 46		
Lake Erie, Alliance and Wheeling R R Co	976,314 72		
Terminal Ry of Buffalo	665,000 00		
Indiana Harbor Belt R R Co	1,118,846 61		
Chicago, Indiana and Southern R R Co	930,000 00		
Jamestown, Franklin and Clearfield R R Co	621,752 10	\$13,404,012 57	
Working funds		194,935 48	
Other advances		184,256 51	\$13,783,204 56
Cash and securities in sinking and redemption funds		5,000 00	
Other deferred debit items		1,266,912 66	15,055,117 22

\$273,934,991 79

The Lake Shore and Michigan Southern Railway Company
CONDENSED GENERAL BALANCE SHEET, DECEMBER 31, 1910

Liabilities

Stock

Capital stock		
Common	\$49,466,500 00	
Guaranteed	533,500 00	\$50,000,000 00

Mortgage, bonded and secured debt

<i>Funded debt</i>		
<i>Mortgage bonds</i>		
First general mortgage 3½% bonds of 1897	\$50,000,000 00	
Kalamazoo and White Pigeon first mortgage bonds	400,000 00	\$50,400,000 00
<i>Plain bonds, debentures and notes</i>		
Gold bonds of 1903 (4%)	\$50,000,000 00	
Gold bonds of 1906 (4%)	44,280,000 00	94,280,000 00
<i>Equipment trust obligations</i>		
Equipment trust certificates of 1907	\$5,366,714 19	
Equipment trust certificates of 1910	13,771,065 60	19,137,779 79

Working liabilities

Loans and bills payable	\$10,207,668 95	
Traffic and car service balances due to other companies	5,173 16	
Audited vouchers and wages unpaid		
Audited vouchers	\$4,419,571 17	
Audited pay-rolls	2,027,304 69	6,446,875 86
Miscellaneous accounts payable	191,021 18	
Matured interest, dividends and rents unpaid	86,959 41	
Matured mortgage, bonded and secured debt unpaid	7,000 00	
Other working liabilities	70,229 46	17,014,928 02

Accrued liabilities not due

Unmatured interest, dividends and rents payable		4,171,607 49
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Deferred credit items

Operating reserves	\$4,139 60	
Other deferred credit items	359,994 79	364,134 39

Appropriated surplus

Additions to property through income since June 30, 1907		8,845,323 05
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Profit and loss

Balance		29,721,219 05
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\$273,934,991 79

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STOCK AND BONDS OWNED

Stock

	Number of Shares	Total par value
Battle Creek & Sturgis Railway Co	825	\$82,500 00
Chicago, Indiana & Southern Railroad Co preferred	50,000	5,000,000 00
Chicago, Indiana & Southern Railroad Co common	120,000	12,000,000 00
Chicago, Kalamazoo & Saginaw Railway Co	1,800	180,000 00
Cleveland, Cincinnati, Chicago & St. Louis Railway Co	302,077	30,207,700 00
Cleveland Short Line Railway Co	37,500	3,750,000 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
Detroit Terminal Railroad Co	933	93,300 00
Elkhart & Western Railroad Co	4,598	229,900 00
Fairport & Phalanx Railroad Co	10	1,000 00
Indiana Harbor Belt Railroad Co	12,250	1,225,000 00
Jamestown, Franklin & Clearfield Railroad Co	29,945½	2,994,550 00
Jefferson Coal Co	5,100	510,000 00
Kalamazoo & White Pigeon Railroad Co	2,309	230,900 00
Kanawha & Michigan Railway Co	40,271	4,027,100 00
Lake Erie, Alliance & Wheeling Railroad Co	30,000	3,000,000 00
Lake Erie & Pittsburg Railway Co	50	5,000 00
Lake Erie & Western Railroad Co preferred	59,300	5,930,000 00
Lake Erie & Western Railroad Co common	59,400	5,940,000 00
Lake Shore & Michigan Southern Railway Co common	39	3,900 00
Lansing Transit Railway	10	1,000 00
Mahoning Coal Railroad Co preferred	7,990	399,500 00
Mahoning Coal Railroad Co common	17,818	865,900 00
Mahoning State Line Railroad Co	13	650 00
Merchants Despatch Transportation Co	23,335	2,333,500 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 common	62,400	6,240,000 00
Northern Central Michigan Railroad Co	5,985	598,500 00
Pittsburgh & Lake Erie Railroad Co	210,004	10,500,200 00
Reading Company 1st preferred	121,300	6,065,000 00
Reading Company 2nd preferred	285,300	14,265,000 00
Reading Company common	200,050	10,002,500 00
Sturgis, Goshen & St. Louis Railway Co	3,000	300,000 00
Swan Creek Railway Co	400	40,000 00
Taylor Street Warehouse Co	100	10,000 00
Terminal Railway of Buffalo	5,000	500,000 00
Toledo Terminal Railroad Co	4,800	480,000 00
Toledo & Ohio Central Railway Co preferred	37,014	3,701,400 00
Toledo & Ohio Central Railway Co common	58,463	5,846,300 00
Westinghouse Electric & Manufacturing Co	6	300 00
Total par value stock		\$148,502,700 00

Bonds

	Total amount held
Chicago, Kalamazoo & Saginaw Railway Co First mortgage	\$507,000 00
Elkhart & Western Railroad Co First mortgage	200,000 00
Terminal Railway of Buffalo First mortgage	500,000 00
Toledo & Ohio Central Railway Co income	80,000 00
Total par value bonds	\$1,287,000 00
Grand total par value stock and bonds	\$149,789,700 00

The above securities are carried on the books of the company at a total value of \$104,615,337.42

*The Lake Shore and Michigan Southern Railway Company***CAPITALIZATION***Capital stock*

Number of shares issued—common	494,665	Total par value issued and	}	\$50,000,000 00
Number of shares issued—guaranteed ten per cent.	5,335	outstanding		
Total number of shares outstanding	500,000	Total par value authorized		\$50,000,000 00
Number of shares authorized	500,000	Par value per share		\$100 00
		Dividend for the year		18 per cent

Amount of capital stock per mile of road owned (871.03 miles), \$57,403.30

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>
<i>Mortgage and plain bonds</i>						
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
Gold bonds	1906	May 1, 1931	50,000,000 00	44,280,000 00	4 %	{ May and November
<i>Equipment trust obligations</i> Payable in fifteen annual installments						
Equipment trust certificates	1907	Nov. 1, 1922	\$6,708,392 73	\$5,366,714 19	5 %	{ May and November
Equipment trust certificates	1910	Jan. 1, 1925	13,771,065 60	13,771,065 60	4½ %	{ January and July
<i>Bonds of other roads assumed by this company</i>						
Kalamazoo & White Pigeon	1890	Jan. 1, 1940	\$400,000 00	\$400,000 00	5 %	{ January and July

Amount of funded debt per mile of road owned (871.03 miles), excluding Kalamazoo and White Pigeon bonds \$187,614.41

*Treasurer, Room 3111 Grand Central Terminal,
New York*

Union Trust Company, New York

{ Transfers stock
Pays dividends
Transfers registered bonds
Pays interest on coupon and registered bonds
Registers stock

Annual Report

TABLE OF TRACKS

MAIN LINE	Miles	Second track	Third track	Fourth track	Sidings	Total
Buffalo to Toledo, via Norwalk	293·71	214·77	200·03	175·56	393·37	1,277·44
Toledo to Chicago, via Adrian	242·90	96·40	31·96	15·62	326·82	713·70
<i>Total main line</i>	<u>536·61</u>	<u>311·17</u>	<u>231·99</u>	<u>191·18</u>	<u>720·19</u>	<u>1,991·14</u>
BRANCHES						
Ashtabula to Ashtabula Harbor	2·33				56·18	58·51
Ashtabula to Ohio-Penna. State Line	30·72	12·76	2·47		10·12	56·07
Carson to Mann—low grade line	18·10	10·02			9·20	37·32
Elyria Jct. to Millbury Jct.	73·08	73·08	23·92	9·43	76·51	256·02
Air Line Jct. to Ohio-Michigan State Line	7·41	2·26			8·45	18·12
Air-Line Jct. to Elkhart, via Air Line	131·16	131·10	79·40	26·87	53·86	422·39
Monroe to Lenawee Junction	29·49				6·16	35·65
Lenawee Junction to Jackson	42·13				6·44	48·57
<i>Total branches</i>	<u>334·42</u>	<u>229·22</u>	<u>105·79</u>	<u>36·30</u>	<u>226·92</u>	<u>932·65</u>
<i>Total main line and branches</i>	<u>871·03</u>	<u>540·39</u>	<u>337·78</u>	<u>227·48</u>	<u>947·11</u>	<u>2,923·79</u>
PROPRIETARY LINES (OWNED WHOLLY BY THIS COMPANY)						
Detroit, Monroe and Toledo Railroad } Ohio-Michigan State Line to D and M Jct. }	51·43				33·31	84·74
Detroit and Chicago Railroad } Grosvenor to Fayette }	25·22				3·03	28·25
Northern Central Michigan Railroad } Jonesville to North Lansing }	61·34				11·08	72·42
Sturgis, Goshen and St. Louis Railway } Goshen to Sturgis }	28·92				1·90	30·82
Battle Creek and Sturgis Railway } Sturgis to Findley }	7·19				·63	7·82
Elkhart and Western Railroad } Elkhart to Mishawaka }	12·10				9·12	21·22
Kalamazoo and White Pigeon Railroad } White Pigeon to Kalamazoo }	36·54				11·26	47·80
Detroit, Toledo and Milwaukee Railroad } Dundee to Homer }	66·58				6·51	73·09
<i>Total proprietary lines</i>	<u>289·32</u>				<u>76·84</u>	<u>366·16</u>
LEASED LINES						
Jamestown, Franklin and Clearfield Railroad } Ohio-Penna. State Line to Rose Siding }	103·70	18·39			32·49	154·58
Franklin to Oil City	8·96				6·34	15·30
Polk Junction to Belmar	10·72				4·52	15·24
Mahoning Coal Railroad } Andover to Youngstown }	38·20	11·00	8·83		41·62	99·65
Mann to Brookfield	24·49	8·62			7·91	41·02
Doughton to Sharon	7·94				10·56	18·50
Branch to Keel Ridge					·92	·92
Detroit, Hillsdale and Southwestern Railroad } Ypsilanti to Bankers }	64·74				4·58	69·32
Fort Wayne and Jackson Railroad } Jackson to Fort Wayne }	97·53				19·02	116·55
Kalamazoo, Allegan and Grand Rapids Railroad } Kalamazoo to Grand Rapids }	58·45				15·71	74·16
<i>Total leased lines</i>	<u>414·73</u>	<u>38·01</u>	<u>8·83</u>		<u>143·67</u>	<u>605·24</u>

*The Lake Shore and Michigan Southern Railway Company**TABLE OF TRACKS—continued*

TRACKAGE RIGHTS	Miles	Second track	Third track	Fourth Track	Sidings	Total
Pennsylvania Railroad Co Rose Siding to Falls Creek	21·68					21·68
Buffalo, Rochester and Pittsburgh Ry Co Falls Creek to Clearfield	31·20					31·20
New York Central and Hudson River Railroad Co Buffalo	·66					·66
Pennsylvania Railroad Co Oil City	1·00					1·00
Erie Railroad Co Sharpsville to West Middlesex	10·28					10·28
Grand Trunk Railway System D and M Jct. to Brush St., Detroit	3·33					3·33
Michigan Central Railroad Co Jackson	·46					·46
Michigan Central Railroad Co Ypsilanti	·34					·34
New York, Chicago and St. Louis Railroad Co Grand Crossing to Osborn	13·90					13·90
Chicago, Indiana and Southern Railroad Co Osborn to Indiana Harbor	4·98					4·98
<i>Total trackage rights</i>	<u>87·83</u>					<u>87·83</u>
<i>Total mileage operated</i>	<u>1,662·91</u>	<u>578·40</u>	<u>346·61</u>	<u>227·48</u>	<u>1,167·62</u>	<u>3,983·02</u>

TABLE OF TRACKS ACCORDING TO STATES

STATE	Miles	Second Track	Third Track	Fourth Track	Sidings	Total
New York	68·45	67·79	61·21	61·01	95·47	353·93
Pennsylvania	233·43	62·35	43·96	43·62	97·24	480·60
Ohio	463·65	288·10	192·41	98·27	560·14	1,602·57
Michigan	606·34				142·39	748·73
Indiana	267·18	152·51	48·50	24·06	200·70	692·95
Illinois	23·86	7·65	·53	·52	71·68	104·24
Totals	<u>1,662·91</u>	<u>578·40</u>	<u>346·61</u>	<u>227·48</u>	<u>1,167·62</u>	<u>3,983·02</u>

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MILEAGE STATISTICS

LOCOMOTIVE MILEAGE

REVENUE SERVICE	1910	1909	Increase	Decrease
Freight locomotive-miles	11,892,597	10,399,876	1,492,721	
Passenger locomotive-miles	10,774,823	9,236,511	1,538,312	
Mixed locomotive-miles	32,710	81,059		48,349
Special locomotive-miles	14,721	13,856	865	
Switching locomotive-miles	8,506,913	6,685,230	1,821,683	
Total revenue locomotive mileage	31,221,764	26,416,532	4,805,232	
Non-revenue locomotive mileage	2,414,226	1,713,303	700,923	
Total locomotive mileage	33,635,990	28,129,835	5,506,155	

TRAIN MILEAGE

REVENUE SERVICE				
Freight train-miles	10,485,267	9,127,960	1,357,307	
Passenger train-miles	9,832,820	8,587,038	1,245,782	
Mixed train-miles	32,444	62,020		29,576
Special train-miles	11,473	11,622		149
Total revenue train mileage	20,362,004	17,788,640	2,573,364	
Non-revenue train mileage	1,243,742	950,175	293,567	
Total train mileage	21,605,746	18,738,815	2,866,931	

CAR MILEAGE

REVENUE SERVICE				
Freight car-miles				
Loaded	297,767,530	284,685,780	13,081,750	
Empty	130,918,015	133,887,193		2,969,178
Caboose	10,746,042	9,557,162	1,188,880	
Total freight car-miles	439,431,587	428,130,135	11,301,452	
Passenger car-miles				
Passenger	18,593,626	16,985,117	1,608,509	
Sleeping, parlor and observation	19,181,691	17,542,945	1,638,746	
Other passenger-train cars	30,360,863	25,898,493	4,462,370	
Total passenger car-miles	68,136,180	60,426,555	7,709,625	
Special car-miles				
Freight—loaded	124,431	196,314		71,883
Freight—empty	1,586	192	1,394	
Caboose	7,642	10,708		3,066
Passenger	5,723	1,211	4,512	
Sleeping, parlor and observation	16,013	1,460	14,553	
Other passenger-train cars	7,131	1,679	5,452	
Total special car-miles	162,526	211,564		49,038
Total revenue car mileage	507,730,293	488,768,254	18,962,039	
Non-revenue car mileage	11,310,335	7,355,545	3,954,790	
Total car mileage	519,040,628	496,123,799	22,916,829	

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

DESCRIPTION OF FREIGHT MOVED

PRODUCTS OF AGRICULTURE	1910 Tons	1909 Tons	Increase Tons	Decrease Tons
Grain	1,582,083	1,557,982	24,101	
Flour	439,858	406,761	33,097	
Other mill products	375,448	343,338	32,110	
Hay	248,610	309,633		61,023
Tobacco	26,415	27,290		875
Cotton	46,846	50,360		3,514
Fruit and vegetables	399,501	319,801	79,700	
Other articles	136,536	135,367	1,169	
PRODUCTS OF ANIMALS				
Live stock	480,345	659,459		179,114
Dressed meats	189,978	202,903		12,925
Other packing house products	144,468	129,859	14,609	
Poultry, game and fish	63,216	58,810	4,406	
Wool	14,598	17,902		3,304
Hides and leather	50,914	62,363		11,449
Dairy products	113,808	118,682		4,874
Other articles	90,737	103,151		12,414
PRODUCTS OF MINES				
Anthracite coal	1,242,662	1,133,315	109,347	
Bituminous coal	9,689,319	7,982,798	1,706,521	
Coke	1,676,821	1,573,463	103,358	
Ores	6,378,432	5,435,180	943,252	
Stone, sand and other like articles	2,992,033	2,956,653	35,380	
Other articles	154,973	145,421	9,552	
PRODUCTS OF FOREST				
Lumber	911,153	790,394	120,759	
Other articles	115,280	144,576		29,296
MANUFACTURES				
Petroleum and other oils	610,882	560,463	50,419	
Sugar	90,406	87,906	2,500	
Naval stores	4,112	6,505		2,393
Iron, pig and bloom	593,220	646,871		53,651
Iron and steel rails	68,035	53,981	14,054	
Other castings and machinery	686,726	521,303	165,423	
Bar and sheet metal	1,467,867	1,359,092	108,775	
Cement, brick and lime	1,297,017	1,101,119	195,898	
Agricultural implements	103,199	100,917	2,282	
Wagons, carriages, tools, etc.	146,002	129,235	16,767	
Wines, liquors and beers	142,917	132,911	10,006	
Household goods and furniture	82,495	68,807	13,688	
Other articles	3,855,894	3,177,491	678,403	
MISCELLANEOUS				
Other commodities not previously mentioned	401,368	468,504		67,136
TOTALS	37,114,174	33,080,566	4,033,608	

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TRAFFIC STATISTICS—concluded

	1910	1909	Increase	Decrease
FREIGHT				
Tons of revenue freight carried	37,114,174	33,080,566	4,033,608	
Tons of company freight carried	4,830,476	3,821,702	1,008,774	
Total tons of freight carried	41,944,650	36,902,268	5,042,382	
Tons of revenue freight carried one mile	6,243,183,597	5,736,452,739	506,730,858	
Tons of company freight carried one mile	414,231,808	279,385,464	134,846,344	
Total tons of freight carried one mile	6,657,415,405	6,015,838,203	641,577,202	
Miles of road operated in freight service	1,641.57	1,543.73	97.84	
Tons of revenue freight carried one mile per mile of road	3,803,178	3,715,969	87,209	
Tons all freight carried one mile per mile of road	4,055,517	3,896,950	158,567	
Average distance haul of one ton of revenue freight	168.2	173.4		5.2
Average distance haul of one ton all freight	158.7	163.0		4.3
Average number of tons of revenue freight per train mile	593.6	624.2		30.6
Average number of tons all freight per train mile	633.0	654.6		21.6
Average number of tons of revenue freight per loaded car mile	21.0	20.2	.8	
Average number of tons all freight per loaded car mile	22.4	21.1	1.3	
Average number of freight cars per train mile	41.8	46.6		4.8
Average number of loaded cars per train mile	28.3	31.0		2.7
Average number of empty cars per train mile	12.4	14.6		2.2
Total freight revenue	\$32,646,535.52	\$29,735,276.62	\$2,911,258.90	
Average amount received for each ton of freight	cts. 88.0	cts. 89.9		cts. 1.9
Average revenue per ton per mile	cts. 0.523	cts. 0.518	cts. 0.005	
Average revenue per mile of road	\$19,887.39	\$19,261.97	\$625.42	
Average revenue per train mile	\$3.10	\$3.24		\$0.14
PASSENGER				
Number of interline passengers carried	1,330,332	1,244,806	85,526	
Number of local passengers carried	8,156,460	7,739,975	416,485	
Total number of revenue passengers carried	9,486,792	8,984,781	502,011	
Total number of revenue passengers carried one mile	596,583,766	558,647,351	37,936,415	
Miles of road operated in passenger service	1,475.41	1,516.21		40.80
Number of revenue passengers carried one mile per mile of road	404,351	368,450	35,901	
Average distance each revenue passenger carried	62.89	62.18	.71	
Average number of passengers per train mile	60.47	64.59		4.12
Average number of passengers per car mile	15.79	16.18		.39
Average number of passenger cars per train mile	6.91	6.99		.08
Total passenger revenue	\$11,130,124.78	\$10,154,220.17	\$975,904.61	
Average amount received from each passenger	\$1.17	\$1.13	\$0.04	
Average revenue per passenger per mile	cts. 1.866	cts. 1.818	cts. 0.048	
Total passenger service train revenue	\$15,593,107.02	\$14,418,353.16	\$1,174,753.86	
Average passenger service train revenue per mile of road	\$10,568.66	\$9,509.47	\$1,059.19	
Average passenger service train revenue per train mile	\$1.58	\$1.67		\$0.09
TOTAL TRAFFIC				
Operating revenues	\$49,420,210.99	\$45,110,997.15	\$4,309,213.84	
Operating expenses	34,920,932.90	28,023,661.04	6,897,271.86	
Net operating revenue	\$14,499,278.09	\$17,087,336.11		\$2,588,058.02
Operating revenues per mile of road	\$29,719.11	\$29,121.53	\$597.58	
Operating expenses per mile of road	20,999.89	18,090.75	2,909.14	
Net operating revenue per mile of road	\$8,719.22	\$11,030.78		\$2,311.56
Operating revenues per train mile	\$2.42	\$2.54		\$0.12
Operating expenses per train mile	1.71	1.58	\$0.13	
Net operating revenue per train mile	\$0.71	\$0.96		\$0.25

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

	1910	1909
Average mileage per engine	37,751	37,357
Cost of repairs per engine mile	cts. 6.85	cts. 6.01
Total capacity of freight train cars, tons	2,073,060	1,545,095
Average capacity of freight train cars, tons	41.05	39.09
Seating capacity of passenger cars	25,421	24,556
Average seating capacity of passenger cars	66	65
Average mileage per passenger train car	69,917	64,034
Average cost of repairs per passenger train car mile	cts. 1.40	cts. 1.17

MISCELLANEOUS STATISTICS**CONSUMPTION OF FUEL BY LOCOMOTIVES**

	1910	1909
Total tons of coal (bituminous)	2,432,977	1,963,760
Average pounds consumed per mile run by locomotives in freight service	199	194
Average pounds consumed per mile run by locomotives in passenger service	105	100
Average cost of fuel per ton	\$1.76	\$1.67
Average cost of fuel per locomotive mile	cts. 12.76	cts. 11.64

NEW STEEL RAIL LAID

Total tons of 100 pound rail, average price per ton \$28 00	2,850	23,113
Total tons of 80 pound rail, average price per ton \$28 00	33,103	2,610

NEW TIES LAID

Hard wood	1,722,648	1,114,977
Soft wood	24,556	62,259
Creosoted	286,853	
Totals	<u>2,034,057</u>	<u>1,177,236</u>
Average price at distributing points	\$0.79	\$0.74

*Annual Report**EQUIPMENT**OWNED*

	LOCOMOTIVES	
	1910	1909
Passenger service	142	145
Freight service	371	408
Switching service	208	212
Inspection service	3	3
Totals	<u>724</u>	<u>768</u>

CARS IN PASSENGER SERVICE

Passenger cars	220	245
Smoking cars	67	59
Combination cars	45	46
Emigrant cars		2
Baggage cars	168	170
Postal cars	63	62
Dining and buffet cars	33	31
Horse cars	6	6
Officers' and pay cars	11	11
Air brake instruction cars	1	1
Totals	<u>614</u>	<u>633</u>

CARS IN FREIGHT SERVICE

Box cars	11,269	12,042
Box cars (automobile)	1,956	1,963
Stock cars	209	257
Flat cars	3,918	4,076
Gondola cars, drop bottom	6,167	5,910
Gondola cars, plain bottom	1	3
Gondola cars, drop bottom, steel	1	1
Gondola cars, hopper bottom, steel	5,497	5,498
Gondola cars, plain composite	1,000	1,000
Gondola cars, self clearing, steel	2,498	2,498
Coal and ore cars, side dump	110	130
Coke cars	266	853
Caboose cars	541	414
Totals	<u>33,433</u>	<u>34,645</u>

*The Lake Shore and Michigan Southern Railway Company**EQUIPMENT—continued**OWNED—concluded*

CARS IN COMPANY'S SERVICE

	1910	1909
Ballast cars, steel	80	80
Ballast cars, wood	547	582
Derrick cars	12	27
Steam shovels	13	12
Pile drivers	5	5
Snow plows	14	11
Tool and other work cars	1,022	882
Totals	<u>1,693</u>	<u>1,599</u>

FLOATING EQUIPMENT

Tugs	1	1
Dredges	1	1
Scows	4	4
Naphtha launches	1	1
Totals	<u>7</u>	<u>7</u>

LEASED UNDER EQUIPMENT TRUST OF 1907

LOCOMOTIVES

Passenger service	45	45
Freight service	45	45
Switching service	35	35
Totals	<u>125</u>	<u>125</u>

CARS IN PASSENGER SERVICE

Passenger cars	21	25
Smoking cars	4	
Totals	<u>25</u>	<u>25</u>

CARS IN FREIGHT SERVICE

Box cars	495	495
Box cars (automobile)	499	499
Gondola cars, hopper bottom, steel	1,999	2,000
Gondola cars, self clearing, steel	1,000	1,000
Caboose cars	8	
Totals	<u>4,001</u>	<u>3,994</u>

CARS IN COMPANY'S SERVICE

Ballast cars, steel	<u>200</u>	<u>200</u>
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*Annual Report**EQUIPMENT—concluded**LEASED UNDER EQUIPMENT TRUST OF 1910*

LOCOMOTIVES

		1910
Passenger service		50
Freight service		40
Switching service		10
	Total	<u>100</u>

CARS IN PASSENGER SERVICE

Passenger cars		30
Dining cars		3
	Total	<u>33</u>

CARS IN FREIGHT SERVICE

Box cars		999
Box cars (automobile)		2,998
Gondola cars, self clearing, steel		5,500
Gondola cars, side dump, general service		970
Coke cars, self clearing, steel		2,000
	Total	<u>12,467</u>

CARS IN COMPANY'S SERVICE

Ballast cars, steel		<u>250</u>
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LEASED UNDER RENTAL AGREEMENT

CARS IN FREIGHT SERVICE

		1910	1909
Box cars		846	1,000
Stock cars		299	298
	Totals	<u>1,145</u>	<u>1,298</u>

SUMMARY OF EQUIPMENT IN SERVICE

Locomotives	949	893
Cars in passenger service	672	658
Cars in freight service	51,046	39,937
Cars in company's service	2,143	1,799
Floating equipment	7	7