

355
L. 5. 27. 6. 11.
No. 52-61
1906-15

RETURN TO
ROOM 40

53586

1906

FIFTY-SECOND ANNUAL REPORT



OF THE

BOARD OF DIRECTORS

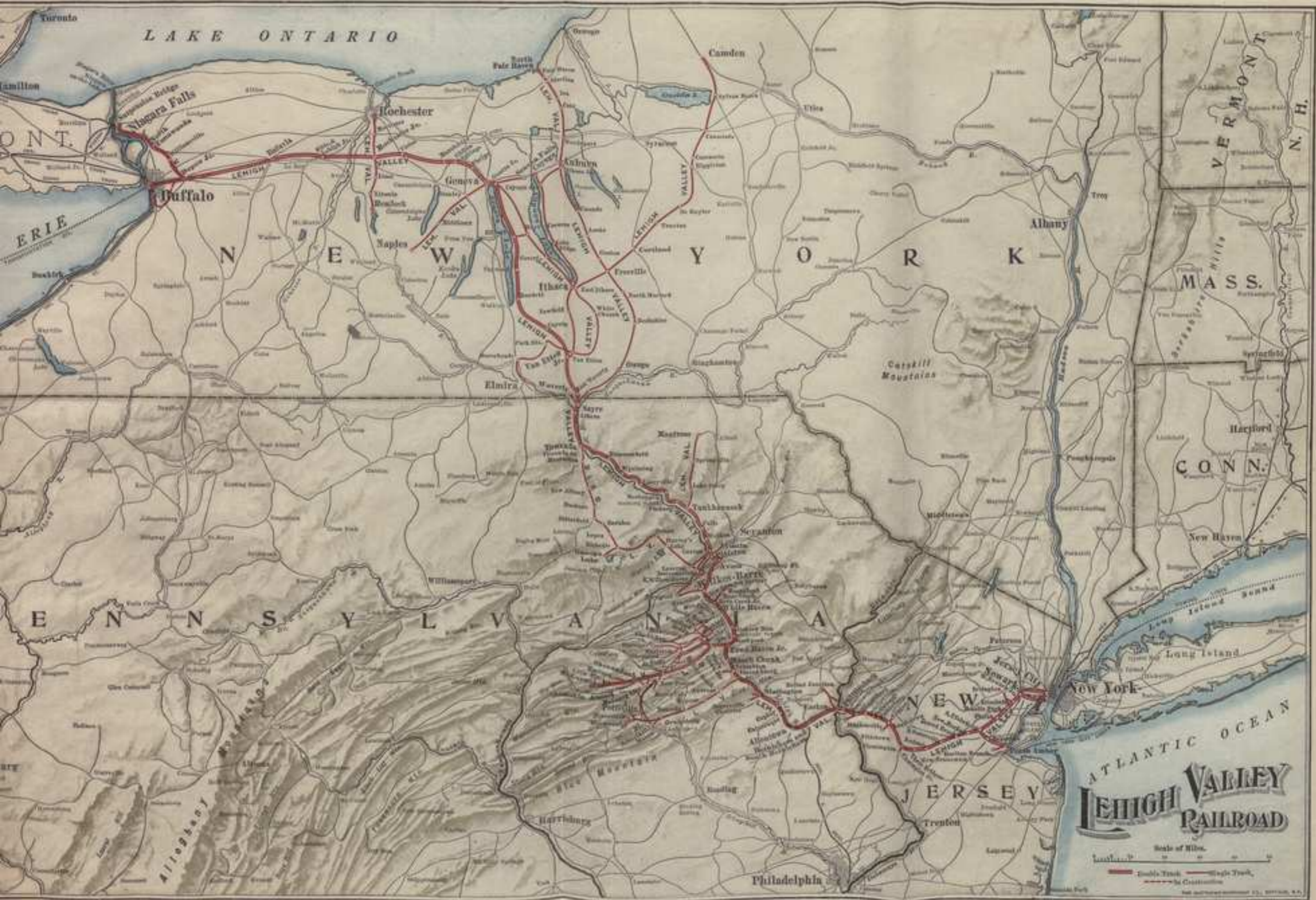
OF THE

LEHIGH VALLEY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FISCAL YEAR ENDED JUNE 30, 1906.



LAKE ONTARIO

ERIE

Buffalo

Rochester

Geneva

Elmira

ITHACA

Camden

Albany

MASS.

CONN.

E

N

N

S

Y

L

V

A

N

I

A

NEW YORK

JERSEY

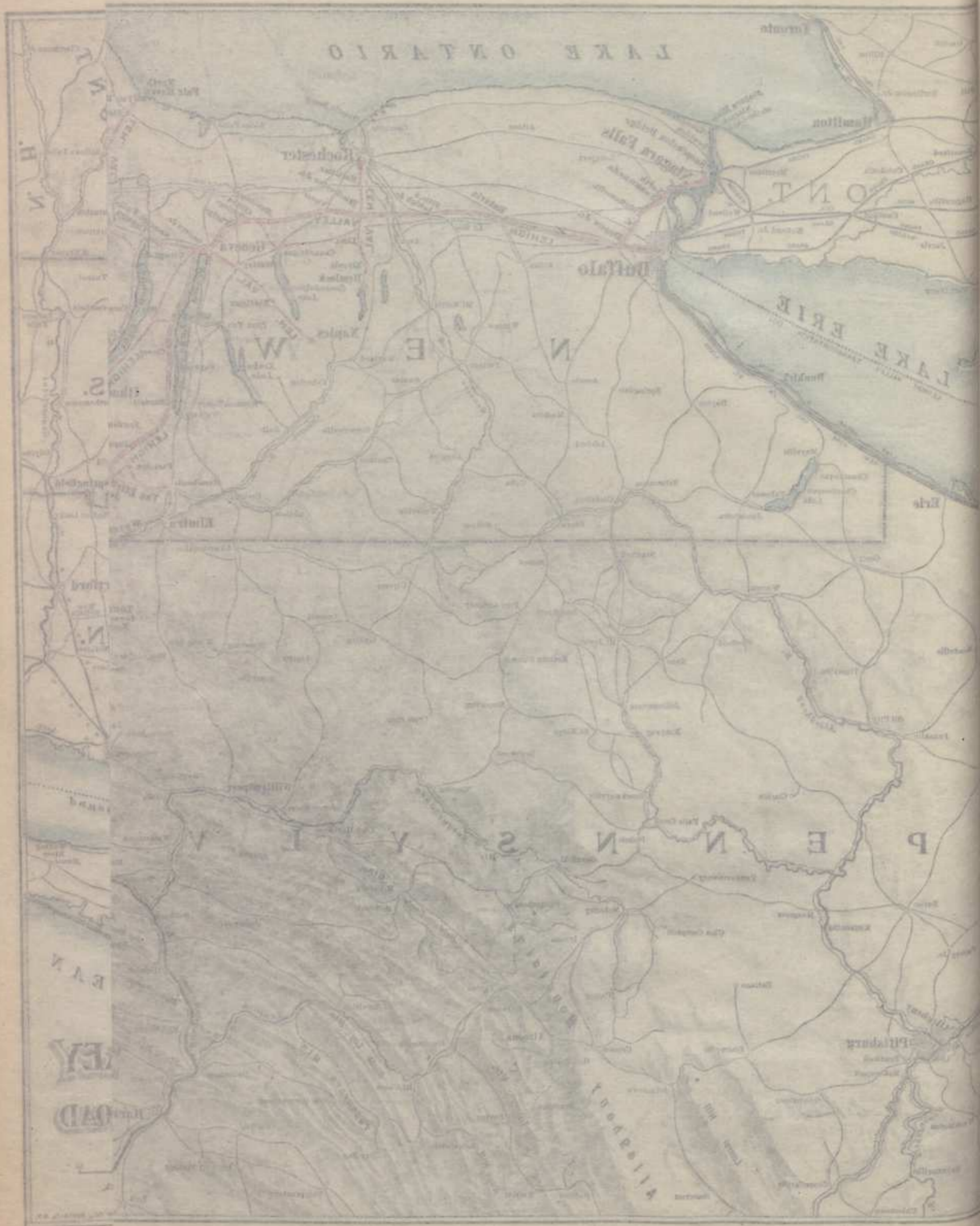
Philadelphia

ATLANTIC OCEAN
LEHIGH VALLEY RAILROAD

Scale of Miles.
0 10 20 30 40 50 60 70 80 90 100

Double Track Single Track
Under Construction

Not authorized without the consent of the U.S. GEOLOGICAL SURVEY



Compliments of
G. N. WILSON

Please exchange



FIFTY-SECOND ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

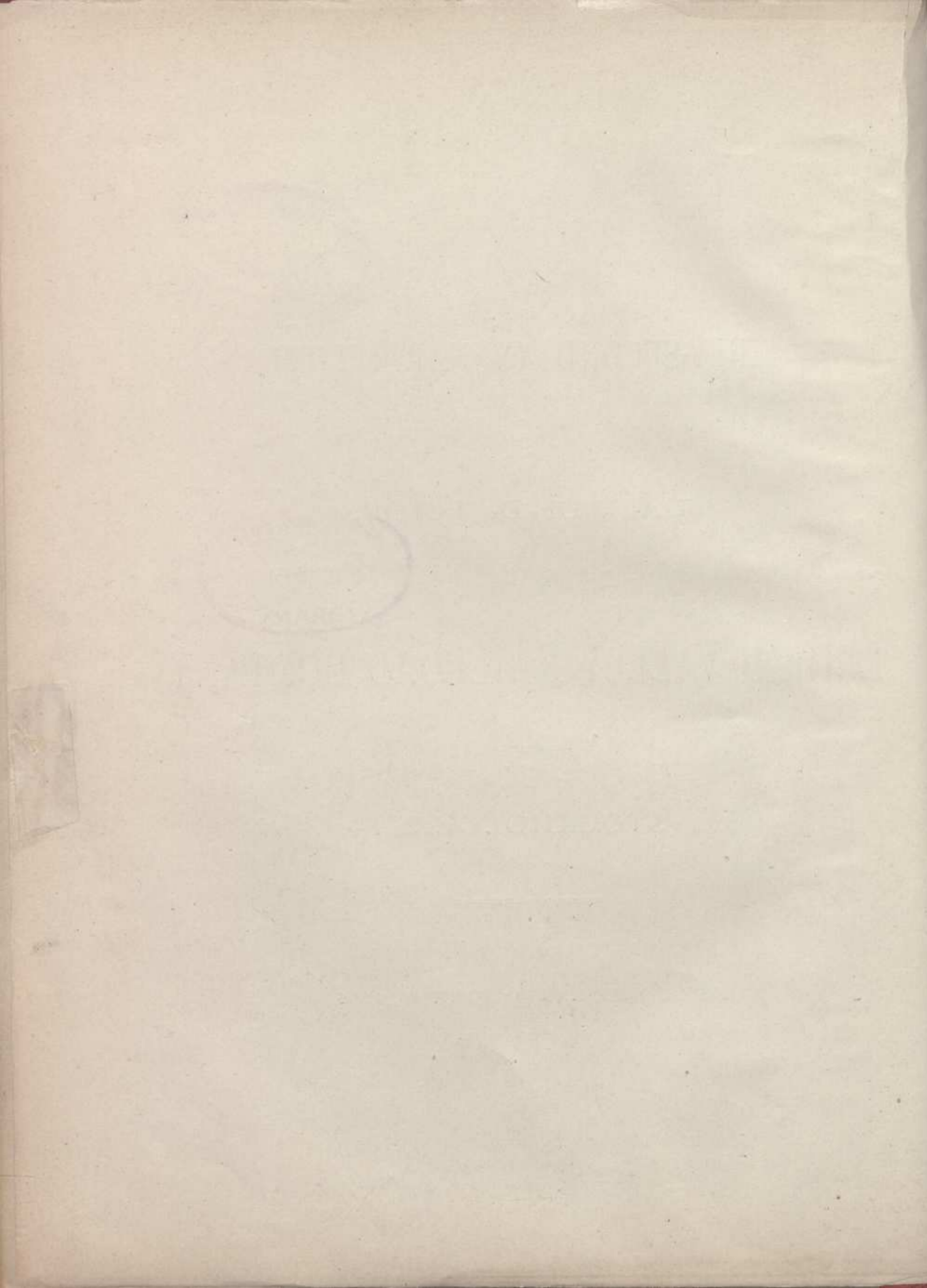


LEHIGH VALLEY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FISCAL YEAR ENDED JUNE 30, 1906.



214753

LEHIGH VALLEY RAILROAD COMPANY

BOARD OF DIRECTORS

GEORGE F. BAER	IRVING A. STEARNS
GEORGE F. BAKER	CHARLES STEELE
ROBERT C. LIPPINCOTT	EDWARD T. STOTESBURY
GEORGE H. McFADDEN	H. McK. TWOMBLY
ABRAM NESBITT	JOSEPH WHARTON
EDWARD B. SMITH	SIMON P. WOLVERTON

OFFICERS

E. B. THOMAS.....	<i>President</i>
J. A. MIDDLETON	<i>First Vice President</i>
T. N. JARVIS	<i>Second Vice President</i>
E. A. ALBRIGHT	<i>Assistant to the President</i>
D. G. BAIRD	<i>Secretary</i>
W. C. ALDERSON.....	<i>Treasurer</i>
G. N. WILSON.....	<i>General Auditor</i>

FIFTY-SECOND ANNUAL REPORT

PHILADELPHIA, September 19, 1906.

To the Stockholders of the Lehigh Valley Railroad Company:

The Board of Directors herewith submit the fifty-second annual report of the business of your Company and its allied interests for the fiscal year ended June 30, 1906.

MILEAGE

The mileage of railroads owned and operated by the Lehigh Valley Railroad Company, the main line of which extends from Jersey City, N. J., to Buffalo, N. Y., is as follows:—

	MILES
Owned, or controlled by ownership of entire capital stock	1,210.32
Controlled by ownership of majority of capital stock	157.39
Controlled by leases	27.88
Total mileage operated (owned and controlled)	1,395.59
Trackage rights over railroads owned by other companies	49.37
Total mileage	1,444.96

—of which 577.46 miles, or 39.96 per cent., have second track, and 40.66 miles have third track. There are also 1,070.40 miles of yard tracks and sidings on the system.

An increase of 52.07 miles of first track is shown, being due to the purchase of The Delaware, Susquehanna and Schuylkill Railroad, the construction of the Irvington Railroad and minor changes in branch lines. The increase of 1.66 miles of second track is due principally to double tracking a part of The Lehigh and Lake Erie Railroad.

EARNINGS AND EXPENSES

The following statement shows the gross earnings, expenses, and net earnings from the operation of the entire system for the fiscal year, not including other income.

For comparative purposes, similar figures are also given for the fiscal year of 1905.

GROSS EARNINGS

FROM	1906	1905	INCREASE	DECREASE
Coal freight	\$13,248,565 42	\$13,530,337 42	. . . . .	\$281,772 00
Other freight	13,934,127 10	12,432,582 74	\$1,501,544 36	
Passenger	3,971,392 05	3,509,825 33	461,566 72	
Express	367,706 36	337,107 75	30,598 61	
Mail	217,745 88	207,660 74	10,085 14	
Miscellaneous	1,050,319 82	1,258,328 74	. . . . .	208,008 92
Total earnings	\$32,789,856 63	\$31,275,842 72	\$1,514,013 91	. . . . .

OPERATING EXPENSES

For	1906	1905	INCREASE	DECREASE
Maintenance of way and structures	\$3,153,245 22	\$3,269,382 74	. . . . .	\$116,137 52
Maintenance of equipment	5,485,794 06	4,894,269 44	\$591,524 62	. . . . .
Conducting transportation	10,891,953 73	10,179,037 79	712,915 94	. . . . .
General expenses	621,217 71	587,011 36	34,206 35	. . . . .
Total expenses	\$20,152,210 72	\$18,929,701 33	\$1,222,509 39	. . . . .
Net earnings from operations	\$12,637,645 91	\$12,346,141 39	\$291,504 52	. . . . .
Percentage of operating expenses to gross earnings	61.46	60.52	.94	. . . . .

The gross revenue from transportation amounted to thirty-two million seven hundred and eighty-nine thousand eight hundred and fifty-six dollars and sixty-three cents (\$32,789,856.63), an increase of one million five hundred and fourteen thousand and thirteen dollars and ninety-one cents (\$1,514,013.91), or 4.84 per cent., over the preceding twelve months. The operating expenses amounted to twenty million one hundred and fifty-two thousand two hundred and ten dollars and seventy-two cents (\$20,152,210.72), being an increase of one million two hundred and twenty-two thousand five hundred and nine dollars and thirty-nine cents (\$1,222,509.39), or 6.46 per cent., as compared with last year.

The ratio of expenses to earnings was 61.46 per cent., an increase as compared with the previous fiscal year of .94 per cent.

While the gross earnings of your Company show a substantial increase over the previous fiscal year they were, nevertheless, unfavorably affected in no small degree by the labor troubles in the anthracite coal region during the months of April and May, which resulted in practically the entire suspension of mining with a consequent loss of coal tonnage for that period. The increase in the ratio of expenses to earnings may also be attributed to the same cause.

EARNINGS

COAL FREIGHT

From the transportation of coal and coke there was derived the sum of thirteen million two hundred and forty-eight thousand five hundred and sixty-five dollars and forty-two cents (\$13,248,565.42), a decrease of two hundred and eighty-one thousand seven hundred and seventy-two dollars (\$281,772.00), or 2.08 per cent., due to the suspension of both anthracite and bituminous coal mining.

The percentage of coal earnings to gross earnings was 40.40 per cent., a decrease of 2.86 per cent.

The coal and coke tonnage transported, not including supply coal, amounted to 12,753,053 tons, an increase of 234,684 tons, or 1.87 per cent., over the year previous.

The number of tons moved one mile amounted to 1,813,178,342, a decrease of 67,720,840, or 3.60 per cent.

The average haul decreased from 150.25 miles to 142.18 miles, a decrease of 8.07 miles, or 5.37 per cent.

The coal tonnage was 49.88 per cent. of the total tonnage hauled during the year, as against 52.66 per cent. for the previous year, being a decrease of 2.78 per cent.

MERCHANDISE FREIGHT

The earnings from transportation of merchandise freight amounted to thirteen million nine hundred and thirty-four thousand one hundred and twenty-seven dollars and ten cents (\$13,934,127.10), being an increase of one million five hundred and one thousand five hundred and forty-four dollars and thirty-six cents (\$1,501,544.36), or 12.08 per cent., as compared with last year.

The percentage of earnings derived from the transportation of merchandise freight to gross earnings was 42.50 per cent., an increase of 2.75 per cent.

The tonnage moved, exclusive of Company's material, was 12,815,198 tons, an increase of 1,559,280 tons, or 13.85 per cent.

The number of tons carried one mile amounted to 2,529,699,023, an increase of 306,822,264 tons, or 13.80 per cent.

The average haul decreased from 197.49 to 197.40 miles, a decrease of .09 miles, or .05 per cent.

Company's material amounting to 407,216 tons was transported during the year, being an increase of 17,461 tons, or 4.48 per cent.

GENERAL FREIGHT TRAFFIC

The total revenue derived from freight traffic, both coal and merchandise, was twenty-seven million one hundred and eighty-two thousand six hundred and ninety-two dollars and fifty-two cents (\$27,182,692.52), an increase of one million two hundred and nineteen thousand seven hundred and seventy-two dollars and thirty-six cents (\$1,219,772.36), or 4.70 per cent.

The entire freight traffic amounted to 25,568,251 tons, being an increase of 1,793,964 tons, or 7.55 per cent.

The number of tons carried one mile was 4,342,877,365, an increase of 239,101,424, or 5.83 per cent.

The average distance carried was 169.85 miles, a decrease of 2.76 miles, or 1.60 per cent.

The average revenue per ton was 106.31 cents, as against 109.21 cents last year, being a decrease of 2.90 cents, or 2.66 per cent.

Company's freight, not included in the above, amounted to 2,210,937 tons, an increase of 160,440 tons, or 7.82 per cent.

The total freight train mileage was 8,621,883 miles, an increase of 426,707 miles, or 5.21 per cent., while the volume of tonnage increased, as shown above, 7.55 per cent.

Revenue received per freight train mile was \$3.15, as compared with \$3.17, being a decrease of 2 cents, or .63 per cent.

The average train load of revenue freight was 503.70 tons, an increase of 2.94 tons, or .59 per cent. Including Company's freight, the average train load was 523.34 tons, as against 518.64 last year, an increase of 4.70 tons, or .91 per cent.

The average number of tons of revenue freight in each loaded car was 20.46 tons, an increase of .15 ton, or .74 per cent. Including Company's freight, the average carload on the system was 21.26 tons, an increase of .23 ton, or 1.09 per cent.

PASSENGER TRAFFIC

The revenue from passenger traffic was three million nine hundred and seventy-one thousand three hundred and ninety-two dollars and five cents (\$3,971,392.05), an increase of four hundred and sixty-one thousand five hundred and sixty-six dollars and seventy-two cents (\$461,566.72), or 13.15 per cent.

Total number of passengers carried was 4,989,989, an increase of 454,756, or 10.03 per cent.

The number of passengers carried one mile increased 25,300,870, or 12.52 per cent.

The average revenue paid by each passenger was 79.59 cents, an increase of 2.20 cents, or 2.84 per cent.

The average revenue per passenger per mile was 1.747 cents, an increase of .010 cent, or .58 per cent.

The average distance traveled by each passenger was 45.56 miles, an increase of 1.01 miles, or 2.27 per cent.

Passenger train mileage was 3,909,310, an increase of 48,770, or 1.26 per cent.

The earnings from passengers per passenger train mile were 101.59 cents, an increase of 10.67 cents, or 11.74 per cent.; the average number of passengers per train was 58.16, an increase of 5.82, or 11.12 per cent., and the average number of passengers per car was 17.91, an increase of .96, or 5.66 per cent.

EXPRESS

The earnings from express service amounted to three hundred and sixty-seven thousand seven hundred and six dollars and thirty-six cents (\$367,706.36), an increase of thirty thousand five hundred and ninety-eight dollars and sixty-one cents (\$30,598.61).

MAIL

The transportation of United States mails produced revenue of two hundred and seventeen thousand seven hundred and forty-five dollars and eighty-eight cents (\$217,745.88), an increase of ten thousand and eighty-five dollars and fourteen cents (\$10,085.14).

MISCELLANEOUS

Miscellaneous earnings amounted to one million fifty thousand three hundred and nineteen dollars and eighty-two cents (\$1,050,319.82), a decrease of two hundred and eight thousand and eight dollars and ninety-two cents (\$208,008.92). The details of these earnings appear in Table 8.

EXPENSES**MAINTENANCE OF WAY**

The sum of three million one hundred and fifty-three thousand two hundred and forty-five dollars and twenty-two cents (\$3,153,245.22) was expended during the year for the maintenance of way and structures, being a decrease of one hundred and sixteen thousand

one hundred and thirty-seven dollars and fifty-two cents (\$116,137.52), or 3.55 per cent., as compared with the previous twelve months.

During the year 4 new steel bridges were constructed. Nine steel bridges, 3 solid floor metal bridges and 3 reinforced concrete bridges, replacing lighter metal structures, and 11 metal bridges, replacing wooden bridges and trestles, were erected. Two metal bridges and 8 wooden bridges were filled in.

102.51 miles of single track were fully ballasted and 14.61 miles partially ballasted with stone, for which purpose 274,817 cubic yards of crushed stone and 33,914 cubic yards of screenings were used. In addition 45 miles were fully ballasted with gravel and 47 miles raised and ballasted with cinders and ashes.

372,451 feet, or 70.54 miles, of Company's sidings and 73,392 feet, or 13.90 miles, of private sidings were constructed.

18,867 tons of new 90-pound rail, together with necessary frogs, switches, etc., were placed in the track.

294,248 tie plates were used.

475,620 cross ties, 1,052,519 feet B. M. switch ties, 306,752 feet B. M. bridge ties, and lumber amounting to 3,500,635 feet B. M., were used during the year.

Drain tile to the extent of 8,971 feet, or 1.69 miles, was used.

7.01 miles of portable snow fences were erected at various points.

A new, 4-lever, manually operated, interlocking plant was put in operation at the end of the third track at Stanton. The interlocking plants at South Bethlehem, Sugar Notch, Depew Junction, National Storage Junction and South Plainfield were remodeled.

Concrete retaining walls were built on each side of the west portal of the Musconetcong Tunnel.

The freight station at New Brunswick Avenue, Perth Amboy, was extended, new delivery tracks laid and driveways paved. The freight delivery yard at Grand Street, Jersey City, was raised and repaved.

Track scales of 100 tons capacity were installed at Perth Amboy and South Plainfield.

Extensive repairs were made to roundhouses at Buffalo, Manchester, Sayre and Coxton, including concrete floors, new roofs, ventilators, smoke jacks and double windows.

The Company's plant at Phillipsburg for supplying gas to cars was rebuilt and additional storage tanks erected.

7.7 miles of new telegraph and telephone pole line were constructed, one mile rebuilt and 114 miles reset.

Telegraph wires were extended from Drifton to Hazleton, a distance of 11 miles; from Weldon to Ransom, 3.8 miles; and a loop built from Oneida Junction to Hazleton, 2.5 miles.

Copper metallic telephone circuits were extended from Coxton to Ransom, a distance of 4.2 miles; from Cheektowaga to Wende Coal Storage Plant, 7 miles; and from Hays Creek to Hickory Run, 2.5 miles. A new copper metallic telephone line was erected between Irvington and Newark via Elizabeth, a distance of 5.4 miles.

A grounded telephone circuit was installed between Hillsboro and Flagtown, a distance of 5.6 miles, and a composite telephone line established between Coxton and Wilkes-Barre, a distance of 10 miles.

94 miles of new copper, 3.7 miles of new iron and 52.5 miles of second-hand iron wire were used in extending existing telephone, telegraph and signal wires. 148.5 miles of copper wire were used in replacing worn out wires in the same service.

MAINTENANCE OF EQUIPMENT

During the year the sum of five million four hundred and eighty-five thousand seven hundred and ninety-four dollars and six cents (\$5,485,794.06) was expended for the maintenance of equipment, being an increase of five hundred and ninety-one thousand five hundred and twenty-four dollars and sixty-two cents (\$591,524.62), or 12.09 per cent. This increase is due to the large number of locomotives and cars receiving heavy and general repairs and to the increased cost of material and supplies.

Eight passenger, seven switching and forty-five heavy freight locomotives were purchased and charged to Expenses and Equipment Renewal Reserve. One saddle tank switching locomotive was purchased and charged to Additions and Improvements.

15 locomotives, unfit for further service and too light to warrant rebuilding, were dismantled and Operating Expenses charged with their value. Four light locomotives were sold.

The total number of locomotives at the end of the year was 812, having a tractive power of 20,948,349 pounds, an increase of 65 locomotives and 2,267,257 tractive power pounds.

The average tractive power per locomotive at the end of the year was 25,798 pounds, an increase of 790 pounds, or 3.16 per cent.

18 locomotives were rebuilt. 39 new fire boxes, 3 new tender frames and 8 new cisterns were applied. Three 4,500-gallon tenders were constructed.

727 locomotives received heavy and general repairs, an increase of 57, or 8.51 per cent. 39 locomotives were equipped with pilot couplers.

The average mileage made by passenger locomotives was 46,758 miles, an increase of 387 miles, or .83 per cent., and by freight locomotives 35,171 miles, an increase of 3,342 miles, or 10.50 per cent.

One hundred 50,000-pound capacity refrigerator cars, five milk cars and two Russell snow plows were purchased and charged to Expenses and Equipment Renewal Reserve. One 100-ton steam wrecking crane was purchased and charged to Additions and Improvements.

Five 4-wheel caboose cars were built at the Company's shops.

703 freight equipment cars and 46 road service cars were condemned and destroyed during the year and the value thereof charged to Operating Expenses.

The total number of freight equipment cars in service at the end of the year was 37,161, with 1,135,956 tons capacity, an increase of 1,392 cars and 66,451 tons.

394 passenger equipment cars were painted and varnished.

Air brakes were applied to 1,295 freight equipment cars at a cost of \$78,551.64.

23 locomotives, 3 combination, 2,033 freight (including one thousand 100,000-pound capacity steel coal cars), one derrick, 3 gravel dump and 17 caboose cars were added to the equipment by the purchase of The Delaware, Susquehanna and Schuylkill Railroad.

EQUIPMENT TRUSTS AND MARINE OBLIGATIONS

The following statement shows the Equipment Trusts and marine obligations of your Company:—

Equipment Trust obligations, June 30, 1905	\$4,443,000 00
Deduct certificates paid and cancelled during the year:—	
Equipment Trust, Series "A," "B," "C," "D," "E," "F," "G," and "H"	1,002,000 00
Total Equipment Trust obligations Lehigh Valley Railroad Company, June 30, 1906	\$3,441,000 00
Lehigh Valley Transportation Company:—	
Maritime mortgage bonds outstanding June 30, 1905	\$245,000 00
Paid during the year	120,000 00
Outstanding June 30, 1906	125,000 00
Total Equipment Trusts and marine obligations	\$3,566,000 00
A decrease of	\$1,122,000 00

CAPITAL STOCK

The amount of capital stock issued remains unchanged, and consists of:—

806,696 shares common stock, par \$50	\$40,334,800 00
2,126 shares preferred stock, par \$50	106,300 00
Total capital stock	\$40,441,100 00

INCOME ACCOUNT

The income account, Table No. 2, published herewith, shows the sources of the Company's income for the year, as follows:—

Gross Earnings from Operations	\$32,789,856 63
Operating Expenses	20,152,210 72
Net Income from Operations	\$12,637,645 91
Other Income	808,851 77
Total Income	\$13,446,497 68
Deductions from Income:—	
Interest on Bonds, Taxes, and other deductions	\$6,424,686 97
Additions and Improvements	1,570,227 19
Total Deductions	7,994,914 16
Net Income Lehigh Valley Railroad Company	\$5,451,583 52
Net Income Lehigh Valley Coal Company	318,489 19
Total Net Income	\$5,770,072 71

THE LEHIGH VALLEY COAL COMPANY

The financial condition of The Lehigh Valley Coal Company is indicated by its General Balance Sheet, published herewith (Table No. 17). The following statement shows the funded debt of the Company and the yearly interest charges thereon:—

NAME	PRINCIPAL	DATE OF MATURITY	YEARLY INTEREST		
			Rate	When Due	Amount
LEHIGH VALLEY COAL CO.:—					
First mortgage bonds, issue of 1892	\$10,114,000	Jan. 1, 1933 . .	5% gold	Jan. and July	\$505,700
First mortgage bonds, issue of 1892.	1,400,000	Jan. 1, 1933 . .	4% gold	"	56,000
Snow Shoe mortgage	365,000	Jan. 1, 1910 . .	5% . .	"	18,250
Delano Land Co., first mortgage	1,089,000	Jan. 1, 1932 . .	5% gold	"	54,450
Total, June 30, 1906 . . .	\$12,968,000	. . . . .	. . . . .	. . . . .	\$634,400

The total production of anthracite coal from the lands owned and controlled by The Lehigh Valley Coal Company and other companies in which it and the Lehigh Valley Railroad Company are interested, through ownership of stock, was 7,667,665.14 tons for the fiscal year ended June 30, 1906, as against 7,975,210.09 tons for the previous year, a decrease of 307,544.15 tons, or 3.86 per cent. This decrease is due entirely to the enforced suspension of mining during the months of April and May, as previously mentioned, and to the same cause may also be ascribed the diminished net earnings for the year.

During the year The Lehigh Valley Coal Company and affiliated companies produced and purchased 85.25 per cent. of the anthracite coal transported by the Lehigh Valley Railroad Company.

From the operations of the Snow Shoe property there were mined 210,728.17 tons as against 291,395.15 tons the previous year.

New breakers were built at Blackwood and Mt. Carmel, the former now being in operation and the latter nearing completion and, in addition, many substantial improvements were made to the various collieries, amounting to \$621,333.44. The construction of the new coal storage plants at Wende, Black Creek and Ransom, with capacities of 100,000, 200,000 and 375,000 tons respectively, is practically completed and they are in operation. The cost of the work during the year amounted to \$790,629.46, which was charged to Reserve Accounts.

Since the close of the year and after careful consideration of what additional improvements should be made during the fiscal year 1906-7, The Lehigh Valley Coal Company Board has deemed it advisable to transfer from Income Account for this purpose the sum of \$250,000.

Additional coal yards at St. Paul, Minneapolis and Chicago have been secured in order to take care of the increased sales of coal at those points.

The Advance Royalty Account shows an increase of \$70,180.25, due to the suspension of mining.

The sinking funds of the several mortgages have been fully maintained.

FINANCIAL

Pursuant to authority of your Board there were issued during the year \$4,000,000 General Consolidated Mortgage four per cent. Bonds. \$1,900,000 of the same were sold and the proceeds used in retiring \$1,500,000 Pennsylvania and New York Canal and Railroad Company First Mortgage seven per cent. Bonds and \$300,000 Canastota Northern Railroad Company six per cent. Bonds, which matured June 1, 1906, and July 1, 1906, respectively. These bonds were guaranteed as to principal and interest by the Lehigh Valley Railroad Company and the retirement thereof by the issuance of General Consolidated Mortgage Bonds will effect an annual saving of \$47,000 in the fixed charges of your Company. \$100,000 of the General Consolidated Mortgage Bonds were pledged with the Trustee of the Warriour Run Trust Agreement to take the place of a like amount of Warriour Run Stock Purchase Bonds, surrendered and cancelled. The remaining \$2,000,000 bonds are in your treasury.

On October 13, 1905, your Board authorized the purchase of the entire capital stock of Coxe Brothers and Company, Incorporated, The Delaware, Susquehanna and Schuylkill Railroad Company, The Drifton Water Company, The Oneida Water Company, The Beaver Meadow Water Company and the Tomhicken Water Company. The properties so acquired were surrendered to your Company on November 1, 1905, as going concerns, with accounts receivable, cash, stocks of coal and materials on hand and without liabilities of any character, other than current monthly bills and a contract for the purchase of one thousand 100,000-pound capacity steel coal cars, of which 333 had been delivered. To provide for the purchase of the above mentioned properties, including the 667 cars not delivered, your Board authorized the issue of \$19,000,000 Collateral Trust Bonds, bearing interest at the rate of four per cent. per annum, under a Trust Agreement, dated November 1, 1905, with the Girard Trust Company as Trustee, pledging as collateral security thereunder the capital stocks of Coxe Brothers and Company, Incorporated, and The Delaware, Susquehanna and Schuylkill Railroad Company. These bonds mature at the rate of \$1,000,000 each year in semi-annual installments, beginning August 1, 1907, the last installment maturing February 1, 1926. Such of the net current assets of the companies purchased as were not required in the conduct of the business have been liquidated and credited on the books as a reserve for the depreciation of those properties. The net results to your Company from the operation of these properties since the date acquired, notwithstanding the suspension of mining for practically two months, have been sufficient to pay the interest on the bonds issued for the purchase thereof and provide a substantial amount which may be applied to the retirement of the same.

The mortgage of the Consolidated Real Estate Company, which provided for the issuance of five per cent. First Mortgage Bonds to cover the cost of constructing and equipping the new shops at Sayre, together with such bonds as had been issued thereunder, was cancelled and a new mortgage, dated February 1, 1906, securing bonds to

the amount of \$2,600,000, bearing interest at the rate of four per cent. per annum, was executed. All of the bonds have been issued to your Company in full reimbursement of the amount advanced for such expenditures and are in the treasury.

Further advances were made during the year for the construction of The Lehigh and Lake Erie Railroad, amounting to \$653,717.18, and in partial settlement thereof \$620,000 of that company's First Mortgage four per cent. Bonds (mention of which was made in the last annual report) were received and placed in the treasury of the Lehigh Valley Railroad Company, making \$1,200,000 bonds received on this account to date.

The capital stock of the Irvington Railroad Company, mentioned in the fifty-first annual report, was increased to \$125,000, and a first mortgage on its property, providing for an issue of \$125,000 four per cent. Bonds, created. The entire amount of stock and bonds was issued to your Company to reimburse it for the cost of constructing that line of railroad. Under date of June 13, 1906, the Irvington Railroad Company was consolidated with the Lehigh Valley Railroad Company of New Jersey, the capital stock of the latter being increased by \$125,000 to absorb the stock of the former. The additional stock is pledged with the Trustee of the General Consolidated Mortgage and the bonds are in your treasury.

\$171,000 bonds of the Mutual Terminal Company of Buffalo were sold for various sinking fund purposes.

The property and franchises of the Montrose Railway Company were sold under judgment September 2, 1905, and purchased in the interest of your Company, title thereto being taken by the Montrose Railroad Company, a corporation organized for that purpose. The property is subject to the lien of \$100,000 First Mortgage five per cent. Bonds issued by the former company. The capital stock of the Montrose Railroad Company is \$100,000. These securities are owned by the Lehigh Valley Railroad Company and are in its treasury.

The amounts due from railroad and water lines in the Lehigh Valley System for advances on account of construction and new property, amounting, at the close of the last fiscal year, to \$5,498,066.58, have been reimbursed to your Company by the issue of additional stocks or bonds of these companies. The additional securities are in the treasury or deposited under the General Consolidated Mortgage as required thereby. Your Company, therefore, now owns securities in lieu of the book accounts representing the amounts which were from time to time advanced to its various subsidiary companies for construction and improvements.

Payments were made on account of matured principal of Equipment Trusts "A," "B," "C," "D," "E," "F," "G," and "H," to the amount of \$1,002,000 and in the amount of \$120,000 on account of Maritime Mortgage Bonds of the Lehigh Valley Transportation Company, a total of \$1,122,000. Car Trust Series "A" matured February 1, 1906, and was paid off. The trust agreement, under which the certificates were issued, was satisfied of record and the title to the equipment pledged thereunder, consisting of two thousand box cars, vested in your Company. The total outstanding equipment trust obligations of the Company at the close of the fiscal year were \$2,811,000, Equipment Trust Certificates, Series "H," for \$630,000, being in the treasury.

No charge has been made to the Company's Capital Account for new equipment.

The value of materials and supplies on hand at the close of the fiscal year amounted to \$1,815,926.90, an increase of \$258,338.94, due to opening a storehouse at Sayre in connection with the new shops, and as a result of taking over the supplies of The Delaware, Susquehanna and Schuylkill Railroad Company.

Current Assets are \$13,002,756.78 in excess of Current Liabilities.

On December 20, 1905, semi-annual dividends of five per cent. and two per cent., respectively, were declared by your Board on the preferred and common capital stocks of the Company, payable January 13, 1906, and similar dividends were declared on June 20, 1906, payable July 14, 1906.

Following the usual practice the accounts of the Company have been examined by certified public accountants, the result of such examination being stated in the accountants' certificate published herewith.

The financial condition of the Company at the end of the fiscal year is shown in the General Balance Sheet and various statements appended.

GENERAL REMARKS

Your property has been fully maintained during the year, and many extensive improvements and betterments have been made thereto.

The construction of the Bay Shore Connecting Railroad, mentioned in the previous annual report, has been completed. Securities of that company will be issued in amount sufficient to reimburse your Company and the Central Railroad Company of New Jersey each for one-half the cost thereof.

The new shops at Sayre, together with the water pumping plant and reservoir, have been completed and are in successful operation, providing adequate facilities for rebuilding and repairing locomotives and other equipment.

The construction of The Lehigh and Lake Erie Railroad (your Company's terminal railroad at Buffalo, referred to in the last annual report) has been actively prosecuted and is now well under way. The entire line is to be ready for the laying of single track on June 1, 1907, and second track on September 30, 1907.

The work of reducing the grades and changing the alignment from Wysox to west of Towanda, including the construction of a new heavier double track steel girder bridge over the Susquehanna River to replace the present structure, is in progress and will be finished within a year. The trainload on the Pennsylvania Division will be substantially increased when these improvements are completed, as mentioned in the last annual report. The estimated cost of this work is \$805,000, which is being charged to the "Special Reserve Fund" transferred by authority of your Board from the net surplus of the previous fiscal year.

With the view of further facilitating the movement of westbound freight over the mountain the third track from Fairview to Bear Creek Junction, referred to in the fifty-first annual report, has been extended to Braders, a distance of 4.26 miles, at an additional cost of \$64,599.73, making a total of 11.16 miles of continuous third track.

The construction of third and fourth tracks from East Penn Junction to a point west of Freemansburg, with necessary changes in present tracks, was authorized at an estimated cost of \$247,300. During the year 1.12 miles of third track were laid. This work, when completed, will overcome the present delay to traffic in that vicinity and permit of more economical operation.

To relieve the congested condition of Packerton yard and expedite the movement of westbound freight trains, the fourth track from Packerton to Mauch Chunk is being extended to Glen Onoko, a distance of 2.3 miles. This work will be completed in the early part of the next fiscal year, at an estimated expense of \$70,000, which is being charged to the "Special Reserve Fund."

During the year a new freight terminal was established at 149th Street, New York City, to serve the rapidly growing Harlem and Bronx districts. For this purpose a tract of land containing about 200,000 square feet, with a frontage of 463 feet on the east side of the Harlem River, was purchased and a freight house and transfer bridge, together with the necessary tracks, constructed thereon. A gratifying increase in traffic has already resulted from the establishment of this yard.

A steel shed for lighterage freight was built on leased bulkhead property at East 124th Street and the Harlem River, New York City.

The new freight house with additional team delivery tracks at Poinier Street, Newark, and the new passenger station at Rochester, mentioned in the last annual report, have been completed. A new passenger and freight station was erected at Montrose.

To reduce the expense of handling fuel coal at South Easton, a gravity locomotive coaling station was constructed and put in operation at a cost of \$42,691.37.

Water tanks of 50,000 gallons capacity each were erected at Cayuga Junction, Ludlowville and South Easton, and a 60,000-gallon tank at Manchester. Ten-inch stand pipes were installed at Perth Amboy and Sayre. 5,036 feet of six and eight-inch water mains were laid throughout the Jersey City yard and terminal. Gasoline engines for pumping water were installed at Cayuga Junction and Ludlowville.

An ice house for icing cars and a repair shop for making minor repairs to the marine equipment were constructed at Jersey City.

A coal trestle, transfer crane and stock pens, with necessary track connections, have been built at Irvington.

The entire capital stock of The Citizens Water Company of Tremont, amounting to \$500, was purchased in order to secure additional water rights in the Lower Schuylkill Region.

Additional real estate has been acquired at various points along the line of your road to provide adequate facilities to meet increased business, the principal purchases having been at Jersey City, Bayonne, Newark, South Bethlehem and Wilkes-Barre.

There were located on your Company's line during the year 62 new industries, track connections being made with 37 of these plants.

60.13 per cent. of the total operating expenses of the Railroad Company, or \$12,118,328.90, was paid direct to labor, being distributed among 21,196 employes.

As the State of New Jersey has not granted your Company's petition for the abandonment of navigation on the Morris Canal its operation has continued.

The Board records, with deep regret, the death of Mr. Alexander B. Coxe, one of your Directors, on January 23, 1906.

The Honorable Simon P. Wolverton was elected a Director on February 23, 1906, to fill the vacancy caused by the death of Mr. Coxe.

Mr. J. W. Platten, Second Vice President, resigned, effective September 1, 1905, and Mr. T. N. Jarvis was elected Second Vice President, to fill that vacancy, on March 26, 1906.

Mr. E. A. Albright was appointed Assistant to the President, effective September 1, 1905.

Mr. J. F. Schaperkotter was appointed General Solicitor on July 19, 1905, to fill the vacancy caused by the resignation of Mr. H. S. Drinker.

The thanks of the Board are hereby extended to the officers and employes of the Company in acknowledgment of the faithful and efficient services rendered by them during the year.

By Order of the Board of Directors,

E. B. THOMAS,

President.

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

30 BROAD STREET

NEW YORK

LONDON, E. C.

30 COLEMAN STREET

CABLE ADDRESS "HASKSELLS"

CHICAGO **ST. LOUIS** **CLEVELAND** **PITTSBURG**
204 DEARBORN STREET LINCOLN TRUST BUILDING WILLIAMSON BUILDING FARMERS BANK BUILDING

NEW YORK, August 27, 1906.

Mr. E. B. Thomas, President, Lehigh Valley Railroad Company,

NEW YORK.

DEAR SIR:

We have examined the books and accounts of the Lehigh Valley Railroad Company and Affiliated Companies for the fiscal year ended June 30, 1906, have verified all cash and security balances by actual count or comparisons with receipts and certificates of deposit, and

WE HEREBY CERTIFY that the accompanying General Balance Sheets and Statements of Income and Profit and Loss correctly set forth the financial condition of the companies June 30, 1906, and the results of their operations for the fiscal year ended on that date.

(Signed) HASKINS & SELLS,
Certified Public Accountants.

APPENDIX

TABLES

NO.	PAGE
1. Mileage of track operated	25-27
2. Income account	28
3. Profit and loss account	29
4. Condensed general balance sheet	30-31
5. Funded debt, interest, guaranties, rentals, and equipment trusts	32-33
6. Securities owned	34-35
7. Income from other sources	36
8. Miscellaneous earnings	37
9. Monthly earnings and expenses	38-39
10. Earnings and expenses for years 1897 to 1906, inclusive	40
11. Inventory of equipment	41
12. Earnings and expenses in detail—comparative	42-45
13. Performance of locomotives	46-47
14. Engine, train, and car statistics	48
15. Mileage, haul, load, rate, &c.	49
16. Analysis of traffic earnings and expenses	50-51
17. Condensed balance sheet, The Lehigh Valley Coal Company	52-53

STATEMENT OF MILEAGE OF TRACK OPERATED

TABLE 1

OWNED BY LEHIGH VALLEY RAILROAD OR CONTROLLED BY OWNERSHIP OF ENTIRE CAPITAL STOCK	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
LEHIGH VALLEY RAILROAD OF NEW JERSEY:					
Main Line—Jersey City, N. J., to Phillipsburg, N. J.	75.07	75.07	19.37	112.74	282.25
Branches	47.07	18.68	. . . . .	116.52	182.27
LEHIGH VALLEY RAILROAD:					
Main Line—Phillipsburg, N. J., to Wilkes-Barre, Pa.	98.81	87.71	19.99	159.68	366.19
Branches	30.83	2.64	. . . . .	22.64	56.11
Easton and Northern Branch—Easton, Pa., to Belfast, Pa., and Bushkill Station to Thirteenth Street Junction	12.78	. . . . .	. . . . .	4.03	16.81
Mahanoy and Hazleton Division:					
Main Line and Branches	136.32	66.25	. . . . .	112.75	315.32
Minor Branches to Breakers, &c.	72.20	. . . . .	. . . . .	39.36	111.56
Mountain Cut-Off—Fairview, Pa., to Avoca, Pa..	18.58	18.10	. . . . .	4.85	41.53
Bowman's Creek Branch—Port Bowkley, Pa., to Bernice, Pa., and Branches	50.29	. . . . .	. . . . .	9.51	59.80
Pennsylvania and New York Railroad:					
Main Line—Wilkes-Barre, Pa., to Pennsylvania State Line	96.57	96.57	1.30	154.31	348.75
Branches	43.68	1.57	. . . . .	37.63	82.88
Montrose Railroad—Tunkhannock, Pa., to Montrose, Pa.	27.35	. . . . .	. . . . .	3.33	30.68
LEHIGH VALLEY RAILWAY (OF N. Y.):					
Main Line—Pennsylvania State Line to Buffalo, N. Y.	175.16	175.16	. . . . .	167.78	518.10
Waverly Branch—Pennsylvania State Line to Waverly, N. Y. . . . .	.41	. . . . .	. . . . .	1.42	1.83
Ithaca Branch—Van Etten Junction, N. Y., to Geneva Junction, N. Y.	59.49	. . . . .	. . . . .	17.55	77.04
Auburn and Ithaca Branch—Ithaca, N. Y., to Auburn, N. Y.	42.46	. . . . .	. . . . .	9.22	51.68
Cayuga Branch—Cayuga Junction, N. Y., to Cayuga, N. Y.	3.92	. . . . .	. . . . .	1.03	4.95
Rochester Branch—Rochester, N. Y., to Hemlock Lake, N. Y.	29.07	. . . . .	. . . . .	10.19	39.26
Niagara Falls Branch—Depew Junction, N. Y., to Tonawanda Junction, N. Y.	10.56	10.39	. . . . .	1.94	22.89
Naples Branch—Geneva, N. Y., to Naples, N. Y..	29.42	. . . . .	. . . . .	3.87	33.29
Seneca Falls Branch—Geneva Junction, N. Y., to Seneca Falls, N. Y.	8.20	. . . . .	. . . . .	2.00	10.20
Elmira, Cortland and Northern Branch—Elmira, N. Y., to Camden, N. Y.	139.14	. . . . .	. . . . .	32.68	171.82
Lehigh and Lake Erie Railroad—Tiff Farm, Buffalo, N. Y., to West Seneca, N. Y.	2.94	1.63	. . . . .	.35	4.92
Total	1,210.32	553.77	40.66	1,025.38	2,830.13

STATEMENT OF MILEAGE OF TRACK OPERATED—Continued

CONTROLLED BY OWNERSHIP OF MAJORITY OF CAPITAL STOCK	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Schuylkill and Lehigh Valley Railroad—Lizard Creek Junction, Pa., to Blackwood, Pa.	42.02	. . . . .	. . . . .	9.09	51.11
Lehigh and New York Railroad—Pennsylvania State Line to North Fair Haven, N. Y.	115.37	. . . . .	. . . . .	30.63	146.00
Total	157.39	. . . . .	. . . . .	39.72	197.11
CONTROLLED BY LEASES	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
State Line and Sullivan Railroad—Monroeton, Pa., to Bernice, Pa.	24.06	. . . . .	. . . . .	5.00	29.06
Hayt's Corners, Ovid and Willard Railroad—Hayt's Corners, N. Y., to Willard, N. Y.	3.82	. . . . .	. . . . .	.30	4.12
Total	27.88	. . . . .	. . . . .	5.30	33.18
TRackage RIGHTS	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Pennsylvania Railroad, Schuylkill Division—Spring Garden Junction, Pa., to Pottsville, Pa.	4.20	. . . . .	. . . . .	. . . . .	4.20
Pennsylvania Railroad—West Newark Junction, N. J., to Jersey City, N. J.	9.40	9.40	. . . . .	. . . . .	18.80
Philadelphia and Erie Railroad—New Boston Junction, Pa., to Pottsville, Pa.	10.90	. . . . .	. . . . .	. . . . .	10.90
Central Railroad of New Jersey—Sandy Run Junction, Pa., to Crellin Junction, Pa.	5.91	. . . . .	. . . . .	. . . . .	5.91
Susquehanna and New York Railroad—Barclay Junc- tion, Pa., to Monroeton, Pa.	4.00	. . . . .	. . . . .	. . . . .	4.00
New York Central & Hudson River Railroad—Tona- wanda Junction, N. Y., to Suspension Bridge, N. Y.	14.96	14.29	. . . . .	. . . . .	29.25
Total	49.37	23.69	. . . . .	. . . . .	73.06

STATEMENT OF MILEAGE OF TRACK OPERATED—Continued

RECAPITULATION	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Owned or controlled by ownership of entire stock . . .	1,210.32	553.77	40.66	1,025.38	2,830.13
Controlled by ownership of majority of stock	157.39	. . . . .	. . . . .	39.72	197.11
Controlled by leases	27.88	. . . . .	. . . . .	5.30	33.18
Trackage rights	49.37	23.69	. . . . .	. . . . .	73.06
Total	1,444.96	577.46	40.66	1,070.40	3,133.48

MILEAGE BY STATES	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Pennsylvania	678.50	272.84	21.29	562.18	1,534.81
New York	634.92	201.47	. . . . .	280.99	1,117.38
New Jersey	131.54	103.15	19.37	227.23	481.29
Total	1,444.96	577.46	40.66	1,070.40	3,133.48

COMPARATIVE INCOME ACCOUNT FOR THE YEARS ENDED JUNE 30,
1906 AND 1905

TABLE 2

LEHIGH VALLEY RAILROAD COMPANY	1906	1905	INCREASE	DECREASE
GROSS EARNINGS:—				
Coal earnings	\$13,248,565 42	\$13,530,337 42	. . . . .	\$281,772 00
Other freight earnings	13,934,127 10	12,432,582 74	\$1,501,544 36	. . . . .
Passenger earnings	3,971,392 05	3,509,825 33	461,566 72	. . . . .
Express earnings	367,706 36	337,107 75	30,598 61	. . . . .
Mail earnings	217,745 88	207,660 74	10,085 14	. . . . .
Miscellaneous earnings	1,050,319 82	1,258,328 74	. . . . .	208,008 92
Total gross earnings	\$32,789,856 63	\$31,275,842 72	\$1,514,013 91	. . . . .
OPERATING EXPENSES:—				
Maintenance of way and structures	\$3,153,245 22	\$3,269,382 74	. . . . .	\$116,137 52
Maintenance of equipment	5,485,794 06	4,894,269 44	\$591,524 62	. . . . .
Conducting transportation	10,891,953 73	10,179,037 79	712,915 94	. . . . .
General expenses	621,217 71	587,011 36	34,206 35	. . . . .
Total operating expenses	\$20,152,210 72	\$18,929,701 33	\$1,222,509 39	. . . . .
Percentage, operating expenses to gross earnings	61.46 per cent.	60.52 per cent.	.94 per cent.	. . . . .
NET EARNINGS	\$12,637,645 91	\$12,346,141 39	\$291,504 52	. . . . .
OTHER INCOME:—				
Dividends on stocks	76,994 50	107,530 50	. . . . .	\$30,536 00
Interest on bonds	24,570 34	120,288 89	. . . . .	95,718 55
Interest on real estate mortgages	20,616 53	23,119 50	. . . . .	2,502 97
Miscellaneous interest	284,545 71	149,315 86	135,229 85	. . . . .
Rents, Easton and Northern Railroad	0	1,990 95	. . . . .	1,990 95
Net earnings from miscellaneous operations	402,124 69	50,764 55	351,360 14	. . . . .
Total other income	\$808,851 77	\$453,010 25	\$355,841 52	. . . . .
TOTAL INCOME	\$13,446,497 68	\$12,799,151 64	\$647,346 04	. . . . .
DEDUCTIONS FROM INCOME:—				
Additions and improvements to property	1,570,227 19	1,411,550 78	158,676 41	. . . . .
Interest on funded debt	3,215,022 22	2,701,961 22	513,061 00	. . . . .
Interest on equipment trust obligations	163,147 49	210,937 50	. . . . .	\$47,790 01
Rentals of leased lines and guaranties	2,295,723 00	2,304,473 00	. . . . .	8,750 00
Taxes	707,039 90	724,054 66	. . . . .	17,014 76
Miscellaneous deductions	43,754 36	53,285 81	. . . . .	9,531 45
Total deductions from income	\$7,994,914 16	\$7,406,262 97	\$588,651 19	. . . . .
NET INCOME	\$5,451,583 52	\$5,392,888 67	\$58,694 85	. . . . .
LEHIGH VALLEY COAL COMPANY				
NET INCOME	318,489 19	635,548 34	. . . . .	\$317,059 15
TOTAL NET INCOME	\$5,770,072 71	\$6,028,437 01	. . . . .	\$258,364 30

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1906

TABLE 3 LEHIGH VALLEY RAILROAD COMPANY

	DR.	CR.
Balance surplus, July 1, 1905		\$8,657,325 36
Discount on General Consolidated Mortgage bonds sold	\$114,000 00	
Dividends of five per cent. on preferred stock paid July 15, 1905, and January 13, 1906, respectively	10,630 00	
Dividends of two per cent. on common stock paid July 15, 1905, and January 13, 1906, respectively	1,613,392 00	
Amount transferred by order of the Board to "Special Reserve Fund" for reduction of grades, change of alignment, and other extraordinary betterments and improvements	1,000,000 00	
Miscellaneous adjustments		10,028 43
Net income for the year ended June 30, 1906, Table No. 2		5,451,583 52
Balance surplus, June 30, 1906	11,380,915 31	
	<u>\$14,118,937 31</u>	<u>\$14,118,937 31</u>
Balance carried forward, July 1, 1906		\$11,380,915 31

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1906

THE LEHIGH VALLEY COAL COMPANY

	DR.	CR.
Balance surplus, July 1, 1905		\$1,651,301 38
Miscellaneous adjustments		4,661 95
Net income for year ended June 30, 1906, Table No. 2		318,489 19
Balance surplus, June 30, 1906	\$1,974.452 52	
	<u>\$1,974.452 52</u>	<u>\$1,974.452 52</u>
Balance carried forward, July 1, 1906		\$1,974.452 52

CONDENSED BALANCE

TABLE 4

Dr.

LEHIGH VALLEY

ASSETS		
RAILROAD:—		
Cost of road		\$18,639,291 95
EQUIPMENT		29,770,869 63
GENERAL CONSOLIDATED MORTGAGE BONDS OF THE COMPANY HELD IN ITS TREASURY		
		2,000,000 00
GENERAL CONSOLIDATED MORTGAGE BONDS OF THE COMPANY IN HANDS OF TRUSTEE OF WARRIOUR RUN STOCK PURCHASE BONDS		
		100,000 00
TREASURY STOCK		250 00
REAL ESTATE		2,076,194 63
CONSTRUCTION, LEHIGH AND LAKE ERIE RAILROAD		33,717 18
CONSTRUCTION, BAY SHORE CONNECTING RAILROAD		8,636 41
MORTGAGES RECEIVABLE		350,250 00
SECURITIES OWNED:—		
Stocks of railroad and water lines included in Lehigh Valley system	\$28,834,228 68	
Stocks of allied coal companies	19,008,211 46	
Stocks of other companies	4,997,751 00	
Bonds of railroad and water lines included in Lehigh Valley system	5,572,926 00	
Bonds of other companies	2,974,407 87	
Certificates of Indebtedness, Lehigh Valley Coal Company	10,537,000 00	
Equipment Trust Certificates, Lehigh Valley Railroad, Series "H"	630,000 00	
		72,554,525 01
ADVANCED INSURANCE PREMIUMS		67,967 15
CURRENT ASSETS:—		
Cash on deposit and in hands of Treasurer	\$11,676,966 01	
Cash in hands of officers and agents	35,861 47	
Cash in transit	622,766 00	
Due by station agents	991,804 33	
Due by individuals and companies	1,650,082 47	
Traffic balances due by other companies	334,714 68	
Bills receivable	37,502 00	
Advances to other companies	535,077 25	
Material and supplies on hand	1,815,926 90	
		17,700,701 11
DEFERRED AND SUSPENDED ASSETS:—		
Sundry accounts		198,496 40
TOTAL ASSETS		\$143,500,899 47

SHEET, JUNE 30, 1906

RAILROAD COMPANY

Cr.

LIABILITIES

CAPITAL STOCK		\$40,441,100 00
FUNDED DEBT		77,100,000 00
EQUIPMENT TRUST OBLIGATIONS		3,441,000 00
RESERVES :—		
Reserve for depreciation of Coxe mines and properties . . .	\$2,209,360 06	
Special reserve for change of alignment, reduction of grades, &c.	899,390 78	
Reserve for renewal of equipment and other purposes . . .	1,207,385 77	
		4,316,136 61
MORTGAGES ON REAL ESTATE		196,920 55
INTEREST AND RENTALS ACCRUED, NOT DUE :—		
Interest on funded debt	\$726,541 67	
Interest on equipment trusts	37,600 00	
Accrued rentals, leased lines	376,985 82	
		1,141,127 49
CURRENT LIABILITIES :—		
Dividends unpaid	\$1,651 00	
Interest on bonds due and unclaimed	51,541 75	
Penna. and New York Canal and R. R. Co. bonds matured, not presented	57,000 00	
Rentals of leased lines due	346,500 00	
June pay roll, since paid	1,085,693 85	
Audited vouchers, including June bills, since paid	2,165,026 81	
Due to individuals and companies	270,179 90	
Traffic balances due to other companies	625,044 61	
Unclaimed wages	8,940 76	
Taxes accrued	66,314 50	
Employees' pension fund	2,857 27	
Lehigh Valley relief fund	17,193 88	
		4,697,944 33
DEFERRED AND SUSPENDED LIABILITIES :—		
Taxes accrued, not due	\$226,644 74	
Sundry accounts	559,110 44	
		785,755 18
PROFIT AND LOSS		11,380,915 31
TOTAL LIABILITIES		\$143,500,899.47

NOTE.—The dividends declared prior to the close of the fiscal year, and payable July 14, 1906, amounting to \$812,011, are not included as a liability in the above statement.

STATEMENT OF FUNDED DEBT, YEARLY INTEREST, GUARANTIES, AND RENTALS OF LEASED LINES

TABLE 5

	PRINCIPAL	DATE OF MATURITY	ACCRUED INTEREST			
			Rate	Due	Amount	
Lehigh Valley R. R. Co. :—						
First mortgage bonds	\$5,000,000	June 1, 1948	4% gold	June and Dec.	\$200,000 00	
Second mortgage bonds	6,000,000	Sept. 1, 1910	7%	Mar. and Sept.	420,000 00	
Consolidated mortgage bonds :—						
Coupon \$1,319,000		Dec. 1, 1923	6%	June and Dec.		
Registered 4,319,000		“	6%	“		
Annuity 10,062,000		Perpetual	6%	“		
	15,700,000				942,000 00	
Coupon \$1,669,000		Dec. 1, 1923	4½%	“		
Registered 3,093,000		“	4½%	“		
Annuity 2,538,000		Perpetual	4½%	“		
	7,300,000				328,500 00	
General consolidated mortgage bonds	24,100,000	May 1, 2003	4% gold	May and Nov.	832,666 67	
Collateral trust bonds	19,000,000	{ \$500,000 semi- annually, Aug. 1, 1907, to Feb. 1, 1926. }	4% gold	Feb. and Aug.	576,666 66	
					\$3,299,833 33	
					Deduct interest on bonds accrued to date of sale, paid by purchasers, and on general con- solidated mortgage bonds held in treasury	84,811 11
Total	\$77,100,000				\$3,215,022 22	
Lehigh Valley Terminal Ry. Co. :—						
First mortgage bonds	\$10,000,000	October 1, 1941	5% gold	April and Oct.	\$500,000 00	
Easton and Amboy R. R. Co. :—						
First mortgage bonds	6,000,000	May 1, 1920	5%	May and Nov.	300,000 00	
Morris Canal and Banking Co. :—						
Preferred stock \$903,600			10%		90,360 00	
Consolidated stock 706,700			4%		28,268 00	
	1,610,300					
Easton and Northern R. R. Co. :—						
First mortgage bonds	51,000	Nov. 1, 1935	4½% gold	May and Nov.	2,295 00	
Penna. and New York Canal and R. R. Co. :—						
*First mortgage bonds					96,250 00	
Consolidated mortgage bonds \$4,000,000		April 1, 1939	5%	April and Oct.	200,000 00	
Consolidated mortgage bonds 1,500,000		“	4½%	“	67,500 00	
Consolidated mortgage bonds 3,000,000		“	4%	“	120,000 00	
	8,500,000					
The Lehigh Valley Rail Way Co. :—						
First mortgage bonds	15,000,000	July 1, 1940	4½% gold	Jan. and July	675,000 00	
Lehigh and New York R. R. Co. :—						
First mortgage bonds	2,000,000	Sept. 1, 1945	4% gold	March and Sept.	80,000 00	
Elmira, Cortland and Northern R. R. Co. :—						
First preferred mortgage bonds, \$750,000		April 1, 1914	6% gold	April and Oct.	45,000 00	
First mortgage bonds 1,250,000		“	5% gold	“	62,500 00	
	2,000,000					
Canastota Northern R. R. Co. :—						
†First mortgage bonds	300,000	July 1, 1906	6% gold	Jan. and July	18,000 00	
Middlesex Valley R. R. Co. :—						
First mortgage bonds	211,000	Nov. 1, 1942	5% gold	May and Nov.	10,550 00	
Total	\$45,672,300				\$2,295,723 00	
Grand total, June 30, 1906	\$122,772,300				\$5,510,745 22	

*Entire issue, \$1,500,000, matured June 1, 1906.

†Entire issue matured July 1, 1906.

STATEMENT OF EQUIPMENT TRUSTS AND MARINE OBLIGATIONS

	PRINCIPAL	DATE OF MATURITY	INTEREST	
			Rate	Due
Lehigh Valley R. R. Co. :—				
Car trust, series B, bonds	\$25,000	August 1, 1906	5% gold	Feb. and Aug.
Equipment trust, series C, certificates	600,000	{ \$200,000 annually to } { June 1, 1909 }	4½% gold	June and Dec.
Equipment trust, series D, certificates	1,200,000	{ \$300,000 annually to } { March 1, 1910 }	4½% gold	Mar. and Sept.
Equipment trust, series E, certificates	246,000	{ \$82,000 annually to } { February 1, 1909 }	4½% gold	Feb. and Aug.
Equipment trust, series F, certificates	240,000	{ \$80,000 annually to } { May 1, 1909 }	4½% gold	May and Nov.
Equipment trust, series G, certificates	500,000	{ \$100,000 annually to } { August 1, 1910 }	4½% gold	Feb. and Aug.
*Equipment trust, series H, certificates	630,000	{ \$90,000 annually to } { February 1, 1913 }	4% gold	Feb. and Aug.
Total	\$3,441,000			
Lehigh Valley Transportation Company :—				
Maritime mortgage bonds	\$125,000	May 1, 1907	5% gold	May and Nov.
Total, June 30, 1906	\$3,566,000			

* Owned by the Company and held in the treasury.

STATEMENT OF SECURITIES OWNED

TABLE 6

	BONDS	EACH	PAR VALUE	TOTAL
BONDS				
Consolidated Real Estate Co.	26	\$100,000	\$2,600,000 00	
Easton and Northern R. R. Co.	162	1,000	162,000 00	
Easton and Northern R. R. Co.	174	500	87,000 00	
Greenville and Hudson Ry. Co.	7	50,000	350,000 00	
Irvington R. R. Co.	25	5,000	125,000 00	
Lehigh Valley Railroad Co. Equipment Trust "H"	630	1,000	630,000 00	
Lehigh and Lake Erie R. R. Co.	1,200	1,000	1,200,000 00	
Morris Canal and Banking Co.	50	10,000	500,000 00	
Rochester Southern R. R. Co.	425	1,000	425,000 00	
Schuylkill and Lehigh Valley R. R. Co.	2,000	1,000	2,000,000 00	
Glen Summit Hotel and Land Co.	158	500	79,000 00	
Mansion House Hotel Co.	14	500	7,000 00	
Middlesex Valley R. R. Co.	389	1,000	389,000 00	
Montrose Railway Co.	10	10,000	100,000 00	
Mutual Terminal Co. of Buffalo	339	1,000	339,000 00	
Paxinosa Inn Co.	2	500	1,000 00	
Seneca County Ry. Co.	500	1,000	500,000 00	
				\$9,494,000 00
CERTIFICATES OF INDEBTEDNESS				
*Lehigh Valley Coal Co.			\$10,537,000 00	
				10,537,000 00
STOCKS				
	SHARES			
*Easton and Northern R. R. Co.	11,300	\$50	\$565,000 00	
*Lehigh and New York R. R. Co., preferred	21,919 ⁶ / ₁₀₀	100	2,191,906 00	
*Lehigh Valley Coal Co.	32,300	50	1,615,000 00	
*Lehigh Valley Rail Way Co. (of N. Y.)	112,000	100	11,200,000 00	
†*Lehigh Valley Railroad Co. of N. J.	204,330	100	20,433,000 00	
*Lehigh Valley Transportation Co.	15,100	100	1,510,000 00	
*Loyalsock R. R. Co.	16,500	50	825,000 00	
*National Storage Co.	24,000	100	2,400,000 00	
*New York and Middle Coal Field R.R. and Coal Co.	42,446	25	1,061,150 00	
*Pennsylvania and New York Canal and R. R. Co.	30,231	50	1,511,550 00	
*Schuylkill and Lehigh Valley R. R. Co.	39,995	50	1,999,750 00	
‡Coxe Bros. and Co., Inc.	58,203	50	2,910,150 00	
‡Delaware, Susquehanna and Schuylkill R. R. Co.	30,000	50	1,500,000 00	
Bay Shore Connecting R. R. Co.	400	\$12.50 pd.	5,000 00	
Beaver Meadow Water Co.	200	50	10,000 00	
Blackwood Water Co.	1,000	\$5 paid	5,000 00	
Buffalo, Thousand Islands and Portland R. R. Co.	2,500	100	250,000 00	
Buffalo Creek R. R. Co.	1,250	100	125,000 00	
Centralia Water Co.	560	25	14,000 00	
Citizens Water Co. of Tremont	10	50	500 00	
Consolidated Real Estate Co.	100	50	5,000 00	
Cosmopolitan Shipping Co.	100	100	10,000 00	
Amount carried forward			\$50,147,006 00	\$20,031,000 00

* Covered by General Consolidated Mortgage.

‡ Covered by Collateral Trust Agreement.

† Lehigh Valley R. R. Co. of N. J. owns 79,270 shares.

STATEMENT OF SECURITIES OWNED—Continued

STOCKS—Continued.	SHARES	EACH	PAR VALUE	TOTAL
Amount brought forward			\$50,147,006 00	\$20,031,000 00
Delano Water Co.	200	\$5 paid	1,000 00	
Drifton Water Co.	600	50	30,000 00	
Elmira Transfer Ry. Co.	100	100	10,000 00	
Glen Summit Hotel and Land Co.	350	100	35,000 00	
Hazle Water Co.	100	\$5 paid	500 00	
Hazleton Water Co.	5,000	50	250,000 00	
Highland Coal Co.	2,400	50	120,000 00	
Island R. R. Co.	500	100	50,000 00	
Jersey City Belt Line Ry. Co.	600	\$94 ² / ₃ paid	56,800 00	
Lehigh and Hudson River Ry. Co.	1,631	100	163,100 00	
Lehigh and Lake Erie R. R. Co.	250	100	25,000 00	
Lehigh Valley Railroad Co.	5	50	250 00	
Locust Mountain Coal and Iron Co.	82	50	4,100 00	
Locust Mountain Water Co.	1,000	50	50,000 00	
Mansion House Hotel Co.	200	50	10,000 00	
Montrose R. R. Co.	2,000	50	100,000 00	
Morris Canal and Banking Co., consolidated	3,183	100	318,300 00	
Morris Canal and Banking Co., preferred	2,714	100	271,400 00	
Morris Canal and Banking Co., scrip			56,597 50	
Mutual Terminal Co. of Buffalo	150	100	15,000 00	
Newark Bay Ry. Co.	500	\$26 paid	13,000 00	
Oneida Water Co.	200	50	10,000 00	
Packer Coal Co.	76	50	3,800 00	
Penn Haven Junction and Glen Onoko R. R. Co.	1,200	\$5 paid	6,000 00	
Philadelphia Bourse, common	30	50	1,500 00	
Philadelphia Bourse, preferred	23	25	575 00	
Philadelphia Harbor Transfer			20,000 00	
Pioneer Real Estate Co.	25	100	2,500 00	
Tomhicken Water Co.	200	50	10,000 00	
United Real Estate Co.	10	100	1,000 00	
Weatherly Water Co.	600	10	6,000 00	
Wright Township Water Co.	100	\$5 paid	500 00	
Wyoming Valley Coal Co.	10,584	100	1,058,400 00	
				52,847,328 50
Total par value				\$72,878,328 50

SUMMARY

Value of bonds as per books	\$9,177,333 87
Value of certificates of indebtedness as per books	10,537,000 00
Value of stocks as per books	60,767,441 14
Total	\$80,481,775 01
Total par value	\$72,878,328 50
Value as per Lehigh Valley R. R. Co. books	\$72,554,775 01
Value as per Lehigh Valley Railroad Co. of N. J. books	7,927,000 00
Total book value	\$80,481,775 01

INCOME FROM INVESTMENTS AND OTHER SOURCES FOR THE
YEAR ENDED JUNE 30, 1906

TABLE 7

DIVIDENDS ON STOCKS:—

New York and Middle Coal Field Railroad and Coal Company	\$53,057 50	
Highland Coal Company	10,800 00	
Buffalo Creek Railroad Company	8,750 00	
Philadelphia Harbor Transfer	4,000 00	
Weatherly Water Company	360 00	
Locust Mt. Coal and Iron Company	27 00	
		\$76,994 50

INTEREST ON BONDS:—

Coal Ridge Improvement and Coal Company	\$7,348 67	
Mutual Terminal Company of Buffalo	17,221 67	
		24,570 34

INTEREST ON MORTGAGES 20,616 53

INCOME FROM OTHER SOURCES:—

Miscellaneous interest	\$284,545 71	
Net earnings from miscellaneous operations	402,124 69	
		686,670 40
Total		\$808,851 77

MISCELLANEOUS EARNINGS

TABLE 8

Trackage	\$363,902 25
Rents	216,084 07
Car service	132,639 45
Excess baggage and storage	36,393 92
Hire of equipment	27,043 94
Telegraph earnings	11,559 08
Dining car earnings	11,041 45
News stand earnings	6,656 66
Chair car earnings	5,130 50
Storage, &c.	239,868 50
Total	<u>\$1,050,319 82</u>

EARNINGS AND EXPENSES, EXCLUSIVE OF WATER LINES, FOR THE YEAR ENDED JUN

TABLE 9

	EARNINGS					
	COAL TRAFFIC	FREIGHT TRAFFIC	PASSENGER TRAFFIC	EXPRESS AND MAIL	MISCELLANEOUS	GROSS EARNINGS
July, 1905	\$1,074,807 47	\$1,014,011 32	\$416,005 40	\$42,390 29	\$101,044 84	\$2,648,259 30
August, "	1,103,204 65	1,142,189 92	444,144 35	42,392 40	104,106 31	2,836,037 60
September, "	1,227,603 80	1,182,034 84	406,050 50	44,702 86	113,083 00	2,973,475 00
October, "	1,192,699 31	1,348,152 63	321,580 34	43,197 51	125,631 16	3,031,260 95
November, "	1,403,992 19	1,298,377 87	258,582 18	43,250 33	70,353 59	3,074,556 10
December, "	1,403,358 40	1,189,156 60	286,336 30	43,254 80	86,552 77	3,008,658 87
January, 1906	1,267,958 30	1,043,027 54	246,793 73	43,209 85	80,850 10	2,681,839 52
February, "	1,050,919 21	929,829 65	217,721 84	43,203 21	65,123 20	2,306,797 11
March, "	1,325,340 48	1,101,665 67	272,943 29	43,213 17	77,468 70	2,820,631 31
April, "	196,110 64	1,163,087 63	339,569 40	43,213 87	75,162 32	1,817,143 86
May, "	679,192 90	1,273,941 94	350,701 93	43,235 52	71,262 84	2,418,335 13
June, "	1,323,378 07	1,248,651 49	410,962 79	110,188 43	79,680 99	3,172,861 77
Total year ended June 30, 1906	\$13,248,565 42	\$13,934,127 10	\$3,971,392 05	\$585,452 24	\$1,050,319 82	\$32,789,856 63
Total year ended June 30, 1905	13,530,337 42	12,432,582 74	3,509,825 33	544,768 49	1,258,328 74	31,275,842 72
Increase		\$1,501,544 36	\$461,566 72	\$40,683 75		\$1,514,013 91
Decrease	\$281,772 00				\$208,008 92	
Increase, per cent.		12.08	13.15	7.47		4.84
Decrease, "	2.08				16.53	

30, 1906, COMPARED WITH TOTALS FOR THE YEAR ENDED JUNE 30, 1905

OPERATING EXPENSES					NET EARNINGS
MAINTENANCE OF WAY	MAINTENANCE OF EQUIPMENT	CONDUCTING TRANSPORTATION	GENERAL EXPENSES	TOTAL EXPENSES	
\$272,838 12	\$392,856 47	\$836,155 07	\$54,792 01	\$1,556,641 67	\$1,091,617 65
295,606 12	419,364 36	862,712 77	40,167 63	1,617,850 88	1,218,186 75
329,980 71	488,222 76	889,600 54	45,000 06	1,752,804 07	1,220,670 93
304,269 39	431,462 03	940,493 23	52,085 71	1,728,310 36	1,302,950 59
270,834 69	527,852 73	970,879 12	48,086 25	1,817,652 79	1,256,903 37
255,140 46	556,068 51	996,332 07	63,770 68	1,871,311 72	1,137,347 15
243,812 06	472,213 75	1,021,944 48	58,439 39	1,796,409 68	885,429 84
368,598 29	441,760 12	919,086 32	45,847 51	1,775,292 24	531,504 87
174,032 49	489,879 91	899,225 36	49,898 95	1,613,036 71	1,207,594 60
217,762 86	400,448 81	834,560 14	49,527 71	1,502,299 52	314,844 34
255,905 41	421,145 71	846,810 31	47,834 35	1,571,695 78	846,639 35
164,464 62	444,518 90	874,154 32	65,767 46	1,548,905 30	1,623,956 47
\$3,153,245 22	\$5,485,794 06	\$10,891,953 73	\$621,217 71	\$20,152,210 72	\$12,637,645 91
3,269,382 74	4,894,269 44	10,179,037 79	587,011 36	18,929,701 33	12,346,141 39
.....	\$591,524 62	\$712,915 94	\$34,206 35	\$1,222,509 39	\$291,504 52
\$116,137 52	.....	.....	.....	.....	.....
.....	12.09	7.00	5.83	6.46	2.36
3.55	.....	.....	.....	.....	.....

STATEMENT OF EARNINGS AND EXPENSES, EXCLUSIVE OF WATER LINES, FOR TEN
YEARS, 1897 TO 1906 INCLUSIVE

TABLE 10

EARNINGS

YEARS ENDED JUNE 30	COAL TRAFFIC	FREIGHT TRAFFIC	PASSENGER TRAFFIC	EXPRESS AND MAIL	MISCELLANEOUS	GROSS EARNINGS	NET EARNINGS, TAXES NOT DEDUCTED
1897	\$7,691,918 11	\$7,579,243 06	\$2,582,536 88	\$343,740 33	\$1,061,137 88	\$19,258,576 26	\$5,172,133 02
1898	7,935,807 94	7,675,855 58	2,726,111 03	401,392 57	1,094,836 05	19,834,003 17	5,918,369 68
1899	9,051,739 56	7,622,155 52	2,660,492 79	397,928 48	1,188,529 57	20,920,845 92	5,314,320 24
1900	9,963,376 90	8,933,000 10	2,926,403 18	399,754 03	1,229,882 37	23,452,416 58	5,348,591 23
1901	9,636,802 48	9,272,317 07	2,989,004 24	424,083 35	1,160,359 50	23,482,566 64	4,814,542 36
1902	9,328,959 09	9,627,286 35	3,664,820 27	460,855 54	838,046 70	23,919,967 95	5,938,769 22
1903	10,104,764 40	11,609,706 36	3,191,638 63	483,059 54	1,265,334 33	26,654,503 26	7,674,323 60
1904	12,835,076 24	11,994,700 77	3,155,715 13	513,717 03	1,382,529 04	29,881,738 21	11,011,436 97
1905	13,530,337 42	12,432,582 74	3,509,825 33	544,768 49	1,258,328 74	31,275,842 72	12,346,141 39
1906	13,248,565 42	13,934,127 10	3,971,392 05	585,452 24	1,050,319 82	32,789,856 63	12,637,645 91

The percentage of each class of earnings to gross earnings is as follows:—

	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Coal freight	39.94	40.01	43.27	42.49	41.04	39.00	37.91	42.95	43.26	40.40
Other freight	39.36	38.70	36.43	38.09	39.49	40.25	43.56	40.14	39.75	42.50
Passenger	13.41	13.75	12.72	12.48	12.72	15.32	11.97	10.56	11.22	12.11
Express and mail	1.78	2.02	1.90	1.70	1.81	1.93	1.81	1.72	1.74	1.79
Miscellaneous	5.51	5.52	5.68	5.24	4.94	3.50	4.75	4.63	4.03	3.20

OPERATING EXPENSES

YEARS ENDED JUNE 30	MAINTENANCE OF WAY	MAINTENANCE OF EQUIPMENT	CONDUCTING TRANSPORTATION	GENERAL EXPENSES	TOTAL OPERATING EXPENSES	RATIO OF TOTAL EX- PENSES TO EARNINGS
						Per Cent.
1897	\$2,107,070 20	\$2,564,658 58	\$8,841,512 49	\$573,201 97	\$14,086,443 24	73.14
1898	1,735,135 89	3,239,403 80	8,369,904 83	571,188 97	13,915,633 49	70.16
1899	2,851,344 08	3,345,742 18	8,831,958 29	577,481 13	15,606,525 68	74.60
1900	3,687,084 39	4,335,768 55	9,428,893 60	652,078 81	18,103,825 35	77.20
1901	4,241,717 04	4,316,861 72	9,374,299 48	735,146 04	18,668,024 28	79.50
1902	3,689,987 12	4,654,257 50	8,898,286 97	738,667 14	17,981,198 73	75.17
1903	4,099,168 88	4,694,395 07	9,567,083 09	619,532 62	18,980,179 66	71.21
1904	3,059,257 82	4,745,341 80	10,469,806 29	595,895 33	18,870,301 24	63.15
1905	3,269,382 74	4,894,269 44	10,179,037 79	587,011 36	18,929,701 33	60.52
1906	3,153,245 22	5,485,794 06	10,891,953 73	621,217 71	20,152,210 72	61.46

The ratio of each class of operating expenses to gross earnings is as follows:—

	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Maintenance of way	10.94	8.75	13.63	15.72	18.07	15.42	15.38	10.24	10.45	9.62
Maintenance of equipment	13.32	16.33	15.99	18.49	18.38	19.46	17.61	15.88	15.65	16.73
Conducting transportation	45.91	42.20	42.22	40.21	39.92	37.20	35.89	35.04	32.55	33.22
General expenses	2.97	2.88	2.76	2.78	3.13	3.09	2.33	1.99	1.87	1.89

INVENTORY OF EQUIPMENT, JUNE 30, 1906

TABLE 11

LOCOMOTIVES	812	ROAD SERVICE EQUIPMENT:—	
Tractive power (pounds)	20,948,349	Air-brake instruction	1
PASSENGER CAR EQUIPMENT:—		Box	6
Passenger	247	Business	2
Chair	5	Derrick	34
Dining	6	Flat	101
Café	5	Gondola	76
Business	3	Gravel dump	382
Combination	68	Hoister	1
Baggage and mail	28	Hospital	1
Express	53	Pile driver	3
Fruit	11	Pole	10
Postal	3	Scale test	2
Milk	70	Snow flangers	21
Total	499	Snow plows	10
		Steam shovels	6
FREIGHT CAR EQUIPMENT:—		Supply	20
Box	17,804	Tool	48
Stock	144	Tunnel	6
Lime	1	Workmen's	169
Refrigerator	194	Total	899
Produce	860		
Furniture	1	* FLOATING EQUIPMENT:—	
Bark	14	Lake steamers	6
Flat	271	Tugs	20
Gondola	2,448	Steam lighters	5
Coal	15,055	Barges	165
Cabooses	369	Car floats	21
Total	37,161	Cattle floats	3
		Water boats	1
TONS CAPACITY	1,135,956	Work boats	3
		Wrecking boats	1
		Total	225

* Does not include Morris Canal equipment.

CLASSIFICATION OF EARNINGS AND EXPENSES

TABLE 12

EARNINGS	1906	1905	INCREASE	DECREASE
Coal freight	\$13,248,565 42	\$13,530,337 42	. . . . .	\$281,772 00
Other freight	13,934,127 10	12,432,582 74	\$1,501,544 36	. . . . .
Passenger	3,971,392 05	3,509,825 33	461,566 72	. . . . .
Express	367,706 36	337,107 75	30,598 61	. . . . .
Mail	217,745 88	207,660 74	10,085 14	. . . . .
Miscellaneous	1,050,319 82	1,258,328 74	. . . . .	208,008 92
Amounts carried forward	\$32,789,856 63	\$31,275,842 72	\$1,514,013 91	. . . . .

FOR THE YEARS ENDED JUNE 30, 1906 AND 1905

	1906	1905	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES:—				
Superintendence	\$109,645 04	\$108,127 81	\$1,517 23	. . . . .
Repairs of roadway	1,550,036 99	1,538,634 66	11,402 33	. . . . .
Renewals of rails	299,717 43	307,158 90	. . . . .	\$7,441 47
Renewals of ties	326,384 05	529,400 00	. . . . .	203,015 95
Repairs and renewals of bridges and culverts	212,661 28	253,750 50	. . . . .	41,089 22
Repairs and renewals of fences, road crossings, signs, and cattle guards	59,181 67	44,580 55	14,601 12	. . . . .
Repairs and renewals of buildings and fixtures	435,846 70	350,998 35	84,848 35	. . . . .
Repairs and renewals of docks and wharves .	68,223 50	37,229 16	30,994 34	. . . . .
Repairs and renewals of telegraph	28,645 61	28,940 54	. . . . .	294 93
Expenses and repairs Company's real estate .	47,971 24	59,086 02	. . . . .	11,114 78
Stationery and printing	3,757 17	3,258 41	498 76	. . . . .
Other expenses	3,692 39	1,416 11	2,276 28	. . . . .
Relief fund payments	6,269 98	5,769 22	500 76	. . . . .
Injuries to persons	1,212 17	1,032 51	179 66	. . . . .
Total maintenance of way and structures .	\$3,153,245 22	\$3,269,382 74	. . . . .	\$116,137 52
MAINTENANCE OF EQUIPMENT:—				
Superintendence	\$46,653 90	\$44,825 67	\$1,828 23	. . . . .
Clerks and office expenses	86,419 27	82,356 24	4,063 03	. . . . .
Repairs and renewals of locomotives	2,452,273 33	2,353,296 46	98,976 87	. . . . .
Repairs and renewals of freight cars	2,270,932 50	1,820,172 23	450,760 27	. . . . .
Repairs and renewals of passenger cars . . .	341,855 78	341,446 57	409 21	. . . . .
Repairs and renewals of work cars	28,808 05	28,418 02	390 03	. . . . .
Repairs and renewals of marine equipment .	541 58	765 80	. . . . .	\$224 22
Repairs and renewals of shop machinery and tools	152,848 89	122,139 14	30,709 75	. . . . .
Stationery and printing	10,132 81	9,364 06	768 75	. . . . .
Other expenses	82,913 48	80,917 30	1,996 18	. . . . .
Relief fund payments	10,688 96	9,326 22	1,362 74	. . . . .
Injuries to persons	1,725 51	1,241 73	483 78	. . . . .
Total maintenance of equipment	\$5,485,794 06	\$4,894,269 44	\$591,524 62	. . . . .

CLASSIFICATION OF EARNINGS AND EXPENSES

EARNINGS	1906	1905	INCREASE	DECREASE
Amounts brought forward	\$32,789,856 63	\$31,275,842 72	\$1,514,013 91	. . . . .
Gross earnings	\$32,789,856 63	\$31,275,842 72	\$1,514,013 91	. . . . .

FOR THE YEARS ENDED JUNE 30, 1906 AND 1905—Continued

	1906	1905	INCREASE	DECREASE
CONDUCTING TRANSPORTATION:—				
Superintendence	\$119,492 19	\$108,163 76	\$11,328 43	
Clerks and office expenses	247,367 93	240,126 13	7,241 80	
Engine and roundhousemen	1,883,604 96	1,740,526 38	143,078 58	
Fuel for locomotives	2,631,040 28	2,457,800 21	173,240 07	
Water supply for locomotives	98,259 32	92,318 06	5,941 26	
Oil, tallow, and waste for locomotives	78,396 85	75,201 89	3,194 96	
Other supplies for locomotives	37,391 06	29,573 37	7,817 69	
Train service	1,194,501 45	1,131,336 97	63,164 48	
Train supplies and expenses	212,563 71	212,368 96	194 75	
Switchmen, flagmen, and watchmen	1,013,996 46	932,544 83	81,451 63	
Telegraph expenses	258,077 76	266,568 77		\$8,491 01
Station service	1,295,464 88	1,159,576 16	135,888 72	
Station supplies and expenses	157,604 13	141,472 50	16,131 63	
Switching charges		1,456 58		1,456 58
Loss and damage	144,381 09	129,199 32	15,181 77	
Injuries to persons	67,861 88	35,354 89	32,506 99	
Clearing wrecks	47,463 47	43,263 03	4,200 44	
Operating marine equipment	2,823 27	2,847 78		24 51
Advertising	80,766 16	81,310 86		544 70
Outside agencies	453,374 45	427,650 78	25,723 67	
Stock yards and elevators	20,607 12	20,245 91	361 21	
Rents of tracks, yards, and terminals	470,175 59	484,471 06		14,295 47
Rents of buildings and other property	246,724 62	248,031 53		1,306 91
Stationery and printing	92,935 00	80,516 00	12,419 00	
Other expenses	7,233 33	9,714 15		2,480 82
Relief fund payments	29,846 77	27,397 91	2,448 86	
Total conducting transportation	\$10,891,953 73	\$10,179,037 79	\$712,915 94	
GENERAL EXPENSES:—				
Salaries of general officers	\$107,759 04	\$107,076 71	\$682 33	
Salaries of clerks and attendants	263,491 09	239,343 18	24,147 91	
General office expenses and supplies	55,449 20	42,321 45	13,127 75	
Insurance	59,928 68	90,000 00		\$30,071 32
Legal expenses	86,913 27	66,341 99	20,571 28	
Stationery and printing	27,057 26	28,529 81		1,472 55
Other expenses	20,619 17	13,398 22	7,220 95	
Total general expenses	\$621,217 71	\$587,011 36	\$34,206 35	
TOTAL OPERATING EXPENSES	\$20,152,210 72	\$18,929,701 33	\$1,222,509 39	
NET EARNINGS	12,637,645 91	12,346,141 39	291,504 52	

PERFORMANCE OF LOCOMOTIVES (ENTIRE SYSTEM)

TABLE 13

	YEARS ENDED JUNE 30		INCREASE	DECREASE
	1906	1905		
LOCOMOTIVE MILEAGE				
Passenger	3,909,310	3,860,540	48,770	
Freight and coal	8,621,883	8,195,176	426,707	
Express	335,980	198,122	137,858	
Special	57,077	56,485	592	
Helping, freight and coal	585,324	557,094	28,230	
Helping, passenger	93,248	96,877		3,629
Light	968,017	894,068	73,949	
Switching	5,404,922	5,006,525	398,397	
Total (excluding work)	19,975,761	18,864,887	1,110,874	
Work	1,291,078	1,212,555	78,523	
Total	21,266,839	20,077,442	1,189,397	
Average passenger	46,758	46,371	387	
Average freight and coal	35,171	31,829	3,342	
Average switching and other	29,498	29,024	474	
Average all services	34,921	33,098	1,823	
Percentage of passenger helping	2.03	2.20		.17
Percentage of freight and coal helping	5.86	5.89		.03
Greatest mileage made by an engine in passenger service	99,680	88,399	11,281	
Greatest mileage made by an engine in freight service	54,595	55,644		1,049
CAR MILEAGE				
Passenger, express and special	22,305,491	21,178,529	1,126,962	
Freight and coal, loaded	212,236,587	202,084,703	10,151,884	
Freight and coal, empty	93,133,857	88,623,087	4,510,770	
Work, loaded and empty	1,174,662	1,252,636		77,974
Caboose	8,311,812	8,030,574	281,238	
Total	337,162,409	321,169,529	15,992,880	
Average cars per draft, passenger	5.2	5.2		
*Average cars per draft, freight (loaded basis)	30.5	30.6		.1
Average cars per draft, work (loaded basis) . . . . .	.7	.8		.1

*Two empty freight cars equaling one loaded; caboose mileage included in empty mileage.

FOR THE YEARS ENDED JUNE 30, 1906 AND 1905

	YEARS ENDED JUNE 30		INCREASE	DECREASE
	1906	1905		
FUEL COAL USED PER MILE				
	POUNDS	POUNDS	POUNDS	POUNDS
Passenger locomotive	112.6	103.9	8.7	. . . . .
Freight and coal locomotive	211.4	208.4	3.0	. . . . .
Switching and other locomotive	91.7	95.9	. . . . .	4.2
All services	152.4	150.4	2.0	. . . . .
Passenger car	23.1	21.6	1.5	. . . . .
Freight and coal car	8.2	8.0	.2	. . . . .
OIL AND WASTE				
	MILES	MILES	MILES	MILES
Lubricating oil, locomotive miles, per pint	26.49	21.19	5.30	. . . . .
Cylinder oil, locomotive miles, per pint	68.51	65.05	3.46	. . . . .
Waste, locomotive miles, per pound	75.10	68.87	6.23	. . . . .
COST PER LOCOMOTIVE MILE				
	CENTS	CENTS	CENTS	CENTS
Fuel	13.17	12.97	.20	. . . . .
Oil and waste . . . . .	.39	.40	. . . . .	.01
Other supplies . . . . .	.19	.16	.03	. . . . .
Water supply . . . . .	.49	.49	. . . . .	. . . . .
Enginemen and firemen	7.54	7.30	.24	. . . . .
Roundhousemen	1.89	1.89	. . . . .	. . . . .
Repairs (excluding renewals)	9.93	9.90	.03	. . . . .
Total	33.60	33.11	.49	. . . . .
Total, including renewals	35.20	34.88	.32	. . . . .
COST PER CAR MILE				
	CENTS	CENTS	CENTS	CENTS
Fuel . . . . .	.94	.92	.02	. . . . .
Oil and waste . . . . .	.03	.03	. . . . .	. . . . .
Other supplies . . . . .	.01	.01	. . . . .	. . . . .
Water supply . . . . .	.03	.04	. . . . .	.01
Enginemen and firemen . . . . .	.54	.52	.02	. . . . .
Roundhousemen . . . . .	.13	.13	. . . . .	. . . . .
Repairs (excluding renewals) . . . . .	.75	.75	. . . . .	. . . . .
Total	2.43	2.40	.03	. . . . .
Total, including renewals	2.55	2.53	.02	. . . . .

ENGINE, TRAIN, AND CAR STATISTICS FOR THE YEARS ENDED
JUNE 30, 1906 AND 1905

TABLE 14

	1906	1905	PERCENTAGE OF INCREASE OR DECREASE
TRAIN AND ENGINE MILEAGE			
Miles run by passenger trains (including express)	4,245,290	4,058,662	Inc. 4.60
Miles run by freight trains	8,621,883	8,195,176	Inc. 5.21
Total revenue train miles	12,867,173	12,253,838	Inc. 5.01
Miles run by work trains	1,291,078	1,212,555	Inc. 6.48
Miles run by special trains	57,077	56,485	Inc. 1.05
Total train mileage	14,215,328	13,522,878	Inc. 5.12
Miles run by yard switching engines	5,404,922	5,006,525	Inc. 7.96
Miles run by engines in helping service	678,572	653,971	Inc. 3.76
Miles run by engines in light service	968,017	894,068	Inc. 8.27
Total engine mileage	21,266,839	20,077,442	Inc. 5.92
CAR STATISTICS			
Mileage of loaded freight cars	212,236,587	202,084,703	Inc. 5.02
Mileage of empty freight cars	93,133,857	88,623,087	Inc. 5.09
Mileage of caboose cars	8,311,812	8,030,574	Inc. 3.50
Total mileage of freight train cars	313,682,256	298,738,364	Inc. 5.00
Mileage of passenger cars, including Pullman cars	12,695,145	11,918,197	Inc. 6.52
Mileage of baggage, mail, express, and dining cars	9,535,328	9,183,273	Inc. 3.83
Total mileage of passenger train cars	22,230,473	21,101,470	Inc. 5.35
Mileage of work cars	1,174,662	1,252,636	Dec. 6.22
Mileage of special train cars	75,018	77,059	Dec. 2.65
Total mileage of non-revenue cars	1,249,680	1,329,695	Dec. 6.02
Total mileage of all cars	337,162,409	321,169,529	Inc. 4.98
Average number of loaded freight cars in train	24.62	24.66	Dec. .16
Average number of empty freight cars in train	11.76	11.79	Dec. .25
Average number of cars in each freight train	36.38	36.45	Dec. .19
*Percentage of loaded cars in each train	67.66	67.65	Inc. .01
Average miles run per freight car per day (including foreign)	24.44	24.64	Dec. .81
Average daily mileage of foreign freight cars on lines of Le- high Valley System	33.26	33.76	Dec. 1.48
Average number of passenger cars in train	2.99	2.94	Inc. 1.70
Average number of baggage, mail, express, and dining cars in train	2.25	2.26	Dec. .44
Average number of cars in each passenger train	5.24	5.20	Inc. .77
Average miles run per passenger car per day	103.16	100.80	Inc. 2.34

*Caboose included in empty mileage.

MILEAGE, HAUL, LOAD, RATE, &c. (ENTIRE SYSTEM) FOR THE YEARS ENDED
JUNE 30, 1906 AND 1905

TABLE 15

	1906	1905	INCREASE	DECREASE	PER CENT. OF INCREASE OR DECREASE
PASSENGER					
Train mileage	3,909,310	3,860,540	48,770		1.26
Car mileage	12,695,145	11,918,197	776,948		6.52
Average cars per train	5.24	5.20	.04		.77
Passengers carried	4,989,989	4,535,233	454,756		10.03
Average passengers per train	58.16	52.34	5.82		11.12
Average passengers per car	17.91	16.95	.96		5.66
Passengers carried one mile	227,357,209	202,056,339	25,300,870		12.52
Average haul	45.56 miles	44.55 miles	1.01 miles		2.27
*Earnings	\$3,971,392 05	\$3,509,825 33	\$461,566 72		13.15
Average per train mile	101.59 cents	90.92 cents	10.67 cents		11.74
Average per passenger per mile	1.747 cents	1.737 cents	.010 cent		.58
FREIGHT					
Train mileage	8,621,883	8,195,176	426,707		5.21
Car mileage	313,682,256	298,738,364	14,943,892		5.00
Average cars per train	36.38	36.45		.07	.19
Tonnage	25,568,251	23,774,287	1,793,964		7.55
Average tons per train mile	503.70	500.76	2.94		.59
Average tons per loaded car mile	20.46	20.31	.15		.74
Ton miles	4,342,877,365	4,103,775,941	239,101,424		5.83
Average haul	169.85 miles	172.61 miles		2.76 miles	1.60
Earnings	\$27,182,692 52	\$25,962,920 16	\$1,219,772 36		4.70
Average per train mile	\$3.15	\$3.17		\$.02	.63
Average per ton per mile . . . . .	.626 cent	.633 cent		.007 cent	1.11

* Express and mail earnings not included.

ANALYSIS OF TRAFFIC EARNINGS AND EXPENSES

TABLE 16

EARNINGS, EXPENSES, AND NET EARNINGS	YEARS ENDED JUNE 30		INCREASE	PER CENT.	DECREASE	PER CENT.
	1906	1905				
Average miles of road operated	1,429.16	1,393.87	35.29	2.53	. . . . .	. . . . .
Total revenue train miles	12,867,173	12,253,838	613,335	5.01	. . . . .	. . . . .
Freight and passenger revenue	\$31,154,084 57	\$29,472,745 49	\$1,681,339 08	5.70	. . . . .	. . . . .
Freight and passenger revenue per mile of road	21,798 88	21,144 54	654 34	3.09	. . . . .	. . . . .
Gross earnings, railroad	32,789,856 63	31,275,842 72	1,514,013 91	4.84	. . . . .	. . . . .
Gross earnings per mile of road	22,943 45	22,438 13	505 32	2.25	. . . . .	. . . . .
Gross earnings per revenue train mile	2.548	2.552	. . . . .	. . . . .	\$ .004	.16
Operating expenses, railroad	20,152,210 72	18,929,701 33	1,222,509 39	6.46	. . . . .	. . . . .
Operating expenses per mile of road	14,100 74	13,580 68	520 06	3.83	. . . . .	. . . . .
Operating expenses per revenue train mile	1.566	1.545	.021	1.36	. . . . .	. . . . .
Net earnings, railroad	12,637,645 91	12,346,141 39	291,504 52	2.36	. . . . .	. . . . .
Net earnings per mile of road	8,842 71	8,857 45	. . . . .	. . . . .	14.74	.17
Net earnings per revenue train mile . . . . .	.982	1.007	. . . . .	. . . . .	.025	2.48
PASSENGER						
Passenger revenue	\$3,971,392 05	\$3,509,825 33	\$461,566 72	13.15	. . . . .	. . . . .
Passenger train earnings	4,624,513 87	4,116,847 43	507,666 44	12.33	. . . . .	. . . . .
Number of passengers carried	4,989,989	4,535,233	454,756	10.03	. . . . .	. . . . .
Number of passengers carried one mile	227,357,209	202,056,339	25,300,870	12.52	. . . . .	. . . . .
Average distance each passenger carried	45.56 miles	44.55 miles	1.01 miles	2.27	. . . . .	. . . . .
Average number of passengers one mile per mile of road	159,085	144,961	14,124	9.74	. . . . .	. . . . .
Average revenue per passenger	79.59 cents	77.39 cents	2.20 cents	2.84	. . . . .	. . . . .
Average revenue per passenger per mile	1.747 cents	1.737 cents	.010 cent	.58	. . . . .	. . . . .
Passenger train mileage	3,909,310	3,860,540	48,770	1.26	. . . . .	. . . . .
Passenger train mileage (including express)	4,245,290	4,058,662	186,628	4.60	. . . . .	. . . . .
Passenger revenue per mile of road	\$2,778 83	\$2,518 04	\$260 79	10.36	. . . . .	. . . . .
Passenger revenue per train mile	101.59 cents	90.92 cents	10.67 cents	11.74	. . . . .	. . . . .
Passenger train earnings per mile of road	\$3,235 83	\$2,953 54	\$282 29	9.56	. . . . .	. . . . .
Passenger train earnings per train mile	108.93 cents	101.43 cents	7.50 cents	7.39	. . . . .	. . . . .
Average number of passengers in each train	58.16	52.34	5.82	11.12	. . . . .	. . . . .
Passenger car mileage	12,695,145	11,918,197	776,948	6.52	. . . . .	. . . . .
Baggage, mail, express, and dining car mileage	9,535,328	9,183,273	352,055	3.83	. . . . .	. . . . .
Total mileage of passenger train cars	22,230,473	21,101,470	1,129,003	5.35	. . . . .	. . . . .
Average number of passengers in each passenger car	17.91	16.95	.96	5.66	. . . . .	. . . . .
Average number of passenger cars in train	2.99	2.94	.05	1.70	. . . . .	. . . . .
Average number of baggage, mail, express, and dining cars in train	2.25	2.26	. . . . .	. . . . .	.01	.44
Average number of cars in each passenger train	5.24	5.20	.04	.77	. . . . .	. . . . .

FOR THE YEARS ENDED JUNE 30, 1906 AND 1905

FREIGHT	1906	1905	INCREASE		DECREASE	
			Amount	Per cent.	Amount	Per cent.
Coal freight revenue	\$13,248,565 42	\$13,530,337 42			\$281,772 00	2.08
Miscellaneous freight revenue	13,934,127 10	12,432,582 74	\$1,501,544 36	12.08		
Total freight revenue	\$27,182,692 52	\$25,962,920 16	\$1,219,772 36	4.70		
Number tons coal and coke carried	12,753,053	12,518,369	234,684	1.87		
Number tons miscellaneous freight carried	12,815,198	11,255,918	1,559,280	13.85		
Total number tons carried, all revenue freight	25,568,251	23,774,287	1,793,964	7.55		
Tons one mile, coal and coke	1,813,178,342	1,880,899,182			67,720,840	3.60
Tons one mile, miscellaneous freight	2,529,699,023	2,222,876,759	306,822,264	13.80		
Tons one mile, all revenue freight	4,342,877,365	4,103,775,941	239,101,424	5.83		
Average distance carried, all revenue freight	169.85 miles	172.61 miles			.2.76 miles	1.60
Average number of tons carried one mile per mile of road	3,038,762	2,944,160	94,602	3.21		
Average revenue per ton, all revenue freight	106.31 cents	109.21 cents			2.90 cents	2.66
Average revenue per ton per mile, all revenue freight . . . . .	.626 cent	.633 cent			.007 cent	1.11
Freight train mileage	8,621,883	8,195,176	426,707	5.21		
Freight revenue per mile of road	\$19,020 05	\$18,626 50	\$393 55	2.11		
Freight revenue per train mile	\$3.15	\$3.17			\$.02	.63
Average number of tons in each train	503.70	500.76	2.94	.59		
Average number of tons in each loaded car	20.46	20.31	.15	.74		
Percentage of loaded cars in each freight train	67.66	67.65	.01	.01		
ALL FREIGHT, INCLUDING COMPANY'S SUPPLIES						
Number of tons carried	27,779,188	25,824,784	1,954,404	7.57		
Number of tons carried one mile	4,512,217,973	4,250,365,365	261,852,608	6.16		
Average distance carried	162.43	164.58			2.15	1.31
Average number of tons in each train	523.34	518.64	4.70	.91		
Average number of tons in each loaded car	21.26	21.03	.23	1.09		

CONDENSED BALANCE

TABLE 17

Dr.

THE LEHIGH VALLEY

ASSETS		
PROPERTY AND PLANT		\$17,565,524 79
TREASURY STOCK		350,000 00
SECURITIES OWNED		334,112 00
ADVANCES FOR COAL MINING RIGHTS		5,434,460 71
CURRENT ASSETS:—		
Cash on deposit and in hands of Treasurer	\$500,218 48	
Cash in transit	293,817 57	
Stock of coal on hand	2,410,500 30	
Materials and supplies	171,620 42	
Bills receivable	55,261 85	
Mortgages receivable	25 00	
Due from companies and individuals	3,933,335 78	
		7,364,779 40
DEFERRED AND SUSPENDED ASSETS:—		
Premiums on unexpired insurance and other deferred assets		22,887 97
TRUSTEES OF SINKING FUNDS:—		
Cash and bonds in the hands of the Trustee		1,237,488 30
TOTAL ASSETS		\$32,309,253 17

SHEET, JUNE 30, 1906

COAL COMPANY

Cr.

LIABILITIES

CAPITAL STOCK	\$1,965,000 00	
FUNDED DEBT	12,968,000 00	
CERTIFICATES OF INDEBTEDNESS	10,537,000 00	
		\$25,470,000 00
CURRENT LIABILITIES :—		
Audited vouchers	\$1,981,354 95	
Wages due and unpaid	414,847 91	
Sundry accounts payable	346,254 17	
Royalties on coal mined and due lessors	32,946 23	
Bond interest due and payable	3,590 00	
Taxes due and payable	7,582 67	
		2,786,575 93
DEFERRED AND SUSPENDED LIABILITIES :—		
Royalties received from lessees, not accrued	\$143,110 79	
Interest on funded debt, accrued	317,200 00	
Taxes accrued	51,238 60	
Deferred real estate payments	56,000 00	
Miscellaneous	18,118 70	
		585,668 09
RESERVE ACCOUNTS :—		
Sinking funds and other reserves		1,492,556 63
PROFIT AND LOSS		1,974,452 52
TOTAL LIABILITIES		\$32,309,253 17

1906