the county seat of Lenawee County, to Hillsdale, the county seat of Hillsdale County, a distance of 68 miles, together with a branch 10 miles north from Adrian to Tecumseh, making in all 78 miles actually constructed, on which the State had expended upward of $1,300,000.

The charter under which the Southern Michigan Railroad Company took possession of this road was a perpetual one, carefully prepared as to its terms, liberal in its provisions and not subject to alteration, except by the consent of the corporators. Under it, the Company were authorized to extend the road westerly to Lake Michigan, either by the route originally contemplated, or by any other more southerly route which they should deem more practicable. They were induced to adopt a more southerly course by the conflict with the Central Railroad Company of Michigan, whose line the State had proposed to terminate at St. Joseph on Lake Michigan, but who had decided to make New-Buffalo, considerably further south than St. Joseph, their terminus, with a view of extending their line around Lake Michigan to Chicago; second, to meet the demands of the great trade between the East and West, which it was then becoming evident would not move directly across the lakes (which were closed in Winter) but around them; and, third, to obviate a threatened competition through the northern parts of the States of Ohio and Indiana.

Those States had previously incorporated the Buffalo and Mississippi Company, for the purpose of constructing a road from Toledo (18 miles south of Monroe) due west, through the northern counties of Ohio and Indiana, to Chicago, the head of Lake Michigan. Such a road, it was obvious, would connect the head of Lake Erie with the head of Lake Michigan directly; it would command the large and growing trade springing up between these important points; and it would form a principal link in the vast chain of communication between the East and West. But as it proposed to run only some fifteen or twenty miles south of the proposed line of the Southern Michigan Road, and nearly parallel to it all the way, it was equally obvious that both roads could not be constructed, or that, if constructed, they must become rivals to an extent seriously damaging the interests of both. In this emergency, therefore, the friends of the two enterprises considered the feasibility of a union. It was found that, by starting from Toledo and running north-westerly to Adrian, and thence westerly, on the line of the Southern Michigan Road, through Hillsdale to Coldwater, thence again in a south-westerly course into Indiana, the line of the proposed Buffalo and Mississippi Road might be adopted. The route was somewhat longer than the proposed direct route from Toledo; but it was considered at that early day that the difference would be compensated by the extinguishment of a rival line, and by the superior populousness of the bordering districts. The union was consequently effected by the assumption of the Buffalo and Mississippi charter by the Southern Michigan Company.

In order to carry out this important plan, however, it became necessary to connect Toledo with the Southern Michigan Road at Adrian. As early as 1835, the Erie and Kalamazoo Railroad Company had been incorporated by the Territory of Michigan, for the purpose of making a railroad from Toledo (which was then embraced in that Territory, but was afterward transferred to the State of Ohio) to Kalamazoo, in the interior of Michigan; the object being to open the market at the head of Lake Erie to that fertile and rapidly-growing interior. This road had been completed, also, as far as Adrian, and, owing to the rivalry of the cities of Monroe and Toledo, had been run in opposition to the Southern Michigan, as far as finished; but the Southern Michigan Company acquired a perpetual lease of it in 1849, which not only extinguished the opposition, but brought their road immediately in connection with Toledo.

From Hillsdale westward, the road was energetically prosecuted, according to the charter obtained from the State of Michigan. But as the line of the road, after leaving the southern boundary of that State, must pass, in order to reach Chicago, through the States of Indiana and Illinois, the western part of the line of the Buffalo and Mississippi Company was used, from the point of intersection to the western boundary of Indiana (about 100 miles), and another Company was organized under the general railroad law of Illinois, to complete the remainder (about 13 miles) in Illinois. These several Companies having but one common interest, and having procured from the Legislatures of the several States every due authority, pushed their work with all the rapidity consistent with solid and durable construction. In the course of the years 1850 and 1851, up to May of 1852, the old roads were substantially repaired and improved, and the entire line was opened from Hillsdale to Chicago. The Directors' report for the year 1853 states that in about 20 months, embracing two winters, one of them peculiarly severe for such work, the Companies constructed 160 miles of new road, and relaid and nearly rebuilt 50 miles of the old road—a fact without precedent in the history of railroad enterprise.

The charter from Toledo, gave the Michigan Southern Company made it their duty to extend the Tecumseh Branch to the village of Jackson, (about 41 miles), situated on the line of the Michigan Central Road. This work the Company deferred until after the completion of their main line, when they caused surveys to be made and began the work, which was finished as far as Manchester (23 miles) in 1855; and it would have been entirely completed by this time, but for an injunction restraining the approach to Jackson, which, however, has recently been dissolved, so that the remaining portion will be finished by the 1st July. This branch will likely be extended as far north as Lansing, which is the State capital, by another company, when it will become a still more important feeder then it is already to the main line. Beside this, it may be stated that this Company has a branch of four miles from White Pigeon to Constantine; a branch from Baileytown, in Indiana, fourteen miles, to Michigan City, and a joint ownership with the Chicago and Rock Island Company of five miles of road entering Chicago.

The Directors of the Northern Indiana Company, in pursuance of their original plan of securing the best line of railroad that could be built between Toledo and Chicago, and for which they had at an early day obtained the corporate charter, under the Buffalo and Mississippi Charter, authorized a survey to be made in 1852. It appeared from this survey that such a road could be run between Toledo and a point in Indiana, varying in length not over 2 per cent from an air line. There were but few curves in the whole of it, and one stretch of 70 miles in length perfectly straight, while the maximum grade, going west, was but 24 feet in the mile, and going east, but ten. Under these circumstances, and with the certain prospect of reducing the distance between Toledo and Chicago, the road was commenced and finished in 1853. The whole distance was 130 miles, including ten miles from Elkhart to Goshen, already finished, and the Directors confidently expected that it would be complete by September of 1856. But they were disappointed in this expectation, owing to causes beyond their control, although they are now happy to say that it is now finished and will soon be brought into full operation.

According to the report of the Engineer, the work has proved more difficult of execution than was anticipated; the excavations were harder; large losses have been occasioned by the sinking of marshes; double the original width of clearing has been made; ballasting material has been found more expensive, while the seasons have shown themselves very unfavorable. Two sickly periods, and one very rainy one, have impaired the efficiency, and at times caused a temporary cessation of labor. The cost of the undertaking, in consequence of these drawbacks, to which may be added the increase of wages, and the fact that rails have been selling at higher prices than heretofore, together with the loss of interest growing out of the delays, will be considerably enhanced beyond what was at the outset contemplated.

The stockholders of this Company were apprised by a circular report of January 15, 1856, that an arrangement had been made for constructing a road from Toledo, by way of Monroe, to Detroit, by which our lines would be connected with the latter important city, and with the Great Western Railway of Canada. At the same time they were informed that the Directors considered this line of so much moment to the interests of this Company that they proposed, in order to encourage its construction, to take a permanent lease of the road, by guaranteeing an annual dividend upon its stock of 8 ₱ cent.

At the annual meeting of our stockholders in April, 1856, a resolution authorizing and requesting the Directors to enter into the proposed arrangement, was unanimously adopted. In pursuance of it a lease in perpetuity of the road from Toledo to Detroit was taken, on the condition of assuming the liabilities of the road for construction, and the payment of 8 ₱ cent dividend upon its full paid-up stock from the time of its completion. The work on the road has since been vigorously prosecuted, with a view to bring it into use at the earliest period; the contract for construction of the road has been let; and the Directors have great satisfaction in stating that the line between the Cities of Detroit and Monroe (38 miles) was opened for business on the 25th of December last. By this means a continuous track from the City of Chicago to the City of Detroit, operated by this Company and belonging to it, has been established. The residue of the line, from Monroe to Toledo (20 miles), will be finished in the course of the present Spring and previous to the 1st of July next. That they might insure the result, the Directors have made the requisite advance of money to cover the cost of the road thus far, holding as security therefor $1,000,000 of the first mortgage bonds, at 7 ₱ cent, of that road, and also $252,900 of its full-paid capital stock.

Owing to the unfavorable state of the money market during the past season, it was not found practicable to negotiate, at satisfactory rates, the stocks and bonds of the new line; yet the Company felt it to be their duty to press forward the work, and for that purpose incurred a debt which it is necessary to provide for.

We have omitted to record in its proper historical place, in order to state the fact in this connection, that in 1855 the Michigan Southern and Northern Indiana Companies became a single corporation, under acts passed successively by the Legislatures of the States of Ohio, Indiana, Illinois and Michigan, in which States their various properties existed. The articles of consolidation were executed on the 26th of April of that year, and were unanimously sanctioned and approved by the stockholders of the respective corporations. In this way a most desirable consummation was attained, and the owners of the several lines may now regard themselves as the possessors of a railroad which, beginning at a central point in the city of Chicago, passes around the head of Lake Michigan, through populous and fertile districts of four States, to terminate at the two most important centers of trade at the western head of Lake Erie. They will be, on 1st July, 1857, the possessors of 536 miles of iron way, thoroughly built, completely equipped, touching many opulent and growing towns, draining vast regions of production, and forming part of a trunk line, with numerous lateral connections, between the Atlantic Ocean and the Mississippi River.

The roads just enumerated are:	Miles.
Main Line, from Toledo,	242
Goshen Air Line (from Elkhart to Toledo),	132
From Toledo to Detroit,	38
From Adrian to Monroe,	37
Jackson Branch,	41
Branch to Constantine and Three Rivers,	12
Michigan City Branch,	14
Making, in all,	506

The station and freight houses, and the grounds connected therewith at the several depots along the line, and at the termini of the road, have been provided on a substantial and liberal scale. These buildings are many of them costly, and the grounds very valuable.

The station at Toledo occupies what is called The Middle Ground in the Maumee River, and covers 26 acres of ground, connected with the city by means of a bridge. About one million of dollars has been expended upon the improvements at this point, and a section of the road connected with it, about three miles in length; but when finished, the station will be one of the most extensive and complete in the whole country, and admirably adapted to the accommodation of the business which is there concentrated. It was deemed advisable, in locating and planning these grounds and buildings, to render them accessible to other important lines terminating or connecting at Toledo, and the object has been justified by the arrangements since entered into with them, which secures to this Company, in the form of an annual rent, interest upon a considerable part of the cost.

The lands connected with other stations have greatly increased in value during the last three years, and at Chicago particularly, where we have secured ample room, it may be estimated that this increase, since the purchase, has not been less than three hundred thousand dollars.

These roads pass through four States, Ohio, Michigan, Indiana and Illinois, having an aggregate population in 1850 of 3,935,000; they touch nineteen counties of those States, having in 1850 a population of nearly 500,000, and which must be quite double that now; and they have stations at nearly one hundred thrifty and well-peopled towns. They are directly connected with four important lines of railway, running south through Ohio and Indiana, and with all the railroads and steamboats diverging from Toledo, Detroit, Monroe and Chicago.

Our line of road is thus brought into immediate relation to hundreds of thousands of people, with all their varied industries and interchanges, and is enabled to command a large local traffic, which, profitable as it is at present, must increase with the increasing population and wealth of the country. But the local business is only incidental to the more extensive trade carried on between the seaboard and the almost immeasurable lands beyond the valleys. Before speaking of this, however, let us contemplate the present with the past, as a basis of conjecture for the future.

At the time our enterprise was begun, the railroad system of the United States was in its infancy. By casting an eye upon a map prepared for the year 1850, when our main line was barely connected, it will be seen that there was then no direct railroad connection between the East and West, some between the south bend of the two great lakes, no important channel of trade ending at Toledo, except the Erie Canal, and no vast ramification of roads and canals branching out from Chicago.

Those extensive districts of country lying to the west and north of that city were intersected only by common roads and a few inconsiderable streams. But by comparing the map as it appears in 1856, it will be seen what advances have been made in all these respects. The Canada line from Detroit to Niagara has since been constructed. The Southern Shore lines, running from Toledo through Sandusky, Cleveland and Erie to Buffalo, and connecting at these places with the trade of the lakes and with the magnificent railroad system of Ohio, Pennsylvania and New-York, have since been all completed. By these lines, which are but a continuation of the Michigan Southern and Northern Indiana Railroad, it is brought into direct relation with the Cities of Cincinnati, Pittsburgh, Baltimore, Philadelphia and New-York. When the Pine [illegible] extending west from Cleveland, by way of the Cleveland and Mahoning, the North-Western, the Pennsylvania Central and the Allentown and New-Jersey Central Roads shall be completed (nearly all of which are now in operation, and the remaining links are expected to be supplied within the ensuing year), our line will furnish the shortest possible route from Philadelphia and New-York to Chicago and the Mississippi. And this line will have the very great advantage of an unbroken gauge, which will enable freight to be sent without transhipment from the ocean to a point in the heart of Iowa, nearly 100 miles west of the Mississippi, and which, by the steady westward extension of the line, will soon reach the Missouri at Council Bluffs.

The many and important roads which have made Chicago the great railroad mart of the Northwest, have been constructed within the time in which our own was in progress. And of these roads, it is important to remark, that the greater part of them are tributaries to the Michigan Southern and Northern Indiana Road, and none of them, in any sense of the word, competitors. Of the great roads of the Northwest, Chicago is the common center—a city which, at the outset of our works, contained less than thirty thousand inhabitants, and which has now one hundred and twenty thousand—which then shipped annually but two millions of bushels of grain, and now ships twenty millions—which in 1850 had but 42 miles of railroad terminating in it, and which has now 2,933 miles, of which 2,075 may be called importing Railroads, which bring freight and traffic from the West and Northwest. Among these roads, conveying into Chicago the inexhaustible wealth of the interior, may be mentioned the Chicago and Rock Island, extending to the Mississippi, and by means of the Mississippi and Missouri Road tapping the central part of Iowa; the Chicago, Burlington and Quincy from South Iowa; the Illinois Central traversing the length of the State of Illinois; the Galena and Chicago, the Lake Shore, from Milwaukee; and the Chicago, St. Paul and Fond du Lac, which together bring the whole of Wisconsin, and the fine copper and iron regions of Lake Superior within range of our western terminus. Yet the prodigious growth of Chicago can scarcely be said to be peculiar; it is rather an example of the general advance of the West. Toledo and other cities exhibit a similar increase, and the entire region to which we look for trade and patronage, partakes of the onward movement.

There is no reason, therefore, to apprehend any diminution of the sources of supply to our road; on the contrary, there is every reason for believing that the almost unexampled rapidity of progress which has marked the past, will be accelerated in the future. Temporary cause, such as a general failure of crops, or a general prevalence of disease, might abate the prosperity of single years; but there are no causes with which we are acquainted, or which we can conjecture, likely to have such an effect for any connected series of years. As long as our country continues in the enjoyment of foreign and domestic peace, the physical developments must continue to improve. For it is to be especially remarked that the immense regions to which our road is so directly related, the States of Illinois, Iowa and Wisconsin (not to mention the older States of Michigan, Ohio and Indiana), and particularly the Territory of Minnesota, which will, during the present year, be organized into a State, and the regions about Lake Superior, are but just opening to settlement and labor, and have hardly begun to put forth their resources. Iowa was only made a State in 1846, and its population already must considerably exceed half a million. Wisconsin became a State the next year, and has a population of not less than 700,000, and Minnesota is rapidly filling up with people. All these districts possess the advantages of salubrious climates, the most fertile soils, a great variety of natural productions, both mineral and vegetable, facilities of access, and liberal provisions of government. The Lake Superior country, with which Chicago will be brought in immediate communication by the opening of the Chicago, St. Paul and Fond du Lac Railroad, is celebrated for its iron, its copper and its silver, and the resources of it are regarded as incalculable. The iron region alone—producing, as proved by scientific analysis and practical experiments, the finest iron in the world—extends, in a breadth of from fifteen to fifty miles, north and south, and more than one hundred miles east and west, and a single bed of it, according to the United States geological survey, is capable of "supplying the world for ages." Nor do the veins of solid copper promise less abundantly to the hand of enterprise.

Now, all these masses of wealth—the grain, the timber, the minerals, which seek a market in the great eastern centers of commerce—must pass, for an indefinite number of years to come, principally around the southern bend of Lake Michigan. There is no other mode for making a way outward, during one-half the year, when Winter shuts up the lakes. Nor is there any route of conveyance which is likely to divert from the Michigan Southern and Northern Indiana Railroad its full share of that immense traffic.

But those vast and fertile valleys of the Northwest are not merely grain fields and mining grounds; they are attractive centers of settlement; every year sends a powerful migration thither, and these emigrants, while they develope the resources of the country, draw supplies from the East. It is estimated that already 300,000 emigrants take up their abode annually in these regions. As the mining resources are developed this immense emigration must be enlarged. Manufacturing establishments will, of necessity, grow out of the mining operations. All the great West will look to the Lake Superior district for its supplies of iron and copper, and in a few years there will be gathered there a vast and thrifty population. In truth, it would seem rather like imagination than a fact of sober reality, were we to undertake to state in words the rapidity or the extent of the progress which must take place in the Northwest. In both directions, therefore, eastward and westward, the channels of communication and traffic will find a constant demand for their services.

Of those channels, our road is one of the two connecting the Lakes Erie and Michigan; it is the only one connected at the same time with the northern port of Lake Erie (Detroit), and with the southern port (Toledo), while it also terminates at a central port (Monroe); it is the only one having an unbroken rail connection with the same gauge, from the Mississippi River to the Atlantic Ocean; and it is the shortest one between Chicago, the great trading center of the West, and Philadelphia, New-York and other Eastern cities. In the activity and impatience of American enterprise, shortness of distance and quickness of return are controlling facts; but to this great advantage our road adds another, which is, that it stands in immediate connection with the south shore of Lake Erie, studded with important towns, and whither the immense trade between the East and West naturally tends, for the conveniences of the lake navigation during the season when it is practicable. Any one, by casting his eye upon a map, will see that Lake Erie is a common reservoir of trade for several of our largest States, and that the southern side of it is that on which are concentrated the large cities and towns.

Thus, in every aspect of the case the results of the great enterprise in which our Company has engaged, are quite sure to justify the original designs and the general course of subsequent management. Now that the heavy drain of construction has come to an end, and the future outlays will be confined mainly to interest on debt, dividends on stock, contribution to sinking fund, and the running expenses, while all the new roads and branches will be brought into productive operation, and thus every point of competition being covered, we may feel assured that the stockholders, as well as the public, will experience the benefits of the achievement to a larger extent than either of them have yet realized. In conducting to a successful completion such a varied and extensive undertaking, it cannot be doubted that mistakes of detail have been made—expenses incurred which might have been avoided, and opportunities missed which might have been improved; no scheme of human device and human management is perfect; the most sagacious minds cannot always detect the best means of arriving at ends, nor discover errors until they are shown by their results. This is true of all forms of government, from that of States to that of smaller corporations, and there is no wisdom nor prudence so large as to anticipate or obviate all evils. But in looking back over the seven years which have elapsed since the commencement of this enterprise, and within which time these extensive works have been begun and nearly completed, and considering what difficulties, intrinsic and external, have been overcome, what a mass of property has been created, how substantial the work, how generally the credit of the Company has been sustained, the returns which it has heretofore made to its stockholders, and how certain the promise of future fruits, we think that the Michigan Southern and Northern Indiana Railroad Company has reason to feel satisfied with what it has accomplished, and to present it, in entire confidence, to the favorable judgment of the public.

The Company owns three first-class steamers on Lake Erie, which run between Buffalo and Toledo. There is a large travel and business that will go through the lake, to draw which over our Railroad it has been found necessary to keep up this line of steamers, especially as a similar line is maintained by the Michigan Central Railroad Company, along the north shore of the Lake.

To keep up regular freight connections with the two great lines of railroads through the State of New-York, it has also been found necessary to secure regular lines of propellers between Toledo and Buffalo, and between Toledo and Dunkirk.

This trade by propellers through the lake has been found to produce a very liberal net income.

The Road was first opened for use from Lake Erie to Chicago in July, 1852. The gross earnings for each month since that time are shown in a table annexed.

The earnings of 1856 were reduced from what was anticipated by the loss of the steamer Northern Indiana early in the Summer, which broke up our regular line of boats, and much impaired our business. During the Fall of that year they show the effect of the difficulties which occurred upon the Erie Railroad, and which, for several months, seriously interfered with the prompt and regular transmission of passengers and freight by that line. The severe Winter of 1857 interfered much with the business of many of the Western roads, and from this cause, our line, in common with some others, shows for that period a slight diminution of earnings.

It will be borne in mind that hitherto the receipts have been derived only from the finished portion of the roads. The Goshen Line, the Jackson Branch and the Detroit and Toledo Road, all as yet unfinished, are now nearly completed, and have cost, in the aggregate, about the sum of $5,500,000.

These lines are soon to be brought into full use, and the investment therein made will then become productive. We do not doubt that they will add very considerably to our earnings.

Since the completion of the line to Chicago, regular semi-annual dividends have been paid to the stockholders, which, commencing January, 1853, and ending 1st February, 1857, have amounted in the whole to 50 per cent, being 37 per cent in cash and 12 per cent in stock, as follows:

1853, January.	5 per cent cash.
1853, July.	7 per cent cash.
1854, January.	10 per cent stock.
1854, July.	5 per cent cash. 7 per cent stock.
1855, January.	5 per cent stock.
1855, July.	5 per cent cash.
1856, January.	5 per cent cash.
1856, July.	5 per cent cash.
1857, January.	5 per cent cash.
—	37 — 12

This shows an average of over 10 ₱ cent ₱ annum for the entire time since the road was open to Chicago.

The stock of the Company is mostly held for investment, and is widely distributed among 1,278 stockholders. Most of this stock has been issued to the stockholders directly, and it has generally produced par to the Company. The stock has been increased consistently since the date of the last report. This increase is accounted for by the fact that within the last few months new issues have been made for the purpose of paying the last dividend (the earnings of the Company having been appropriated to construction), and to meet other financial wants of the Company. $500,000 of the Funded Debt matured and was paid in April. The books of the Company show that the total discount loss which the Company has sustained in the issues of its stock of nearly eight and a half millions of dollars, amounts to less than ½ ₱ cent upon the average. In other words, the Company has actually received more than $98 upon an average, for each share of its stock already issued, and the statement of dividends herewith made, shows that it has been productive property for the stockholders.

The Board has caused full examinations to be made into the state of the stock and bond accounts, and general accounts of the Company; and the reports of the various Committees of Examination are appended hereto, showing that the accounts are correct.

The sinking fund established for the redemption of the bonded debt, has enabled the commissioners to purchase $143,000 of the bonds, which are now held by them.

The financial statement shows, among the assets of this Company, its own securities, and stock of the Detroit, Monroe and Toledo Road, to the amount of $347,913 83. It also embraces about $100,000 of the bonds of the Detroit, Monroe and Toledo Road, as a debt of this Company. In pursuance of a vote of the stockholders, in April, 1856, this Company has taken a permanent lease of the road from Toledo to Detroit, and has guaranteed the payment of an annual interest upon its stock, and the payment of principal and interest of its bonds. For all practical purposes the road is, therefore, to be regarded as a part of the property of this Company, and its debt as our debt. Having made the necessary advances for its construction, this Company has received stock of that Company to the amount shown in the statement, and also $1,000,000 of its first mortgage bonds, of which about $900,000 are still unsold.

The stockholders have also authorized the Board to guarantee the payment of $300,000 of the first mortgage bonds of the Cincinnati, Peru and Chicago Railroad Company (the mortgage thereon being for only $10,000 per mile), whose line of road intersects ours, at Laporte, and forms a valuable connection for the Cincinnati business. This guaranty has been given, and forms a contingent liability. The road, however, is completed and in successful operation from Laporte to Plymouth, and has paid the interest upon the bonds due to this time; and we have no reason to doubt that it will continue to provide for the interest and for the principal of the debt.

With these exceptions, both regularly authorized at an annual meeting of the stockholders, and both for its manifest interest, this Company is not liable in any form for the obligations of any other Company.

This Company owns stocks of other Companies, which have cost $350,620 74, and bonds of other Companies costing $256,300. The arrangements made for the purpose of securing favorable business connections with other Companies, which have resulted in this ownership of their securities, were made in 1854, and were mentioned in the circular report made by this Company in that year. Although these securities are not now available for sale, it is believed that nearly all of them are good, and that they will ultimately secure a return to the Company of its advances. The bonds and mortgages, and the bills receivable shown in the statement, amounting together to $945,246 69, are, with trifling exceptions, believed to be entirely good. A portion of the amount may be realized soon—but most of it will not be due for some time, and is not, therefore, at present available.

The Company is unwilling to sell the $900,000 of Detroit, Monroe and Toledo bonds, and the remaining Sinking Fund bonds at present prices.

It results from the foregoing statements that it is necessary to provide some other mode of meeting the floating debt of the Company.

After full consideration, the Board, in compliance with authority given by the stockholders at their last annual meeting, have determined to create and issue a guaranteed construction stock to the amount of $3,000,000, entitled to dividends at the rate of ten per cent per annum, like the 8 per cent Construction Stock heretofore issued by the Company, except in the rate of dividend.)

The stock now offered will be entitled to dividends in cash, payable semi-annually in New-York, on the first days of June and December. The first dividend will be payable on the first day of December next.

This stock has been awarded by the Board, pro rata, among the stockholders who shall be such at the close of business on the 20th day of May inst. The stock is awarded at its par value of $100 per share, payable $50 per share in cash, and $50 per share in the general stock of this Company at par. The cash payments are required to be made—$15 per share on or before the 20th of May inst.; $20 per share on or before the 5th day of June, and $15 per share on or before the 20th day of June next. Payments may be made at any time sooner than above stated, at the option of stockholders. Proper receipts will be issued for all partial payments made, and interest at the rate of TEN ₱ cent per annum will be allowed upon all cash payments made prior to these dates. Stockholders who may be such on the 20th day of May inst., will be entitled to receive the guaranteed stock in the proportion of four shares of guaranteed stock for every ten shares of the general stock held by them (and in the same proportion for a greater or smaller amount), at any time after said 20th of May, upon complying with said conditions.

In case any portion of the guaranteed stock is not applied for by the 20th day of May by the parties entitled thereto, the same will be awarded by the Company upon the same terms to other parties, stockholders or others, who may first apply for and pay for the same.

In order to enable the stockholders not resident in America to participate in the subscription, the proportion of such guaranteed stock to which they may appear to be entitled, will be reserved for them by the Company until the 20th day of June next, and will then be distributed to them upon the same terms, if applied for by them, otherwise it will be disposed of to other parties.

This issue of stock upon the terms stated would yield to the Company $1,500,000 in cash, and $1,500,000 in the general stock which would be then cancelled. The result may be thus stated:

The present amount of outstanding stock is	$8,499,100
For the purpose of illustration call it, in round numbers,	8,500,000
There would be retired of the common stock	1,500,000
Leaving the common stock	$7,000,000
And there would be of the 10 ₱ cent guaranteed stock	3,000,000
Making a total stock of	$10,000,000
The bills payable, including contracts on time, for rails and locomotives are	$2,279,099 45
And other loans	161,400 00
Total	$2,440,499 45
The cash payments on the proposed stock issue would amount to	$1,500,000 00
Thus reducing the floating debt to	$940,000 45

And the Company would be left in possession of its general assets as shown in the statement, beside about $250,000 of sinking fund bonds, and about $800,000 of the Detroit, Monroe and Toledo bonds unsold.

It is believed that these assets and securities could then be converted as fast as would be necessary to meet the wants of the Company.

The Board, therefore, consider that the sale of this guaranteed stock upon the terms of payment proposed, will provide all the means necessary to place the finances of the Company in a perfectly sound condition.

And it will be seen that it proposes to do this *without any sacrifice* to the Company. For whatever may be the present price of our shares, depressed at the moment to an unprofitable degree by accidental and entirely temporary causes, they are worth par for the Company. The Company has received nearly par for the total amount of its stock now outstanding, and it has heretofore paid, and expects for the future to pay, liberal dividends upon its par value. It is, therefore, entirely proper for the Board to agree to receive it at par, in part payment of the stock proposed to be issued.

While by this means we propose to provide the sum of $1,500,000 in cash, without sacrifice, it will not be forgotten that the ordinary mode of raising new means by the creation of bonded debts, and by the sale of the securities at the customary discount, would involve a very large sacrifice in providing that sum of money. We do not consider that the exigencies of the case warrant this course, or that the Stockholders of this Company would justify it.

By far the greatest part of the stockholders have been interested in the Company for years; and, so far as the books of the Company furnish evidence, they hold the stock as an investment.

They look therefore to its capacity to pay permanently liberal dividends, and they would avoid, on the final decree to do, any unnecessary sacrifice of their property. Among the 1,278 names which compose our share list, we find an array of wealth and strength which satisfy us that the stockholders are abundantly able to make the advances which are necessary to protect their own property from unnecessary sacrifices.

For these reasons we have adopted the plan which we now present to the stockholders, and by which we offer to them in preference, the right to take, *pro rata*, the 10 ₱ cent guaranteed stock which we have resolved to issue.

If, however, for any reason, any of the stockholders are not prepared to take the proportion of such stock to which they are entitled, we shall dispose of it on the same terms of payment to other stockholders, or other parties.

We do not doubt that a stock of this Company, to the extent of $3,000,000, upon which the payment of 10 ₱ cent dividends ₱ annum is guaranteed (with a right to a *pro rata* share of all dividends over 10 ₱ cent ₱ annum), will be eagerly sought for and taken. The Company has paid over 13 ₱ cent ₱ annum upon the average, upon its entire amount of stock, since the opening of the line to Chicago; and, with its new lines which are just being completed, and upon the eve of being brought into full operation, it cannot be reasonably doubted that its gross earnings will be very considerably increased. A guaranteed stock, therefore, of this limited amount, payable in the manner stated, and securing such liberal returns, must be regarded as one of the most desirable investments within the reach of capitalists.

Books of subscription for the $3,000,000 of guaranteed stock are opened at the office of the Company, at New-York, and stockholders and others who desire to subscribe are requested to do so in person or by letter, prior to the 20th day of May inst.

By order of the Board.

EDWIN C. LITCHFIELD, President.

New York, May 6, 1857.

GENERAL STATEMENT, *Michigan Southern and Northern Indiana Railroad Company, May, 1, 1857.*

Construction, including Jackson and Goshen Branches, and Erie and Kalamazoo Railroad	$12,589,443 84
Equipment	1,593,881 21
Detroit, Monroe and Toledo Railroad	565,718 48
Steamboats	462,165 55
Propellers	51,419 60
	$15,257,628 68
Materials on hand, wood and iron, $120,959 81; In store and shops, 125,247 71	$246,207 52
Stocks owned by the Company—Detroit, Monroe and Toledo Railroad, and Michigan Southern and Northern Indiana Railroad	$347,613 83
Stocks of other Companies	350,620 74
Bonds owned by the Company	556,300 00
Bonds and Mortgages	49,214 29
Bills Receivable	315,630 40
	$1,447,479 26
Due from Superintendent and Agents on adjusted running accounts, and Cash in hands of Cashier on line of Road	$450,642 29
Sundry Balances of Account due Co.	168,966 15
	$619,608 44
Cash in Bank at New-York	134,146 43
	$17,705,070 33
Capital Stock: General Stock	$8,529,100
Construction Stock	131,000
	$8,499,100 00
Bonds: Income, 1857	$10,000
Michigan Southern, 1860	993,000
Northern Indiana, 1861	985,000
Erie and Kalamazoo, 1862	300,000
Michigan Southern, 1863	332,000
Northern Indiana, 1863	359,000
Jackson Branch, 1865	222,000
Goshen Branch, 1866	1,372,000
Sinking Fund, 1873	2,226,000
Total	$6,799,000
Less Bonds purchased and held by Commissioners of Sinking Fund	143,000
	6,656,000 00
Bills Payable, including: Contracts for iron, maturing in 1858, and for Cars and Locomotives	2,279,099 45
Other Loans	161,400 00
Due Commissioners of Sinking Fund	1,014 04
Detroit, Monroe and Toledo R. R. Bonds, guaranteed by this Company, due 1876, payments on account of	101,566 00
Dividends and Interest on Bonds uncalled for	15,593 38
Interest on Bonds uncalled for	3,650 00
Due by Company to sundry persons	1,000 00
Income account	23,102 69
Total	$17,705,070 33

J. M. HOPKINS, Secretary.

The subscribers, a Committee appointed by the Board of Directors of the Michigan Southern and Northern Indiana Railroad Company, hereby certify that they have examined the assets of the Company as set forth in the above general account, and find the same correct, and in the possession of the Company.

New-York, May 5, 1857. JNO. A. C. GRAY, J. H. RANSOM, W. B. WELLES, } Committee.

The subscribers, a Committee of the Board of Directors of the Michigan Southern and Northern Indiana Railroad Company, hereby certify that they have carefully examined the bond account of the Company upon the books, and also the bonds which have been returned and canceled, and that the bonds issued by the Company appear to be each duly entered on the books and accounted for, or remaining in the hands of the Treasurer, and that the bond accounts appear to be correct.

New-York, May 5, 1857. W. B. WELLES, HENRY KEEP, E. MORRISON, } Committee.

The subscribers, a committee of the Board of Directors of the Michigan Southern and Northern Indiana Railroad Company, hereby certify, that they have carefully examined the stock accounts of the Company, and the accounts of the individual stockholders, and that they find the aggregate of shares standing to the credit of individuals corresponds with the balance of the stock account on the general ledger; and that the accounts appear to be correct.

HENRY KEEP, W. M. VERMILYE, W. B. WELLS, } Committee.

New-York, May 5, 1857.

EARNINGS *of the Michigan Southern and Northern Indiana Railroad Company.*

1852.	Passenger and Mail.	Freight and Miscellaneous.	Total.
July	$57 819 15	$23,211 64	$81,030 79
August	66,918 69	28,188 98	95,108 67
September	71,833 23	46,972 02	118,805 25
October	82,026 62	52,051 46	134,747 48
November	45,088 99	60,510 72	105,599 11
December	33,960 11	26,269 79	60,229 90
Total	$358,515 59	$237,205 61	$595,521 20
Jan., 1853	$34,040 41	$16,159 92	$50,200 33
February	42,752 63	16,157 39	58,890 02
March	66,975 61	20,163 67	87,144 28
April	77,815 69	34,079 21	111,894 90
May	86,547 75	61,777 35	148,325 10
June	96,560 82	52,255 37	148,946 19
July	79,730 43	35,502 43	115,232 86
August	95,173 09	60,225 09	155,398 48
September	126,874 10	70,646 89	197,520 99
October	144,636 72	78,739 24	223,375 96
November	111,710 97	53,914 79	165,625 76
December	82,048 88	26,327 45	116,376 33
Total	$1,045,067 49	$529,113 80	$1,573,181 20
Jan., 1854	$58,254 33	$30,070 99	$88,325 32
February	65,066 38	29,790 70	93,797 08
March	107,779 51	41,807 43	149,586 94
April	125,347 08	44,486 57	169,833 65
May	153,065 33	74,312 47	227,377 80
June	150,436 83	64,096 29	214,534 82
July	97,219 54	46,128 09	144,542 63
August	104,010 07	63,704 94	167,715 01
September	158,512 29	66,882 81	225,401 81
October	224,974 52	67,172 34	292,146 86
November	168,322 34	65,434 48	233,756 82
December	95,948 91	55,544 26	151,493 17
Total	$1,508,878 74	$649,433 17	$2,158,311 91
Jan., 1855	$71,893 05	$48,268 32	$120,171 37
February	66,560 81	41,182 58	107,743 39
March	158,174 56	73,439 83	231,614 69
April	163,235 10	82,892 05	246,127 15
May	174,542 67	96,428 07	270,970 74
June	149,961 91	98,408 80	248,370 71
July	104,754 69	48,901 85	153,656 52
August	124,423 46	72,521 20	196,944 66
September	161,498 62	75,391 24	236,889 36
October	221,366 85	121,662 78	343,029 63
November	159,170 95	101,394 13	260,565 08
December	114,030 10	93,516 92	207,547 02
Total	$1,641,692 47	$954,027 75	$2,595,630 22
Jan., 1856	$84,935 43	$68,099 61	$153,035 00
February	74,255 41	59,504 47	133,759 88
March	125,222 92	74,785 94	200,008 86
April	196,262 69	97,471 94	293,734 63
May	166,703 55	82,161 52	248,865 07
June	146,867 72	78,671 39	225,038 11
July	121,011 38	55,656 78	176,668 16
August	121,279 06	97,906 07	219,185 13
September	178,966 65	108,178 37	287,145 02
October	191,020 93	135,707 76	326,728 69
November	131,743 08	114,408 59	246,151 67
December	104,371 41	100,705 66	205,077 07
Total	$1,642,160 28	$1,072,688 10	$2,714,848 38
Jan., 1857	$68,589 54	$48,686 15	$117,275 69
February	70,521 96	45,585 17	116,107 13