

## APPENDIX No. 1

Muskegon the past year, increasing and improving the service to Oceana county and points beyond in direct connection with your system.

In the immediate system owned by the Citizens' Telephone Company and the systems in which it has a large or controlling interest, there are to-day in excess of 25,000 telephones in service. Surely this is a wonderful growth of an enterprise which began in such modest and unpretentious manner but ten years ago, and which has provided service but a month more than nine years. The elements of this service outside of your immediate corporation have each and all grown because of its example, one might almost say from it. At the time when your company began service, July 1, 1896, there were in the entire State of Michigan but few more than 13,000 telephones in operation. A consideration of these figures conduces to a just pride in the work accomplished, and more especially when it is remembered that many points now have service which had none then, many other points have exchange service which had nothing but long-distance service then, and the character and quality of both exchange and long-distance service have been improved in almost equal ratio with the increase in service indicated; and still the demand for service throughout the region identified with this movement seems to be growing rather than lessening, and once the telephone is established in business or residence service it is not often dismissed.

Aside from the introduction of the automatic service in Battle Creek, already mentioned, semi-automatic service has been installed at a considerable expense at Traverse City and Cadillac, very greatly increasing the capacities of the switchboards in these towns, and materially bettering the service. In a considerable degree the innovation of such service is due to the ability and inventive genius of Mr. Edmund Land and Mr. C. E. Tarte, of this company, and may be said in a way to mark an epoch in the art of telephony in this country.

Just before your meeting a year ago the purchase of another thousand, the sixth, of automatic switches for your Grand Rapids exchange had been made, and that thousand switches was received a little after your meeting, was promptly installed, and now is substantially all in service. So rapid has been the growth of the Grand Rapids exchange that still another thousand, the seventh, of switches has been bought, delivered, and the installation is nearly completed. This development and expansion of your Grand Rapids exchange is one of the salient facts in the explanation of the necessity for the continued selling of the stock of the company, and tells why still more money is and will be needed. You should visit the switchboard room and examine the visible evidences of this expansion.

A year ago the total amount of stock outstanding on the 1st of July, as above stated, was \$1,609,280, while the amount outstanding on the 1st of July, last, was \$1,910,985, a net increase of \$301,705 during the year. The sales in July have been considerable, and there is now but little more than \$60,000 treasury stock remaining unsold; and with the growth of the system continuing quite as rapid and considerable as at any time in the history of the company, as the facts already stated show, it is evident that still another, the seventh increase of the authorized capital stock must be made. Your directors have already, after consideration of this subject, decided to recommend that suitable action be taken without unnecessary delay, and the formal steps thereto will be announced soon.

You will be interested in knowing the number of stockholders and the location as at present known. In giving you these figures as to stockholders, the total number of persons actually investors in your company is not actually shown, for in cases of joint or collective ownership of a certificate of stock, and such cases are numerous in your corporation, the holding is considered as representing but one stockholder. The total figures of persons immediately interested are undoubtedly more than two hundred larger than the statistics present. Of the total of 1,605 stockholders, 1,068 are residents of this city, 409 are residents of Michigan, outside of Grand Rapids, and 128 are residents of thirty-three states and countries other than Michigan. Of the stock now outstanding in round figures \$1,330,000 is owned by Grand Rapids peo-

Mr. J. B. WARE.