of the Schuylkill coal field, is now being constructed.

The map annexed to the report of the Chief Engineer exhibits the extent, location and connections of all of these several roads, as well as of the other railroads now owned, leased or controlled by this Company, and the tabular statement accompanying the map shows that the aggregate lengths of all of these railroads, including sidings, amounts to 1,151 miles of single track road.

As the system of railroads, projected some years ago, approaches completion, there is no reason to doubt the wisdom of the policy which suggested its construction. On the contrary, the experience of the past year, if it will serve that the effect of their construction has been to render settlements in almost the entire territory of the southern and middle coal fields, and if a supply of cars sufficient to carry away the product of the mines is hereafter maintained, and the indispensable and moderate rates of transportation offered to the trade, the Company can rely with confidence upon the individual enterprise and energy of the coal operators as sufficient at all times to furnish a large and constantly increasing amount of tonnage.

The new roads constructed and acquired outside of the coal fields are either important links in our feeders or, the line of road extending from Martinsburg to Alleghany, now owned or controlled by the Company, over which passes very large portions of traffic between New York city and the West, or are designed as tributaries to the main line, especially valuable as contributing a large quantity of iron ore to the tonnage of the Company's road.

Next in value to the coal traffic, the iron interests of the Schuylkill Valley claim the attention and deserve the protection of the Company; and the wisdom of the policy which for the past few years has been exercising an unlimited supply of iron ore for consumption along the main line of the road will be fully justified by future results. The Schuylkill Valley branch, the East Pennsylvania railroad, the Reading and Columbia railroad, and the Catskill coal and iron railroad drain regions containing inexhaustible supplies of iron ore in immediate proximity to coal, is found in great abundance along the line; in the rich agricultural valleys of Montgomery, Lancaster, Chester, Lehanon and Dauphin counties, and in all the counties of Pennsylvania, and in any other portion of the State, the resources of the very best quality of iron for smelting, puddling and heating purposes will always be in demand, and in any other year, and it is believed that there is not at present a more profitable investment, nor one possessing greater advantages for the manufacture of iron than the valley of the Schuylkill.

The rolling mill of the Company at Reading has turned out during the year 19,000 tons of the established, or which amount but two and a half tons have been worn out and removed from the track. Out of the 8,871 tons of rails made at the Company's mill and laid in the main line, one hundred and eighty tons have up to this time been taken up and replaced for re-rolling. While the rails thus manufactured have cost the Company an average of less than one hundred dollars per ton, the result in their wear, when subjected to the heavy and large tonnage, proves the superiority of their construction.

During the last year two steam colliers of about 600 tons burthen each were purchased by the Company, and are now engaged in transporting coal from Richmond to Baltimore and Boston, and three of 1,000 tons burthen and two of 600 tons each, are now under contract, and will be ready for the trade early in the present year.

A large amount of real estate has been bought during the year, principally situate at Richmond and on Willow street, in the city of Philadelphia.

During the year just closed rolling stock of the value of $1,162,386.52 has been added to the property of the Company, as follows:

1,626 eight-wheel cars, built by the Company,	$606,736.07
16 first-class engines, built by the Company,	116,760.09
In all kinds of engine, built by the Company,	4,151.65
10 freight engines, bought of M. Baird & Co.,	142,000.00
1293 cars, bought of East Pennsylvania Railroad Co.,	92,136.72
14 first-class engines, bought of East Pennsylvania Railroad Co.,	140,600.00
Total,	$1,162,386.53

The statements accompanying this report will show the details and extent of property acquired by the Company during the year; of the entire amount of $8,455,070.67 has been charged to capital account, $859,205.78 has been charged to income account, and the balance of $7,595,864.89 is included in the items embraced under the head of assets in the general balance sheet.

It was the policy of the Company from the commencement of their work with the plain six per cent. bonds of the Company, and during the early part of the year the contractors of several of the branch roads received the amount of their monthly estimates in such bonds. It being discovered, however, that the necessities of the contractors frequently compelled them to sacrifice these securities at less than their nominal value, the Company, with a view to place all work in cash, and to furnish the means to do so by a loan to be negotiated by the Company itself. Since the first of June, therefore, all payments to contractors have been made in cash, furnished temporarily out of the cash, furnished temporarily out of the dividend fund. To reimburse this fund, and at the same to provide means to prosecute the new work and to supply additional rolling stock during the years 1870 and 1871, a loan was negotiated, at par, with the coupon bonds, dated $5,000,000 of which, payable in twenty years, and convertible at the option of the holder into stock at par at any time after issue; and the other half, convertible at par at any time after the 1st of January, 1872, of this loan the sum of $1,000,000 will be issued to replace that amount of the past year's earnings used for construction of new work; $2,000,000 will be furnished and expended during the year 1870, and the remaining $1,500,000 during the year 1871, for new rolling stock and for the completion of work now in progress or contemplated to be placed under construction; and hereafter the earnings of the Company can be appropriated to the payment of semi-annual cash dividends.

To any one who has examined the capital stock of the Company, the statement, that the seventeen lines, it will be a sufficient answer, that the Company has been so secure perpetually a great and ever-increasing tonnage for the road.

A railroad Company owning a property-case strained and well-equipped line of road, connecting two large cities, and relying solely for its business upon the traffic interchanged between them, and the wisdom of the policy which for the past few years has been exercising an unlimited supply of iron ore for consumption along the main line of the road will be fully justified by future results. The Schuylkill Valley branch, the East Pennsylvania railroad, the Reading and Columbia railroad, and the Catskill coal and iron railroad drain regions containing inexhaustible supplies of iron ore in immediate proximity to coal, is found in great abundance along the line; in the rich agricultural valleys of Montgomery, Lancaster, Chester, Lehanon and Dauphin counties, and in all the counties of Pennsylvania, and in any other portion of the State, the resources of the very best quality of iron for smelting, puddling and heating purposes will always be in demand, and in any other year, and it is believed that there is not at present a more profitable investment, nor one possessing greater advantages for the manufacture of iron than the valley of the Schuylkill.

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