

Believing that my paper has been fully vindicated, I remain, &c.

F. C. LOWMEYER,
Trenton, N. J.

January 16, 1871.

Philadelphia and Reading Railroad.

At the annual meeting of the stockholders of this company, held in Philadelphia on the 9th inst., the following report was presented:

To the Stockholders of the Philadelphia and Reading Railroad Company:

The managers submit the following report of the receipts and expenditures for the year ending November 30, 1870, together with the Treasurer's general balance sheet, exhibiting the financial condition of the company at that date.

The following tabular statement in detail for each branch of traffic shows the comparative results of the year:

	1869.	1870.	pr. cf.
Per passenger.....	\$1 44.0	\$2 70.1	1.8
Merchandise, per ton.....	59.7	1 11.0	1.8
Coal, per ton.....	88.8	1 98.9	1.8
Travel.....	435,754	446,328	1.8
Merchandise.....	1,422,738	1,754,943	1.8
Coal.....	4,239,457	3,750,990	1.8
Mail.....	29,170	34,242	1.8
Miscellaneous.....	69,342	142,271	1.8
Gross receipts.....	\$11,208,381	\$9,571,367	14.6
Gross expenses.....	6,876,313	6,508,786	5.3
Net profits.....	\$4,332,068	\$3,062,581	20.3
Gross expenses including renewal fund, rents of lateral roads, taxes, &c., in the year 1869 were 68 35-100 per cent. of gross receipts.		\$3,062,581	20.3
Gross expenses, including renewal fund, rents of lateral roads, taxes, &c., in the year 1870 were 68 per cent. of gross receipts.		\$3,062,581	20.3
The receipts and expenses per passenger and per ton have been as follows:			
Cost, 1869.....	\$1 44.0	\$2 71.7	
Received, 1869.....	59.7	1 11.0	
Cost, 1870.....	88.8	1 98.9	
Received, 1870.....	1 11.0	2 70.1	

In this statement and in those of a similar character which have appeared in previous reports of the company, the amounts representing the cost per passenger and per ton of merchandise and coal respectively, include only such expenses as appear in the transportation and income account under the heads of running account, workshop account, depot account, superintendence account and roadway department—the latter embracing bridges, buildings, machinery, Richmond wharves, police and sundries—and do not include the items under the several heads of drawbacks and allowances, rents and ground rents, &c., renewal fund and interest on bonded debt, and on bonds and mortgages; and in ascertaining the cost and receipts per ton of coal, the divisor used has been the aggregate coal tonnage of the main line only. To exhibit the actual cost of these several items of traffic, including all the disbursements of the company shown under the heads last named, and

to show the average cost and receipts per ton of coal, calculated as well upon the coal tonnage of the main line only, as upon the entire coal tonnage of the company, the following statements have been prepared:

1. Including renewal fund, rents of laterals, taxes, interest, &c., and based upon coal tonnage of main line only:

	1870.
Per passenger.... cost	\$1 84.8 received \$2 70.1
Mdse., per ton.... cost	68.1 received 96.3
Coal per ton.... cost	1 35.2 received 1 73.3

2. Including renewal fund, rents of laterals, taxes, interest, &c., and based upon entire coal tonnage of the company on main line, and on the branches or laterals:

Per passenger... cost	\$1 84.8 received \$2 70.1
Mdse., per ton... cost	68.1 received 96.8
Coal, per ton... cost	1 09.5 received 1 40.3

In all of these statements it must be borne in mind that the entire cost of working the road, renewal, interest, &c., is charged against passenger, merchandise and coal traffic, leaving nothing to the debit of the receipts from mail and miscellaneous service.

The result of the year's business, as condensed from transportation and income account, may be stated thus:

Receipts over cost of working the road.....	\$3,062,581 70
Add balance of interest account, &c.....	\$221,718 08
Less draw'cks on traffic of 1869.....	\$71,692 37
Loss on busin's of Schuylkill Canal as below.....	11,973 88
	<u>88,666 25</u>
	\$188,051 88

Amount to credit of reserved fund 1869.....

Amount of United States tax on dividend of Jan., 1870, deducted from income in last report, which was not paid and which, by decision of U. S. Circuit Court, is not due.	110,828 48
	<u>784,571 80</u>

Amount heretofore deducted from income for account of sinking fund of loans, now all either converted into st'k or cancelled. \$636,050 60

Less other sinking funds over invested.....	148,713 01
	<u>492,337 59</u>
	\$4,427,542 92

From which deduct—	
Debit balance of renewal fund.....	\$56,204 67
Interest on bonded debt	517,747 00
Interest on bonds and mortgages.....	65,426 68
Sinking funds.....	68,600 00
	<u>707,978 30</u>

Dividend fund of 1870.....

Out of which has been paid in July, 1870:	
Five per cent. dividend on \$30,401,600 28.....	\$1,520,080 01
United States & other taxes, do.....	123,179 56
	<u>1,643,259 57</u>
	\$2,076,305 05

There has been declared a dividend payable in cash on the 27th of December, 1870, of 5 per cent. on the preferred and common stock

\$31,411,600 28.....	\$1,570,580 01
State tax.....	78,429 00
	<u>1,649,109 01</u>
	\$427,196 04

From this deduct the following sums for new work, the aggregate of which is charged against income account as representing the average gold premium upon the amount of the convertible 7 per cent. bonds of the company issued upon a currency basis during the year:

New tracks and sidings, main line.....	\$158,770 11
New tracks and sidings, laterals.....	27,522 93
New bridges.....	5,145 98
New depots.....	19,727 55
New retaining wall Mt. Carbon and Port Carbon Railroad.....	11,667 51
New hoisting and dumping machine at Richmond.....	2,447 75
	<u>225,281 47</u>

Balance of reserved fund.....

	\$201,914 57
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During the year just closed the coal traffic of the company was very seriously diminished in consequence of the protracted suspension of mining operations in the first and second coal fields. For two weeks in the month of March, and for the entire period between April 1st and August 1st, there was an almost total cessation of transportation of anthracite coal, and out of the forty weeks constituting the shipping season of 1870, fully one-half was lost to the company, to the coal operators, and to the workmen themselves.

Nearly all the miners and laborers of the several anthracite coal fields of Pennsylvania, are united in an organization known as the Workingmen's Benevolent Association, the avowed object of which is to protect its individual members, by securing a uniform rate of wages, based upon, and rising and falling with the market price of coal. In the year 1869 the three transporting and mining companies of the Wyoming and Lackawanna regions refused to pay their workmen upon any basis of wages that would be affected by the price of the commodity, and a disagreement between the operators and the workmen of the Lehigh region occurring at the same time, the result was the protracted strike of 1869, which continued for five months in the Wyoming, Lackawanna and Lehigh coal fields. Pending this strike the operators and workmen of the first and second coal fields agreed upon a basis of wages under which work was resumed in all the regions depending for an outlet upon the roads of this company, and the large tonnage of 1869 was obtained. The rate of wages thus agreed upon that year was based upon \$3 per ton of coal at Port Carbon as the minimum price, and recognized the right of the workmen to be paid upon this \$3 basis, no matter how much lower the market price of coal would fall. As the supply in 1869 was very much curtailed by the suspension in the other regions, the price of coal was high, and the operators, taking advantage of the idleness of their competitors, were enabled to pay wages upon this basis and realize some profit from their business; but at the opening of trade in 1870, after the companies and operators of the other regions had either compromised with their men or accepted the terms of the basis, it became evident that the high rate of wages which prevailed in Schuylkill, Northumberland and Columbia counties in 1869 could not be paid by the operators, for it was well known that if all the coal fields were producing largely the average price of coal at Port Carbon would not exceed from \$2 25 to \$2 50 per ton, and that if wages at the \$3 basis of 1869 were paid, the cost of the coal at Port Carbon would not exceed the market price.

Under these circumstances the coal operators' association, known as the Anthracite Board of