

however, involved in the matter a choice of evils, and it is thought that by the election of the lesser, the revenues of this Company, from its connection with that road, will be somewhat increased. A condition of the contract with the Wrightsville, York and Gettysburg Railroad Company, is that it should issue to this Company its bonds bearing six per cent. interest, and payable in fifteen years, for the amount of its indebtedness to this Company. Of these bonds \$100,000 have been received and are available to this Company.

The true policy of this Company in working the York and Cumberland Railroad—a very important connection—is believed to be to seek a simple indemnity for the actual cost to this Company of running its stock over that road; but there is little doubt that the contract, now in existence between the two Companies, has involved loss to this Company. The subject of a new contract is now up before the Boards of the two Companies, and it is hoped their deliberations will result in an adjustment, according to this Company all that it seeks—a simple indemnity. These subjects—the contract between this Company and the Wrightsville, York and Gettysburg Railroad Company, and the contract between this Company and the York and Cumberland Railroad Company—have been referred to as other sources in addition to those previously named, from which this Company might expect some additional revenue. Believing then that the revenues of the Company may be expected to increase considerably during the present fiscal year, it is my opinion that the turning point in the destiny of the Company has been reached, and there is certainly a resemblance of a basis for an earnest hope that the Company might hereafter be enabled to fulfil its engagements to the State, as to the payment of the yearly interest, if no more.

The opinion I have expressed of the future ability of the road to meet its engagements to the State, pre-supposes that no extended improvements or enlargement of its capacity be proposed. It is, however, my belief that the present capacity of the Baltimore and Susquehanna Railroad is by no means adapted to commensurate with its destiny. Even for the accommodation of the business which will reach it from its present connections, under its natural increase, the present capacity of the road would in a very few years be found utterly inadequate. But it is known to you that the Susquehanna Railroad, running up the valley of the Susquehanna, and extending from Bridgeport on the south, the present terminus of the York and Cumberland Railroad, to Williamsport on the north, is now under contract, and will in the course of a year or two, present to us a connection throughout its whole length with the western slope of those great Pennsylvania Coal Fields, which, from their eastern slope, now furnish to the Reading Railroad, and the Canal by its side, many millions of tons of coal, and which in its distribution gives employment to an amount