thence by the way of the Aqua Frio, or other suitable pass, to the head waters of the Colorado Chiquito; and thence along the thirty-fifth parallel of latitude, as near as may be found most suitable for a railway route, to the Colorado River, at such point as may be selected by said Company for crossing; thence by the most practicable and eligible route to the Pacific. The Company was also granted the right to construct a branch from the point at which their road strikes the Canadian River, eastwardly along the most suitable route, as selected, to a point in the western boundary line of Arkansas, at or near the town of Van Buren.

The Company was granted the right of way through all the public lands, together with authority to take from the public lands adjacent to the line of the said road material of earth, stone, timber, &c., for the construction thereof. And there was granted to the Atlantic and Pacific Railroad Company, its successors and assigns, for the purpose of aiding in the construction of the said railroad and telegraph line to the Pacific Coast, and to secure the safe and speedy transportation of the mails, troops, munitions of war and public stores over the route of said line of railway and its branches, *every alternate section of public land not mineral, designated by odd numbers, to the amount of twenty alternate sections per mile, on each side of said railroad line, as said Company may adopt through the territories of the United States, and ten alternate sections of land per mile on each side of said railroad wherever it passes through any State*. It was provided, that should not the title to any of the lands thus granted be found in the United States, then in such case, other lands shall be selected by said Company in lieu thereof in alternate sections and designated by odd numbers, not more than ten miles beyond the limits of said alternate sections. It was also provided, that if said route shall be found upon the line of any other railroad route, to aid in the construction of which, lands had been theretofore granted by the United States, as far as the routes were upon the same general line the amount of land theretofore granted should be deducted from the amount granted to the Atlantic and Pacific Railroad Company.
It was also provided further: That the railroad Company receiving the previous grant of land, might assign their interest to the Atlantic and Pacific Railroad Company, or might consolidate, confederate and associate with said Company.

By virtue of an Act of Congress, approved June 10th, 1852, there was granted by the United States to the State of Missouri a portion of the public lands in aid of the construction of certain railroads in that State, and the State of Missouri appropriated from said grant certain lands to aid in the construction of a line of railroad connecting St. Louis with the western boundary of the State, which said line had been located via Springfield and to the western boundary of the State, upon the same general line of the Atlantic and Pacific Railroad, and had been constructed and was, on October 26th, 1870, owned and operated by the South Pacific Railroad Company, to Pierce City, a point fifty miles southwesterly from Springfield and two hundred and ninety-two miles from St. Louis.

By an indenture, dated October 26th, 1870, the South Pacific Railroad Company conveyed to the Atlantic and Pacific Railroad Company, and to its successors and assigns forever, ALL AND SINGULAR, the railroad complete and uncompleted of the said South Pacific Railroad Company, situated in the State of Missouri, and all of the depots, stations, side-tracks, bridges, culverts, and other structures, locomotives, cars, and rolling-stock, and all of its privileges, rights, franchises, real estate, and other property of every kind and description whatsoever, including all of the land remaining unsold, or to which it was or might be entitled under and by virtue of the said Act of Congress, approved June 10th, 1852.

PROGRESS OF CONSTRUCTION.

The line was completed and opened to Neosho, three hundred and fifteen miles from St. Louis, on December 1st, 1870; to Seneca, on the western boundary of the State of Missouri, three hundred and thirty miles from St. Louis, on April 1st, 1871, and to Vinita, in the Indian Territory, three
hundred and sixty-four miles from St. Louis, on September 1st, 1871.

The Atlantic and Pacific Railroad Company, by its merger with the South Pacific Railroad Company, in October, 1870, extended its line northeasterly from Springfield, Missouri, toward the city of St. Louis, to Pacific City, where it formed a junction with the Missouri Pacific Railroad, and under a contract with that line, found its only outlet to St. Louis a distance of thirty-seven miles. The principal stockholders of this Company had, in February, 1871, purchased a controlling interest in the stock of the Missouri Pacific Railroad with a view to an association of the interests of the two corporations, and thereby secure to this Company its eastern terminus on the west bank of the Mississippi River, in the city of St. Louis, together with the unequalled depot and terminal facilities to be acquired from the Missouri Pacific Company. In pursuance of this plan, on the 29th day of June, 1872, a lease was concluded between the two companies, and the Missouri Pacific Railroad, together with several lines of railway theretofore leased to the said Missouri Pacific Railroad, and everything pertaining thereto, was leased to the Atlantic and Pacific Railroad Company for the period of nine hundred and ninety-nine years.

The Missouri Pacific main line extends from the city of St. Louis centrally through the State of Missouri to Kansas City on the western boundary of the State.............................. 283½ miles.

The Carondelet Branch, constructed during the year 1872, extends from the Mississippi River in St. Louis, six miles below the initial point of main line, to an intersection therewith at Kirkwood... 15½ miles.
MISSOURI PACIFIC LEASED LINES.

The lines of railway operated by the Missouri Pacific Railroad under leases and included in the lease to this Company, are as follows:

The Osage Valley and Southern Kansas Railroad, extending northwardly from Tipton on the Missouri Pacific main line to Boonville on the Missouri River. ................................. 25 miles.

The Lexington and St. Louis Railroad, extending northerly from Sedalia on the main line of the Missouri Pacific to Lexington on the Missouri River. ................................. 53½ miles.

The St. Louis, Lawrence, and Denver Railroad, extending from Pleasant Hill on the Missouri Pacific main line westwardly to Lawrence, in the State of Kansas. ................................. 61 miles.

The Missouri River Railroad, extending from Kansas City, the western terminus of the main line of the Missouri Pacific Railroad, northwesterly to Leavenworth, in the State of Kansas. ................................. 25½ miles.

The Leavenworth, Atchison, and Northwestern Railroad, extending northwesterly from Leavenworth, in the State of Kansas, and connecting with the Missouri River Railroad to Atchison, in same State. ................................. 21½ miles.

The Miles included in the Missouri Pacific Railroad lease to this Company are as follows:

Missouri Pacific Main Line .................. 283.50
Missouri Pacific Carondelet Branch ..... 15.50
Osage Valley and Southern Kansas Railroad 25.00
Lexington and St. Louis Railroad ....... 55.25
St. Louis, Lawrence, and Denver Railroad 61.00

\[
\text{\textbf{364}}
\]
\[
\text{\textbf{37}}
\]
\[
\frac{327}{227}
\]
Missouri River Railroad.......................... 25.25
Leavenworth, Atchison, and Northwestern ...................... 21.25

Total Mileage Missouri Pacific Division ............. 486¾ miles.
Total Mileage Atlantic and Pacific Division ....... 328 miles.

Total miles owned and leased by this Company.. 814¾ miles.
Add side tracks............................... 95½ miles.

Total Mileage..................................... 910¾ miles.

On July 1st, 1872, the management of the two corporations was consolidated under the officials of the Atlantic and Pacific Railroad Company and have been operated as two divisions. The Atlantic and Pacific Division, including its main line of 328 miles, and the Missouri Pacific Division, including the Missouri Pacific and its leased lines, 486¾ miles.

**EQUIPMENT.**

The equipment of this Company and its leased lines is first class in every particular, its locomotive engines having been constructed expressly for the Company by the "Hinkleley and Williams," "Baldwin Locomotive," "Grant" and "Rogers" works. The inventory of rolling stock is as follows:

<table>
<thead>
<tr>
<th>Type of Car</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locomotive Engines</td>
<td>135</td>
</tr>
<tr>
<td>Passenger Cars</td>
<td>70</td>
</tr>
<tr>
<td>Sleeping Cars</td>
<td>4</td>
</tr>
<tr>
<td>Postal Cars</td>
<td>11</td>
</tr>
<tr>
<td>Baggage and Express Cars</td>
<td>22</td>
</tr>
<tr>
<td>Caboose and Way</td>
<td>61</td>
</tr>
<tr>
<td>Box Freight Cars</td>
<td>1,552</td>
</tr>
<tr>
<td>Live Stock Cars</td>
<td>581</td>
</tr>
<tr>
<td>Platform Cars</td>
<td>456</td>
</tr>
<tr>
<td>Iron Ore Cars</td>
<td>192</td>
</tr>
<tr>
<td>Pay Car</td>
<td>1</td>
</tr>
</tbody>
</table>
Directors' Car................................. 1
Tool Cars........................................ 5

Total number of all descriptions of Cars owned... 2,956
Add Beaver Branch Ore Cars...................... 500

3,456

MACHINE SHOPS.

The principal machine shops of the Company are established at St. Louis, Springfield, and Sedalia; the citizens of the last-named city generously contributed to the Company, in consideration of the erection of shops at that point, $30,000 of its municipal 10 per cent. bonds and 20 acres of land.

GENERAL CONDITION OF THE ROAD.

The shareholders are to be congratulated in possessing one of the most substantially-built, well-fenced, and admirably-equipped lines of railroad in the United States. The Missouri Pacific line has been greatly improved in its road-bed, bridges, superstructure, etc. One hundred and fifty-eight miles of iron and steel rails have been placed in its track, and a sum of money, exceeding $6,000,000, expended in its permanent improvements and in liquidation of its floating liabilities and track since coming into the possession and under the management of this Company.

connections.

By the Missouri Pacific line your road has connection with the Kansas Pacific Railway at Kansas City, direct for San Francisco, via Denver, to connection with the Union Pacific line at Cheyenne. It is also closely allied with the Union and Central Pacific, via St. Joseph and Omaha, as also by Atchison, Lincoln, and Fort Kearney.

The Atlantic and Pacific line connects with the Missouri, Kansas and Texas Railway in the Indian Territory, direct
for Texas and the cities of the Gulf. Connection is also made with the Missouri, Kansas and Texas Railway at Sedalia, on the Missouri Pacific line, one hundred and eighty-nine miles from St. Louis. Contracts were entered into in March, 1872, between the Missouri Pacific, Atlantic and Pacific, and Missouri, Kansas and Texas Railway Companies, whereby their several interests have been satisfactorily promoted. Ruinous competition has been avoided, direct connections with Texas established, and harmonious relations maintained.

The St. Louis, Salem and Little Rock Railroad, connecting with the Atlantic and Pacific line at Cuba, is complete to the Simmons Iron Mountain, and will, by its contributions to the traffic of your line, largely increase your revenues. A business contract extending twenty years has been concluded with the Company.

The Beaver Branch Railroad, connecting with the Atlantic and Pacific line at Beaver, opens up one of the richest iron sections on the line of your road. A business contract extending five years, including the lease of 500 ore cars to this Company, has been concluded with the Beaver Branch, with privilege to purchase the shares at the expiration of three years.

The Memphis, Carthage and Northwestern Railroad has its initial point at Pierce City, on the Atlantic and Pacific line, and extends northwesterly to Carthage, in Jasper County; thence westerly to Independence, in Southern Kansas, passing through the richest portion of the great coal fields in Southeastern Kansas. By this line the iron of Missouri and the coal of Kansas will be interchanged, affording abundant return freights to either line, which must in the near future largely augment the revenues of both roads.

At St. Louis, direct connections are made with the great through lines to the Atlantic seaboard, via Chicago, Pittsburgh, or Baltimore.
MINERAL RESOURCES.

IRON.

It is no exaggeration to say that there is no railway in the United States whose route is so rich in iron, lead and zinc ores as that of the Atlantic & Pacific Railroad.

In variety, richness and abundance of iron ores Southern Missouri is superior to any other portion of the globe. The rich brown and red hematites, magnetic specular and other varieties required for the manufacture of superior qualities of iron and steel, abound on the Companies' lands in the counties of Crawford, Phelps and Pulaski, and in close proximity to the line of the road. A highly and uniformly remunerative traffic in the transportation of mineral products may be confidently relied upon.

Several large furnaces have already been erected along the line, and a large number are in process of building. Missouri must soon become the chief iron-producing section on either continent.

LEAD.

There is probably no territory of equal extent in America so rich in deposits of a superior quality of Lead as an area of two hundred square miles in Southwestern Missouri, within the counties of Jasper and Newton, on or very near the line of the road. Chief of them is the famous Granby mine, owned by this Company, the production of which has already yielded TWENTY-FIVE MILLION POUNDS OF SMELTED LEAD. The production of other Lead mines, contributing to the traffic of this Company, have been FORTY MILLION POUNDS OF SMELTED LEAD, with every prospect of marvellously increasing development.

ZINC.

Sulphate of zinc is very abundant in the Granby and neighboring mines. Thousands of tons of zinc ores (black-jack)
taken from the Company's mines seek transportation to St. Louis for reduction in the furnaces specially erected for the purpose at the Carondelet terminus of your line.

THE INDIAN TERRITORY.

The Atlantic and Pacific line has been constructed and operated into the Indian Territory as far as Vinita for more than two years. It has not been deemed wise to enter into contract for construction west of Vinita until Congress shall provide for the organization and settlement of the territory.

The route westward from its present terminus, as defined in the act granting the charter, lies through this territory a distance of three hundred miles. The conditions under which the territory now exists practically forbid the further prosecution of the enterprise. In the act of Congress which incorporated this Company and granted lands to aid in its construction, it was provided that: The United States shall extinguish the Indian title to all the lands falling under the operation of this Act as rapidly as may be consistent with public policy and the welfare of the Indian.

It is believed that public policy and the welfare of the Indian demand early legislation providing for the establishment of a Territorial government, and subjecting the Indian henceforth to the laws of the United States and the Territory, in the same manner as other inhabitants are governed.

THE PACIFIC COAST.

Surveys of the entire route, including the Fort Smith Branch, have been made, and favorable location secured. The Company's rights have been protected along the entire route to San Francisco, and the very best attainable line in California has been secured to this Company.
LAND DEPARTMENT.

Under the national grant of June 10th, 1852, there enured to the route now occupied by the Atlantic and Pacific Railroad in the State of Missouri. 1,268,160 acres of land.

And by the act of July 27th, 1866, 791,616 "

Total number of acres granted in Missouri 2,059,776 "

Patents have already been granted for 1,657,173.60 "

Leaving deficiency to be made good on line westward 402,602.94 "

There had been sold prior to the transfer of the lands to the Atlantic and Pacific Railroad Company 150,291.81 "

There had been sold by this Company December 31st, 1872 239,264.56 "

There were in the State of Missouri of lands already conveyed to the Company and remaining unsold Dec. 31st, 1872 1,267,616.69 "

Add deficiency to be made good from lands on line westward 402,602.94 "

1,670,219.63

Add lands already earned in Indian Territory 900,000

2,570,219.63 acres.

There were sold during last year 77,042.99 acres.

The amount of sales in money value were $490,181.08

The average price per acre for land sold was 6.36

Total cash receipts in Land Department during the year $219,135.34

Less Operating Expenses, including Prospecting and Development of Mineral Lands 49,696.01

Net receipts paid to Treasurer $169,439.33
FINANCIAL EXHIBIT.

CAPITAL STOCK.

The amount of capital stock of the Atlantic and Pacific Railroad Company is of

<table>
<thead>
<tr>
<th>Stock Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>$8,360,300</td>
</tr>
<tr>
<td>Preferred Stock, Missouri Division</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Preferred Stock, Central Division</td>
<td>1,400,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$19,760,300</strong></td>
</tr>
</tbody>
</table>

FUNDED DEBT.

The Missouri Division of the Atlantic and Pacific Railroad Company includes all its property within the State of Missouri, and the Central Division is from the western boundary of the State of Missouri southwesterly into the Indian Territory.

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage Land Grant and Railroad Bonds</td>
<td>$7,200,000</td>
</tr>
<tr>
<td>of the South Pacific Railroad Company</td>
<td></td>
</tr>
<tr>
<td>First Mortgage Land Bonds, Atlantic and Pacific</td>
<td></td>
</tr>
<tr>
<td>Railroad Company (Mo. Division)</td>
<td></td>
</tr>
<tr>
<td>Second Mortgage Bonds, Atlantic and Pacific R. R.</td>
<td></td>
</tr>
<tr>
<td>Co. (Mo. Division)</td>
<td></td>
</tr>
<tr>
<td>First Mortgage Bonds, Atlantic and Pacific Railroad</td>
<td></td>
</tr>
<tr>
<td>Company (Central Division)</td>
<td></td>
</tr>
<tr>
<td>Equipment Bonds</td>
<td>674,000</td>
</tr>
<tr>
<td>Atlantic and Pacific Railroad Company’s Interest-</td>
<td></td>
</tr>
<tr>
<td>bearing Scrip</td>
<td></td>
</tr>
</tbody>
</table>

Total Funded Debt .................................. $16,792,438.36
MISSOURI PACIFIC FUNDED DEBT, &c.

Detailed Statement of Funded Debt, Dividend and Rental Liabilities of the Missouri Pacific Railroad Company, assumed by the Atlantic and Pacific Railroad Company.

FUNDED DEBT.

First Mortgage Bonds, Pacific Railroad (of Missouri), 6 per cent. gold...........................................$7,000,000.00
Second Mortgage Bonds, Pacific Railroad (of Missouri), 7 per cent. currency ......................... 3,000,000.00
First Mortgage Bonds, St. Louis Real Estate, 8 per cent. currency......................................... 800,000.00
St. Louis County Loan, 7 per cent. currency .......... 700,000.00
Income Bonds, Pacific Railroad, 7 per cent. currency. 1,500,000.00
First Mortgage Bonds, Carondelet Branch, 6 per cent. gold.................................................. 500,000.00

Total Funded Debt (Mo. Pacific Line)..................$13,500,000.00

MISSOURI PACIFIC RENTALS.

The annual liabilities assumed by this Company for rentals to the several railroads operated by the Missouri Pacific Railroad Company, under leases in force at the date of the lease of the Missouri Pacific Railroad by this Company, were per annum...$235,500.00
but have since been reduced $100,000.

MISSOURI PACIFIC DIVIDEND.

Dividends to Missouri Pacific Shareholders, guaranteed by the Atlantic and Pacific Railroad Company.

Per annum until, and including July 15th, 1875...... $350,000.00
Per annum from July 15th, 1875, to and including July 15, 1877................................................. $420,000.00
Per annum from and after July 15, 1877 ............. $490,000.00
### ANNUAL REQUIREMENTS.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Funded Debt, Atlantic and Pacific Railroad</td>
<td>$1,128,290.00</td>
</tr>
<tr>
<td>For Funded Debt, Rentals and Dividends, Pacific Railroad</td>
<td>1,408,500.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,536,790.00</strong></td>
</tr>
</tbody>
</table>

### FLOATING LIABILITIES.

<table>
<thead>
<tr>
<th>Liability</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>For money borrowed from Banks and Bankers</td>
<td>$1,153,583.59</td>
</tr>
<tr>
<td>For Equipment and Supplies</td>
<td>423,938.56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,577,522.15</strong></td>
</tr>
</tbody>
</table>

### NET EARNINGS.

<table>
<thead>
<tr>
<th>Company/Line</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Atlantic and Pacific Railroad Company for six months, ending Dec. 31, 1873</em></td>
<td>$320,000.00</td>
</tr>
<tr>
<td>Missouri Pacific Railroad and Leased Lines for six months, ending Dec. 31, 1873</td>
<td>756,750.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,076,750.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Receipts from Land Department</td>
<td>$85,000.00</td>
</tr>
<tr>
<td><strong>Total Net Receipts for six months</strong></td>
<td><strong>$1,161,750.00</strong></td>
</tr>
</tbody>
</table>

It will be observed that the floating debt of the Company is inconveniently large. The extraordinary expenses incurred in placing the Missouri Pacific Railroad in equal condition with the Atlantic and Pacific line, and providing additional equipment, imperatively demanded, has caused an unavoidable increase of floating liability.

The net earnings are not sufficient to meet requirements for interest and rentals, and provide for the liquidation of the floating debt. The late monetary crisis, which paralyzed railroad credit, suspended the sale of bonds, and largely diminished the earnings, has rendered it necessary that the Company should provide means of relief from the

* December estimated.
immediate payment of interest (in money) on certain classes of its funded liabilities, thereby enabling it to extinguish its floating debt with earnings supplemented by the proceeds of securities now in the Treasury, and which can doubtless be sold within the next year.

To sufficiently lighten the burden of interest (in money) during such period as is believed the earnings and proceeds of sales of bonds and other securities will pay off the floating debt, you have already authorized the issue of the Company’s Six per Cent. Gold Income Bonds, into which the holders of the Land Mortgage Bonds of July, 1868, and the Second Mortgage Bonds, are invited to fund the coupons maturing on said bonds for two years on the former, and three years on the latter class of bonds.

You have also authorized the issue of the Company’s Six per cent. Gold Bonds, to be used in the redemption of the interest-bearing Scrip, Coupons on which latter class of Bonds, for the first five years, are payable at the option of the Company in the same series of Bonds at par. It affords me pleasure to inform you that all holders of our Securities, the interest on which is to be funded, with whom opportunity of conference has been had, have assured me of their hearty co-operation in the execution of our plans for relief.

With the funding scheme carried out, the Company will be relieved from the payment of interest (in money) on

$3,000,000 Land Mortgage Bonds until Jan. 1st, 1876.
3,000,000 Second " " May 1st, 1877.
1,718,438.36 Interest-bearing Scrip until Jan. 1st, 1879.

$7,718,438.36. Total amount of principal on which interest will be funded, Seven millions seven hundred eighteen thousand four hundred thirty-eight dollars and thirty-six cents.

Annual saving of interest $540,290—from which should be deducted the interest on Income Bonds (issued for Coupons funded) $60,000, leaving net saving in interest $480,290.
There need not exist a doubt in the mind of any Stock or Bondholder of the ultimate great value of the Atlantic and Pacific Railroad. It has its initial point in the great and rapidly increasing city of St. Louis, already the third city in the Union. Its main line crosses the State of Missouri southwest-erly into the Indian Territory, traversing a mineral section (unsurpassed in richness and variety of iron, lead and zinc ores), and it opens up one of the most beautiful and productive agricultural regions in America. Its leased lines include the Missouri Pacific Railroad, which crosses the State of Missouri centrally from St. Louis to Kansas City, passing through the capital and other chief cities of the State; thence by its branches to Leavenworth and Atchison in Kansas.

The Missouri Pacific line is to Missouri what the New York Central Railroad is to the State of New York, or the Pennsylvania Railroad to the State of Pennsylvania. It traverses one of the richest agricultural sections on the globe, and has at St. Louis extensive terminal facilities in the very heart of the city and along the water front, both on the Central Levee in the city of St. Louis, as also at the Carondelet terminus six miles below, where with extensive sidings it connects with all the large iron and zinc establishments at that point, and with its own steam transfer across the Mississippi River, where it makes connections in East St. Louis with all railways radiating from that point eastward, northward, and southward.

The great St. Louis Bridge, which spans the Mississippi River, rapidly approaches completion. Its Tunnel, underneath the city, has its outlet unavoidably near this Company’s depot grounds.

Arrangements are in progress for establishing the Union Depot on or near the grounds now owned by the Company.

By the large expenditures incident to reconstruction and equipment, together with the paralysis of business during what would have been our most productive period in 1873, our finances have been unexpectedly embarrassed; hence the scheme for funding hereinbefore indicated.
The expenses of management have been reduced to the lowest practicable point, and unproductive leases have been either cancelled, or so modified as to save at least $100,000 per annum.

The transportation of ores on the Atlantic and Pacific line, almost entirely suspended during the last three months, will soon be resumed. There is greater activity in the grain and live stock trade in Central Missouri, and a large increase of earnings may be confidently relied upon at an early date. Notwithstanding our earnings have been reduced at least thirty per cent. by the suspension of business during the late monetary crisis, our net earnings for the six months ending December 31, 1873, will not be less than $1,070,000.

It will be observed, that with the floating debt discharged, the net earnings, supplemented by cash receipts from the Land Department, will more than provide for annual requirements for interest on funded debt, rentals, and dividends.

In the Company's treasury there are now the following assets, from which we expect to realize, with our surplus of net earnings in the year 1874, a sufficient sum to nearly or quite discharge our floating debt.

<table>
<thead>
<tr>
<th>ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in Bank and in transit......................$141,410.99</td>
</tr>
<tr>
<td>$500,000 First Mortgage Bonds Mo. Pacific Railroad.</td>
</tr>
<tr>
<td>300,000 Income</td>
</tr>
<tr>
<td>1,000,000 Second Mortgage Bonds Atlantic and Pacific Railroad.</td>
</tr>
<tr>
<td>25,000 First “ Lexington and St. Louis “</td>
</tr>
<tr>
<td>28,000 “ A &amp; P. Land Grant. “</td>
</tr>
<tr>
<td>30,000 First Mortgage “ Memphis and Carthage R.R</td>
</tr>
<tr>
<td>15,000 “ Sedalia City Bonds.</td>
</tr>
<tr>
<td>32,500 “ Pullman Car Stock.</td>
</tr>
<tr>
<td>33,000 “ Beaver Branch R.R. Stock.</td>
</tr>
<tr>
<td>60,000 “ Carondelet Transfer Co.</td>
</tr>
<tr>
<td>1,000 “ City of Rolla Bond.</td>
</tr>
<tr>
<td>40,000 “ St. Louis National Stock Yard Stock.</td>
</tr>
<tr>
<td>25,000 “ St. Louis Elevator Stock.</td>
</tr>
</tbody>
</table>
$152,450 Bills receivable; balances due on account in New York and other miscellaneous securities, estimated to be good.

984,500 In Second Mortgage and other Bonds on leased lines.

900,000 In land contracts.

$4,135,500

The Company now owns in the State of Missouri, 1,200,000 acres of land, which at low valuation is worth $6,000,000. The mineral rights owned and reserved cannot be estimated, so marvellous are the developments in iron, lead and zinc, on the Company's own lands.

The Town property on the line of the Railroad may be safely estimated at $375,000.

The contracts for lands already sold bearing ten per cent. interest, now aggregate $900,000.

The Company is entitled to 1,400,000 acres of land already earned under its charter, but not yet conveyed to it by the United States—$8,000,000 is a low estimate for these lands.

The resources to be relied upon from our Land Department alone, without counting one acre more than already earned, and coterminous with the line already completed and in operation, may be safely stated as follows:

Contracts for lands already sold........................ $900,000
Lands on hand for which we hold patents........ 6,000,000
Lands due from Government............................. 8,000,000
Town property owned .................................. 375,000

$15,275,000

The lands of the Company, wisely managed, will produce a revenue sufficient to extinguish the entire funded debt.

FUTURE EARNINGS AND REQUIREMENTS.

A careful estimate of future net earnings, based on results already attained, may be safely stated, as appears in the following table of comparisons, with annual requirements for
interest on funded debt, rentals and dividends, the latter being calculated upon the hypothesis that our funding scheme will be carried out as now contemplated.

<table>
<thead>
<tr>
<th>Year</th>
<th>Missouri Pacific Earnings</th>
<th>Atlantic &amp; Pacific</th>
<th>$2,400,000 Requirements</th>
<th>$2,106,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1874</td>
<td>$1,500,000</td>
<td>800,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1875</td>
<td>1,700,000</td>
<td>900,000</td>
<td>2,600,000</td>
<td>2,172,000</td>
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<td>1876</td>
<td>1,800,000</td>
<td>1,000,000</td>
<td>2,800,000</td>
<td>2,870,000</td>
</tr>
<tr>
<td>1877</td>
<td>1,900,000</td>
<td>1,100,000</td>
<td>3,000,000</td>
<td>2,559,000</td>
</tr>
<tr>
<td>1878</td>
<td>2,000,000</td>
<td>1,200,000</td>
<td>3,200,000</td>
<td>2,559,000</td>
</tr>
<tr>
<td>1879</td>
<td>2,100,000</td>
<td>1,300,000</td>
<td>3,400,000</td>
<td>2,559,000</td>
</tr>
<tr>
<td>1880</td>
<td>2,200,000</td>
<td>1,400,000</td>
<td>3,500,000</td>
<td>2,689,000</td>
</tr>
</tbody>
</table>

A careful review of the foregoing exhibit will show that the estimated increase of annual net earnings is very light when compared with the results already obtained by other lines of road not so favorably located as this. The Road is most admirably equipped with first class rolling stock, its facilities for the transaction of a large and remunerative business are unsurpassed, and the expenditures for construction and equipment for the next five years will be inconsiderable.

It will be noticed that $800,000 of the Bonds of the Missouri Pacific Railroad are yet in our treasury, the sale of which, at an early day, is most earnestly desired. There can be no more safe or profitable investment than these Bonds, and the attention of our share and bond-holders is respectfully called to the same.

The net current revenue of the Missouri Pacific is nearly half a million of dollars in excess of the requirements for interest on its funded debt, including these Bonds, and the earn-
ings of the line are, of course, first applicable to the payment of the interest on all of its Bonds.

It is believed that the Indian Territory will be speedily organized and open to settlement.

A general resumption of the iron interest may be confidently relied upon, and the revival of the industrial interest of the country cannot be long delayed.

The year now closing has been one of the most eventful in the history of railroads, and especially has this been the case with this Company. We have been called upon to resist combinations, both in Missouri and in the East, wickedly selfish and corrupt, who have sought by means but little removed from pillage and robbery, to destroy the Company’s credit through the impeachment of the public confidence in its securities. The leaders in these infamous movements against us, under cloak of a patriotic duty to the State, provoked malignant attacks upon it in legislative halls, and invoked the aid of a deceived press in their unholy attempts to levy blackmail. Vexatious and expensive litigation has been forced upon us, but in both the State and the United States Courts, the title to our property has been pronounced absolute and unimpeachable. At great expense, we have employed the best legal talent in the country to vindicate our rights, rather than submit to the demands of blackmailers.

We have steadily declined all overtures for compromise, believing that our policy was honest, and that if in the organization and progress of the Company, any illegal act had been committed by its managers, it was our duty to insist upon the most thorough investigation, that mistakes might be corrected, rather than smother any irregularity whatever by means of hush-money. Let every honest claimant have his just dues, but every attempt at robbery be met with uncompro-mising resistance. The stockholders are to be congratulated, that notwithstanding repeated efforts to impair our credit, and the extraordinary period of financial stringency through which we have passed, the Company has steadily and success-fully gone forward, meeting its every obligation honorably, and securing triumphant vindication in all the courts.
The management of the property in Missouri I believe has not been surpassed by any line in the country. In every department economy and honesty have prevailed, and pliant rings and greedy contractors have not had possession of our subordinates. The largest possible returns for money expended have been made and every dollar honestly accounted for. Acknowledgment of the energy, fidelity and ability with which Mr. A. A. Talmage, General Superintendent, has discharged the duties of his office in spite of the fierce opposition of cliques and rings, is most cheerfully recorded. The other officers have executed their duties faithfully and in harmony, and successfully promoted the best interest of the Company. When our business was prostrated by the late financial panic, every employee from the General Superintendent down to the trackmen agreed upon a proper reduction of compensation without a murmur.

Inviting at all times an examination of the Company's affairs intrusted to my management, and, believing that we are now entering upon a period of increasing prosperity, and that the future development of the great resources of the Company's lines will be gratifying to the stockholders, who may be assured of the permanent, substantial and constantly increasing value of their property,

I am, Gentlemen,

Very respectfully,

Your obedient servant,

ANDREW PEIRCE,

Vice-President and General Manager.
Atlantic and Pacific

RAILROAD COMPANY.

REPORT

OF THE

GENERAL MANAGER

TO THE DIRECTORS,

DECEMBER, 1873.

NEW YORK:

UNION PRINTING HOUSE, 79 JOHN STREET.

1874.
ORGANIZATION
OF THE
ATLANTIC AND PACIFIC
RAILROAD COMPANY.

1873–4.

DIRECTORS.

THOMAS A. SCOTT ........................................ PHILADELPHIA.
ANDREW PEIRCE, JR. ..................................... NEW YORK.
FRANCIS B. HAYES .......................................... BOSTON.
OLIVER AMES ........................................................ "
URIEL CROCKER .................................................. "
CLINTON B. FISK .............................................. ST. LOUIS.
WILLIAM H. COFFIN ......................................... NEW YORK.
JOSEPH SELIGMAN ................................................ "
ANDREW V. STOUT ................................................ "
DAVID SALOMON ................................................ "
JOHN EDGAR THOMSON ..................................... PHILADELPHIA.
ALFRED L. DENNIS .............................................. NEWARK.
CHARLES S. BAYLIS ............................................. NEW YORK.

OFFICERS.

PRESIDENT ........................................................ THOMAS A. SCOTT, PHILADELPHIA.
VICE PRES'T AND GEN'L MANAGER . AND'W PEIRCE, JR., NEW YORK.
SECRETARY AND TREASURER .................................. CLINTON B. FISK, "
AUDITOR .......................................................... C. L. WHITE, ST. LOUIS.
GENERAL SUPERINTENDENT .................................. A. A. TALMAGE, "
GENERAL FREIGHT AGENT .................................. J. A. HILL, "
GENERAL PASSENGER AGENT ................................ E. A. FORD, "
MASTER MECHANIC ............................................ J. HEWITT, "
PURCHASING AGENT .......................................... W. H. PATRIARCH, "
CASHIER ............................................................ J. L. DEARBORN, "
ASSISTANT LAND COMMISSIONER ......................... A. L. DEANE, "
GENERAL ATTORNEY .......................................... JAMES BAKER, "

\[Signature\] 1873-4

\[Signature\] 1874
Atlantic and Pacific Railroad Company.

Office of the Vice-President
and General Manager,

To the Directors:

It has not been practicable hitherto to make a report, including statements in detail, with a full exhibit of the financial condition, requirements, and prospects of the Company.

The temporary suspension of construction, and closing of accounts pertaining thereto, on the 30th of June of the present year, has given the road the opportunity to demonstrate its earning ability without reference to receipts for transportation services rendered its construction department.

It is deemed advisable near the close of the fiscal year to respectfully submit the following brief report, and recommend its publication for distribution to the share and bondholders of the Company.

HISTORY OF ORGANIZATION.

The Atlantic and Pacific Railroad Company was created by an Act of Congress approved July 27th, 1866. It was authorized to construct a railroad and telegraph line: Beginning at or near the town of Springfield in the State of Missouri, thence to the western boundary line of said State, and thence by the most eligible route, as shall be determined by said Company, to a point on the Canadian River; thence to the town of Albuquerque, on the River del-Norte, and