REPORT OF THE BOARD OF DIRECTORS
of the
LONG ISLAND RAIL ROAD COMPANY
to the
STOCKHOLDERS
(January 1, 1845)

In December, 1843, the board announced to the Stockholders that vigorous measures were in progress for the completion of the eastern part of the Railroad, extending from Suffolk Station to Greenport, a distance of 52 miles. They have now the pleasure to apprise them that the entire line is opened, and has been in successful operation through its whole extent since the 29th day of July last.

TRANSPORTATION DEPARTMENT

The Board have never anticipated that the resources of this line would be exhibited or its traffic developed until the completion of the line to Greenport, the establishment of ferries to connect it with the great arteries of travel which intersect Rhode Island and Connecticut, and of stage lines to connect with the flourishing seaports and villages on the southern and northern shores of Long Island. These measures have engaged and will continue to command the attention of the Board of Directors.

Upon the completion of the line immediate steps were taken to establish ferries, to form a connection with the Norwich and Stonington lines, and on the 9th of August last through trains were established to connect Boston and New York. Regular trains were established between Greenport and Brooklyn, and in November last arrangements were made with the Post Office Department and the stages running along the shores of the Island, to form cross lines, intersecting the railroad at various points. These measures have been attended with most results
The income of this road has been earned under many disadvantages. The company have been unable to carry freight. The incomplete state of the tunnel at Brooklyn, and non-arrival of the freight cars ordered for the line—the late period at which the stage connection was secured—the fact that the population on either shore of the Island have been accustomed to resort in times past to other routes and modes of communication with New York, have all tended to keep down the revenue; and the income, under these circumstances, has far exceeded the anticipations of the Directors. For the future the Company look forward with confidence to the increase of the traffic they have secured, and to the establishment of a steam communication with Newport and Fall River. The importance of Newport as the principal watering place in the United States is annually increasing, and a ferry from Greenport of 54 miles only, which will bring it within 7½ hours of New York, must add materially to its attractions, and to the income of the Railroad.

The rising town of Fall River is also becoming a great manufacturing center, and a railroad connecting it with Boston, Taunton and New Bedford is nearly finished, and will be opened before the first of June next. The same steamer may connect Greenport with Newport and Fall River, and open a new route to Boston, Taunton and New Bedford.—They also look forward with much interest to the proposed extension of the Fall River Railroad, to intersect the Old Colony line at Abington, half-way between Boston and Plymouth—thus opening a new and important route to Boston, Plymouth and Cape Cod, and to the important shoe and iron manufactures of the southern half of Massachusetts. The Board of Directors will use every effort to improve the communication between Greenport and these important points,
and to increase facilities for communication with Providence, Norwich and Stonington. Their attention will also be given to promote the communication with Boston, a point of great importance to the Company, inasmuch as the through business between Boston and New York has thus far given an important portion of the revenue of the Company. But in looking to these sources of income, important as they are, and for which many lines compete, it would be most unwise to omit any opportunity to secure and promote the other branches of traffic for which less competition exists, and two-thirds of which, THE LOCAL TRAFFIC, is inalienable from the line.

The results of the enterprise thus far furnish the strongest and most conclusive evidence that the local traffic of the Island alone will EXCEED annually $150,000. The local passenger traffic, with due allowance for the winter, indicates a revenue exceeding $100,000 a year. The local freight traffic is yet in its infancy, but is rapidly advancing.

Two new hotels, to accommodate three hundred guests, are being finished at Greenport; and such are the advantages it possesses from its superior harbor, and the facilities for shooting, fishing and bathing in its vicinity, and its contiguity by railroad to New York, that it must continue to increase. It should be remarked with regard to Greenport, that an opinion has been very freely and generally expressed, by those most competent to judge, that it possesses advantages, in every respect, equal to Newport, Rhode Island, and may now be considered the most attractive spot in the Northern States--its proximity to the Ocean and Gardiner's Bay--its climate, and the ease with which it may be reached, after the close of business in the city, in 3 1/2 hours, will make it all that can be desired as a watering place,
or as a casual resort from the city.

Great varieties of agricultural and other produce are sent to the New York Market; and even the forest district, in the center of the Island, through which the road for a distance of nearly 50 miles passes already furnishes a very large supply of wood, both for fuel and freight, while ashes, manure, and other bulky articles, furnish a return freight from New York. Several companies of enterprising individuals, on the Island, have been formed for the purpose of transmitting, by night trains, the abundant products of the South Bay—the whole extent of which, nearly 100 miles, yields an inexhaustible supply of fish of every kind, for the New York market.

A low estimate for the local freight and mails is $40,000 a year; and the Board is satisfied that the local traffic of the Island alone (and it must be progressive) is competent to defray the entire expense of running the railroad, all interests and rents, and give a surplus for dividends, leaving the entire revenue which may be derived from Norwich, Stonington, Newport, Fall River, Providence, Worcester, Taunton, New Bedford and Boston freight and passengers, a fund for dividends. The aggregate of the business for which your Railroad is the most powerful competitor exceeds half a million dollars per annum.

The freight business of this Road, since its opening, has much increased in extent and variety. Among the new articles of freight may be named charcoal. An extensive trade in this article, heretofore confined to the forests of New Jersey, has been transferred to the forests adjacent to this Road, and the Company have contracted with three companies, who are daily supplying the cities of New York and Brooklyn. An Ice Company has also been formed for furnishing the cities of
New York and Brooklyn with an ample supply of ice from Ronkonkoma Lake, near the Railroad.

The revenue of the Long Island Railroad for the entire year has been as follows:

Income before opening, from Jan. 1, 1844, to Aug. 9, 1844 $38,370.02
Income from Aug. 9 to Dec. 31st, inclusive

Total

Aggregate gain $70,042.94

And in this connection it is proper to state that the running expenses for 1844 were increased by the use of the locomotives in grading the road in the early part of the season, and in the transportation of many thousands tons of iron and materials for several months for the construction of the road, and in various other ways, while the railroad, being unfinished, was unproductive.

The sum of $1,700 has been paid in advance for 1845 to insure depots, cars and steamers.

The stock of wood and coal at the close of the current year, as compared with the preceding, has been increased over $3,000, and the amount is included in the current expenses of the year. The ensuing year, relieved to this extent, will involve a very moderate expenditure. Notwithstanding this, the expenses of the past year fall much below the amount originally anticipated by the Company. Such, indeed, are the level grades of this line, the low price of fuel ($1.50 per cord), the freedom from curvature and bridges, and the conformity of the line to the surface of the Island, and such the size of the rail and character of the road-bed, that the expense of running must compare favorably with those of any Railroad yet constructed.

CONSTRUCTION

The Railroad has been finished with a heavy and permanent H
rail, laid principally on Chesnut ties, at the rate of 2,000 to the mile, with sub-sills, and a deep gravel foundation, and is now in excellent condition. The Company have a surplus of two hundred and fifty tons of iron that may be sold at a profit. They have constructed extensive piers at Brooklyn and Greenport, running to deep water, and under the authority of the city government of Brooklyn, have constructed a tunnel under Atlantic street, through the heights of Brooklyn.

**TUNNEL**

The whole length of this structure is little more than half a mile. The walls are of massive stone, of the thickness of six feet, and ten feet high. The arch is of brick, twenty-two inches thick, the whole laid in hydraulic cement. The width of the tunnel is twenty-one feet, and height eighteen feet. The estimated cost of this work, before its commencement, was $75,000. The cost of the work thus far has been $51,352.10; and although in daily use for trains, it is not entirely finished; but it is now ascertained that $15,000 more will be ample for its completion —making the actual cost $66,352.10. This great work, which has materially contributed to swell the cost of the line, and was not contemplated at the date of the last report, will greatly facilitate the operations of the company, obviate many dangers, and as a work of art will embellish the city of Brooklyn. It will greatly reduce the expense of the Company, and enable it to conduct its freight traffic on a scale of expenditure much below that would otherwise have been incurred.

**ENGINE AND CARS**

The equipment of the line with respect to engines and cars appears to give general satisfaction. The engines are of the most im-
proved pattern and of the greatest efficiency, while the cars are as perfect as the advanced state of the arts and the competition of the most eminent builders can render them. In the freight department a considerable accession of cars is expected in a few days, and business daily offers for their employment.

**RUNNING OF THE ROAD**

In the report of December, 1843, while the line was still incomplete, a confident opinion was expressed that the line—95 miles—would be run over within four hours, and the entire distance between New York and Boston including the Greenport ferry accomplished within ten hours. With respect to the Long Island Railroad, more than this has been accomplished. The run has been made within three hours, and the average time of the through train, stopping twice to wood and water, has not materially varied from three hours and forty minutes. This is accomplishing more in speed than had previously been effected on the continent of America. The crossing of the ferry from Greenport to Norwich and Stonington has been made in all weathers, with the utmost certainty—340 passages having been made without a failure. The time occupied has been about 2½ hours, and occasionally less than 2 hours. The trains on the Eastern Roads, connecting with this line, have not run with a speed equal to the expectations of the Company having averaged usually not far from five hours in one direction and four and a half in the other, making the average time nearly ten and three-quarters hours. It is, however, confidently believed that more perfect arrangements will be made the present year, which will bring the entire journey between Boston and New York within ten hours. The average time, by the fastest competing line, is about fourteen hours. It is also hoped that under new arrangements hours may be selected
more adapted to the convenience of the travelling public than those which have thus far been preferred by the Eastern Railroads in connexion with this Company, and your Directors confidently rely on the co-operation of the able and experienced managers of those lines in measures which must alike benefit the associated Companies and the Public.

The late period last summer at which this Road was opened left it out of the power of the Board to develop its capabilities to their full extent, as a part of the line of railways upon our seaboard, for the transmission of passengers and freight.

The lines of steamers through the Sound claimed, and perhaps justly, the continuance of their lines through the season, sharing, however, with the Long Island Railroad Company, in fair proportion, their income. During the approaching season it is contemplated to run in connexion with the Eastern roads, both a day and night line, the former leaving Portland at 6 o'clock in the morning, Boston at 12 (after much of the business of that place is over), and to reach New York at 10 o'clock in the evening. Returning eastward, it is intended to leave New York at 12 o'clock in the day and at 7 o'clock in the evening, affording in the one case a day line for the pleasure travel and in the other to the men of business an opportunity to pass between New York and Boston without interfering with the usual business hours.

The indications of the business of the last season, as well as the settled principle, that increases the amount of business travel in an extended ratio, inspire the utmost confidence that the well appointed power and facilities of this Road should be kept in the most active requisition.
FERRY BOATS

In the estimate of last year these important auxiliaries, authorized by the Charter, were omitted, the hope having been long cherished that they would be furnished by other parties. Upon the opening of the line, however, it became necessary to provide them, and a reluctance was evinced by the Directors of the Eastern Railroads to form a line with this Company, without the concurrence of the Steamboat Proprietors connected with such Railroads. Under these circumstances, and to avoid, as far as might be, a costly opposition, until the line had been fairly tested, and its facilities and advantages become known and appreciated, the Company purchased from Mr. C. Vanderbilt the three steamers, Worcester, Cleopatra and New Haven, boats of established reputation, and since then, the former successful and experienced proprietor of these boats has taken a large interest in the Company and participated in its management.

COST OF THE RAILROAD

The eastern half of the Long Island Railroad has been constructed at an extremely low cost. The contracts were made when wages and materials were at the lowest point, and the easy character of the country presenting no natural difficulties, has favored a very moderate outlay. The entire cost of this portion of the line, exclusive of Cars and Engines, but inclusive of Depots, Land and track, will not materially vary from $10,000 a mile.

In no part of the work has the cost materially exceeded the estimate, but the construction of the Tunnel, the purchase of steamers and extra cars and engines have swelled the expense of the Company beyond the original computation of the Board, but bring with them benefits greatly exceeding the outlay.
The entire cost of the road, tunnel, equipment, surplus iron, steamers and other appurtenances to this date is $1,995,440 (this item was scratched out in pencil and in the margin was written in pencil "1884,64," the "0" at the end apparently having run off the page). A small balance only will be required for the completion of the tunnel and the payment for some additional cars and motive power.

CAPITAL

The capital consists of 29,846 shares of $50 each, or $1,492,300.

The whole debt of the Company is $392,340.22. Deducting from this the debt due the State of New York in the year 1861 of $100,000, with a sinking fund of $1,000 per annum, leaves the remaining debt of the Company $292,340.22, payable in the following years-1845, 1846, 1847, 1848, 1849, 1850, 1851, 1852.

The entire aggregate of debt and capital stock is $1,884,640.22.

It is, also, proper to remark in this connexion that a most equitable claim for more than $112,000 exists against the Government of the United States for the remission of the duty on the iron imported for the track, and your Directors do not despair of obtaining a recognition of this claim.

This work, in a national point of view, is important to the Post Office Department, the defense of the Coast, and the connexion of the North and South; the fact that such remission will not now operate to exclude foreign Iron and thus stimulate the Home Manufacture, and that nearly every Railroad in the country has imported its iron Duty Free, show the injustice and impropriety of subjecting this iron to a duty exceeding 100 percent upon the prime cost of the article. Plan-
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-need and chartered as this enterprise was, and partly finished while there was no duty on railroad iron, and suspended in consequence of the reverses of the country, it may well be urged, that there is an implied obligation on the part of Congress to impose no new or unexpected burthen on a great public undertaking.

A DIVIDEND

The subject of a dividend has engaged the particular attention of the Directors. By reference to the income account, it appears that the Company has earned in the brief period of five months, ending January 1st, 1845, more than $700,000, or near 5 percent net upon its capital stock, and that the construction period stands indebted to the transportation account.

This sum, after making all proper deductions, would have warranted a dividend of at least three and half percent.

But the Board, although anxious to distribute among the stockholders a fund to which they are legitimately entitled, and aware too that no stock is properly appreciated until it yields fruit, conceive it their duty, under all the circumstances of the case, to apply this income to the reduction of the debt.

They are thus enabled to present to you a valuable work, resumed and finished with unusual dispatch, and fairly tested and prepared to enter the field the ensuing season with all the vigor of a well developed power, and with undoubted prospects of earning large dividends.

In conclusion the Board take occasion to remark generally in relation to the value of this description of property as calculated for investment. Since the commencement of the construction of railroads in England, as far back as the year 1827, they have continued a
slowly and gradually to increase in public favor up to the present time without having, during the whole period of 18 years, undergone a revulsion of the slightest kind, or sunk for a moment in public favor. The result of which has been that this species of property is now sought to be increased in Europe, and particularly in England, to an extent that indicates that but a few years can elapse before railways will come into general use, taking the place of the common highways.

In New England we see the same views and feelings prevail. The entire success of all their roads, and a consequent high appreciation by their zealous capitalists, of this description of property, has given them ample means to continue the construction of roads throughout every part of their domain. With these facts and considerations presented to the view of the capitalists, it may be asked, what description of property offers a like security, whether it be against the revulsions of business and the commercial embarrassments of the country, or in its being engaged in war, either of which events it will not be denied, would affect seriously, and in some cases fatally, every other description of property, whether it be government, state, bank, or insurance stock, or real estate. It may be remarked, too, that property in railways is, in a measure, free from the very common and increasing hazard of embarrassment by unworthy and dishonest officers and agents. The Board congratulate the stockholders on the entire success of an enterprise which has so long engaged their attention.

The Company is now in possession of a well constructed road of nearly 100 miles, leading from the commercial emporium of the country, and constituting a productive and safe property, which will
shortly commences its return in dividends, equal, it is believed, to their most sanguine expectations. In a word, they rely for the prominent success of this work upon the ascertained fact that the Long Island Railroad presents the shortest and quickest route; and with a firm and determined perseverance in the most careful and economical management, they are convinced that it is not only the safest and most expeditious, but the CHEAPEST route between the cities of New York and Boston.

By order of the Board

GEORGE B. FISK, President