

It may not be improper for me to state, that the wish of the board that I should become the President of the company, was not made known to me until after the resolution of the 27th December, 1836; that the application was altogether unexpected to me, and that the offer was not finally accepted until the 28th day of January following. A copy of the letter of acceptance is herewith submitted.

It is necessary to remark, that as well the number of officers, as the salaries allowed them, have been adjusted not only in reference to that part of the road actually completed and in use, but also in respect to the work of construction and other preparations which have been in progress for extending it to Wheeling and to Pittsburg.

In reference to these objects, the operations of the company are believed to be conducted with as great economy as those of any other company, in proportion to the magnitude of the enterprise, of which the board have any knowledge.

In some instances in which an increased salary has been authorised, the measure was deemed only just to the officer, and necessary to ensure the services of competent agents, in consequence of the increased duties and responsibilities arising from the great augmentation in the business of the road. In others, it formed part of an arrangement by which certain agents were dispensed with, and their duties devolved upon others.

These arrangements were made as well to simplify the operations of the road, to concentrate and render more rigid and strict the responsibility of the agents, and to introduce better economy into the entire system.

While the board have acted from a belief that the wisest economy consists in commanding the best grade of talent fitted for the service, and of rewarding its exercise with a liberal frugality, they have not been insensible of the importance of keeping their expenses within their income, small as that has been.

Even an unprofitable road, however, requires the ordinary fixtures incident to such works, and is not to be conducted with less expense than others possessing greater advantages. At the same time it will appear from the last annual report, that for the last two years a surplus of income over expenditure has been gradually accumulating; and from an examination of the tabular statement herewith submitted, that notwithstanding the augmentation in the trade and business of the road, and the increase of salary which in some instances has been allowed, the aggregate amount paid for salaries of the principal officers, is at present less than it was in the year 1835, or in any intermediate year.

I have the honor to be, sir,

Very respectfully,

Your obedient servant,

LOUIS McLANE,

President of the Baltimore and Ohio Rail Road Company.