

State must far exceed the entire sum that she can be called upon to contribute.

I herewith lay before you (being Document marked A.) the twelfth Annual Report of the President and Directors, to the Stockholders, of the Baltimore and Ohio Rail Road Company. This report presents distinctly, the financial situation of the Company, shews an evident improvement in its general condition, and offers new proof that its management is in hands entirely competent to the arduous task. It appears that in the month of November last, the Stockholders, in general meeting, determined to pursue the Virginia route from Harper's Ferry, rather than the route on the Northern Bank of the Potomac, as indicated by the act of 1835, chapter 395, for the reason that the cost of the construction of the road on the former route, will be less by \$2,083,917, and the actual loss of capital by pursuing the latter route, would have been equivalent to \$3,683,820.

No official report has been furnished to the State Department, by the President and Directors of the Chesapeake and Ohio Canal Company; but I have been informed, in a letter recently received from the President of that Company, that he designs, at an early period of the session, to present a report shewing the progress that has been made in the construction of the Canal, the present condition of the Company, and its future prospects. The work has been prosecuted, I learn, with all the energy and despatch, which the means of the Company justified, but under circumstances of much difficulty and embarrassment. The delay of two years before the subscription on the part of the State, of three millions of dollars to the stock of the Company, could be rendered in any manner available, and the protracted discussions of the last session of the Legislature, involving questions as to the obligations of the State, under her subscription, and the validity of the contract made between the Commissioners of the State and the Company, had the effect greatly to impair the credit of the Company, to excite distrust and alarm in the minds of the contractors, who declined making engagements with laborers, and consequently to retard the progress of the work. No sale of the certificates of debt of the State, which were received, in virtue of the contract with the Commissioners, has been effected: the Company preferring to raise means by temporary hypothecations of the certificates in this Country and England, rather than by forced sales, to incur sacrifices alike injurious to the credit of the State, and to the interests of all the Internal Improvement Companies designated by the act of 1835.

In addition to the heavy demands for the prosecution of its own work, and the payment of interest to the State on the two million loan, the Company has been compelled to make large advances to the Easter Shore and the Annapolis and Elk Ridge Rail Road Companies, for the prosecution of their respective works, in com-