

cate of what has been proved by the Atlantic Telegraph Expeditions of 1858 and 1865 (marked F); a letter from C. F. Varley, Esq., about the tariff for messages through the Atlantic cable (marked G); Mr. Willoughby Smith's new system of testing a submarine cable electrically during its submersion (marked H), and several other documents not mentioned in this report, to which I would invite your careful attention.

Captain Frank Bolton has been for many years arranging a code for expediting the transmission of messages through long submarine cables, and the copy of his letter which I send you with this (marked I), will explain to you that he can increase the speed to a very great extent.

On the 7th ultimo I signed on behalf of the New York, Newfoundland and London Telegraph Company, the heads of an agreement with Mr. Richard Atwood Glass on behalf of the Anglo-American Telegraph Company, as per copy annexed. (marked J.)

This agreement I duly forwarded to you for your approval, with a request that you would send me by first mail, a Power of Attorney to execute the detailed contract.

I am apprehensive that this agreement may not at first sight meet with your full approval, but you will please remember that the last extension that the New York, Newfoundland and London Telegraph Company gave the Atlantic Telegraph Company for the completion of the line from Ireland to Newfoundland does not expire until the 1st day of March, 1868, so that the Newfoundland Company could not lay a cable between Ireland and Newfoundland this year or the next, unless the Atlantic Company consented to cancel their agreement. Under all the circumstances, I put it for your consideration, whether it was not better to contribute £25,000 per annum from the receipts for through business to secure the laying of the Atlantic cable this year, than to let this great enterprise remain in abeyance until 1868?

You are aware that by the agreement between the Atlantic Telegraph Company and the New York, Newfoundland and London Telegraph Company, made on the 17th of February, 1858, the revenue for messages through the Atlantic cable or cables, and passing over the lines of the New York, Newfoundland and London Telegraph Company is to be divided, two-thirds to the Atlantic Telegraph Company and one-third to the New York, Newfoundland and London Telegraph Company, that is for every three pounds earned for through business, two belong to the Atlantic and