June 29, 1954

Honorable Herbert R. Lehman,
United States Senate,
Washington 25, D.C.

Dear Senator Lehman:

Because of your sincere interest in the matter of Baltimore and Ohio Railroad financing, I feel you are gratified at the final outcome concerning which many have expressed genuine approval. I am sure you are fully advised of the termination of negotiations with the re-financing of the $64 million outstanding indebtedness brought about by the payment by the Railroad of $41 million and sale by the RFC of the remaining $60 million of the bonds to investment bankers at 95.

On the question of profitableness to the Government, the B and O officials compute that approximately $15 million gain accrues to the Federal Government. You may have noticed the Wall Street Journal story to the effect that the Federal Government is the gainor by approximately $37½ million throughout the life of the transaction. However, this takes into account a large item relative to interdepartmental financing. Under any method of calculation, however, it is clear that a sizeable profit was realized by the Federal Treasury.

The B and O officials are very much indebted to you for your helpful and keen interest in their matter. I just thought I would drop you this personal line to give the above details in the event you had not previously received them.

With kindest personal regards, I am,

Sincerely yours,

HERBERT R. O'CONOR

[Signature]