

company at once, in order to extinguish their then floating debt, and the remainder has been paid over as the work proceeded. The time for the payment of the sum of \$2,853,912 was also extended to 7th November, 1888. The Company at the same time undertook to complete the road by May, 1886, five years earlier than the original date.

512. This arrangement necessitated a more rapid progress of the work, and a larger outlay than would have been otherwise required, and the Company in 1885 found that their arrangements with the Government were too stringent to allow of their readily disposing of their stock, and that they were thus prevented from obtaining the funds necessary for the general requirements of the road. Application, therefore, was made to the Government for a readjustment, and by 48-49 Victoria, chapter 57, the following changes were made.

Proposition for re-adjustment.

513. The Company issued and delivered to the Government \$35,000,000 first mortgage bonds, bearing interest at 5 per cent., and secured by a mortgage on their entire property (except the Algoma Branch), and thereupon the Government cancelled and destroyed the shares in the capital stock, amounting to \$35,000,000, held by them.

Terms of re-adjustment.

514. The Company were then liable to the Government as follows:—

Financial position of the company.

| | |
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| Loan under Act of 1884..... | \$22,500,000 |
| Balance of amount due under agreement of 10th November, 1883..... | 7,380,912 |
| TOTAL..... | \$29,880,912 |

which amount, with interest at 4 per cent., was to be repaid by the 1st May, 1891. \$20,000,000 of this amount was payable in cash, and was secured by a like amount of the above-mentioned first mortgage bonds, and the balance was secured by a lien upon the unsold lands of the company,