

8. Upon the reception from the Government of the possession of each of the respective portions of the Canadian Pacific Railway, the Company shall equip the same in conformity with the standard herein established for the equipment of the sections hereby contracted for, and shall thereafter maintain and efficiently operate the same.

9. In consideration of the premises, the Government agree to grant to the Company a subsidy in money of \$25,000,000, and in land of 25,000,000 acres, for which subsidies the construction of the Canadian Pacific Railway shall be completed and the same shall be equipped, maintained and operated, the said subsidies respectively to be paid and granted as the work of construction shall proceed, in manner and upon the conditions following, that is to say :

a. The said subsidy in money is hereby divided and appropriated as follows, namely :—

CENTRAL SECTION.

| | | |
|---|--|--------------|
| Assumed at 1,350 miles— | | |
| 1st.—900 miles, at \$10,000 per mile..... | | \$9,000,000 |
| 2nd.—450 " " 13,333 " " | | 6,000,000 |
| | | \$15,000,000 |

EASTERN SECTION.

| | | |
|--|--------------|--------------|
| Assumed at 650 miles, subsidy equal to \$15,384.61 per mile..... | \$10,000,000 | \$25,000,000 |
|--|--------------|--------------|

And the said subsidy in land is hereby divided and appropriated as follows, subject to the reserve hereafter provided for.

CENTRAL SECTION.

| | | |
|---|------------|--|
| 1st.—900 miles, at 12,500 acres per mile..... | 11,250,000 | |
| 2nd.—450 " " 16,666.67 " " | 7,500,000 | |
| | 18,750,000 | |

EASTERN SECTION.

| | | |
|---|-----------|------------|
| Assumed at 650 miles, subsidy equal to 9,615.35 acres per mile..... | 6,250,000 | 25,000,000 |
|---|-----------|------------|

b. Upon the construction of any portion of the railway hereby contracted for, not less than 20 miles in length, and the completion thereof so as to admit of the running of regular trains thereon, together with such equipment thereof as shall be required for the traffic thereon, the Government shall pay and grant to the Company the money, and land subsidies applicable thereto, according to the division and appropriation thereof made, as hereinbefore provided; the Company having the option of receiving in lieu of cash, terminable bonds of the Government, bearing such rate of interest for such period and nominal amount as may be arranged, and which may be equivalent according to actuarial calculation to the corresponding cash payment, the Government allowing four per cent. interest on monies deposited with them.

c. If at any time the Company shall cause to be delivered on or near the line of the said railway, at a place satisfactory to the Government, steel rails and fastenings to be used in the construction of the railway, but in advance of the requirements for such construction, the Government, on the requisition of the Company, shall, upon such terms and conditions as shall be determined by the Government, advance thereon three-fourths of the value thereof at the place of delivery. And a proportion of the amount so advanced shall be deducted according to such terms and conditions from the subsidy to be thereafter paid, upon the settlement for each section of 20 miles of railway, which proportion shall correspond with the proportion of such rails and fastenings which have been used in the construction of such sections.

d. Until the first day of January, 1882, the Company shall have the option, instead of issuing land grant bonds as hereinafter provided, of substituting the payment by the Government of the interest (or part of the interest) on bonds of the Company, mortgaging the railway and the lands to be granted by the Government,