

To secure the important advantages contemplated by the adjustment of 1860, it became indispensable to suffer this indebtedness to retain its priority, and it still remains in a condition which enables its holders to enforce its collection in advance of all other securities.

In order to remove this incumbrance upon our common property, it is necessary for the bondholders, under the first and second mortgages, again to consent to a temporary postponement of interest, by funding four half-yearly coupons, viz.: that which fell due 15th November 1862, and those payable in May and November 1863, and May 1864.

It should not be overlooked that the funding proposed is temporary only, and that the principal of the coupons to be funded is to be discharged before any application of income is made to the payment of dividends upon the Preference shares. The amount of interest too, upon all such funded coupons, is fully covered by the very moderate and careful estimate which is submitted herewith, marked B. By this estimate it seems clear, that at the close of May 1864, the whole of the remaining debt provided for in October 1860, will be entirely paid, and thenceforward, if no unforeseen circumstances occur, the Company will be able to meet the interest on the whole of its funded debt with regularity and promptitude.

It may increase the cheerfulness and confidence with which bondholders will acquiesce in the present necessity, to call their attention to the familiar fact, that since 1857, when the present management became interested in this Road, the security for their claims has been fully doubled, and that without the large expenditures subsequently made, and which, by the arrangements of 1860, were all devoted to the additional security of these bonds, they could by no possibility ever be worth their par value.

It will be satisfactory to know that the Company has regularly paid the interest on the prior mortgages, on the bonds issued for the surrendered coupons, and on the river front mortgages, excepting one of the latter, heretofore held in abeyance.

The Company's representatives have just closed a series of interviews with the Trustees of the funded coupon mortgage of the 15th November 1860, with the principal bondholders in the United