

*The Interest payable annually* upon the before mentioned Debenture and other Debts of the Company now amounts to £15,000, towards which the railroad does not at present earn a single cent.

*The working of the Railroad.* The receipts upon the railroad are still insufficient to cover the working expenses. In the two years, 1870 and 1871, the deficiency was £2,500; while in the three months of January, February, and March of the present year, during which period the Company worked the Windsor Branch of the Government Line, the deficiency was £3,000. Exceptionally bad weather has prevailed in the present year—snow storms and floods have done great damage, increasing the expenses, and at the same time reducing the receipts—but beyond this the destruction of the Company's rolling stock arising out of the defective and unsafe condition of the Government Line between Windsor and Waverly Junction, has entailed considerable extra expense upon the Company. The chief cause, however, of the working being unremunerative is the smallness of the traffic, and *the low and unremunerative rates to which the Company are at present confined by the Government.*

*The General Financial Position.* Hitherto, the capitalists interested in the Company living in hopes of assistance from the Government, have advanced money with which to provide for the Company's requirements, but this they cannot offer to do to any greater extent unless assistance is at once extended to the Company by the Government.

The capitalists maintain that they are entitled to relief in one of the ways set forth in the Company's Memorial of 26th July, 1871; but they are willing if the income of the Company is supplemented by a Loan from the Government to the extent necessary to provide the interest upon the Company's Debts, to arrange to provide the further capital necessary to develop the resources of the railroad, and further to capitalize the whole of the Company's Debts, and thereby relieve the railroad from encumbrance, and secure its benefits to the people of the Province.

Such a Loan would not in any way interfere with the right of the Government to purchase the railroad at any time under the powers conferred upon them by clauses 7, 8, and 10 of the Act of the Legislature of Nova Scotia, 28 Vic., Cap. 13.

If this assistance be refused, the Company will be powerless to prevent the immediate destruction of the railroad by the creditors—and in that case the lands and money grants provided by the Province towards the construction of this great public work, will be lost; and for the first time in the history of a British Colony a section of the Government Railroads will be destroyed by creditors who are really creditors of the State, while both legally and morally the Government of the Dominion will be bound to refund to the English capitalists the amount of capital embarked by them in the railroad.

As the subject is one of the most urgent importance, I beg that this application may be laid before His Excellency the Governor-General in Council without delay.

I have the honor to be,

Sir,

Your obedient servant,

(Signed)

J. A. MANN,

Commissioner and Attorney

Of the Windsor and Annapolis Ry. Co., Limited.