

Mr. FERGUSON: Do you consider that the 1¼ million shares are adequate for the project?

Mr. CONNOLLY: Yes.

Mr. FERGUSON: That will only give you about \$12 million.

Mr. CONNOLLY: Perhaps, if I might just finish.

Mr. CARROLL: I do not think we should allow ourselves to get mixed up between the capital stock of the Company and the bonded issue, the preferred stock and debenture stock.

Mr. ROONEY: May I ask a question?

Mr. CONNOLLY: Perhaps if I may say this: The underwriters have formally agreed to find the money that is required. They will find it by selling common stock or they will sell bonds or debentures as the case may be. If it is decided that route "A" will be built the money that will be required to build route "A" will be in the neighbourhood of some \$66 million. That will be financed by selling securities to the public not only in the United States but in Canada. I think from what we showed yesterday by the letters from the various brokers and bankers in Canada that there will be ample opportunity for the public in Canada to participate in this very desirable type of investment. They will get some \$54 million to \$55 million in bonds or debentures and from the sale of stocks they expect to pick up another \$13 million. Now, the plans, as Mr. Dixon has said, has not yet been formulated and I think, from what Mr. Dixon has said, at the moment it cannot be formulated. But that is the general plan. I would not want the committee to feel, and I do not think that any member of the committee feels, that we are trying to hide behind anything when we say that. I think what we are trying to do is to give you everything we have at the moment on what the plans are as we have them. There does not seem to be anything more that I can say.

Mr. HERRIDGE: Mr. Connolly, just to clear up a point in my mind, Mr. Ferguson asked you the amount of common stock or other securities to be sold to build route A and I think you said the total was about \$66,000,000? On the plan, however, it is stated that the cost would be \$79,000,000?

Mr. CONNOLLY: Yes, but there is this difference. A part of route "A" is to be built in the United States—I am talking about route A. There is a good deal of the line that has to be built in the United States and I am talking only of the portion that has to be built in Canada.

Mr. ROONEY: The chances are that you will issue your bond debenture bearing bonds to \$54,000,000 or \$55,000,000. You will endeavour, if possible, I would think, to keep those bonds down as low as possible on account of the fact that they will cover a mortgage on the whole equipment and that is a carrying charge that has to be looked after every year—that is an interest charge.

Mr. CONNOLLY: That is right.

Mr. ROONEY: You will endeavour, on the other hand, to sell as much common stock as possible because you have not got any set charges on that. In my opinion that is the ordinary set-up of big companies. I have had some experience in these matters and I have known of Mr. Dixon for some twenty years. To me this is just ordinary procedure.

Mr. SMITH: In response to that may I say that I disagree with you entirely on the first statement you made—that is for all this common stock. If you are right, in an enterprise costing \$70,000,000 why should they only issue \$12,000,000 worth of common stock—which would be the answer to everything you have said.