interest obligations. The deficits which your Company has been called upon to make good have been entirely due to expenditures for equipment, terminal facilities and general improvements such as are incident to a new and growing property; indeed, the expenditures for equipment and terminal facilities were almost entirely made at the instance of your Company, with the object of improving the joint earnings. The total advances to the "Soo" by your Company amount to $1,431,663, while the expenditures for equipment, terminal facilities and general improvements during the years in which these advances were made, foot up $1,748,041; but as our accounts stand, the advances of interest charged against our income account appear to have been $963,846, and for other purposes, as shown in the balance sheet, $467,817. The Soo Company has coming due in the immediate future certain interest bearing obligations which were outstanding at the time your Company became interested in that property, and it is necessary to provide for these, and at the same time provision should be made for all of the floating obligations of that Company, and also for additional equipment and facilities required at once as well as for some years to come. It is proposed that the Soo Company shall issue second mortgage bonds to the extent of $5,000,000, the interest on the bonds to be guaranteed by your Company. It is only intended that $3,500,000 of these bonds shall be guaranteed and disposed of in the immediate future; and the remainder are to be held subject to the control of your Company for the possible later requirements of the Soo Company. This arrangement will enable the Soo Company to devote its net earnings to the payment of its interest charges, and at the same time to repay in annual instalments the interest which has been advanced by your Company. Its improved earnings justify the belief of your Directors that it will not only be able to do this, but