

Government section between Winnipeg and Port Arthur with masonry and iron, and earth embankments; and the substitution of 72 pounds per yard for 56 pounds per yard rails in the main line, and the Credit Valley section, to the extent that the lighter rails can be utilized in branch lines or otherwise.

The Atlantic and Northwest Railway (the Company's leased line between Montreal and the Maritime Provinces) was opened for traffic on the 3rd of June. The local traffic along that line has increased rapidly, but the through traffic has suffered from the want of due co-operation on the part of the Intercolonial Railway—the Government line—over which connection is made with Halifax and other points in Nova Scotia and Eastern New Brunswick. Your Directors, however, have the assurance that a satisfactory settlement of this difficulty will be reached immediately.

On the same date, a through train service was established by the way of Sault Ste. Marie to St. Paul and Minneapolis, in connection with the Minneapolis, St. Paul and Sault Ste. Marie Railway; and the Duluth, South Shore and Atlantic Railway, the other American line connecting at Sault Ste. Marie, was fully opened for through business a few weeks later.

The traffic interchanged with these lines has already assumed large proportions, and your Directors are now satisfied that their expectations in this regard, as stated in former reports, will be more than realized.

The value of the connection with these two American lines is so great, that your Directors will, at the present