

2 June 1864
J. C. W.

Reasons in favor of the Bill now before Parliament for the reorganization of the Ottawa and Prescott Railway.

The Ottawa and Prescott Railway Company was incorporated by Statute 13 and 14, Victoria, cap. 132. (The name was then the Bytown and Prescott Railway.) The Railway passes from Prescott to Ottawa City, and is 54 miles in length.

The Company was organized in 1851 and the Railway was opened through Ottawa City in 1855. The total cost of Road amounts to..... \$2,003,886

and is composed of the following items :

Shares.....	\$431,788
Mortgages.	
1st Mortgage, 1855, to secure Bonds held by E. V. Company....	\$476,833
2nd do. to Municipalities, 1853.....	300,000
3rd do. to Grand Trunk Railway Company, 1857.....	243,330
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	1,020,163
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	\$1,452,022
Interest.	
On 1st Mortgage.....	\$154,432
" 2nd do.....	235,499
" do.....	34,166
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	424,097
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	\$1,876,119
debt.....	127,767
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	\$2,003,886

The first mortgage Bonds which are the first security were sold, and iron for the laying of the Rails purchased with the proceeds. These Bonds are now held by the Ebbw Vale Company who furnished the iron, but which Company, during a period of ten years, that the iron has been laid down, has only received about six months' interest upon the cost of it.

Proceedings in Chancery were taken some time ago to foreclose this mortgage, and under these proceedings the Railway is now in the hands of a Receiver, administering its affairs under the orders of the Court of Chancery.

Negotiations have taken place between the holders of this first mortgage, and the different parties interested in the Road, Shareholders and others, the result of which has been that a compromise has been agreed upon, with the object of putting the affairs of the Company into a state which would enable it to carry on operations, and prevent the completion of the foreclosure of the mortgage and the sale of the Road by the Sheriff.

The basis of this arrangement is that the Bondholders shall be allowed to vote, and that the mortgagees shall so waive their legal rights as will enable the Company to go on without the necessity of pushing the Chancery proceedings to their necessary conclusion, and thus by sale, placing the whole property in the hands of the first mortgage, entirely destroy every interest coming after that of the first mortgage.

The Road and Rolling Stock are at present in a state of very great and dangerous disrepair. Several wooden bridges on the Line are in an exceedingly insecure state, particularly the two structures ; one across the Rideau and the other across the Nation River.

The net Earnings of the Line up to this time have not only been insufficient to meet any interest upon the first mortgage on the Road, but have barely sufficed to cover the working Expenses. Large amounts for wages and materials supplied for the use of the Road being now in arrears, and the Company encumbered by a very heavy floating debt which it can by no possibility ever be able to pay.

The sleepers are greatly decayed and require renewing throughout a very large portion of the line ; the rolling stock is both entirely insufficient in quantity and in an antiquated state so regards repairs.