

there shall be an annual payment by the Atlantic Telegraph Company to this Company out of the earnings from the working of the cables of £125,000, the arrangements being that the receipts in each year from all the Atlantic Telegraph Company's Lines are, after paying expenses of repairs, management, working, and direction, and interest (not exceeding £5,000 per annum) on the debentures of the Atlantic Telegraph Company, to be appropriated thus:—

First. In paying to this Company £125,000 per annum.

Second. In paying £72,000 per annum (representing Eight per Cent. on the Atlantic Company's existing Preference Stock and Four per Cent. on their Ordinary Stock) to the Atlantic Telegraph Company, and

Third. The entire balance of each year's receipts is to be divided between this Company and the Atlantic Telegraph Company in equal shares; but no deficiency in respect of the above annual payments in any one year is to be carried forward to another year.

The right is reserved to the Atlantic Telegraph Company of terminating the Agreement on or before the 1st January, 1869 (on giving three months' notice to that effect), by payment to this Company of the sum of £1,200,000, being double the amount of its capital. If, however, the Atlantic Telegraph Company exercise this option, the Anglo-American Company will have the right to take payment of the £1,200,000, one-half in cash and one-half in Ordinary Atlantic Telegraph Shares at par, instead of the whole amount in cash.

In the event of the Atlantic Telegraph Company exercising their right of redemption by payment of the above-named sum of £1,200,000, this Company will be forthwith dissolved and the funds distributed amongst the Shareholders.

The New York, Newfoundland and London Telegraph Company, with a view of securing the completion of telegraphic communication between Ireland and Newfoundland during the present year, have by their Deputy Chairman now in London agreed to contribute £25,000 per annum to this Company out of their share of the receipts, for through messages between Ireland and America, and passing over their lines. This subsidy will terminate upon the payment by the Atlantic Telegraph Company of the £1,200,000 above mentioned, or upon both cables ceasing after 31st December, 1866, to be in working order for twelve successive months. The agreement has been forwarded to New York for formal ratification there.

To sum up the financial arrangements, the effect will be as follows:—

The Shareholders in this Company will be entitled to £125,000 a-year out