

with the Midland Construction Co. of Ontario and Bruce, Peebles & Co. (Ltd.), Edinburgh, Scotland, for the construction and equipment of the line from London to Port Stanley, 30 miles. Under this contract the company will pay £119,570, of which £9,942 is in fully paid-up shares, and will receive \$600,000 of 5½% bonds of the South-Western Traction Co., and \$170,000 of its common stock, issued as fully paid up. Upon the completion of this 30 miles of line the company has the option of financing the whole of the balance of the authorized lines of the S.W.T. Co., or any

other portion of them, not less than 30 miles, for the consideration of \$20,000 in bonds and \$4,000 in shares per mile. The company has the option of terminating the contract when the first 16 miles are completed, in which event the cost of construction, estimated at \$58,000, will be payable in cash, and the company will be entitled to receive \$315,250 of bonds and \$78,810 of shares of the South-Western Traction Co. A. E. Payne, Engineer for the S.W.T. Co., estimated an average gross revenue of \$4,600 a mile, and average working expenses of 60%. On this

basis the prospectus sets forth that the net income from the first 30 miles of railway would be \$55,200. The interest on \$600,000 of 5½% bonds would be \$33,000, leaving available \$22,200 for administration expenses and to provide dividend on the ordinary stock. The arrangement with the S.W.T. Co. called for the opening of the line for traffic on the completion of 16 miles, and it was expected that this would be ready by Aug. 31. The prospectus contains copy of a letter from Preece & Cardew to the effect that "After making careful enquiry in America" they

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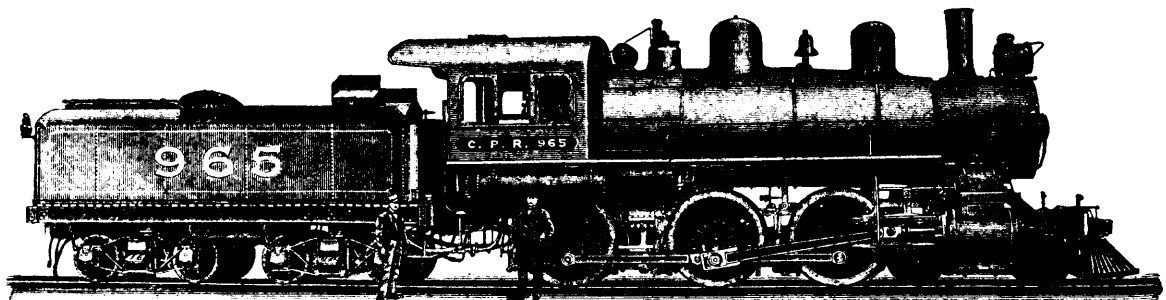
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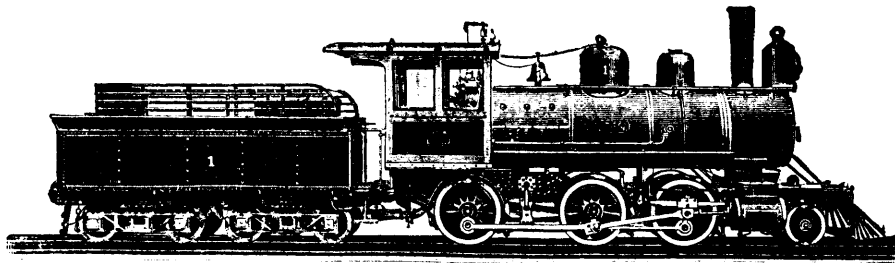


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