

4. The work of construction shall be commenced at the eastern extremity of the Eastern section not later than the first day of July next, and the work upon the Central section shall be commenced by the Company at such point towards the eastern end thereof on the portion of the line now under construction as shall be found convenient and as shall be approved by the Government, at a date not later than the 1st May next. And the work upon the Eastern and Central sections, shall be vigorously and continuously carried on at such rate of annual progress on each section as shall enable the Company to complete and equip the same and each of them, in running order, on or before the first day of May, 1891, by which date the Company hereby agree to complete and equip the said sections in conformity with this contract, unless prevented by the act of God, the Queen's enemies, intestine disturbances, epidemics, floods, or other causes beyond the control of the Company. And in case of the interruption of the work of construction from any of the said causes, the time fixed for the completion of the railway shall be extended for a corresponding period.

5. The Company shall pay to the Government the cost, according to the contract of the portion of railway, 100 miles in length, extending from the city of Winnipeg westward up to the time at which the work was taken out of the hands of the contractor and the expenses since incurred by the Government in the work of construction, but shall have the right to assume the said work at any time and complete the same, paying the cost of construction as aforesaid so far as the same shall then have been incurred by the Government.

6. Unless prevented by the act of God, the Queen's enemies, intestine disturbances, epidemics, floods or other causes beyond the control of the Government, the Government shall cause to be completed the said Lake Superior section, by the dates fixed by the existing contracts for the construction thereof; and shall also cause to be completed the portion of the said Western section now under contract, namely, from Kamloops to Yale, within the period fixed by the contracts therefor, namely, by the thirtieth day of June, 1885; and shall also cause to be completed, on or before the first day of May, 1891, the remaining portion of the said Western section, lying between Yale and Port Moody, which shall be constructed of equally good quality in every respect with the standard hereby created for the portion hereby contracted for. And the said Lake Superior section, and the portions of the said Western section now under contract, shall be completed as nearly as practicable according to the specifications and conditions of the contracts therefor except in so far as the same have been modified by the Government prior to this contract.

7. The Railway constructed under the terms hereof shall be the property of the Company: and pending the completion of the Eastern and Central sections, the Government shall transfer to the Company the possession and right to work and run the several portions of the Canadian Pacific Railway already constructed or as the same shall be completed. And upon the completion of the Eastern and Central sections, the Government shall convey to the Company, with a suitable number of station buildings and with water service (but without equipment), those portions of the Canadian Pacific Railway constructed or to be constructed by the Government which shall then be completed; and upon completion of the remainder of the portion of railway to be constructed by the Government, that portion shall also be conveyed to the Company, and the Canadian Pacific Railway shall become, and be thereafter the absolute property of the Company. And the Company shall thereafter and forever efficiently maintain, work and run the Canadian Pacific Railway.

8. Upon the reception from the Government of the possession of each of the respective portions of the Canadian

Pacific Railway, the Company shall equip the same in conformity with the standard herein established for the equipment of the sections hereby contracted for, and shall thereafter maintain and efficiently operate the same.

9. In consideration of the premises, the Government agree to grant to the Company a subsidy in money of \$25,000,000, and in land of 25,000,000 acres, for which subsidies the construction of the Canadian Pacific Railway shall be completed and the same shall be equipped, maintained and operated, the said subsidies respectively to be paid and granted as the work of construction shall proceed, in manner and upon the conditions following, that is to say:

a. The said subsidy in money is hereby divided and appropriated as follows, namely:—

CENTRAL SECTION.

Assumed at 1,350 miles—	
1st.—900 miles, at \$10,000 per mile	\$9,000,000
2nd.—450 " 13,333 "	6,000,000
	<u>\$15,000,000</u>

EASTERN SECTION.

Assumed at 650 miles, subsidy equal to \$15,384.61	
per mile.....	10,000,000
	<u>\$25,000,000</u>

And the said subsidy in land is hereby divided and appropriated as follows, subject to the reserve hereafter provided for.

CENTRAL SECTION.

1st.—900 miles, at 12,500 acres per mile	11,250,000
2nd.—450 " 18,666.66 "	7,500,000
	<u>18,750,000</u>

EASTERN SECTION.

Assumed at 650 miles, subsidy equal to 9,615.35	
acres per mile.....	6,250,000
	<u>25,000,000</u>

b. Upon the construction of any portion of the railway hereby contracted for, not less than 20 miles in length and the completion thereof so as to admit of the running of regular trains thereon, together with such equipment thereof as shall be required for the traffic thereon, the Government shall pay and grant to the Company the money, and land subsidies applicable thereto, according to the division and appropriation thereof made, as hereinbefore provided; the Company having the option of receiving in lieu of cash, terminable bonds of the Government, bearing such rate of interest for such period and nominal amount as may be arranged, and which may be equivalent according to actuarial calculation to the corresponding cash payment, the Government allowing four per cent. interest on monies deposited with them.

c. If at any time the Company shall cause to be delivered on or near the line of the said railway, at a place satisfactory to the Government, steel rails and fastenings to be used in the construction of the railway, but in advance of the requirements for such construction, the Government, on the requisition of the Company, shall, upon such terms and conditions as shall be determined by the Government, advance thereon three-fourths of the value thereof at the place of delivery. And a proportion of the amount so advanced shall be deducted according to such terms and conditions from the subsidy to be thereafter paid, upon the settlement for each section of 20 miles of railway, which proportion shall correspond with the proportion of such rails and fastenings which have been used in the construction of such sections.

d. Until the first day of January, 1882, the Company shall have the option, instead of issuing land grant bonds as hereinbefore provided, of substituting the payment by the Government of the interest (or part of the interest) on bonds of the Company, mortgaging the railway and the land to be granted by the Government, running over such term of years as may be approved by the Governor in Council in lieu of the cash subsidy hereby agreed to be granted to the Com-