

South-Western land grant, and to set aside from deferred payments on lands sold from this grant, a sufficient amount to reduce the claim of the Manitoba Government against these lands by \$317,881.24, leaving a balance due of only \$325,341.00, and it is expected that by the end of the present year a sufficient amount will be set aside to practically extinguish this claim, after which the entire proceeds of sales of these lands, together with the proceeds of sales of lands earned in respect of the Souris Branches and the proceeds of Town-sites, will be available for interest on the land grant bonds outstanding, and for recouping to the Treasury the amounts already advanced as interest on these bonds.

With the payment of the dividend in August next the dividend fund deposited with the Dominion Government in 1883 will be exhausted. This event has been looked forward to by many with anxiety, but the Directors are happy and proud to say that the termination of the guaranty which was based on this deposit finds the Railway earning more than five per cent on its ordinary stock, and with an available surplus amounting to two years dividends at five per cent to fall back upon in case of need.

With a view to more convenient working and to the more active participation of the Directors in the affairs of the Company, it is recommended that vacancies occurring in the Board shall not be filled (except in special cases when the Directors may deem it expedient) until the number of Directors shall be reduced to nine. You will be asked to approve a by-law to this effect, and another changing the date of the annual meeting from the second Wednesday in May to the first Wednesday in April, by