

Western Company, having for its object the raising of such additional capital by the issue of Joint Working and Equipment Bonds by the respective Companies to an aggregate amount of £200,000 sterling, of which it is proposed to make an immediate appropriation to the aforementioned purposes of, say, £110,000, holding an unissued reserve for similar objects, as further development of the Traffic may demand and justify.

This agreement will be presented to you, and you will be invited to approve and confirm it.

The Company's Act passed at the recent session of the Dominion Parliament authorizing the issue of Joint Working and Equipment Bonds will be laid before you; but it is not at present proposed to take the special vote necessary to the creation and issue of that security.

7. The negotiations relating to the North Simcoe Railway have resulted in a lease of that line to this Company for 999 years, the rental being as heretofore paid out of working expenses under the terms of the agreement of the 6th June, 1879.

This lease will be submitted herewith, and the Directors commend it to your approval and confirmation.

8. The Fusion of the two lines into joint working under the administration of a central Executive Committee makes it necessary that the By-laws and Regulations of the Companies should be assimilated.

A new code of By-laws has accordingly been prepared and will be submitted for your adoption.

9. During the last session of the Dominion Parliament an Act was passed under which the number of Directors has been so increased as to admit of the Preference Stockholders and the holders of Ordinary Stock being respectively represented by a Director elected by their separate votes.

It is hoped that this measure may conduce to unanimity amongst the different classes of proprietors to mutual advantage.

10. The Directors congratulate the proprietors upon the satisfactory results of the joint working and upon the very promising position of the affairs of the Company. The prospects of increasing traffic and of further economies justify the Directors in stating their entire concurrence in the hope expressed in the Report of the Executive Committee, that before long the Ordinary Stock of the Company will participate in the prosperity of the undertaking. The extinguishment of the Government lien always heretofore an obstacle to progress and credit, together with the assimilation of the gauge to the standard gauge of the continent, will now leave the Company free to develop the value of the property to its highest results.

11. The Directors append the usual statements of accounts,