

The Shareholders of each Company received Shares in the new Company as follows :

- (1) The Anglo about £152 per £100.
- (2) The French " 190 " 100.
- (3) The New York £864,520, and to call for £135,480 more, in case Newfoundland did not exercise its right of purchase, *before the 1st of May, 1875*. At the same time the New York Company retained for itself its valuable land grants, mines, &c., also granted to it as a *bonus* by Newfoundland, when incorporated in 1854.

13. The value of the assets taken by the new Company at £7,000,000, may be safely estimated at about *half that amount*.

14. At these meetings of the Shareholders of the Anglo Company, and the French Company, held in May, 1873,—it was stated by the respective Chairmen (Sir W. Drake and Lord Monck), and by their Counsel, Mr. Lloyd, that Newfoundland would lose its right of purchase, inasmuch as it was against the New York Company only, which upon amalgamation would cease to exist. Nevertheless, one of the terms agreed upon was, as mentioned, that the new Company should retain, as against the proprietors in the New York Company, the sum of £135,000 against the contingency of this purchase before the 1st May, 1875.

15. The Shareholders of the new Company must therefore be taken to have fully known their position with respect to the Government of Newfoundland; and they would even appear to have been assured,—however erroneous this assurance was—that, as one of the congratulatory advantages of amalgamation, the right of that Colony to acquire the Telegraph property of the New York Company, would be entirely defeated by that Company ceasing to exist.

16. Further, the French Company was established in 1869. This Company had laid its cable between Brest and the shores of the United States, touching at the French Island of St. Pierre, in the Gulf of St. Lawrence. It had obtained an exclusive right of using the French Coast for cable purposes, and the Company was obliged by the action of Mr. Hamilton Fish, United States Secretary of State, to concede reciprocal rights to citizens of that country, of landing cables in France, before it was permitted to occupy any part of the coast of the United States.

17. In March, 1873, the position of the cable lines was this:—

Two cables of the Anglo Company, connecting Ireland and Newfoundland (the cable of 1858 having been acquired from the Atlantic Telegraph Company).

One cable of the French Company, connecting Brest with the United States, *via* St. Pierre.

Three short cables, connecting Newfoundland with Cape Breton, and uniting in Nova Scotia with the land lines of the Western Union Telegraph Company, an American