

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 Company or any part thereof; such payments of interest to be equivalent according to actuarial calculation to the corresponding cash payment, the Government allowing four per cent. interest on monies deposited with them; and the coupons representing the interest on such bonds shall be guaranteed by the Government to the extent of such equivalent. And the proceeds of the sale of such bonds to the extent of not more than \$25,000,000, shall be deposited with the Government, and the balance of such proceeds shall be placed elsewhere by the Company, to the satisfaction, and under the exclusive control of the Government; failing which last condition the bonds in excess of those sold shall remain in the hands of the Government. And from time to time as the work proceeds, the Government shall pay over to the Company: firstly, out of the amount so to be placed by the Company,—and after the expenditure of that amount, out of the amount deposited with the Government,—sums of money bearing the same proportion to the mileage cash subsidy hereby agreed upon, which the net proceeds of such sale (if the whole of such bonds are sold upon the issue thereof) or, if such bonds be not all then sold, the net proceeds of the issue, calculated at the rate at which the sale of part of them shall have been made, shall bear to the sum of \$25,000,000. But if only a portion of the bond issue be sold, the amount earned by the Company according to the proportion aforesaid, shall be paid to the Company, partly out of the bonds in the hands of the Government, and partly out of the cash deposited with the Government, in similar proportions to the amount of such bonds sold and remaining unsold respectively; and the Company shall receive the bonds so paid as cash at the rate at which the said partial sale thereof shall have been made. And the Government will receive and hold such sum of money towards the creation of a sinking fund for the redemption of such bonds and upon such terms and conditions as shall be agreed upon between the Government and the Company.

9. If the Company avail themselves of the option granted by clause *d*, the sum of \$2,000 per mile for the first eight hundred miles of the central section shall be deducted *pro rata* from the amount payable to the Company in respect of the said eight hundred miles, and shall be appropriated to increase the mileage cash subsidy appropriated to the remainder of the said central section.

10. In further consideration of the premises the Government shall also grant to the Company the lands required for the road-bed of the railway, and for its stations, station grounds, workshops, dock ground and water frontage at the termini on navigable waters, buildings, yards, and other appurtenances required for the convenient and effectual construction and working of the railway, in so far as such land shall be vested in the Government. And the Government shall also permit the admission free of duty, of all steel rails, fish-plates and other fastenings, spikes, bolts and nuts, wire, timber and all material for bridges, to be used in the original construction of the railway, and of a telegraph line in connection therewith, and all telegraphic apparatus required for the first equipment of such telegraph line. And will convey to the Company, at cost price, with interest, all rails and fastenings bought in or since the year 1879, and other materials for construction in the possession of or purchased by the Government at a valuation; such rails, fastenings and materials not being required by it for the construction of the said Lake Superior and western sections.

11. The grant of land hereby agreed to be made to the Company, shall be so made in alternate sections of 640 acres each, extending back 2½ miles deep, on each side of the railway, from Winnipeg to Jasper House, in so far as such lands shall be vested in the Government, the Company receiving the sections bearing uneven numbers. But should any of such sections consist in a material degree of land not fairly fit for settlement, the Company shall not be obliged to receive them as part of such grant, and the deficiency thereby caused and any further deficiency which may arise from the insufficient quantity of land along the said portion of railway, to complete the said 25,000,000 acres, or from the prevalence of lakes and water stretches in the sections granted (which lakes and water stretches shall not be computed in the acreage of such sections), shall be made up from other portions to be selected by the