

"pany to take a lease of this undertaking, and the ensuing meeting in Canada will be made special for the purpose of confirming the arrangement, subject to the needful authority being obtained from the Michigan Legislature to enable the Chicago, Detroit and Grand Trunk Junction Company to grant the lease."

An agreement in accordance with the above was accordingly prepared and was approved and adopted at the annual general meeting held on the 23rd of May last.

From this it will be seen that Mr. Chapman was quite in error when he says "that the Shareholders were led to believe that the Port Huron and Detroit was leased merely to be worked at 50 per cent. of the gross receipts, and then with having leased it to the Grand Trunk without any explanation of details." All the explanations the Directors had in their power to give were given, as I have conclusively showed above.

As regards my being managing Director of both, lessor and lessee, it is I am sure hardly necessary to state that the sole object of placing me on the Board of the Detroit and Port Huron Extension was to protect by this arrangement, to which Mr. Chapman seems to take exception, the best interests of the Grand Trunk for whose sole benefit the line was originally projected.

4th. It is admitted on all hands that in principle an agreement with the Great Western Railway Company on fair and equal terms was and is desirable with the view of avoiding ruinous competition for traffic common to both Companies to and from Detroit.

4th. For having previously entered into an agreement with the Great Western of Canada which deprived the Grand Trunk of the independent control of traffic West of Hamilton, and for having led the Shareholders to believe that the Chicago, Detroit and Port Huron Railway was leased merely to be worked at 50 per cent. of the gross receipts, and having subsequently leased it to the Grand Trunk without any explanation of details which were set forth in a circular dated 23rd April, 1860, issued by Messrs. Turner and Lawford, and Messrs. Bischoff, Cox and Bompas, understood to be Messrs. Gzowski's agents.

1st. Interest at 8 per cent. on Bonds.

2nd. Interest at 6 per

This agreement has not interfered with the Detroit Extension Line, but I may add, as the legality of the agreement with the Great Western Railway is questioned, that no money has passed on either side. The delay in the realization of our expectations as to the Detroit Extension is owing to other causes and chiefly to the want of rolling stock on the Grand Trunk Railway proper. To prevent the ruinous competition adverted to, by a mutually beneficial arrangement, the representatives of the two Companies met, and adjusted the heads of an agreement which, being submitted to the several boards of both companies in Canada, as well as in England, and approved of, was afterwards submitted to the Shareholders at their meeting in March last, and no dissent having been offered thereto, it was concluded that the proposed arrangement was satisfactory, and accordingly the two Companies, since December

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