

1. Annual rental of properties \$2,000,000. If, however, the Company will accept the \$3,000,000. of City 5% 30 year bonds to be considered as a part payment on the purchase price of the properties, the annual rental shall be reduced to \$1,950,000.
2. Increase in rentals to be determined by the total load on the system. For each 10,000 H.P. increase in the total load of the system over the year 1932 the annual rental shall be increased by \$50,000., but shall not exceed \$2,500,000. per annum. The sale of dump power not to be included in the total load on which the rental is based.
3. The option to purchase may be exercised at any time within twenty years at a price of \$50,000,000. increasing \$1,000,000. every 10 years to a maximum of \$55,000,000.

In an interview with A. J. Nesbitt the above proposition was brought up and Mr. Nesbitt said that the Winnipeg Electric would jump at such a deal, but he did not think that any such proposition would be offered. As a matter of fact this deal is one which C.J. McCuaig has put up to the City and which he says has a good chance of success. Mr. McCuaig's view is that the Nesbitt, Thomson interests are stalling for time in the hope that a business upturn in the West will take place and that the investments of Power Corporation in the preferred and common stocks of Winnipeg Electric will be preserved.

The Bondholders Committee of Northwestern Power made the following proposition to Winnipeg Electric as an alternative to proceedings in bankruptcy.

The Northwestern Power bondholders will agree to waive interest and sinking fund on their bonds for five years if -

- (a) They have control of Winnipeg Electric expenses.
- (b) A certain amount of common stock of Winnipeg Electric is given to them.
- (c) No further mortgage is placed on the assets of Northwestern Power during the five year period.

These terms were not accepted by the Winnipeg Electric Company and it is now recommended by the committee that the necessary proceedings under the Bankruptcy Act be taken. Some difficulty may be experienced in this connection, however, since the House of Commons of Canada passed a bill on May 9th, 1933, which provides in Section 10 of this Bill that "notwithstanding anything in the Bankruptcy Act or in the Winding Up Act contained, whenever an application shall have been made under this Act in respect of any company, the court, on the application of any