

"and Vice-President to make arrangements for the engagement of an officer in Mr. Reith's stead, and that his connection with the Company do cease from this date."

The London Directors subsequently paid Mr. Reith £4,000 as compensation for the expenses he had incurred and the abrupt termination of a 3 years' engagement.

In regard to this charge I am only responsible in conjunction with my Co-directors. The statements contained in the prospectus referred to were made in good faith after careful enquiries, and on the best information that could be obtained. The great cause I consider of these expectations not having been realised has been the want of rolling stock on the Grand Trunk Railway, without which the large freights offered at Detroit could not be taken from Sarnia eastward.

It is satisfactory to learn from Mr. Chapman himself that he considers the extension to Detroit an absolute necessity to the Grand Trunk system; so did I, and my best energies were devoted to the scheme until I saw it accomplished. It had been previously arranged that this Company was to include the extension as part of its own management, and work it at the rate of 50 per cent. of the gross receipts, and this was so stated in my report of last December. This plan however was found impracticable, and the history of the facts which led to modification of these terms was so fully explained in the remarks of Mr. Baring, at the Shareholders' meeting of the 30th March last, that I have appended them hereto; and the London Directors in their report of the same month, made the following statement:—

"The Shareholders are aware that the line of this Company terminates at Sarnia, and that the through line to Detroit, and the communication with the various railways terminating at that place is effected by means of the Chicago, Detroit and Grand Trunk Junction Railway, which is proposed to be leased to the Grand Trunk Company for 999 years at such a proportion of the receipts earned on that Railway as will secure a dividend to the Shareholders of that Company of not less than 6 per cent. with a contingent increase up to 8 per cent. on the share capital of the Company."

"The length of this Railway is 60 miles, and it has been completed and opened for the estimated cost of £450,000, of which sum one half has been provided from debentures bearing interest at 8 per cent., and the other half from share capital."

"It was always contemplated and it is of the utmost importance that this line should be worked as part of the Grand Trunk Railway."

"The Grand Trunk Act of 1858 authorised the Com-