

Number of directors.

5. The board of directors of the Company shall be of such number (not less than five) as the directors by by-law, approved at an annual or at a special meeting of shareholders, from time to time determine.

Annual meeting.

6. The annual meeting of the shareholders of the Company shall be held on the fourth Monday in the month of January, or on such other day as the directors from time to time determine. 5

Provisional directors.

7. The said William Mackenzie and Donald D. Mann and Roderick J. Mackenzie shall be the first or provisional directors of the Company; and after the sum of one hundred thousand dollars has been expended, or expenditure to that amount has been *bonâ file* incurred by the contractors upon 10

First meeting of shareholders.

and in connection with the works undertaken to be done by them under the said contract, the provisional directors may call a general meeting of the shareholders of the Company to be held at the head office for the election of the board of directors from among the shareholders duly qualified to act as directors,—at which meeting each shareholder present or represented by proxy shall have one vote for each share subscribed 15

Election of directors.

for by him. 20

Capital stock.

8. The capital stock of the Company shall be ten millions of dollars divided into shares of one hundred dollars each: Provided, however, that if the directors by by-law limit the issue of securities under section seventeen hereof to a sum less 25

Increase.

than twenty-five thousand dollars per mile for the line of railway between the Stikine River and Teslin Lake, the said capital stock may by such by-law be increased by an amount not greater than the difference between twenty-five thousand per mile of the said line and the sum so limited for the said issue. 30

Preference stock.

9. The directors of the Company may, by by-law, create, and issue any part of the capital stock as preference stock, giving it such preference and priority, as respects dividends and otherwise, over ordinary stock as is declared by the by-law. 35

2. No such by-law shall have any force or effect unless at the first general meeting or at a special general meeting of the Company, whereat there are present or represented by proxy shareholders holding at least two-thirds of the whole issued capital stock of the Company, a majority in value of 40 the shareholders so present or represented, vote to sanction such by-law.

3. The by-law may provide that the holders of such preference shares shall have the right to select a certain stated proportion of the board of directors, or may give them such 45 other control over the affairs of the Company as is considered expedient.

4. Holders of such preference stock shall be shareholders and shall in all respects possess the rights and be subject to the liabilities of shareholders; provided, however, that with respect 50 to dividends and otherwise they shall, as against the ordinary shareholders, be entitled to the preference given by any by-law as aforesaid.