1st day of July, 1870, which shall first happen, and the Grand Trunk Company shall forthwith, after the passing of the said Act, issue to, and shall register in, the name of each holder of Ordinary Shares in the Buffalo Company, £10 5s. 0d. of Grand Trunk Ordinary Stock, and £10 5s. 0d. of Grand Trunk Fourth Preference Stock, in substitution for, and in satisfaction of each Ordinary Share of £20 10s. 0d. in the Buffalo Company, and shall issue, gratis, to each such registered holder, certificates for the amount of Stock in the Grand Trunk Company registered in his name, and thereupon all the then existing Ordinary Share Capital of the Buffalo Company shall be extinguished.

7. On the passing of the said Act, and the substitution of Ordinary and Fourth Preference Shares of the Grand Trunk Company, for the Ordinary Shares of the Buffalo Company, under the preceding article, the Buffalo Company shall be represented by the holders of the Preference Shares in the Buffalo Company, until such Preference Shares shall be converted under the provisions hereinafter contained into Ordinary Shares, or Stock, of the Buffalo Company, and thereafter the Buffalo Company shall be represented by the holders of such Ordinary Shares, or Stock; and subject to this Agreement, all the powers and provisions of the Buffalo Company's Acts, relating to the Capital of that Company, and to the administration of its affairs, shall continue in force, notwithstanding the vesting of the undertaking of the Buffalo Company in the Grand Trunk Company under this Agreement.

8. The Buffalo Company may, with the sanction of the votes of three-fifths of its Preferential Shareholders present in person, or by proxy, and voting at a Special General Meeting of the Preferential Shareholders, to be called in the usual manner for that purpose, create and issue, on such terms as the Meeting may think fit, Stock or Shares, of such amount as the Meeting may think fit, to be accepted by the Preference Shareholders, in lieu and satisfaction of the arrears then due on the several classes of Preference Shares of the Buffalo Company, and bearing a Preferential rate of Dividend not exceeding that payable on the Shares, in respect of which arrears are due; and, by the like authority, they may convert the several classes of Preference Shares in the Buffalo Company, including the last-mentioned Preference Shares, into Ordinary Stock, or into Ordinary Shares of such amounts as the Meeting may think fit, without any special advantages or priority of Dividend.

9. Immediately after any such conversion has been resolved on, the Directors of the Buffalo Company shall issue to each Proprietor of Preferential Shares, Certificates of Stock, or Shares, in lieu and satisfaction of the arrears then due on the Preference Shares held by him, and shall also issue to each Proprietor Certificates of Ordinary Shares, or Stock, in exchange for the Certificates of the said Preferential Shares; or the Directors may endorse on such last-mentioned Certificates, a Statement that the Shares represented by such Certificates have been converted as aforesaid.

10. All Stock and Shares to be created and issued by virtue of the Act confirming this Agreement, as well by the Grand Trunk Company as by the Buffalo Company, shall be subject and liable to the same trusts, powers, provisions, declarations, agreements, charges, liens and incumbrances, as immediately before the creation