

not more than \$35,000. The expenses and disbursements referred to are, up to the present time, estimated as follows:—

Expenses of receiver, committee in Canada, legal and trustees, approximately	\$ 13,420
Receiver's advances	4,500
Plus interest to, say, 30th June, 1933	116
Taxes, etc., approximately	16,500
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	\$ 34,536

We, as trustees, and our directors in Canada, who are fully acquainted with the position strongly recommend the making of a settlement on the basis indicated in this paragraph and as set out in resolution No. 1 in the enclosed notice of meeting. We and our advisers regard such a settlement as the most favourable likely to be obtained. The reasons for making this recommendation may be summarized as follows:—

- (a) The salvage value of the assets, including cash and securities, would not, if a sale were made now, yield the figure of \$313,000, or, say, £63,877 referred to in paragraph 2 above.
- (b) The realization of the salvage, if undertaken by the Receiver, would occupy an indefinite period as there is no present market for the physical assets. The trustees assume that the railway company could realize the assets to better advantage as being themselves users of some of the materials to be salvaged.
- (c) The suggested settlement by the Canadian National Railways can be dealt with fairly promptly and thus put an end to continuing expense.
- (d) The receiver and also the London committee referred to in our circular of 2nd December, 1932, recommend your approval of the suggested settlement. The London committee have handed to us a letter addressed to you on the subject, a copy of which we enclose.

Under the circumstances, we, as trustees, have decided to convene a meeting of debenture stockholders, as per formal notice enclosed herewith, to be held on Thursday, the 27th July, 1933, to consider and if thought fit, pass a resolution authorizing the trustees to conclude arrangements with the Canadian National Railways or their nominees which will secure £25 in cash for each £100 nominal of the stock free from all expenses. The trustees and the committee consider that a settlement in cash would be preferable to accepting new securities as the value of the latter would vary, depending on market conditions.

You will observe that the London Committee, in their letter of 15th July, 1933, have recommended that out of the cash available if such settlement be made 682 of 1 per cent of the nominal amount of debenture stock outstanding, i.e., £3,682 should be deducted for the purpose of paying the legal expenses of Mr. Alfred Barnard £1,132, for honorarium to Mr. Barnard £2,000, and for professional services, remuneration, and/or expenses of the London Committee £550.

We, as trustees, consider that the recommendations of the London Committee in this matter are fair and reasonable having regard to the labour and expenses incurred by Mr. Alfred Barnard and the Committee, and we have, therefore, in the notice convening the meeting incorporated a second resolution asking for your consent to the recommendations of the Stockholders' Committee in this matter.

A form of proxy is also enclosed, which proxy, if sent in, will be used at the meeting, or at the adjourned meeting, to vote in favour of the resolutions contained in the enclosed notice of meeting.

Under the terms of the Trust Deed securing your debenture stock it is provided that the quorum required at a general meeting of stockholders to pass an