

Agreement between Canada Steamship Lines, Ltd., and British Empire Steel Corporation.

The following agreement between Canada Steamship Lines Ltd. and British Empire Steel Corporation Ltd. was ratified by the former company's shareholders at a meeting in Montreal July 24.

Whereas the Steamship Company was incorporated under the Dominion Companies Act for the purpose and object, amongst others, of carrying on a general business of water borne transportation; and whereas the Steel Company was incorporated under the Nova Scotia Companies Act with like objects and powers, as well as the mining of coal, the production of iron and steel, and the construction of vessels, with power to enter an agreement of the nature agreed upon between the parties hereto; and whereas it having been concluded that the co-ordination of the operations of the respective companies, the reciprocal privileges and benefits, the transportation by the Steamship Company of the Steel Company's products, and the facilities of the Steel Company for the construction and repair of vessels, will be of immense advantage one to the other, in consequence the parties have agreed and covenanted one toward the other, as hereinafter set forth; therefore this agreement witnesseth: For and in consideration of the sum of \$1 to each in hand, one paid to the other, the receipt whereof is hereby acknowledged, and further the considerations hereinafter mentioned, it has been covenanted and agreed between the parties as follows:—

1. The Steamship Company undertakes for 25 years from and after July 1, 1920, to operate and manage the business of the Steamship Company, and to conduct the same in all respects as efficiently as heretofore, for the profit and/or loss of the Steel Company, which shall be entitled to any surplus profit arising therefrom after deduction therefrom of all expenses of such operations, including management and direction expenses, and the further deduction hereinafter mentioned, the Steel Company on its part to bear any loss or deficiency;

2. Out of the surplus revenues arising from the operations and expenses as hereinbefore provided, the Steamship Company shall retain and pay the amount necessary to meet interest on its outstanding debenture stock and/or bonds, mortgages, whether due by the Steamship Company or its subsidiaries, and a dividend at the rate of 7% per annum, payable quarterly, on the Steamship Company's issue of preferred and common stock outstanding, as well as making provision for requisite depreciation and sinking fund which in no event shall be less than the depreciation and sinking fund required by the trust deed securing the company's debenture stock and/or bonds, and should the revenues of the Steamship Company and its subsidiaries be insufficient for such purposes the Steel Company covenants and agrees to supply the deficiency as required;

3. The Steel Company on its part further covenants and agrees to provide or advance such additional cash capital as the Steamship Company may reasonably require from time to time for its operations and extensions to secure the repayment of which provision or advances the Steamship Company shall give proper security therefor, covenanting to pay a reasonable rate of interest thereon having regard to prevailing conditions at

the time of such advances;

4. In consideration of the foregoing covenants on the part of the Steel Company the Steamship Company agrees to transfer and pay over to the Steel Company its surplus net earnings, subject to the provisions aforesaid, during the currency of this agreement;

5. This agreement shall remain in force for such period beyond the term of 25 years as aforesaid until cancelled by one year's notice in writing given by either party to the other, but shall in no event extend beyond the period of 99 years;

6. Furthermore, for the consideration aforesaid the Steamship Company covenants and agrees that the Steel Company, provided it has not in the meantime increased its outstanding capital stock, by the declaration of stock dividends or stock bonuses to its shareholders, shall during the period of 25 years from the date hereof have the right at any time to purchase all the then existing assets and undertakings of the Steamship Company, including goodwill, but subject to the assumption of its liabilities, as a going concern, upon the payment or transfer by the Steel Company to the Steamship Company of 125,000 shares of 7% cumulative preference stock, 120,000 shares of cumulative second preference stock, and 66,500 shares of common or ordinary stock of the Steel Company, such shares to be fully paid and of the par value of \$100 each. In the event of this option being exercised the said shares of the Steel Company shall carry dividends from the date in respect of which the last dividends have been paid upon the shares of the Steamship Company, or the Steel Company shall pay to the Steamship Company the equivalent in cash;

7. Nothing herein contained or covenanted to be agreed and performed by the Steamship Company shall be construed as a covenant on the part of the Steamship Company which would in any way affect or impair that company's obligations towards the trustees representing its bondholders and/or debenture stockholders, nor shall the steamship company be held hereunder to any obligation which would have any such effect until such time as the said debenture stock and/or bonds have been retired or the consent of said bondholders and/or debenture stockholders duly obtained in accordance with the provisions of the trust deed therefor, and after all legal requirements have been complied with;

8. This agreement shall not become effective and binding on the part of the Steamship Company until it has been approved, ratified and confirmed at a special general meeting called for such purpose, and until its board of directors shall have passed a resolution declaring that it is satisfied with the organization of the Steel Company;

9. Failure on the part of the Steel Company to make any payment to the Steamship Company as provided for in and by paragraph 2 hereof shall, at the option of the Steamship Company, after giving 90 days' notice, and should such default then continue, render this agreement null and void.

Agreement for Acquisition of Canada Steamship Lines' Stock.

The following agreement has been entered into between the British Empire

Steel Corporation and the Prudential Trust Co. Ltd., the former being referred to in the agreement as "the company" and the latter as "the trustee".—Whereas the company is desirous of acquiring 125,000 shares of preferred stock and 120,000 shares of the common stock, both of the par value of \$100, all fully paid, issued and outstanding, of Canada Steamship Lines Ltd., and has made an offer to the shareholders of Canada Steamship Lines Ltd. to exchange for the said 125,000 shares of its preferred stock 125,000 shares of 7% cumulative preference stock of the company and 12,500 shares of the common stock of the company, all fully paid and of the par value of \$100; and to exchange for 120,000 shares of the common stock of Canada Steamship Lines Ltd. 120,000 shares of second cumulative preference stock and 54,000 shares of common stock of the company, all fully paid and of the par value of \$100; and whereas for the purpose of carrying into effect such exchange, the company has agreed to deposit with the trustee its shares as hereinbefore described; therefore this agreement witnesseth:—

1. The company agrees to exchange, the trustee on its part accepting the deposit thereof on behalf of the shareholders of the Steamship Company, (a) 125,000 shares of its 7% cumulative preference stock, all fully paid and of the par value of \$100 each, and (b) 12,500 shares of its common stock, all fully paid and of the par value of \$100 each, for 125,000 shares of the preference stock of Canada Steamship Lines Ltd.; and to exchange (a) 120,000 shares of its 7% second cumulative preference stock, fully paid and of the par value of \$100 each, and (b) 54,000 shares of its common stock, all fully paid and of the par value of \$100 each, for 120,000 shares of the common stock of Canada Steamship Lines Ltd.;

2. The company covenants and agrees forthwith after the execution hereof to deposit with the trustee, for the purpose of making the exchange as hereinbefore referred to, said 125,000 shares of its preference stock, 120,000 shares of its 7% cumulative second preference stock, and 66,500 shares of its common stock;

3. Upon such deposit as aforesaid, the trustee shall give notice to the shareholders of Canada Steamship Lines Ltd. of the terms of this agreement with an invitation to them to make the exchange as herein provided, and shall in exchange for each share of preferred stock of Canada Steamship Lines Ltd. give to the holders thereof one share of 7% cumulative preference stock and the equivalent of one-tenth of a share of common stock of the company, and in exchange for one share of the common stock of Canada Steamship Lines Ltd. give to the holders thereof one share of 7% cumulative second preference stock and the equivalent of 45% of a share of common stock of the company;

4. The shares of stock of Canada Steamship Lines Ltd. so acquired is exchange by the trustees as aforesaid shall be held by the trustee on behalf of the company, and upon its request transferred to the name of the company;

5. The company shall not be called upon to issue, nor shall the trustee be called upon to deliver, certificates for fractional shares, but the trustee shall