

arbitrator whose seat has become vacant has been appointed.

Should either Sir Louis Davies or Sir Walter Cassels die or otherwise be unable to act, the other may act alone.

The Board of Arbitrators to have full power and authority in respect of the control of the arbitration and the proceedings thereof.

The award to be made by the arbitrators or a majority of them within nine months from the appointment of the arbitrators, or within such further time as the Governor in Council may approve. The unanimous award of the arbitrators shall be final, but should the award not be unanimous, an appeal therefrom shall lie to the Supreme Court of Canada and or to the Judicial Committee of the Privy Council if leave be granted by said committee upon any question of law if notice of appeal is given by either party within thirty days of the making of the award.

The Government shall cause the Grand Trunk to create and issue non-voting four per cent capital stock—herein called new guaranteed stock. The amount thereof shall be the amount of the value of the acquired stocks determined as above provided, less such deductions therefrom as are to be made under the terms of this letter. The Government shall guarantee to the holders of the new guaranteed stock that there shall be paid a dividend thereon at the rate of four per cent per annum, payable half-yearly, from the date of the appointment of the managing committee hereinafter mentioned.

The new guaranteed stock shall be distributed among the holders of the preference and common stocks in proportions which shall be determined by the arbitrators.

An agreement (hereinafter called the "Arbitration Agreement") to be executed between the parties, embodying the terms herein set forth and such other terms as may be considered necessary to carry the arbitration agreement into effect.

After the ratification by the shareholders of the Grand Trunk of the Arbitration Agreement, the Grand Trunk shall cause a Committee of Management of the Grand Trunk system to be formed, consisting of five persons, two to be appointed by the Grand Trunk, two by the Government, and the fifth by the four so appointed. The functions of the Managing Committee shall be to insure the operation of the Grand Trunk system (in so far as it is possible to do so) in harmony with the Canadian National railways, the two systems being treated, in the public interest, as nearly as possible as one system. No contract or agreement shall be made by the Grand Trunk, or any company comprised in the Grand Trunk system and controlled by the Grand Trunk, other than such as are necessary for the usual and ordinary business of the system except with the concurrence of the Managing Committee and the approval of the Governor in Council. The Managing Committee may, with the consent of the Governor in Council, borrow from the Government on Grand Trunk notes or other obligations or securities approved of by the Governor in Council for the carrying on of the operations or improvements of the Grand Trunk system. Upon the acquired stocks of the Grand Trunk being vested in the Government the Managing Committee shall be discharged.

The books, minutes, reports, documents and other records, and all the railways and proper-

[Mr. Meighen.]

ties of the companies comprised in the Grand Trunk system shall at all times be accessible and open to inspection, and examination by any person or persons named by the Minister of Railways and Canals of Canada, or by the Board of Arbitrators; and all proper aid and assistance shall, on request, be rendered to such person or persons by the officers and employees of the Grand Trunk and its allied companies, including the making and giving of extracts, copies and statements.

Legislation by the Parliament of Canada shall be promoted by the Government to authorize the making and carrying out of the necessary agreement embodying the arrangement resulting from these proposals and to render the same valid and effectual.

Upon the value of the acquired stocks being finally determined under the provisions of the Act, the new guaranteed stock shall be created and the dividends thereon guaranteed by the Government and such new guaranteed stock shall be issued to the holders of the acquired stocks in accordance with the Act,—and thereupon such acquired stocks shall be transferred to or vested in the Government.

Should any shares or part of the acquired stocks not be transferred to the Government the Governor in Council may declare such shares or part to be the property of the Minister of Finance in trust for His Majesty and the same shall thereupon become the property of His Majesty and the amount of new guaranteed stock to which the holders of such shares or part would be entitled shall be issued or delivered to such holders or their representatives upon delivery up of the shares of the acquired stock.

The new guaranteed stock shall be deemed and issued as fully paid and free from calls and other liability.

Upon the acquired stocks being vested in the Government or its nominees the offices of the directors or any of them of the Grand Trunk system shall at such date or dates as the Governor in Council may name become vacant and the Governor in Council may appoint others in lieu thereof.

Should the Government, within three months after the making of the award, claim that there existed any liabilities of the Grand Trunk or of any company comprised in the Grand Trunk system which were not disclosed to the Board of Arbitrators prior to the making of their award, the Government may within such period of three months, apply to the Board of Arbitrators to amend their award, and the board may thereupon decide whether such liabilities existed and were disclosed to them, whether the amount of their award would or would not have been affected thereby, and the amount of the deduction, if any, to be made in respect thereof; and may amend their award accordingly.

After the execution of the arbitration agreement and until the acquired stocks are vested in the Government the Grand Trunk shall refrain, without the approval of the Governor in Council from varying by by-law, agreement, or in any other manner whatsoever, the rights or liabilities appertaining in the capital stocks or securities of the Grand Trunk or of any company comprised in the Grand Trunk system, and from increasing, without such approval, except in so far as is necessary in the usual and ordinary conduct of the business of the system, or as may be incurred in by the managing committee, the obligations or liabili-