

3. To insure the payment of 4 per cent during the construction of the Ontario and Quebec, a sum shall be deposited sufficient to provide for two years' interest on the overdue Bonds.

4. That upon the completion of the Ontario and Quebec, a joint working agreement shall be entered into, from the net receipts of which a sufficient sum shall be appropriated to meet the 4 per cent interest.

The foregoing proposals are subject to the following conditions:

(a). The usual confirmation by the shareholders of both Companies to be obtained.

(b). To a decision in favor of the Toronto, Grey and Bruce in the present pending proceedings at the instance of the Grand Trunk.

(c). That from the present date pending the completion of the agreement to be based upon this offer, your Committee do not entertain proposals from any other Company or persons for the adjustment of your bonded debt.

(d). That your approval of these proposals and notification of your intention to submit the same to the Bondholders be communicated to us within from this date.

Yours faithfully,

(Signed)

E. B. ÖSLER.